

18th
Annual Report
2008-2009

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PARAS
PETROFILS LTD.

**18th
Annual
Report
2008-2009**

BOARD OF DIRECTORS

SHRI JIVABHAI A PATEL (Chairman)
 SHRI ASHOK R JAIN (Managing Director)
 SHRI SIDDHARTH C PATEL
 SHRI KAILASHCHAND JAIN
 SHRI ANANDKUMAR JAIN
 SHRI HARSHAD J PATEL
 SHRI PRAVINCHAND JARIWALA
 SHRI ANIL BANSAL (Appointed w.e.f. 30.03.09)
 SHRI HARIKISHAN PANPALIYA (Appointed w.e.f. 30.03.09)
 SHRI MURLI MANOHAR MODANI (Appointed w.e.f. 30.03.09)
 SHRI RAHUL JAIN (Resigned w.e.f. 30.03.09)
 SHRI ABHISHEK JAIN (Resigned w.e.f. 30.03.09)

Report

COMPANY SECRETARY

SHRI RAJENDRA PARAKH

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AUDITORS

M/s. RKG & CO.
 Chartered Accountants, Surat.

REGISTERED OFFICE & FACTORY

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

REGISTRAR & SHARE TRANSFER AGENT

M/s. BIGSHARE SERVICES PVT LTD.
 E-2, Ansa Industrial Estate
 Sakivihar Road
 Sakinaka, Andheri (E)
 Mumbai - 400 072

NOTICE

NOTICE is hereby given that the **18th** Annual General Meeting of the Members of Paras Petrofils Limited will be held at Registered office of the Company at Block No.529, N H 8, Village Palsana District Surat - 394 315 on 30th September, 2009 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ashok R. Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Kailaschand Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Harshad Patel who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors till next Annual General Meeting and fix their remuneration.

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

"RESOLVED THAT M/s. R K G & CO. Chartered Accountants, be and are hereby appointed as auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

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 Shri Anil Bansal who was appointed as an Additional Director of the Company with effect from 30-03-2009 and who holds office up to the date of forthcoming 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 Shri Anil Bansal 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 Shri Harikishan Panpaliya who was appointed as an Additional Director of the Company with effect from 30-03-2009 and who holds office up to the date of forthcoming 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 Shri Harikishan Panpaliya for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"Resolved That Shri Murli Manohar Modani who was appointed as an Additional Director of the Company with effect from 30-03-2009 and who holds office up to the date of forthcoming 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 Shri Murli Manohar Modani 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 himself and Proxy need not be a member.
2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty eight hours (48 hours) before the time for holding meeting.
3. Members/Proxies should bring their attendance slip filled in for attending the meeting.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days before the date of meeting to facilitate satisfactory replies.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2009 to 30-09-2009 (both days inclusive).
6. Members are requested to bring their copy of the Annual Report to the meeting.
7. The Shareholders are requested to (a) intimate, if shares are held in the same name or in the same order and names, but more than one folio to enable the Company to consolidate the said folios into one folio and (b) notify immediately, any change in their recorded address along with pin code number to the Registrar & Share Transfer Agent M/s Bigshare Services Pvt Ltd, E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072.

Registered Office:

Block No. 529, N.H.No.8,
Village: Palsana, Dist. Surat.
Place : Palsana
Date : 30.06.09

By order of the Board of Directors

Ashok R. Jain
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM NO 5 TO 7**

The Board of Directors appointed Shri Anil Bansal, Shri Harikishan Panpaliya and Shri Murli Manohar Modani as Additional Directors of the Company w.e.f. 30-03-2009.

Item No.5.

The Board of Directors has appointed, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company, Shri Anil Bansal as an Additional Director of the Company with effect from 30th March, 2009 and accordingly the said Director holds office only up to the date of this Annual General Meeting.

The company has received a notice in writing along with the necessary amount as deposit from a member signifying his intention to propose the candidature of Shri Anil Bansal for the office of the Director of the Company, in terms of Section 257 of the Act.

