



AGRIMAS

AGRIMAS CHEMICAL LTD.

**Annual Report
2005 - 2006**

AGRIMAS CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the Annual General Meeting of the members of Agrimas Chemicals Limited will be held at 11.30 a.m. on 30th September, 2006 at H-2, MIDC Indl. Area, Talaja, Dist. Raigad – 410 208, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2006 and Profit & Loss Account for the year ended on that date along with Directors Report and Auditors Report.
2. To appoint a Director in place of Mr. C. S. Singh, who retires by rotation, but being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board of Directors



G. PAUL LAMECH
EXECUTIVE DIRECTOR

Place : Mumbai
Date : September 4, 2006

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY OR PROX(IES) SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Share Transfer Register and Register of Members will be kept closed from 25th September, 2006 to 30th September, 2006 (both days inclusive).
3. As required under Clause 49 of the Listing Agreement, profile of Directors being re-appointed is annexed.
4. Members desiring any information as regards accounts or operations of the Company are requested to send their queries in writing at least seven days in advance of the date of the meeting so as to enable the management to keep the information ready.

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 31st March, 2006.

FINANCIAL HIGHLIGHTS

	Current Year 2005-06	(Rupees in Lacs) Previous Year 2004-05
Profit before Depreciation and Tax	75.57	37.25
Less : Depreciation	7.36	5.82
Profit before Tax	68.21	31.43
Less : Provision for tax	26.00	15.00
Provision for Fringe Benefit Tax	3.50	Nil
Provision of tax for earlier years	-	0.97
Profit after tax	38.71	16.43

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 including imports at competitive terms.
- b) **Segment-wise operational performance** : Your Company operates into only one business segment – Manufacturing and marketing of pesticides formulations.

Your Directors are pleased to report that the turnover for the year grew by 21%, whereas the pre-tax profit was higher by about 117% as compared to previous year.

Turnover for the year ended 31st March, 2006 was Rs.3080.65 Lacs as against Rs.2575.35 Lacs in the previous year. The Company substantially earned a higher pre-tax profit of Rs.68.21 Lacs as against Rs.31.43 Lacs in the last year.

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

Higher sales and better realization enabled the Company to improve its profitability even in stiff competition.

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- 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

Considering the exigencies of funds for need based working capital, your Directors have not recommended any dividend.

DIRECTORS

To comply with the requirement of the Companies Act, 1956 and Articles of Association, Mr. C. S. Singh shall retire by rotation in the forthcoming Annual General Meeting and seeks re-appointment.

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.40,80,402/- (CIF) for import of raw-materials.

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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 4, 2006

Mandhania & Associates
Chartered Accountants

Ramawatar N. Mandhania
B.Com., F.C.A.
Rajeev Kumar G.Kabra
B.Com., L.L.B, F.C.A.
Mahavir Prasad Jain
B.Com., F.C.A.,DISA

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Sherbanoo CHS. Ltd.,
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Churchgate, Mumbai- 400 020.
Tel. No. 2207 8214 / 2207 8215 / 2209 0365
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Email : mandhania_ca@rediffmail.com

AUDITOR'S REPORT

To the Members
AGRIMAS CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of Agrimas Chemicals Limited as at 31st March 2006 and the Profit & Loss Account and cash flow statement of the Company 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 , Profit and Loss Account and cash flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet , Prc fit & Loss Account and cash flow 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;

- e. On the basis of written representations received from the Directors, as on 31st March 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 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 subject to paragraph (d) above together with Note Nos. 2 (e), (f), (g) and (h) 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 31st March, 2006 and
- (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date;
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



For MANDHANIA & ASSOCIATES
Chartered Accountants

Ramawatar Mandhanias

(RAMAWATAR MANDHANIA)
Partner
Membership No.031007

Place : Mumbai

Date : 4th September, 2006

Re : AGRIMAS CHEMICAL LIMITED
Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date for the year ended 31st March, 2006.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, all the major assets have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records.

(c) There was no disposal of a substantial part of fixed assets.

(ii) (a) The stocks of Finished goods, Raw materials and Stores & Spare Parts have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the company.

(iii) (a) According to the information and explanations given to us, the Company has granted unsecured interest free loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year were Rs.22.50 lacs and balance at the end of the year were Rs. 22.50 lacs.

(b) In our opinion, the other terms and conditions on which such interest free loans have been granted to companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956, have not been stipulated hence, we are not commenting whether these are prima facies, prejudicial to the interest of the company or not.

(c) The company is regular on receipt of principal amount of loan wherever applicable.

(d) As informed to us there is no overdue amount of more than Rs. 1 lacs.

(e) According to the information and explanation given to us, during the year the Company has not taken any loans from any company and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause of (iii) (f) and (g) of the paragraph 4 of the order are not applicable to the company.