

16th
Annual Report.
2006-2007

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PARAS
PETROFILS LIMITED

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of **Paras Petrofils Limited** will be held at its Registered office of the Company at Block No.529, N H 8, Village Palsana District Surat 394315 on Saturday, 29th September, 2007 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Accounts for the year ended 31st March 2007 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Siddharth C Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Anand Kumar Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors till next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution

Resolved that company approves appointment of Shri Ashok kumar Jain as managing Director without remuneration for a period of five years from 30.06.2007.


NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend (and on a poll, vote) instead of him/her. A proxy need not be a member. Proxies in order to be effective must be received by the Company not later than forty eight hours before the time for commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24/09/2007 to 29/09/2007, (both days inclusive).
3. Members are requested to handover the enclosed Attendance slip, duly signed in accordance with their specimen signatures registered with the Company for admission to the meeting hall.
4. Members are requested to bring their copy of the Annual Report to the meeting.

Registered Office :

Block No.529, N.H.No.8,
Vill : Palsana Dist.Surat.
Place : Palsana
Date : 21.08.2007

By order of the Board of Directors


Director

DIRECTORS REPORT

TO THE SHAREHOLDERS,

Your Directors have pleasure in presenting Sixteenth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

	2006-2007	2005-2006
Gross Turnover	7428.13	10039.96
Gross Profit before Interest & Depreciation	82.29	1244.24
Less: Interest	380.50	380.25
Less: Depreciation	444.10	442.33
Net Profit for the Year	-742.31	421.66

In view of the meager of the profit Directors are not recommending any dividend.

OPERATIONS

The turnover of the company during the year decreased to Rs.7482.13 lacs as compared to Rs. 10039.96 lacs for the corresponding year ended 31.03.2007.

BOARD OF DIRECTORS

Shri Siddharth C patel and Shri Anand Jain retire by rotation and being eligible offer themselves for re-appointment. The board recommends reappointment of retiring directors.

Shri Devraj Jain Managing Director expired and Shri Ashok Jain has been appointed as Managing Director with effect from 30.06.2007. Shri Jaskaran Chopra resigned as director with effect from 01.04.2007

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the companies Act, 1956, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give true and fair view of the state of affairs at the end of the financial year and of the profit of the company for the financial year ended March 31, 2007.
3. Proper and sufficient care has been taken for the maintenance and adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the company and for preventing and detecting fraud and other irregularity.
4. The annual accounts have been prepared on a going concern basis.

FIXED DEPOSIT

As on 31st March, 2007 no deposits remained unclaimed after maturity.

PARTICULARS OF EMPLOYEES

There was no employee remuneration during the year in excess of limits prescribed u/s 217 (2A) of the Companies Act, 1956.

AUDITORS

The Company's auditors M/s R. K. G. & Co., Chartered Accountants retires They are eligible and offer themselves for re-appointment. The board recommends reappointment of retiring Auditors.

ENERGY CONSERVATION

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 is annexed and forms part of the Directors report.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and analysis, on the operation of the Company is provided in a separate section and forms part of this Report.


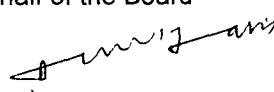
ACKNOWLEDGEMENTS

Your Directors wish to express their sincere thanks for the support and co-operation extended by the Government, Dena Bank, State Bank of Indore, State Bank of India, Customers, Suppliers, Dealers and Shareholders for their continued support.

The Directors also wish to express their thanks for the services rendered by the Company's employees at all level.

For and on behalf of the Board

Place : Palsana
Date : 21-08-2007



Director

ANNEXURE TO DIRECTORS REPORT

Form for disclosure of particulars with respect to Conservation of Energy

A) ENERGY CONSUMPTION	2006-07	2005-06
1. (a) Electricity :		
Purchased Units	339,696	2,77,926
Total Amount (Rs.)	23,91,494	15,98,530
Average rate/unit (Rs.)	7.04	5.75
(b) Own Generation:		
Through Diesel Generator		
Unit	N.A.	N.A.
Unit per Ltr. of Fuel	N.A.	N.A.
Through Gas Generator		
Unit	80,98,960	1,30,41,535
Cost/Unit	3.58	2.46

Disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

- | | |
|--|---------------|
| 1. Specifies areas in which R&D carried by the Company | Nil |
| 2. Future plan of action | Not Specified |
| 3. Expenditure on R&D | Nil |

Technology absorption, adoption and innovation:

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adoption and innovation. | The Company has adopted latest technology to improve quality, increase efficiency and reduce cost of production. |
| 2. Benefits derived as a result of the above efforts, e.g, product improvement, cost reduction, | High productivity, accuracy with good quality. product development, import substitution etc. |
| 3. Particulars of Imported Technology | Not applicable |

Management Discussion and Analysis

INDUSTRY STRUCTURE & DEVELOPMENTS:

The company is engaged in the manufacturing of Polyester Filament Yarn products namely Polyester Partially Oriented Yarn (POY), Fully Draw Yarn (FDY) and Texturised Yarn. The demand for synthetic yarn has recorded growth in general.

The supply of high quality products with competitive prices, development of new product as key success factor. The domestic industry is continuously striving to increase exports by providing best quality product at competitive prices, to ensure better utilization of capacities.

In India the demand for polyester yarn is expected to continue a growth rate of around 10%.

SWOT ANALYSIS:

The manufacturing set-up is in the heart of the synthetic yarn market of surat. After successful commissioning of Ne

POY Lines the production capacity has been doubled put the company in a better position, to rise in the competitive market.

There is non-integration in the product line, the company may have cyclical ups and down on its margins. The integration helps in more stable operations as compared to stand-alone units. However the difference is marginal over product life cycle.

ADEQUACY OF INTERNAL CONTROL:

The company has an internal control system commensurate with its size and nature of business and meeting with the following objectives,

- Efficient use and safeguarding of resources.
- Compliance with statutes, policies and procedures.
- Transactions being accurately recorded and promptly reported.

Company has a proper, strong independent and adequate system of internal controls to ensure that all the assets are safeguarded, protected against loss from unauthorized use or disposition and that transactions are authorised, recorded and reported correctly.

The internal control systems are also designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

The company having audit committee looking after internal controls, its procedures and policies adopted by the company and is reported to the board of directors in their meeting.

HUMAN RESOURCE DEVELOPMENT:

The company believes that the quality of its employees is the key to success in the long run.

The Company's work environment is challenging and provides opportunity for skill enrichment.

Industrial relation has continued to be harmonious throughout the year.

FORWARD LOOKING STATEMENT - CAUTIONERY STATEMENT:

Statement in the Management Discussion & Analysis Report which seeks to describe the company's objectives, projections, estimates or predictions may be considered to be "forward-looking statements" within the meaning of applicable securities laws and regularities. Actual results could differ materially from those expressed of implied.



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on the Code of Governance:

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders.

Your company has always believed in the concept of good governance involving transparency, empowerment, accountability and integrity with a view to enhancing stakeholder value.

2. Board of Directors:

As on March 31, 2007 the Company's Board of Directors consists of Eight Directors out of whom one is Managing Director and seven are non-executive directors. The Chairman of the company is a non-executive director.

During the Financial year 2006-2007 the Board of Directors met 9 times on 29.04.2006, 30.04.2006, 30.06.2006, 31.07.2006, 31.08.2006, 27.10.2006, 31.10.2006, 31.01.2007, 24.03.2007.

The maximum time gap between any two meetings was not more than four months.

The company holds minimum of four meetings in each year after the end of each quarter. Besides, additional Board Meeting may be convened at any time for the specific requirements of the company.

The following table provides details of directors, attendance of directors at the board meeting and at the last annual general meeting, number of membership held by them in the board/committees of various other companies;

Name	Category	Designation	No. Of Meeting Held During The Last F.Y.	No. Of Meeting Attended	No. Of Membership In Board Of Other	Attendance Of Each Directors At Last AGM
Shri Jivabhai Patel	Non-Indepe. &	Chairman	9	1	2	Yes
Shri Devraj Jain	Non-Indepe. &	Managing	9	1	3	Yes
Shri Jaskaran Chopra	Non-Indepe. &	Director	9	2	1	Yes
Shri Siddharthbhai Patel	Independent &	Director	9	1	5	Yes
Shri Anandkumar Jain	Non-Indepe. &	Director	9	2	3	Yes
Shri Harshad J. Patel	Non-Indepe. &	Director	9	0	2	Yes
Shri Kailashchand Jain	Non-Indepe. &	Director	9	0	3	Yes
Shri Pravinchandra Jariwala	Independent &	Director	9	1	—	Yes
	Non-executive					

None of the above directors is a member in more than 10 committees or acts as chairman of more than 5 committees across all companies in which he is a Director.