Shri Anil Bansal has actively supported the Company and contributed valuable suggestions in various activities. Keeping in view his enriched expertise and knowledge, it will be in the interest of the Company that he is appointed as a Director, who if appointed shall be liable to retire by rotation, in accordance with the provisions of Articles of Associations of the Company.

Information required under Clause 49 IV (G) of the Listing Agreement, with respect to the appointment of Shri Anil Bansal has been disclosed in the statement forming a part of the report on Corporate Governance. Shri Anil Bansal has disclosed to the Company that he is holding Nil shares in the Company.

The Board commends the resolution set out at Item No. 5 of the notice for approval of members.

None of the Directors are in any manner concerned or interested in the said resolution.

PARAS PETROFILS LTD.**Item No. 6**

The Board of Directors has appointed, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company, Shri Harikishan Panpaliya as an Additional Director of the Company with effect from 30th March, 2009 and accordingly the said Director holds office only up to the date of this Annual General Meeting.

The company has received a notice in writing along with the necessary amount as deposit from a member signifying his intention to propose the candidature of Shri Harikishan Panpaliya for the office of the Director of the Company, in terms of Section 257 of the Act.

Shri Harikishan Panpaliya has actively supported the Company and contributed valuable suggestions in various activities. Keeping in view his enriched expertise and knowledge, it will be in the interest of the Company that he is appointed as a Director, who if appointed shall be liable to retire by rotation, in accordance with the provisions of Articles of Associations of the Company.

Information required under Clause 49 IV (G) of the Listing Agreement, with respect to the appointment of Shri Harikishan Panpaliya has been disclosed in the statement forming a part of the report on Corporate Governance. Shri Harikishan Panpaliya has disclosed to the Company that he is holding Nil shares in the Company.

The Board commends the resolution set out at Item No. 6 of the notice for approval of members.

None of the Directors are in any manner concerned or interested in the said resolution.

Item No. 7

The Board of Directors has appointed, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company, Shri Murli Manohar Modani as an Additional Director of the Company with effect from 30th March, 2009 and accordingly the said Director holds office only up to the date of this Annual General Meeting.

The company has received a notice in writing along with the necessary amount as deposit from a member signifying his intention to propose the candidature of Shri Murli Manohar Modani for the office of the Director of the Company, in terms of Section 257 of the Act.

Shri Murli Manohar Modani has actively supported the Company and contributed valuable suggestions in various activities. By profession Shri Murli Manohar Modani is a Practicing Chartered Accountant and his presence in the Board will increase the efficiency of the Board with respect to decision making especially in the field of Accounting and Taxation. Keeping in view his enriched expertise and knowledge, it will be in the interest of the Company that he is appointed as a Director, who if appointed shall be liable to retire by rotation, in accordance with the provisions of Articles of Associations of the Company.

Information required under Clause 49 IV (G) of the Listing Agreement, with respect to the appointment of Shri Harikishan Panpaliya has been disclosed in the statement forming a part of the report on Corporate Governance. Shri Harikishan Panpaliya has disclosed to the Company that he is holding Nil shares in the Company.

The Board commends the resolution set out at Item No. 7 of the notice for approval of members.

None of the Directors are in any manner concerned or interested in the said resolution.

Registered Office:

Block No. 529, N.H.No.8,
Village: Palsana, Dist. Surat.
Place : Palsana
Date : 30.06.09

By order of the Board of Directors

Ashok R. Jain
Managing Director

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 18th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2009

SUMMARISED FINANCIAL RESULTS

The Summarised Financial Results of the Company for the year ended 31st March, 2009 were as follows.

