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Bagadia Colourchem Ltd.
14th Annual Report
1998-99

BOARD OF DIRECTORS :

Mr Natwarlal R. Bagadia
Chairman & Managing Director

Mr Sushil N. Bagadia
Joint Managing Director

Mr Sandeep N. Bagadia
Director

Mr Umesh V. Kudalkar
Nominee Director – SICOM

Prof. Vilas V. Ekbote
Director

Mr Raghunath R. Gune
Director

Auditors :

Palekar & Shende
Chartered Accountants

Bankers :

Bank of Baroda
Camp Branch
Pune 411 001

Registered Office :

'Bagadia House'
23/B, Kasba Peth,
Pune 411 011

Factory :

Plot No. B-35,
MIDC Industrial Area,
Mahad, Dist. Raigad,
Maharashtra

14th Annual General Meeting

on Friday, the 24th day of September, 1999
at 11.30 a.m. at the Registered Office

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of Bagadia Colourchem Limited will be held on Friday, the 24th day of September, 1999 at 11.30 A.M. at the Registered Office of the Company at 'Bagadia House', 23/B, Kasba Peth, Pune 411 011 to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Sushil N. Bagadia, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Mr. N.R. Bagadia be and is hereby re-appointed as the Chairman & Managing Director of the Company, not liable to retire by rotation, for a further period of Five years w.e.f. 1st October, 1999 on the following terms and conditions :-

- A. Salary and Allowances taken together shall not exceed Rs. 18,000/- p.m., for the first year of reappointment, with the authority to the Board of Directors to grant annual increments of not more than 10% of the Salary & Allowances.
- B. The Company shall also provide Car with driver to the Chairman & Managing Director for Company's business and also Telephone at his residence.
- C. The remuneration comprising Salary and allowances of Mr. N.R. Bagadia, Chairman & Managing Director shall be as specified by the Board of Directors from time to time and further subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 or any modification or reenactment thereof.
- D. In the event of absence or inadequacy of profits, Mr. N.R. Bagadia, Chairman & Managing Director would be paid the then existing remuneration subject to a ceiling as laid down in Section II, Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things which are necessary and incidental to give effect to the above resolution."

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Mr. Sushil N. Bagadia be and is hereby re-appointed as the

Joint Managing Director of the Company, liable to retire by rotation, for a further period of Five years w.e.f. 1st October, 1999 on the following terms and conditions :

- A. Salary and Allowances taken together shall not exceed Rs. 15,000/- p.m., for the first year of reappointment, with the authority to the Board of Directors to grant annual increments of not more than 10% of the Salary & Allowances.
- B. The Company shall also provide Car with driver to the Joint Managing Director for Company's business.
- C. The remuneration comprising Salary and allowances of Mr. Sushil N. Bagadia, Joint Managing Director shall be as specified by the Board of Directors from time to time and further subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 or any modification or reenactment thereof.
- D. In the event of absence or inadequacy of profits, Mr. Sushil N. Bagadia, Joint Managing Director would be paid the then existing remuneration subject to a ceiling as laid down in Section II, Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things which are necessary and incidental to give effect to the above resolution."

6. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution :-

"RESOLVED THAT in continuation to the Special Resolution passed in the earlier Annual General Meeting held on 5th September, 1998, pursuant to the provisions of The Securities Contracts (Regulation) Act, 1956, the Companies Act, 1956 and pursuant to the guidelines issued by the Securities and Exchange Board of India (SEBI) for the purpose of Voluntary Delisting of Securities, and subject to such approvals & consents of other Authorities, if any required, the consent of the Company be and is hereby accorded to discontinue the official listing of its Equity Shares from The Stock Exchange Ahmedabad & The Jaipur Stock Exchange Ltd. and accept the delisting of the said Shares with effect from such date and subject to such conditions as these Stock Exchanges may convey in writing, which the Board of Directors is hereby authorised to accept wholly or in part or with such modifications and / or alterations as may be deemed fit by it.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to forward the applications in this connection, for and on behalf of the Company, in a manner so required, together with such documents, information etc. relating to the Company, as may be necessary and deem expedient in the matter.

