

**23rd
Annual Report
2013-2014**



**PARAS
PETROFILS LTD.**

**23rd
Annual
Report
2013-2014**

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BOARD OF DIRECTORS

SHRI HARSHAD J. PATEL (Chairman)
SHRI ASHOKKUMAR R. JAIN (Managing Director)
SHRI ANIL BANSAL
SHRI HARIKISHAN PANPALIYA

COMPANY SECRETARY

SHRI RAJENDRA PARAKH

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

CIN

L171100GJ1991PLC015254

WEBSITE

www.paraspetrofilms.com

REGISTRAR & SHARE TRANSFER AGENT

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

ANNUAL GENERAL MEETING

30th September, 2014

TIME

3:00 P.M.

VENUE

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



PARAS PETROFILS LIMITED

CIN: L17110GJ1991PLC015254

Regd. Office: Block No 529, N H No 8, Village-Palsana, Surat-394315, Gujarat

Email Id: paras@paraspetrofilms.com

NOTICE

Notice is hereby given that the **Twenty Third** Annual General Meeting of the shareholders of **Paras Petrofilms Limited** will be held on Tuesday, 30th September, 2014 at 3.00 p.m at the registered office of the company at Block No 529, N H No 8, Village-Palsana, Surat-394315, Gujarat to transact the following business.

ORDINARY BUSINESS:

- 1) To receive and adopt the Audited Balance sheet as at 31st March 2014 and Statement of Profit & Loss for the year ended on that date along with Directors Report and Auditors' Report thereon.
- 2) To appoint a Director in place of Shri Harshad J Patel who retires by rotation and being eligible offers himself for re-appointment
- 3) To appoint a Director in place of Shri Ashok R Jain who retires by rotation and being eligible offers himself for re-appointment
- 4) To appoint Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the Twenty Eighth Annual General Meeting and fix their remuneration

Registered Office:

Block No. 529, N.H.No.8,
Village: Palsana, Dist. Surat.
Place : Palsana
Date : 14th August, 2014

By order of the Board of Directors

Ashok R. Jain
Managing Director

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 23rd September, 2014 to 30th September, 2014 (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 as the same will not be distributed at the meeting.
5. Corporate members intending to send their authorised representatives are requested to send a certified copy of the resolution with them authorising the member to attend the meeting on their behalf.
6. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least seven days before the date of the meeting so that the information required may be made available at the meeting.
7. Members who are holding shares in identical order of names in more than one folio are requested to send the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
8. Non-Resident Indian Members are requested to inform to the Registrars and Transfer Agents of the Company, of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

DIRECTORS' REPORT

To,
The Members of
Paras Petrofils Limited

Dear Shareholders,

Your directors have pleasure in presenting the **Twenty Third** Annual report together with the audited statements of accounts for the year ending on 31st March, 2014.

FINANCIAL RESULTS:

The summarized financial results are as under: -

	(Rs. In Lacs)	
Particulars	2013-14	2012-13
Revenue from Operations	952.86	11795.76
Other Income	3.18	56.17
Profit/(Loss) before depreciation	774.19	(1451.23)
Less: Depreciation	7.11	456.24
Net Profit/(Loss) Before Tax	767.08	(1907.47)
Less: Provision for Tax including tax of earlier years	0.00	0.11
Less: MAT Credit Entitlement	174.63	0.00
Less/(Add): Deferred Tax Liability/(Assets)	236.99	(588.88)
Net Profit/(Loss) after Tax	355.46	(1318.70)
Balance of Profit & Loss account brought forward	(1020.02)	298.68
Balance of Profit & Loss account to be carried forward	(664.56)	(1020.02)

DIVIDEND:

For the year under review, company has earned net profit. However to set off the previous year losses, your directors regret their inability to recommend any dividend for the year.

PERFORMANCE DURING THE YEAR & OUTLOOK:

During the year under review, the turnover of the company has decreased to Rs. 952.86 Lacs as against turnover of Rs. 11795.76 Lacs during the previous year. The Company has earned net profit after tax of Rs. 355.46 Lacs during the year. During the year under consideration the manufacturing operation of the company were suspended due to sluggish market condition and heavy losses incurred by the company during previous years from manufacturing activity. However company has continued its trading activity during the year. Looking to the current market situation of the manufacturing activity in India and specially of the standalone yarn manufacturing units, directors of the company are of the view to permanently discontinue its manufacturing activity and dispose-off all related assets of the company subject to approval of the share holders and use all available recourses to expand its textile trading activity. The directors of the company are quite confident to improve its profitability and performance in coming years from textile trading activity.

AUDITORS:

M/s. RKG & Company, Chartered Accountants, the auditors of the company, retires at the conclusion of ensuing Annual general meeting and had confirmed their eligibility for the reappointment and willingness to accept office, if reappointed.

AUDITOR'S REPORT:

The observations made in the Auditor's Report are self-explanatory and do not require further explanation.

DIRECTORS:

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Shri Harshad J Patel, Shri Ashok R Jain retire by rotation and being eligible offer themselves for re-appointment. The board recommends reappointment of retiring directors.