	2008-2009 (Rs.in lacs)	2007-2008 (Rs.in lacs)
Gross Turnover	9,151.03	10,176.60
Gross Profit before Interest & Depreciation	807.78	643.11
Less: Interest	200.53	87.31
Less: Depreciation	442.62	446.40
Net Profit/ (Loss) for the Year	164.64	109.40
Provision for tax	45.13	105.00
Profit after Tax	119.51	4.40
Add Balance Brought Forward from previous year	205.39	200.99
Balance available for appropriation	324.90	205.39
Transfer to Reserves	Nil	Nil
Surplus Carried to Balance Sheet	324.90	205.39

DIVIDEND

In view of the meager profits, and the tremendous growth potential which the Directors believe is there in the Yarn industry from the tremendous change in the performance of the Company and for expanding and strengthening the reserves and networks of the Company, the Board of Directors have decided not to propose any dividend for the year ended on 31st March, 2009.

The Directors believe this would increase shareholder value and eventually lead to a higher return threshold.

OPERATIONS

After a long period of rehabilitation your Directors are pleased to inform that the efforts infused by the Directors to revive the Company after making the Company debt free in 2007-08 have begun to yield results. Your Directors are pleased to report that during the year under review the profits of the Company before tax increased to Rs. 164.64 lacs in comparison to 109.40 for the previous year ended on 31.03.2008 despite of the reduction in turnover of the company for the year ended on 31.03.2009 which was Rs.9151.03 lacs as compared to Rs. 10176.60 lacs for the corresponding year ended on 31.03.2008. Reason for fall in the Turnover is mainly due to prices of the Crude Oil in the international market and corresponding fall in the end product of the company. However company was able to achieve higher net profit than that of the previous year.

BOARD OF DIRECTORS

Under section 256 of the Companies Act, 1956 Shri Ashok Jain, Shri Kailaschand Jain and Shri Harshad Patel 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 tendered their resignation on 30th March, 2009 and hence they cease to be as Directors in the Company. Also Shri Anil Bansal, Shri Harikishan Panpaliya and Shri Murli Manohar Modani have been appointed as Additional Directors from 30th March, 2009

A brief resume of the Directors proposed to be appointed and re-appointed, nature of their expertise in specific functional areas etc. as stipulated under Clause 49 of the Listing Agreement entered into with the various Stock Exchanges are provided in the report of Corporate Governance forming part of the Annual Report.

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, 2009, 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 2009 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

Your Company continued to accept/renew deposits and maintained a high standard of service. As on 31st March, 2009 there have been no defaults in payment of Deposits and also 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 AND AUDITORS REPORT

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. They have confirmed that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956. Members are requested to re-appoint them at the Annual General Meeting.

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.

SAFETY HEALTH & ENVIRONMENT

Your company is committed to being proactive to Safety, Health and Environment. Continued safety awareness was maintained through several activities such as training, competitions, awards, etc. where there is high worker participation.

CORPORATE GOVERNANCE

A separate section on Corporate Governance containing all the information as mandated by the Listing Agreement is attached herewith and forms a part of this report.

Certificate from the Practicing Company Secretary of your Company regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange is attached herewith and forms a part of the Corporate Governance report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis on matters relating to business performance, as stipulated in Clause 49 of the listing agreement with the stock exchanges, is given as a separate statement in the Annual 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 : 30.06.2009

Ashok R. Jain
Managing Director

Jivabhai A. Patel
Chairman



ANNEXURE TO DIRECTORS REPORT
Form for disclosure of particulars with respect to Conservation of Energy

A) ENERGY CONSUMPTION	2008-09	2007-08
1. (a) Electricity:		
Purchased Units	10,58,454	11,41,560
Total Amount (Rs.)	72,66,113	69,36,369
Average rate/unit (Rs.)	6.86	6.08
(b) Through Gas Generator		
Unit Generated	76,99,834	81,91,334
Total Amount (Rs.)	2,63,22,189	3,59,98,32
Average Cost/unit	3.42	4.39

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. Every conceivable effort has been made to absorb and adopts the Technology for the manufacture of POY/FDY Yarn.
2. Company has derived benefits as High Productivity and accuracy with good quality as a result of the above efforts.
3. Particulars of Imported Technology: Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW:

The Textile Industry was the pioneer of industrialization in India and single largest industry in India. It occupies a unique place in the economy of the country by virtue of its contribution to the industrial output, employment generation and foreign exchange earnings. With rise in the per capita income, spending has increase across all categories in regular textile products and technical textile products. Huge expansion and investment in this sector has also gained momentum in the last few years.

