

**17th  
Annual Report  
2007-2008**

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**PARAS  
PETROFILS LTD.**

## **BOARD OF DIRECTORS**

SHRI JIVABHAI A. PATEL (Chairman)

SHRI ASHOKKUMAAR JAIN (Managing Director)

SHRI SIDDHARTH C PATEL

SHRI KAILASHCHANDJAIN

SHRI ANANDKUMARJAIN

SHRI HARSHAD J PATEL

SHRI PRAVINCHAND JARIWALA

SHRI RAHUL JAIN

SHRI ABHISHEK JAIN

## **AUDITORS**

M/s.R.K.G. & CO.  
CharteredAccountants, Surat.

## **REGISTERED OFFICE & FACTORY**

PARASPETROFILS LTD.  
Block No. 529, N.H. No. 8,  
Village Palsana, Dist. Surat - 394315.

## NOTICE

NOTICE is hereby given that the **17th** 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 – 394 315 on 30th September, 2008 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 2008 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jivabhai A. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Pravinchandra Jariwala 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 the following resolution(s), as an Ordinary Resolution:

"Resolved That Mr. Rahul Jain who was appointed as an Additional Director of the Company with effect from 01-10-2007 and who holds office upto the date of this annual general meeting in accordance with the provisions of Section 260. of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Companies Act, 1956 along with the prescribed deposit, from a member proposing the candidature of Mr. Rahul Jain for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and if thought fit to pass with or without modification the following resolution(s), as an Ordinary Resolution:

Resolved That Mr. Abhishek Jain who was appointed as an Additional Director of the Company with effect from 01-10-2007 and who holds office upto the date of this annual general meeting in accordance with the provisions of Section 260. of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Companies Act, 1956 along with the prescribed deposit, from a member proposing the candidature of Mr. Abhishek Jain for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation."

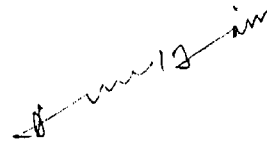
### NOTES:

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 26/09/2008 to 30/09/2008 (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 off the Annual Report to the meeting.

Registered Office:  
Block No. 529, N.H.No.8,  
Village : Palsana  
Dist. Surat.

By order of the Board of Directors



Director

Place : Palsana  
Date : 30.06.2008



**DIRECTORS' REPORT TOTHE SHAREHOLDERS**

Your Directors have pleasure in presenting Seventeenth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March 2008.

**FINANCIAL RESULTS**

	2007-2008 (Rs.in lacs)	2006-2007 (Rs.in lacs)
Gross Turnover	10,176.60	7,453.85
Gross Profit before Interest & Depreciation	643.11	82.29
Less: Interest	87.31	380.50
Less: Depreciation	446.40	444.11
Net Profit for the Year	109.40	-742.32

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

**OPERATIONS**

The turnover of the company during the year ended on 31.03.2008, increased to Rs. 10,176.60 lacs as compared to Rs. 7,453.85 lacs for the corresponding year ended on 31.03.2007. Further during the year company have entered into One Time Settlement (OTS) with the financial Institutions and paid off its entire Secured Debts under OTS agreement.

**BOARD OF DIRECTORS**

Shri Jivabhai A. Patel and Shri Pravinchandra Jariwala retire by rotation and being eligible offer themselves for re-appointment. The board recommends reappointment of retiring directors.

Shri Rahul Jain and Shri Abhishek Jain have been appointed as Additional Director with effect from 01-10.2007.

**DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors state that:

- (i) In preparation of the annual accounts for the financial year ended 31 March, 2008, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008 and of the profit of the Company for the year ended on that date.
- (iii) Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

## **FIXED DEPOSIT**

As on 31st March, 2008 no deposits remained unclaimed after maturity.

## **PARTICULARS OF EMPLOYEES**

Particulars of employees required u/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employee is qualified for such of the disclosure.

## **AUDITORS**

M/s R. K. G. & Co., Chartered Accountants, 409, Ajanta Shopping & Textile Arcade, Ring Road, Surat – 395 002 will cease to hold the office at the conclusion of the ensuing Annual General Meeting and are recommended for the reappointment. Certificate from the Auditors has been received to the effect that their appointment.