RESOLVED FURTHER THAT the Board of Directors is hereby also authorised to execute such papers, declarations, undertakings etc, in such manner and to do all such acts, deeds and things which are necessary and incidental to give effect to the above resolution."

By Order of the Board of Directors

Place : Pune
Date : 27th May, 1999

N.R. Bagadia
Chairman & Managing Director

NOTES :-

- 1) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item Nos. 4 to 6 is annexed hereto.
- 2) A MEMBER ENTITLED TO ATTEND & VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 3) Notice is also given that the Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 16th September, 1999 to Friday, 24th September, 1999 (both days inclusive).

BAGADIA COLOURCHEM LIMITED**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the special business mentioned in the accompanying notice dated 27th May, 1999.

Item No. 4 & 5

Mr. N.R. Bagadia and Mr. Sushil N. Bagadia were appointed as the Chairman & Managing Director and Joint Managing Director respectively for a period of Five years w.e.f. 1st October, 1994, in the Extra Ordinary General meeting of the Shareholders held on 14th October, 1994. Accordingly their term of appointments are due to expire on 30th September, 1999.

The remuneration at the time of these appointments was fixed at Rs. 4,000/- p.m. and Rs. 3,000/- p.m. respectively. Thereafter in the 11th Annual General Meeting of the shareholders held on 27th September, 1996, the said remuneration was increased to Rs. 15,000/- p.m. and Rs. 12,000/- p.m. respectively.

Considering the present financial position based on Annual Accounts for the year ended 31st March, 1999, the increased activities and responsibilities, and future plans of the Company, it is proposed to re-appoint Mr. N.R. Bagadia and Mr. Sushil N. Bagadia as the Chairman & Managing Director and Joint Managing Director respectively on the revised remuneration mentioned in their respective resolutions. Considering the salary paid to other executives of the Company and the prevailing salary structure in the Industry, it is proposed to revise the remuneration of these Working Directors as mentioned in Item No. 4 and 5 of the Notice.

Mr. N.R. Bagadia, Mr. Sushil N. Bagadia and Mr. Sandeep N. Bagadia, the Directors of the Company are concerned and interested in passing of the aforesaid resolutions. None of the other directors of the Company are in any way concerned or interested in passing of the said resolutions.

Accordingly the resolutions as set out in Item Nos. 4 & 5 of the Notice are recommended for your approval.

This alongwith the aforesaid resolutions may be treated as an abstract of the terms and conditions, of their re-appointment pursuant to Section 302 of the Companies Act, 1956.

Item No. 6

Vide Prospectus dated 31st January, 1995, the Company came out with its maiden Public Issue of Equity Shares and got its shares listed on Mumbai, Pune, Ahmedabad and Jaipur Stock Exchanges w.e.f. May, 1995. Pune Stock Exchange, Ltd. is the regional Stock Exchange for the Company and on the Stock Exchange Mumbai, the shares of the Company are traded regularly.

Since its listing in May, 1995, there is not a single trading effected of the Equity Shares of the Company on Ahmedabad and Jaipur Stock Exchanges and the Shares of the Company are mainly traded only on Mumbai and Pune Stock Exchanges.

Additionally the 'BOLT' facility is extended by Mumbai Stock Exchange to other Stock Exchanges including Ahmedabad and the remaining Stock Exchanges are being covered thereunder. The said 'BOLT' facility enables the trading of Securities listed on Mumbai Stock Exchange directly, irrespective whether the said security is listed on the concerned local Stock Exchange or not. This will help the shareholders and investors of other region to freely trade in the securities of the Company in a more efficient manner. In view of this and to have the cost saving measures, the Board of Directors is of the opinion that henceforth there is no need to continue the listing on Ahmedabad and Jaipur Stock Exchanges.

