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Please bring along the copy of this Annual Report as the same will not be distributed again at the 10th Annual General Meeting



Board of Directors

Mr. Amitabh Parekh.....Chairman & Managing Director
Mr. Rashmikan Trivedi.....Director
Mr. Rajendra Gothi.....Director
Mr. Kiran C. Parikh.....Director

Registered Office

601, Auto Commerce House,
Kennedy Bridge, Nana Chowk,
Mumbai-400 007, INDIA

Administrative Office

H-4&5, Everest Building, 9th floor,
Tardeo Road, Tardeo,
Mumbai-400 034, INDIA

Tel. # 0091-22-23521777 / 23522777
Fax # 0091-22-23523777 / 23524777
E-mail: mepal@mtnl.net.in
Website: www.parekhaluminex.com

Bankers

Indian Overseas Bank
Nariman Point Branch,
'Bakhtawar', Nariman Point,
Mumbai-400 021.

Auditors

M/s. C.V. Pabari & Co.,
Chartered Accountants,
B-201, Labh Ashish,
Old Police Lane, Andheri (E)
Mumbai-400 069.

Manufacturing Units

Unit I → Survey No.207, Plot No.4,
Near Dadra Check Post,
Village Dadra-396 191
U.T. of D. & N.H., INDIA

Unit II → Survey No.204/1, Plot No.2,
Near Dadra Check Post,
Village Dadra-396 191
U.T. of D. & N.H., INDIA



NOTICE

NOTICE is hereby given that the **Tenth Annual General Meeting** of the members of **Parekh Aluminex Limited** will be held at W.I.A.A. Club Ltd., B. G. Kher Marg, Mumbai-400 006 on **Saturday, 25th day of September, 2004 at 9.00 AM** to transact inter-alia, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited annual accounts of the company for the year ended 31-3-2004 together with Auditor's and Director's reports thereon.
2. To declare dividend.
3. To appoint a director in place of Mr. Rashmikanth Trivedi, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint auditors from the conclusion of this Annual general meeting up to the conclusion of the next Annual general Meeting and authorize the audit committee of the board of directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**

“RESOLVED THAT the consent of the company be and is hereby accorded, under Section 293(1)(d) and other applicable provisions, of the Companies Act, 1956 (“The Act”) (including any statutory modification or re-enactment thereof, for the time being in force), and the Articles of Association of the company, to the Board of Directors of the Company (“the Board”) to borrow any sum(s) of monies from time to time, where the monies to be borrowed, together with the monies already borrowed by the company (apart from the temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business) may exceed at any time the aggregate of the paid up capital of the company and its free reserves (that is to say, reserves not set apart for any specific purpose), provided that the total amount so borrowed shall not at any time exceed Rs.200 Crores (Rupees Two Hundred Crores Only) and that the board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such money borrowed / to be borrowed, from time to time, in respect of rate of interest, repayment period, security or otherwise howsoever as it may deem fit, as also to execute all such deeds and documents as may be necessary, usual or expedient for this purpose.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**

“RESOLVED THAT the consent of the company be and is hereby accorded under Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 (“The Act”) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) to the Board of Directors of the Company (“the Board”) for creation of charge and to mortgage all or any part of the movable and immovable properties and assets of the Company wherever situated (in addition to charges / mortgages already created), both present and future, and the whole or substantially the whole of the undertaking of the Company together with the power to take over the management of the business and concern of the company in certain events of default (save and except the current assets that are or may be hypothecated and / or pledged in favour of the Company's bankers for securing borrowings for working capital requirements) on such terms and conditions as the Board may deem fit in favour of one or more bank(s) and / or financial institution(s), Lender(s), Agent(s) and/or Trustee(s) for securing the loan(s) / borrowings of the company availed / to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly Convertible Debentures and / or Non-Convertible Debentures with or without detachable



