

Chairman's Letter to Shareholders

Our company is now on a path of exponential growth

Dear Shareholders,

It gives me great pleasure to place 11th Annual Report of the company in your hands. Please accept my greetings on behalf of the board of directors of the company.

After completing a decade, your company has embarked upon its journey in the next phase. Although achievements of past are commendable, we are not restful. Higher benchmarks are laid for achievements because "*fittest only survives*", says Darwin and we want to follow the motto "*Excellence is our Hallmark*".

The whole business environment is changing. India is fast merging with world market which has created both threats as well as opportunities. The best opportunity presented is the vast global market of AFCs which can be captured by us through successfully competing with other global players. *Competing successfully means providing solutions to customers' needs by identifying their specific requirements, satisfying them in terms of quality, reliability of supplies, presenting single source for diverse product needs and all this at prices which is most competitive.* Similarly, ability to import raw material and capital goods at most competitive prices will reduce our production cost. Consistently supplying to global consumer will give us recognition and assurance that we are also one of the best and leading player of AFCs in the world.

At the same time, there is a threat that other international supplier of AFCs may enter Indian market to compete with us. Another threat is that based upon our past and present performance we may become complacent and lose our competitive edge and momentum.

But we are prepared to cope up with above threats since SWOT analysis has been woven into our blood. Innovation is our habit. Your management constantly makes analysis of business environment and converts threats into opportunities. We constantly strive to innovate new product varieties which can meet ever changing consumer demand and add to the bottom line of the company. We are trying to control our production cost and basic overheads which normally eat up the surpluses of the business. Our stringent quality control standards ensure that we produce AFCs in utmost hygienic condition and to the World standards.

We have achieved the level of critical mass as indicated by sales of current year. But we want to use this as our springboard so that future becomes more exciting. We now want to surge ahead at much faster rate because our base is solid, that is why company is implementing expansion project costing Rs.3600 lacs which will result into more than tripling its capacity in terms of production, sales and profitability.

This is being implemented with the help of our valued shareholders, bankers and suppliers. Company made an issue of equity shares and warrants on preferential basis (in accordance with statutory guidelines and provisions) at a price which is an indication of intrinsic value of your shares. Company is much obliged to the shareholders (existing and new), IOB, SBI and EXIM Bank for keeping their faith in the company and whole hearted support to the proposed project. The expansion project is being implemented at 1.80 lac sq. feet factory land at Silvassa, adjacent to the existing plant of the company. When completed in December, 2005 it will provide synergetic benefits to the company in all respects.



All our efforts and strategies are driven by values. Enhancing the shareholders value is one of our cherished goal. Our relentless efforts to achieve this goal really paid off when company's equity shares got listed at BSE. This was a historical moment. It provides opportunity to both investors as well as the company to seek and maintain mutually benefiting relationship. In token of our improved performance, board is pleased to recommend higher dividend as stated in the director's report. Let me emphasize that now we are not going to look back henceforth in terms of performance and rewards.

However, company is aware about its social obligation. It believes that society is a backbone of any business enterprise and therefore, care must be taken to serve the human cause. The company has helped construct a temple at Haridwar and has also conducted eye camp and blood donation camp for the benefit of poor and backward people. We are committed to deliver products and services to entire society where we are born and brought up. To pursue this further in future, we are leaving no stone unturned. And I have no doubt that each one of you will participate in this process so that company grows from strength to strength and serves the society for mutual benefit.

I hope you will share my appreciation of help and efforts put in by all our dedicated employees, our banker M/s. IOB, SBI, EXIM Bank and M/s. Hindalco Industries Ltd. to strengthen the company and lead to further success in future.

Thanking you and best wishes.

Amitabh Parekh

Chairman



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Please bring along the copy of this Annual Report as the same will not be distributed again at the 11^h Annual General Meeting.





Board of Directors

Mr. Amitabh Parekh.....Chairman & Managing Director
Mr. Rashmikant 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 Ltd.
State Bank of India Ltd.
Export-Import Bank of India Ltd.

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

Registrar & Share Transfer Agent :

M/s. Tata Share Registry Ltd.
Army and Navy Building,
148, M. G. Road, Fort,
Mumbai-400001.
Tel. No. 00 91 22 56568484
Fax No. 00 91 22 56568494

**NOTICE**

NOTICE is hereby given that the **Eleventh 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, 30th day of July, 2005 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 31-3-2005 together with Auditor's and Directors' reports thereon.
2. To declare dividend.
3. To appoint a director in place of Mr. Kiran C. Parikh, 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, the following resolution as an **ORDINARY RESOLUTION:-**

“RESOLVED THAT in suppression of resolution passed earlier and in accordance with the provisions of Sections 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 revision in the terms and conditions of appointment of Mr. Amitabh Parekh as the Managing Director of the company for a further period of three years w.e.f. 01-07-2005 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. 2,50,000 per month in the first year with an annual increment as may be decided by the board from time to time subject to the conditions and limits laid down in Schedule XIII.
- 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 furnishings.
 - (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.