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. With more and more Industrial Goods (based on polyester yarn) shifting to India, growth in this sector is expected to be significant in the coming period.

SWOT ANALYSIS:

The manufacturing set-up is in the heart of the synthetic yarn market of Surat which is the biggest yarn consumption city in the whole country. The overall economic scenario and the increasing demand of polyester cloth create a tremendous market for the smooth functioning and expansion of the whole polyester industry.

The major yarn industry till few years ago was regulated by the decisions of few big players in the market. However the situation has now changed and there is a whole lot of small players which contribute an important share in the market. The increase in the number of players in the market may affect the margins or demand negatively. However the Company is trying to expand its customer base and improve its profitability.

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.

The performance of the Company will depend on the availability of raw materials and the price of the same. However it is expected that the increase in production of ships in the Country will not cause problems in supply of

raw materials and increase in prices of raw materials may also be absorbed by the increase in the Company's finished products.

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. It realizes the importance of a component and motivated manpower in achieving its goals. The Company's work environment is challenging and provides opportunity for skill enrichment. A systematic performance appraisal system is used for motivating the performance of officers and staff at all levels. Industrial relation has continued to be harmonious throughout the year.

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.

The company undertakes no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise. Even though the management believes that they have been prudent in making such assumptions, we cannot guarantee that these forward looking statements will be realized. We request readers to bear this in mind while reading this report.

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's philosophy on corporate governance is founded upon a rich legacy of fair, ethical and transparent governance practices. 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. The Company is in full compliance with the requirements of Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS:

The composition of the Board was in conformity with Clause 49 of the Listing Agreement, which stipulates that 50% of the Board should comprise of Non Executive Directors. It further stipulates that if the Chairman is Executive Director then 50% of the Board should be of independent Directors and if not then at least one third of the Board should be independent. The Board of Directors along with the Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. As on March 31, 2009 the Company's Board of Directors consists of Ten Directors out of whom one is Managing Director and nine are non-executive directors. The Chairman of the company is a Non-Executive director.

During the Financial year 2008-2009 the Board of Directors met 6 times on 15.04.2008, 30.06.2008, 31.07.2008, 31.10.2008, 31.01.2009 and 30.03.2009

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 30.09.2008	No. of Outside Directorships of Public Companies	No. of Committee positions held in other Public Companies	
		Held	Attended			Chairman	Member
Shri Jivabhai A Patel	Chairman/ Non Executive	6	6	No	-	-	-
Shri Ashok R Jain	Managing Director	6	5	Yes	-	-	-
Shri Siddharthbhai C Patel	Non Executive/ Independent	6	5	Yes	-	-	-
Shri Kailashchand Jain	Non Executive	6	4	Yes	-	-	-
Shri Harshad J Patel	Non Executive	6	3	Yes	-	-	-
Shri Anandkumar Jain	Non Executive	6	4	Yes	-	-	-
Shri Pravinchand Jariwala	Non Executive/ Independent	6	5	Yes	-	-	-
Shri Rahul Jain*	Non Executive	6	4	Yes	-	-	-
Shri Abhishek Jain*	Non Executive	6	4	No	-	-	-
Shri Murli Manohar Modani**	Non Executive/ Independent	Nil	Nil	N.A.***			
Shri Anilkumar Bansal**	Non Executive/ Independent	Nil	Nil	N.A.***			
Shri Harikishan Panpaliya**	Non Executive/ Independent	Nil	Nil	N.A.***			

* Resigned w.e.f. 30th March, 2009

** Appointed w.e.f. 30th March, 2009

*** Appointed as Directors of the Company after the A.G.M on 30th March, 2009.