Notes forming part of the accounts, which are specifically referred to by the Auditors in their report are self-explanatory and. Therefore, do not call for any further comments.

## **ENERGY CONSERVATION**

Information required u/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption are as per the Annexure forming part of this Report.

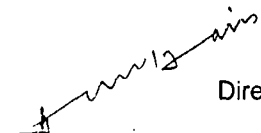
## **ACKNOWLEDGEMENTS**

Your Directors would take this opportunity to express their gratitude to the Government Authorities, Institutions, business constituents and Shareholders for the faith, guidance and support to the Company during the year under review. Your Directors also wish to sincerely appreciate the spirit of dedication and commitment of all the employees during the year under review.

For and on behalf of the Board

Place: Palsana

Date: 30-06-2008

  
Director

**ANNEXURE TO DIRECTORS REPORT**

Form for disclosure of particulars with respect to Conservation of Energy

A) ENERGY CONSUMPTION	2007-08	2006-07
1. (a) Electricity:		
Purchased Units	11,41,560	3,39,696
Total Amount (Rs.)	69,36,369	23,91,494
Average rate/unit (Rs.)	6.08	7.04
(b) Through Gas Generator		
Unit	81,91,334	80,98,960
Cost/Unit	4.39	3.58

Disclosure of particulars with respect to Technology Absorption, Research and Development.

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, product development, import substitution etc.  
High productivity and accuracy with good quality.
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 are 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.

**SWOT ANALYSIS:**

The manufacturing set-up is in the heart of the synthetic yarn market of Surat. After successful commissioning of New 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 the 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**

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company believes in adoption of policies, processes and procedures for the Good Corporate Governance, in line with the highest standards of management and business integrity. Together, these constitute "Code of Corporate Governance" which is implemented to ensure transparency, consistency and uniformity of processes and actions.

**2. BOARD OF DIRECTORS:**

As on March 31, 2008 the Company's Board of Directors consists of Nine Directors out of whom one is Managing Director and eight are non-executive directors. The Chairman of the company is a Non-Executive director.



During the Financial year 2007-2008 the Board of Directors met 8 times on 30.04.2007, 30.06.2007, 31.07.2007, 21.08.2007, 29.10.2007, 31.10.2007, 01.12.2007, 31.01.2008.

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 other public limited companies

Name of the Directors	Category	No. of Board Meeting attended during the year		Whether attended last AGM held on 29.09.2007	No. of Outside Directorships of Public Companies	No. of Committee positions held in of Public Companies	
		Held	Attended			Chairman	Members
Shri Jivabhai A Patel	Chairman/ Non Executive/ Independent	8	7	Yes	-	-	-
Shri Ashok R Jain	Managing Director	8	6	Yes	-	-	-
Shri Siddharthbhai C Patel	Non Executive/ Independent	8	6	Yes	-	-	-
Shri Kailashchand Jain	Non Executive	8	7	Yes	-	-	-
Shri Harshad J Patel	Non Executive/ Independent	8	7	Yes	-	-	-
Shri Anandkumar Jain	Non Executive	8	7	Yes	-	-	-
Shri Pravinchand Jariwala	Non Executive/ Independent	8	7	Yes	-	-	-
Shri Rahul Jain	Non Executive	8	4	No	-	-	-
Shri Abhishek Jain	Non Executive	8	4	No	-	-	-

### 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 Jivabhai Patel	Member	4
Shri Pravinchandra Jariwala	Member	4

#### 4. Remuneration to Directors:

The company does not have formal remuneration committee. No remuneration is paid to Directors.

Details of remuneration paid or payable to Directors for the financial year ended 31st March, 2008 are: 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 Pravinchandra Jariwala

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
2006-2007	Block No.529, N.H.No.8, Village Palsana Surat	AGM	29-09-2007	3.00 P.M.
2005-2006	-do-	AGM	30-09-2006	3.00 P.M.
2004-2005	-do-	AGM	30-09-2005	3.00 P.M.