warrant and / or other debt instruments) issued / to be issued whether on a rights basis to the members of the Company and/or otherwise to the public and/or to any other person(s) / lenders, for a sum not exceeding Rs.200 crores (Rupees Two Hundred Crores Only) plus interest at the agreed rate, commitment charges, fluctuation in exchange rate, and other charges / expenses thereon, if any, as may be stipulated in that behalf in terms of any Loan Agreement / Letter of Sanction / Memorandum of Terms and Conditions / Debenture Trust Deed entered into/to be entered into by the Company in respect of such term loans and/or debentures and agreed to by and between the Board and the lenders / trustees.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to finalize with such bank(s) / financial institution(s) / trustees of debenture holders and/or any other lender(s) / person(s), the documents for creating the aforesaid mortgage and /or charge and to do all such acts, deeds, agreements, matters and things including any change(s), amendment(s) or modification(s) therein, as it may in its absolute discretion deem fit and proper”.

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**

“RESOLVED THAT in accordance with the provisions of section 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the said act, the company hereby approves the appointment of Mr. Amitabh Parekh as the Managing Director of the Company for a further period of five years w.e.f. 28-08-2004 on the following terms and conditions including remuneration, in accordance with the provisions of Schedule XIII of the Companies Act, 1956:-

Remuneration:

- i) Salary: Rs.2,00,000/- per month with an annual increment of Rs.25,000/- per month.
- ii) Perquisite:
 - (a) Accommodation: The Company may provide unfurnished accommodation, hiring charges of which shall be subject to a ceiling of 50% of salary. In addition, company may incur expenditure on gas, electricity, water and furnishing.
 - (b) Medical: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary per annum.
 - (c) Leave: As per the rules of the company.
 - (d) Leave Travel Concession: For self and family, once in a year in accordance with the rules of the company.
 - (e) Club Fees: Membership fees for two clubs. This will not include admission and life membership fee.
 - (f) Car & Telephone: Provision of one AC fitted car with driver and telephone at residence.
 - (g) Contribution to Provident Fund / Superannuation Fund / Gratuity: As per the rules of the company.
 - (h) He shall not be entitled to receive any sitting fee for board / committee meeting attended by him.

All the perquisites shall be valued as per the Income Tax Rules, 1962, wherever applicable. In other cases it will be valued at cost to the company.

Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Amitabh Parekh, he will be entitled to receive the above remuneration as the minimum remuneration as permissible under Section 269 read with Section II of Part II of Schedule XIII of the Companies Act, 1956.



Mr. Amitabh Parekh shall also be entitled to reimbursement of all expenses actually and properly incurred by him in connection with the company business.

RESOLVED FURTHER THAT the board of directors shall have power to vary and alter the terms and conditions of the said appointment, including remuneration payable to Mr. Amitabh Parekh within the over all limits laid down in Schedule XIII to the Companies Act, 1956 as modified from time to time.

RESOLVED FURTHER THAT in the event of any modification or amendments in the Schedule XIII to the Companies Act, 1956 as may be made by the central Government hereinafter, the board of directors be and is hereby authorized to vary or increase or decrease the remuneration and perquisites within such revised prescribed limit.

By Order of the Board
For **PAREKH ALUMINEX LIMITED**

Amitabh Parekh
Chairman & Managing Director

Registered Office:
601, Auto Commerce House,
Kennedy Bridge, Nana Chowk,
Mumbai-400 007, INDIA.