3. Audit Committee:

The Audit committee has been constituted as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The role of the Audit Committee is to supervise the Company's reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their remuneration, to review and discuss with the Auditors about adequacy of internal control systems, the scope of Audit including the observations of the Auditors, major accounting policies, practices and entries, compliances with accounting standards and listing agreement with the stock exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the internal auditors and significant findings for follow-up thereon, to review the quarterly, half yearly and annual financial statements before they are submitted to the Board of Directors.

The Audit Committee comprises 3 non executive directors. The committee met 4 times during the year and attendance of members at the meetings was as follows;

Name of the Member	Status	No. of Meetings
Shri Siddharthbhai Patel	Chairman	3
Shri Jaskaran Chopra	Member	4
Shri Pravinchandra Jariwala	Member	3

4. Remuneration to Directors:

The company does not have formal remuneration committee. No remuneration is paid to non-executive Directors except sitting fees for attending the meetings of the Board of Directors or committee there of. Further the remuneration of the Managing Director is decided by the Board of Directors subject to approval of shareholders in General Meeting.

Details of remuneration paid or payable to Directors for the Financial year ended 31st March, 2007 are as below: - Nil

5. Share Transfer-cum-investors Grievance Committee:

The company has constituted a "Share Transfer-cum-investors Grievance Committee" comprised of following Directors;

1. Shri Jivabhai Patel (Chairman)
2. Shri Jaskaran Chopra.

The committee inter alia approves the transfer/transmission of share, issue of duplicate share certificate and review of all matters connected with Investors complaints/Grievances if any and redressal of the same. The committee also approves requests for issue of new share certificates on spilt / consolidation / renewal / rematerialisation etc.

The committee also sees the overall performance of the Registrar and share transfer agent, and recommend to the Board of director for improvement in the investor service.

The Minutes of the committee meeting are placed at the Board Meeting from time to time.

6. General Body Meeting:

The last three Annual General Meetings and Extra-ordinary General Meetings were held as under:

Year	Place		Date	Time
2005-2006	Block No.529, N.H.No.8, Village Palsana Surat .	AGM	30-09-2006	3.00 P.M
2004-2005	-do-	AGM	30-09-2005	3.00 P.M.
2003-2004	-do-	AGM	30-09-2004	3.00 P.M.
2003-2004	-do-	EGM	09-02-2004	3.00 P.M.

Disclosures:

- (a) During the year, there were no transactions of material nature with the directors or management or their subsidiaries or relatives that had potential conflict with the interest of the company.

None which require separate disclosure.

- (b) Details of non-compliance by the company, penalties, and strictures imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three year.

7. Means of Communication :

The company has regularly sent, the audited financial accounts as well as quarterly un-audited results to the Stock Exchanges after the Board of Directors took them on record.

The quarterly and half-yearly results of the company are published normally in the English Newspaper - Indian Express and Vernacular Newspaper- Financial Express.

8. General Shareholder Information :

- (a) Annual General Meeting : 29th September, 2007. At 3.00 p.m. At Registered Office of the Company Block No. 529, N. H. No. 8, Vill:Palsana. Dist. Surat.
- (b) Financial Calendar : Year ending March 31
- (c) Book Closure date : 24th September 2007 to 29th September 2007 (Both days inclusive)
- (d) Listing of Equity Share on Stock Exchange :
- | | | |
|--|---|----------|
| 1. The Vadodara Stock Exchange Limited. | — | Vadodara |
| 2. The National Stock Exchange of India Limited. | — | Mumbai |
| 3. The Stock Exchange of Mumbai. | — | Mumbai |
| 4. The Calcutta Stock Exchange Limited. | — | Calcutta |