Details of the Directors seeking reappointment as required under Clause 49 (VI) of the Listing Agreements are provided in Notice forming part of this Annual Report. None of the Directors are disqualified under Section 274(1) (g) of the Companies Act, 1956.

PERSONNEL:

The Company does not have any employee drawing salary as stipulated under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CASH FLOW ANALYSIS

The Cash Flow statement for the year ended on 31st March, 2014, in terms of Clause 32 of the Listing Agreement entered by the Company with the Stock Exchanges where the shares of the Company are listed forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956, it is hereby stated that-

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) We 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 at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) We have taken proper and sufficient care for the maintenance of the 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) We have prepared annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO:

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.

PUBLIC DEPOSITS:

The Company has not accepted any deposit during the period under review.

MATERIAL CHANGES:

During the period under review, Company has discontinued its yarn manufacturing operations.

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.

Your Company has ensured eco-friendly disposal of various hazardous waste at the designated disposal site recognized by Pollution Control Board. In addition, the Company has complied with the environmental norms.

CORPORATE GOVERNANCE

Your Company complies with all the mandatory requirements pertaining to Corporate Governance, in terms of clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchanges, forms part of the annual report.

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 place on record their appreciation for the continued support and co-operation received from customers, suppliers, dealers, banks and government authorities. The Board also, expresses its appreciation for the understanding and support extended by the shareholders and employees of the Company.

Registered office:

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

For and on behalf of Board of Directors,

Place : Palsana

(Ashok R Jain)
Managing Director

(Harshad J Patel)
Director

Date : 14th August, 2014

ANNEXURE TO DIRECTORS REPORT

Form for disclosure of particulars with respect to Conservation of Energy

A) ENERGY CONSUMPTION	2013-14	2012-13
1. (a) Electricity:		
Electric Units Purchased	-	52,19,352
Total Amount (Rs.)	-	3,92,88,865
Average rate/unit (Rs.)	-	7.53
(b) Natural Gas Consumed		
Purchase Unit (Scm)	-	30,85,537
Amount Paid	-	9,20,69,009
Average rate/unit (Rs.)	-	29.84

Since company has kept suspended its manufacturing activity, there was no electricity consumption for manufacturing activity during the period under review.

B) 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.
No Expenditure during current year
2. Benefits derived as a result of the above efforts, e.g, product improvement; cost reduction, product development, import substitution etc.
Not Applicable
3. Particulars of Imported Technology
Not applicable

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS:

India is the one of the world's largest producers of textiles and garments. Cotton and polyester are the major raw materials for India's textile industry. Cotton and polyester together account for around 90% of India's textile mill consumption of all fibres. India's per capita fibre consumption is almost half the global level. Polyester is likely to play a dominant role in capturing the major incremental demand share to bridge this gap. The long term growth and development of this industry is fairly secured because of low base per capita consumption of textile fabric in India as compared to developed countries. In a growing economy with high population, it gets additional support.

However volatility in crude oil prices has impact the growth of the industry. The profit margins of the industry eroded in last two years mainly due to addition of large capacity of Polyester POY and import of Nylon Filament Yarn (NFY). Substantial import duty concessions, under FTAs signed by the Government of India with ASEAN member countries has become the bane of the industry and emerged as a major threat for the Synthetic Fibre Manufacturing Industry. Due to unstable international and domestic economic scenario, company has suspended its yarn manufacturing activity and proposes to expand its Textile trading activity with the approval of the Shares Holders.

SWOT ANALYSIS:

During the year under review, company has suspended its yarn manufacturing activity due to heavy losses incurred during the previous years. Company have regularly reviewed the market condition of the yarn manufacturing industry in India and directors of the company are of the view to permanently discontinue its manufacturing activity and concentrate on its textile trading activity, with the approval of the share holders.

OPPORTUNITIES & CHALLENGES

Opportunities

- (i) Rapid urbanization, rising working population, an increase in disposable incomes and increasing affordability vehicles are driving demand in downstream industry
- (ii) Per capita consumption of Polyester in India is exceedingly low by world standards so there is a great scope for local demand.
- (iii) Rural market will play important role in the economy which offers a major opportunity growth in the Polyester industry.
- (iv) Fast changes in fashion design, growing exports of textiles

Challenges

- (i) Unfavorable Exchange rate fluctuation
- (ii) International competition especially from China
- (iii) Inconsistent raw material supply
- (iv) Volatile and high raw materials prices due to middle-east crisis

ADEQUACY OF INTERNAL CONTROL:

Your Company's internal control system is commensurate with its scale of operations. Roles and responsibilities are clearly defined and assigned. Standard operating procedures are in place and have been designed to provide a reasonable assurance. Internal audits and checks from time to time ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them, from time to time. Apart from having all policies, procedures and internal audit mechanism in place, your Company also periodically engages outside experts to carry out an independent review of the effectiveness of various business processes. The observations and good practices suggested are reviewed by the Management and the Audit Committee and appropriately implemented for strengthening the controls of various business processes.