Mumbai, 19th June, 2004

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts in respect of **Special Business** specified in para 5 to 7 is annexed hereto.
3. The members are requested to notify any change in their addresses to the company immediately. Members are further requested to notify the company the name of their Bankers, Branch and Account Number for the safety of their Dividend Warrant in transit. In all correspondence with the company or it's Registrar, members should invariably quote their Register Folio Number for prompt action.
4. Register of Members and Share Transfer Register will remain closed from Saturday, 25th September, 2004 to Thursday, 30th September, 2004 (both days inclusive). All valid share transfers received up to 24th September, 2004 will be accepted by the company for transfer purpose.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. Consequent to introduction of Section 109A of the Companies act, 1956, members are entitled to make Nomination in respect of equity shares held by them in physical form. Members desirous of making nomination are requested to submit the Nomination Form (2B) enclosed with this Notice per instructions mentioned therein.
7. Company's shares have compulsorily gone in for dematerialisation since March, 2001. Hence, those members who want to opt for dematerialisation are requested to follow the procedure prescribed in this respect.
8. Members holding shares in electronic form may please note that their bank account details as furnished by the respective Depositories to the company will be printed on dividend warrant / cheque / DD as per the applicable regulations of the Depositories and the company will not entertain any direct request from such members for deletion of / change in such bank account details.



9. Members seeking any information / clarification on accounts are requested to write to the company at an early date to enable the management to keep the information ready.
10. Members / Proxies should bring the attendance slip duly filled in for attending the meeting. They should invariably write their Folio No. / DP Identity No. and Client Identity No. in such slip.
11. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Re-appointment of Directors

At the ensuing Annual General Meeting, Mr. Rashmikantrivedi retires by rotation and being eligible, offers himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, the particulars of the aforesaid Director is given below:

Particulars of Director seeking re-election:

Name of the Director	:	Mr. Rashmikantrivedi
Date of Birth	:	03.12.1936
Ed. Qualification	:	B. Com.
Other Directorship	:	None
Member of the Committee	:	(a) Investors Grievance and Share Transfer Committee (Chairman) (b) Audit Committee (Member)

Mr. Rashmikantrivedi is a finance consultant with more than 40 years business experience to his credit. He has been associated with the Company since 1995. His managerial experience and guidance with respect to finance related matter has significantly helped the company since inception.

Explanatory Statement U/s 173(2) of the Companies Act, 1956.

The Explanatory Statement in respect of Special Business specified in para 5 to 7 of the accompanying Notice set out here-in-above is as under:

Item 5

Section 293(1)(d) of the Companies Acts, 1956, inter-alia provides that the Board of Directors of a public Company shall not, except with the consent of the Company in general meeting borrow monies, where the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loan obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate paid up capital of the Company and its free reserve, that is to say, reserve not set apart for any specific purpose. Since the proposed borrowing to implement expansion plan is likely to lead to the borrowing in excess of the limit so prescribed, the approval of the members is needed in terms of the aforesaid provision.

The Board recommends passing of this enabling resolution as per Item No. 6 of the notice for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution.

Item 6

Section 293(1)(a) of the Companies Acts, 1956, inter-alia provides that the Board of Directors of a Public Company shall not except with the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking.

The borrowings of the company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the company in such form and manner as may be determined by the Board



of Directors of the company from time to time in consultation with the lender(s). The mortgage and / or charge created by the company of its movable and / or immovable properties and / or the whole or any part of the undertaking(s) of the company in favour of the lender(s) with a power to take over the management and business and concern of the Company in certain events of default by the Company may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293 (1) (a) of the Companies Act, 1956. Accordingly, the consent of the members of the company is being sought in terms of the provision of the aforesaid Section.

The Board recommends passing of the above enabling resolution as per Item No. 7 of the notice for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution.

Item 7

Mr. Amitabh Parekh was appointed as a Managing Director of the company for a period of five years which term expired on 27-08-2004. The board of Directors at its meeting held on 19th June, 2004 has re-appointed him as the Managing Director of the Company for a further period of five years w.e.f. 28-8-2004. The said appointment is made subject to the approval of the members of the company to be obtained in the general meeting in accordance with the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956.

