

**AGRIMAS**

**AGRIMAS CHEMICAL LTD.**

**Annual Report  
2004 - 2005**

**AGRIMAS CHEMICALS LIMITED****DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present their Annual Report on the working of the Company along with the audited statement of accounts for the financial year ended 31<sup>st</sup> March, 2005.

**FINANCIAL HIGHLIGHTS**

	<b>Current Year</b>	(Rupees in Lacs) <b>Previous Year</b>
Turnover	<b>2715.17</b>	2349.67
Profit before Depreciation and Tax	<b>37.25</b>	19.94
Less : Depreciation	<b>5.82</b>	7.07
Profit before Tax	<b>31.43</b>	12.87
Less : Provision for tax	<b>15.00</b>	6.00
Provision of tax for earlier years	<b>0.97</b>	-
Profit after tax	<b>15.46</b>	6.87

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

- a) **Industry Structure and Development** : The Company manufactures and markets pesticides formulations. The industry is predominantly dominated by the multinationals, who are cash rich. The Company is mainly concentrating in Formulation Business. This has enabled the Company to procure better grade of technicals at competitive terms.
- b) **Segment-wise operational performance** : Your Company operates into only one business segment – Manufacturing and marketing of pesticides formulations.

Turnover for the year ended 31<sup>st</sup> March, 2005 was Rs.2715.17 Lacs as against Rs.2349.67 Lacs in the previous year, an increase of 15.55%. The Company also earned a higher pre-tax profit of Rs.31.43 Lacs as against Rs.12.87 Lacs in the previous year, a quantum jump of 144.21%.

Production and Sales were higher both in terms of value and volume as compared to last year.

Better sales realization enabled the Company to improve its profitability, though there was steep increase in the raw material prices.

## AGRIMAS CHEMICALS LIMITED

- c) **Outlook** : The general outlook for the industry continues to be fairly steady. The consumption of pesticides continues to increase in domestic market. Reasonable growth in economy and special emphasis on agriculture will further benefit the Company in future.
- d) **Threats and concerns** : The Company is facing stiff competition from the multinationals who are cash rich. The Company operated without any need based Working Capital.
- e) **Internal control systems and their adequacy** : Adequate internal control systems are in place to maintain quality of product, proper accounting as per norms laid, asset maintenance and its proper use. All assets are adequately covered by comprehensive insurance. Audit Committee of the Board overviews and ensures compliance.
- f) **Human Resources and Industrial Relations** : The Company has adequate and qualified human resources and enjoys cordial relations with all its employees at all levels. The Board of Directors wish to place on record its highest appreciation for the contribution made by all the employees in achieving the excellent growth during the year.

### DIVIDEND

To consolidate the financial position, the Directors have not recommended any dividend.

### DIRECTORS

Mr. Paul Lamech and Ms. Vanessa Keishing were appointed as Additional Directors by the Board in its Meeting held on 27<sup>th</sup> June, 2005. In the same meeting, Mr. Paul Lamech was appointed as whole time Director, designated as Executive Director. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Paul Lamech and Ms. Vanessa Keishing will vacate their respective offices at the ensuing Annual General Meeting. The Company has received notices from some of its members under Section 257 recommending their appointment in the forthcoming Annual General Meeting.

Mr. Anand Fredrick resigned from the Board on 28<sup>th</sup> June, 2005. Mr. Fredrick was associated with the Company as Promoter since last three decades. The Board places on record its appreciation for the valuable service rendered by Mr. Anand Fredrick to the Company during his tenure as Director.

Mr. N. S. Barhat resigned from the Board on 31<sup>st</sup> August, 2005.

To comply the requirement of Articles of Association, Mr. Ramesh Ramourti shall retire by rotation in the forthcoming Annual General Meeting and seek re-appointment.

## **AGRIMAS CHEMICALS LIMITED**

### **CORPORATE GOVERNANCE**

A separate section on Corporate Governance is set out in the Annexure forming part of this report.

### **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

The electric power is the only energy used in the production. However, considering the nature of the products manufactured, it is rather difficult to allocate the consumption of power used per unit of production. Further, the question of absorbing the technology does not arise in view of the inbuilt technology. Hence, the information under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Information in the Report of the Board of Directors) Rules, 1988, is not separately given. During the year, the Company did not earn any foreign exchange. The Company spent the exchange worth Rs.3,27,17,754/- (CIF) for import of raw-materials.

### **EMPLOYEES**

Since none of the employee was in receipt of a remuneration exceeding Rs.2,00,000/- per month or Rs.24,00,000/- per annum during the year under review, hence, provisions of Section 217(2A) read with relevant rules do not apply to the Company.

### **AUDITORS**

Members are requested to appoint Auditors for the period from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration. M/s. Mandhania & Associates shall retire at the forthcoming Annual General Meeting.

### **ACKNOWLEDGEMENT**

Your Directors are thankful to all who contributed and assisted to achieve these results. They wish to place on record their appreciation for the support extended by all employees, value customers, suppliers and bankers.

**For and on Behalf of Board of Directors**

**PAUL G. LAMECH**  
**EXECUTIVE DIRECTOR**

**VANESSA KEISHING**  
**DIRECTOR**

Place : Mumbai  
Date : September 6, 2005

**Ramawatar N. Mandhania**

B.Com., F.C.A.

**Rajeev Kumar G. Kabra**

B.Com., LL.B., F.C.A.

**Mahavir Prasad Jain**

B.Com., F.C.A.

6-A, Pil Court, 6th Floor,

111, Maharshi Karve Road,

Churchgate, Mumbai - 400 020.

Tel. No. : 2209 0365, 2207 8214, 2207 8215

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**AUDITOR'S REPORT**

To the Members

**AGRIMAS CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of Agrimas Chemicals Limited as at 31<sup>st</sup> March 2005 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statement are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standard require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditors' Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c. The Balance Sheet and Profit and Loss Account Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and Profit & Loss Account Statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956;

**Mandhania & Associates**  
Chartered Accountants

**Ramawatar N. Mandhania**  
B.Com., F.C.A.

**Rajeev Kumar G. Kabra**  
B.Com., LL.B., F.C.A.

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- e. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2005 from being appointed as a Director in terms of clause (g) of Sub-section(1) of Section 274 of the Companies Act, 1956 ;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
  - g. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2005 and taken on record by the Board of Directors and the information and explanations given to us, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2005 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - h. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to paragraph (d) above together with Note Nos. 2 (d), (e), (f) and (g) in respect of non-provision for doubtful debts, non-provision for doubtful advances and share issue expenses not written off/adjusted respectively and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2005 and
  - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date;

For **MANDHANIA & ASSOCIATES**  
Chartered Accountants

Place : Mumbai

Date : 06.09.2005

  
(**RAMAWATAR MANDHANIA**)  
Partner  
Membership No.031007

**Annexure to the Auditors' Report**

Referred to in paragraph 3 of our report of even date.

**1) FIXED ASSETS**

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- ii) All the major assets have been physically verified by the management during the year.  
We are informed that no material discrepancies were noticed on such verification.
- iii) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.

**2) INVENTORIES**

- i) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- ii) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- iii) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material.

**3) LOANS**

As informed to us, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956 ('the Act')

Since the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clauses 4 (iii)(b)(c) and (d) of the Order are not applicable to the company.

- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods. Further on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.