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 Shri 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 authorised 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, 30th June, 2005

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 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 its Registrar, members should invariably quote their Register Folio Number / DP ID-Client ID No. for prompt action.

4. Register of Members and Share Transfer Register will remain closed from Friday, 22nd July, 2005 to Monday, 25th July, 2005 (both days inclusive). All valid share transfers received up to 22nd July, 2005 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. Kiran C. Parikh 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. Kiran C. Parikh
Date of Birth	:	16-12-1940
Ed. Qualification	:	B. A. D.P. Ed..
Other Directorship	:	None
Member of the Committee	:	(a) Investors Grievance and Share Transfer Committee (Chairman) (b) Audit Committee (Member)

Mr. Kiran Parikh is an Ex-principal and active social worker. He has strong background of administration and strategic planning. His rich experience of organizational matters and harmonizing inter-personal relationship to achieve best out of human resources is valuable to the company. His guidance on this matters helps the company to achieve targets and improve productivity. It is therefore in the interest of



the company to avail his services as a member of the board.

None of the director of the company except Mr. Kiran C. Parikh may be considered to be concerned or interested in the said resolution.

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

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

Item 5

Mr. Amitabh Parekh was re-appointed as Managing Director of the company for a period of five years w.e.f. 28-08-2004 on certain remuneration. During his tenure as a managing director company has made spectacular progress in terms production, sales, profitability and growth in assets. He has been successfully steering the company ahead since his appointment. Recently company completed issue of equity shares and warrants on preferential basis at a respectable premium. Company shares also got listed at BSE in December, 2004. Further company has undertaken massive expansion project which is expected to be completed by Dec.2005. This will change the fortune of the company and enhance the value of company's shares. Considering all these factors and to provide incentive to him, the board of Directors at its meeting held on 30th June, 2005 has revised the remuneration package as stated in the resolution. The said revision also limits his tenure of office for three years w.e.f. 1-7-2005 in accordance with the requirement of Schedule XIII. The said revision in terms and condition of his services 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.

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 on the revised terms and conditions. The directors, therefore, recommend adoption of the proposed resolution.

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

The above explanatory statement read together with text of the resolution specified in item no. 5 may also be regarded as an Abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Statement pursuant to the requirement laid down in Part II Section II (I.B) of Schedule XIII in respect of Item nos. 5.

I General Information:

1. Nature of Industry

Manufacture and sale of Aluminium Foil Containers and Rolls for packaging of eatable and food items.

2. Date or expected date of commencement of commercial production

The Company is an existing unit with two plants located at Silvassa (U.T. of D. & N.H.)

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable - existing Company since 1994

**4. Financial performance based on given indicators (Y.E. 31.03.2005)**

Debt / Equity ratio	1: 0.49
Interest cover	3.36 times
Net worth per share	Rs. 41.80

5. Export performance and net foreign exchange earnings

Year	Value (Rs. Lacs)
31-3-2005	1805.97
31-3-2004	1485.46
31-3-2003	744.42

6. Foreign investments or collaborators, if any

The Company has no investments in any Foreign Company. Similarly company has no collaboration with any foreign company. The foreign investment in the company is by NRI investors and FII particulars of which is given in the Annexure A to the Director's Report viz. Corporate Governance.

II Information about the appointees:**1. Background details**

Mr. Amitabh Parikh is Commerce Graduate i.e. B. Com. He has joined the company since its inception in 1994. He was appointed as Executive Director (Marketing) w.e.f. 16-8-1996. Subsequently w.e.f. 28-8-1998 he was appointed as the Managing Director of the company in accordance with the provisions of Companies Act, 1956. Since 31-10-2000 he has been occupying the position of Chairman & Managing Director of the company.

2. Past Remuneration

During the year 2004-05 he was paid the remuneration @ Rs.2,00,000 p.m. as approved by the General Body in terms of Part II, Section II of Schedule XIII, to the Act.

3. Recognition or awards

None

4. Job profile and suitability

As the Managing Director of the company since 28-8-98 Mr. Amitabh Parekh has been in overall control of the entire operation of the Company. Having regard to his valuable experience in the manufacture and marketing of Aluminium Foil Containers as well as his administrative and managerial expertise, he is eminently suited for revision in the remuneration.

5. Remuneration proposed

Details are given under item No.5 of the Special Business of the Notice.

6. Comparative remuneration profile with respect to Industry

There are no comparative industrial units engaged in the production of AFC in the country. Hence, comparative figure for the industry specific is not available. However, in general remuneration drawn by managing director of other units comparable in terms of size & profitability is much higher.

7. Other pecuniary relationship

Apart from remuneration, as stated above, Mr. Amitabh Parekh gets other sums from the company as disclosed in Note 8 to Notes to Account (Refer Schedule J).