During the tenure of Mr. Amitabh Parekh as a Managing Director, the Company has made remarkable progress in terms of capacity expansion, growth in sales, exports and profitability. Sales during this period have jumped from Rs.1627.97 lacs (for the year ended 31-3-1999) to Rs.**5865.34** lacs (for the year ended 31-3-2004). During the same period profit after tax has phenomenally risen from Rs.39.12 lacs to Rs.358.39 lacs. In addition to this, company has achieved some other distinction like consistently high growth in export sales specially to European market, award of ISO 9001:2000 Certification in respect of Company's plants at Dadra, development of diversified product portfolio of AFC for varied use, consistently high rating of company's borrowing by its bankers etc. The company continues to remain market leader in its product category year after year. Considering all this factors and efforts being put in by Mr. Amitabh Parekh, for further accelerated growth of the company, the board of Directors have unanimously renewed his term for a further period of five years as permissible under the Companies Act, 1956. Considering his knowledge of AFC products, experience and leadership quality, it will be beneficial for the company to retain him as the Managing Director to look after and manage the business of the company within the overall guidance and supervision of the board of directors. The Directors, therefore, recommends adoption of the proposed resolution.

Apart from Mr. Amitabh Parekh, no other directors is concerned or interested in the proposed resolution

**DIRECTOR'S REPORT****To the Members,**

Your Directors have pleasure in submitting their Tenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2004.

PERFORMANCE:

The financial results of the company for the year under review are as follows:

	(Rs. in Lacs)	
<u>Particulars</u>	<u>31-03-04</u>	<u>31-03-03</u>
Sales	5865.34	4354.31
Other Income	3.62	5.15
Total Expenditure (excluding interest, Depreciation & write-offs)	5072.90	3784.94
Profit before interest, depreciation & write-offs	796.06	574.52
Interest	210.35	171.38
Depreciation & write-offs	171.32	134.43
Profit Before Tax (PBT)	414.39	268.71
Provision for Income Tax (Excl. tax on Dividend)	56.00	37.00
Profit After Tax (Available for appropriation)	358.39	231.71

The sales during the year have risen from Rs.4354.31 lacs to Rs.5865.34 lacs indicating a growth of 34.70% over the previous year. The total sales consist of export sales of Rs.1541.86 lacs and local sales of Rs.4323.48 lacs. The company's continued efforts in the past to develop the export market have started paying rich dividends as shown by growth in export sales. During the year company developed new variety of products for new as well as existing customers. The diversified product portfolio enabled the company to satisfy their varied customers' requirements. The fully automatic new press installed in previous year have very high production capacity and with additional new moulds, they are able to produce high quality products at low cost.

The profit before interest & depreciation of Rs.796.06 lacs is 13.57% of sales compared to Rs.574.52 lacs of previous year which is 13.19% of sales. Thus there is marginal improvement in the profit ratio. Depreciation at Rs.171.32 lacs is more compared to Rs.134.43 lacs of previous year due to addition in fixed assets. Interest cost has increased by Rs.38.97 on account of higher business borrowing. The profit before tax at Rs. 358.39 lacs is higher by 54.67% as compared to Rs.231.71 lacs of the previous year. Profit after tax stood at rate of 6.11% of sales which is higher by 14.85% compared to that of previous year when it was 5.32% of sales. This growth in profit has been achieved during the year through improved contribution ratio, reduction in operating cost, judicious use of working capital and lower interest cost.

Management Discussion and Analysis:

Due to political uncertainty and low business confidence during the year, there was pessimism in the economic environment in the country. However, even during such rough period, your company has been able to sustain its growth and profitability due to able leadership of the management, hard working of the employees, and prudent business policy followed by the



board. This has ensured that company continues to maintain its market leadership position in respect of its product portfolios, which is now well diversified in terms of size, utility and customers. Company continues to undertake conversion / job work for Hindalco Industries Ltd. which enables it to lower operating costs as well as earn substantial income from it.

Company's both plants located at Dadra are fully insured and are maintained in up to date conditions to ensure their long life and efficient operation. Employees of the company have fully assimilated the technology of the new presses and they have been able to operate them at almost optimum capacity with necessary preventive maintenance.