In view of this the Board of Directors decided to discontinue the listing facility at Ahmedabad and Jaipur Stock Exchanges, under the Guidelines for voluntary Delisting of Securities issued by SEBI vide its Circular No. SMDRP / CIR-14/98 dated 29th April, 1998.

Under the procedure prescribed therein the Company is required to obtain specific prior approval of the Shareholders of the Company by way of Special Resolution passed at a General Meeting.

Accordingly the necessary Resolutions were recommended for your approval in the 12th Annual General Meeting held on 16th September, 1997 as well as in the 13th Annual General Meeting held on 5th September, 1998 and the same were passed unanimously.

Thereafter the Company approached the concerned Stock Exchanges, Central Government and Securities and Exchange Board of India (SEBI) for delisting of the Equity Shares from Ahmedabad & Jaipur Stock Exchanges and sought certain clarifications on the procedural part. The said clarifications have not yet been cleared either by the concerned Stock Exchanges or SEBI.

Though earlier also the Special resolution to this effect has been passed in the 13th Annual General Meeting held on 5th September, 1998 and the validity for the same has not been prescribed, as a abundant precaution, the fresh Special Resolution for your approval is recommended under Item No. 6 of the Notice.

The other formalities prescribed therein shall be observed by the Company. The copy of the said guidelines issued by SEBI and the correspondence exchanged with Stock Exchanges/ SEBI and Listing Agreements etc. are open for inspection of the Members on any working day between 4.00 p.m. to 6.00 p.m.

Hence the resolution at Item No. 6 of the Notice is recommended for your approval.

None of the Directors of the Company is in any way concerned or interested in passing of the said Resolution.

By Order of the Board of Directors

Place : Pune

Date : 27th May, 1999

N.R. Bagadia

Chairman & Managing Director

DIRECTOR'S REPORT

To

The Members,

The Board of Directors have pleasure in presenting before you the 14th Annual Report and Audited Statements of Account for the year ended as on 31st March, 1999.

1. FINANCIAL RESULTS

The Financial Results for the year ended on 31st March, 1999 are briefly given below :-

	1998-99	1997-98
	(Rs.)	(Rs.)
Sales and Other Income	7,31,49,570	6,88,99,236
Profit before Interest, Depreciation & Taxation	56,85,619	66,22,130
Less :-		
Interest	18,42,273	23,13,558
Depreciation	26,36,452	26,08,626
Profit before tax	12,06,894	16,99,946
Less:- Provision for taxation	1,11,435	2,17,000
Profit after taxation	10,95,459	14,82,946
Add :- Balance brought forward from previous year	63,71,703	53,88,757
Amount available for appropriation	74,67,162	68,71,703
APPROPRIATION		
General Reserve	5,00,000	5,00,000
Balance carried over to Balance Sheet	69,67,162	63,71,703
TOTAL :-	74,67,162	68,71,703

2. REVIEW OF OPERATIONS & FUTURE OUTLOOK

During the year under review the Sales of the Company were Rs. 728.37 lacs as compared to Rs. 687.52 lacs for the previous year. Company earned a Net Profit of Rs. 12.07 lacs as compared to the Net Profit of Rs. 17.00 lacs of the earlier year.

The continued overall domestic and international recession further worsened the dyes and pigments industry during the year under Report. The depressed demand for the products resulted in the excess unutilised capacities with the players in dyes and pigments industry. To obtain the better market share, all these players have already

reduced their prices considerably, putting the pressures on the margins. This has affected the overall performance and profitability of the Company.

However inspite of the recessionary trend prevailing for more than past three years resulting in severe pressures on margins, the Company could maintain the profitability.

The Company could achieve this mainly because of the qualitative products manufactured by the Company, which are better and comparable with the products of other existing reputed manufacturers in the field, supported by better customer services and relations.