RISKS & CONCERNS

Risk Management is an important aspect in today's business environment. The aim of Risk Management is to identify, monitor and take mitigation measures in respect of the events that may pose risks for the businesses. The Company's Risk Management is embedded in the business processes.

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk, compliance risks and people risks. The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all of its products. The Company proactively manages these risks in inputs through inventory management, proactive management of vendor development and relationships. The Company is exposed to risks attached to various statutes and regulations including the Competition Act, 2002. The Company is mitigating these risks through regular reviews of legal compliances.

HUMAN RESOURCE DEVELOPMENT:

Your Company recognizes human resources as the backbone of its long term success and has tried continuously to provide a challenging work environment thereby adding value to their professional growth. Our relationships with the employees are continuous to remain cordial.

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.

ENVIRONMENT AND SAFETY

The Company is conscious of the need for environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

CAUTIONARY STATEMENT:

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

Registered office:

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

Place : Palsana

Date : 14th August, 2014

For and on behalf of Board of Directors,

(Ashok R Jain)
Managing Director

(Harshad J Patel)
Director

REPORT ON CORPORATE GOVERNANCE

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable Companies to maximize shareholder's value by attracting financial and human capital and efficient performance. The Company believes that good corporate governance contemplates that corporate actions balance the interest of all shareholders and satisfy the tests of accountability and transparency.

Your Company confirms the compliance of corporate governance as contained in clause 49 of the Listing Agreement, the details of which are given below.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company is continuously working towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz. integrity, equity, transparency, fairness, disclosures, accountability and commitment to values.

The Company is in full compliance with the requirements of Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS:

(I) Composition of the Board:

Your Company's Board comprises of 4 Directors, having considerable professional experience in their respective fields. The management team comprises of one Managing Director and three are non-executive directors. The Chairman of the company is a Non-Executive director. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The composition of the Board was in conformity with Clause 49 of the Listing Agreement.

The information on composition of the Board as on date, category of Directors, Directorships in other Public Limited Companies and Committees of other Public Limited Companies of which the Director is a member/ chairman is as under:

Name of the Director	Category of Director	No. of Directorship held on other Public Limited Companies	No. of other Board Committee (s) of which he is a member	No. of other Board Committee (s) of which he is a chairman
Shri Ashok R Jain	Managing Director	-	-	-
Shri Harshad J Patel	Chairman	-	-	-
Shri Harikishan Panpaliya	Non Executive	-	-	-
Shri Anil Bansal	Non Executive/ Independent	-	-	-
Shri Jivabhai A Patel (Resigned w.e.f. 30.05.2014)	Non Executive/ Independent	-	-	-
Shri Siddharth C Patel (Resigned w.e.f. 30.05.2014)	Non Executive/ Independent	-	-	-
Shri Kailashchand Jain (Resigned w.e.f. 30.05.2014)	Non Executive	-	-	-
Shri Anandkumar Jain (Resigned w.e.f. 30.05.2014)	Non Executive	-	-	-
Shri Pravinchand Jariwala (Resigned w.e.f. 30.05.2014)	Non Executive/ Independent	-	-	-
Shri Murl Manohar Modani (Resigned w.e.f. 30.05.2014)	Non Executive	-	-	-

(II) Number of Board Meeting:

During the Financial year 2013-2014 the Board of Directors met 4 times on 30.05.2013, 14.08.2013, 14.11.2013 and 14.02.2014

The information on attendance at Board Meetings held during the year and at the last Annual General Meeting is as under:

Name of the Director	Board Meetings			Attendance at last Annual General Meeting
	Held during the year	Held during the tenure	Attended	
Shri Ashok R Jain	4	4	4	Yes
Shri Harshad J Patel	4	4	2	No
Shri Harikishan Panpaliya	4	4	4	Yes
Shri Anil Bansal	4	4	4	Yes
Shri Jivabhai A Patel (Resigned w.e.f. 30.05.2014)	4	4	4	Yes
Shri Siddharth C Patel (Resigned w.e.f. 30.05.2014)	4	4	2	No
Shri Kailashchand Jain (Resigned w.e.f. 30.05.2014)	4	4	4	Yes
Shri Anandkumar Jain (Resigned w.e.f. 30.05.2014)	4	4	4	Yes
Shri Pravinchand Jariwala (Resigned w.e.f. 30.05.2014)	4	4	4	Yes
Shri Murli Manohar Modani (Resigned w.e.f. 30.05.2014)	4	4	4	Yes

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Company believes that a good corporate governance structure would not only encourage value creation but also provides accountability and control systems commensurate with the risks involved. A declaration by the Whole-time Director affirming compliance of Board Members and senior management personnel to the code is also annexed herewith.

A copy of the Code has also been kept on the website of the Company which is www.paraspetrofilms.com.

(III) AUDIT COMMITTEE:

- The Committee's composition and terms of reference are in accordance with the provision of Section 292A of the Companies Act, 1956, Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of the Audit Committee possess financial/accounting expertise/exposure.
- During the financial year 2013-14, Audit Committee Meetings were held on 30.05.2013, 14.08.2013, 14.11.2013 and 14.02.2014.