The demand for company's product continues to remain high even within the country due to increasing awareness about use of hygienic products. Consequently company continues to retain highest market shares in spite of free market economy prevailing in the consumer goods industry. The industrial relations remains cordial as company is aware about employees contribution towards its growth. It gives due emphasis on their training, improvement of skill and job satisfaction apart from good monetary compensation.

Directors' Responsibility Statement:

(As per amended section 217 (2AA) of the Companies Act, 1956)

The Directors, based on the representation received from the operating management, confirm:

1. that in the preparation of the Annual Accounts for the year ended 31st March, 2004, the applicable Accounting Standards has been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2004 and the Profit of the Company for that year;
3. that to the best of their knowledge and information they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that they have prepared the Annual Accounts for the year ended 31st March, 2004 on a going concern basis.

Dividend:

Considering growth in profitability and with a view to reward shareholders who have provided unstinted support to the company in the past, the board is pleased to recommend a higher dividend to shareholders @ 8% (previous year 5%) on the paid up share capital of the company payable on pro-rata basis subject to the payment / deduction of income tax at source at the applicable rate for shareholders approval. If approved, the dividend will be paid to those members whose names appear in the Register of Members of the company as on the date of book closure as mentioned in the Notice.

Current year's outlook:

Company enjoys good order book position in respect of both local as well as export business. Company continues to renew rate contract with large scale local customers due to high quality product provided at lowest possible cost. With spreading of company's name in international market enquiry from overseas buyers are continuously received for supply of diverse products. The company remains the largest supplier of Aluminium Foil Containers (AFC's) in India. Sales from April to mid-June of the current year have crossed Rs.1253.40 lacs out of which export is to the extent of Rs.419.20 lacs. Further, this year the Company is embarking upon an expansion for Rs.3600 lacs, the required term loan and working capital has already been tied up through Company's existing bankers and future bankers.

Subsidiary Companies:

The company does not have any subsidiary company.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings/Outgo:

**Conservation of Energy:**

Company continues to undertake steps for reduction of waste material, improved productivity and reduce consumption of energy. The production system is utmost hygienic with no air or water pollution. High speed fully automatic machines requires minimum electricity for production purpose.

Technology Absorption, Research & Development:

The company continues to absorb latest imported technology and production system. In house repairs and maintenance system is carried out as technology has been well assimilated by the workers. This has enabled the company to reduce cost and keep the down time at minimum level. Employees are trained rotationally on new machines. Better product designs for diverse use is experimented and developed for wider product portfolio.

Benefits derived:

This has considerably reduced overhead cost and improved production efficiency as reflected in higher profitability ratio. It has also helped to undertake preventive measures in time so that there is minimum down time and maintenance cost. Newer products are developed faster and successfully commercialized.

The company's foreign exchange earnings and outgo are as follows:

Total Foreign Exchange Earned..... Rs. 1485.46 lacs (Previous Year Rs. 744.42 lacs)

Total Foreign Exchange UsedRs. 376.70 lacs (Previous Year Rs. 16.99 lacs)

Corporate Governance:

In terms of the Corporate Governance disclosures, as required under Clause 49 of the Listing Agreement, details are provided in **Annexure A** of this report.

Personnel:

The Company has not employed any person, except Managing Director, who is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time during the year.

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the Balance Sheet relates and the date of this report.

The company is regular in payment of interest. There are no overdue or unclaimed deposits as at 31-3-2004.

Directors:

Mr. Rashmikanth Trivedi retires by rotation and being eligible, offers himself for re-appointment.

Auditors / Auditor's Report:

Company's auditors M/s. C. V. Pabari & Co., Chartered Accountants hold their office until the conclusion of the ensuing annual general meeting. The company has received confirmation from them that if re-appointed, their appointment will be within the prescribed limit under Section 224 (1-B) of the Companies Act, 1956. They have offered themselves for re-appointment.

You are requested to approve and adopt the Annual Accounts for the year ended on 31st March, 2004 and appoint Auditors and fix their remuneration.

Your directors would like to express their gratitude for the financial assistance received from company's banker's viz. **Indian Overseas Bank**.