As reported in the Director's Report of the last year, the Company took substantial efforts to concentrate on International market. This has resulted in better direct export performance during the year under report.

With the improvement in overall Economy, your Directors are confident about your Company's performance, growth and future prospects, both in domestic and international market.

3. DIVIDEND

The Directors regret their inability to recommend any Dividend on the Equity Shares of the Company, due to inadequate profits and the necessity of plough back of earnings of the Company.

4. DIRECTORS

Mr. P. Ramakrishnan resigned as the Director of the Company w.e.f. 1st May, 1999 due to ill health. The Board do place on record their sincere thanks and appreciation for the contribution and support extended by him during his tenure as the Director of the Company.

The terms of appointment of Mr. N.R. Bagadia and Mr. Sushil N. Bagadia as the Chairman & Managing Director and Joint Managing Director respectively are due to expire on 30th September, 1999. Necessary resolutions for their re-appointment have been recommended for your approval.

Mr. Sushil N. Bagadia, Joint Managing Director of the Company retires by rotation and being eligible offers himself for reappointment.

5. AUDITORS

The members are requested to appoint the Auditors for the ensuing year and to fix their remuneration.

The present Auditors M/s Palekar & Shende, Chartered Accountants, will retire at the conclusion of the forth coming Annual General Meeting and are eligible for reappointment. As required per proviso to Section 224 (1) of the Companies Act, 1956, a written Certificate has

BAGADIA COLOURCHEM LIMITED

been obtained by the Company from the Auditors, certifying that if they are appointed Auditors of your Company, such appointment would be within the limits specified in Section 224 (1) (B) of the Companies Act, 1956.

6. AUDITORS' QUALIFICATION

- A) As mentioned in Note No. 1(1.6) & (1.7) to Accounts, Gratuity and Bonus are accounted for on cash basis and hence no provision for the same is made, during the year under Report.
- B) In connection with the internal audit system, the Directors are of the opinion that there are internal control procedures commensurate with the size of the Company and the stage of its operations. Most of the operations are being looked after by the Promoter Directors individually. The Company is in the process of setting up adequate internal audit system.

7. ADDITIONAL INFORMATION

- A) Under Section 217 (2A) of the Companies Act, 1956 :
Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 has not been furnished since no employee received the remuneration beyond the limits specified therein.
- B) Under Section 217 (1) (e) of the Companies Act, 1956:
Wherever possible energy conservation measures have been implemented. The efforts to conserve and optimize the use of energy through improved operational methods and other means will continue. The statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in the Annexure forming part of this Report.
The Company has not imported any technology and there is no technical collaboration, with any party, for the present activities of the Company.

- C) Information about Foreign Exchange :
Foreign Exchange Earnings :- Rs. 87,87,841/-
Foreign Exchange Outgo :- Rs. NIL
- D) Disclosure under Stock Exchange Requirements :

- (i) Disclosure under SEBI Circular dated 29th April, 1998
The Equity Shares of the Company are listed on Pune, Mumbai, Ahmedabad & Jaipur Stock Exchanges.

The Company has already paid the necessary Listing Fees of Pune and Mumbai Stock Exchanges for the year 1999-2000.

The shareholders in their previous Annual General Meeting held on 5th September, 1998 have already unanimously approved the resolution for delisting of Equity Shares from Ahmedabad and Jaipur Stock Exchanges and accordingly had approached these Stock Exchanges for delisting and the procedure for the same is in process. Since the delisting formalities have not been completed so far, as a abundant precaution the fresh special Resolution for your approval is recommended under Item No. 6 of the Notice.

- (ii) Disclosure for Y2K compliance

The entire manufacturing process of the Company is mainly based on mechanical operations and thus does not have any risk of year 2000 issues on operational parts. Financial and administrative activities of the Company are computerised and are Y2K compliant. The necessary steps for Y2K compliance of Share Accounting system has already been completed and the said system is planned to be introduced after the ensuing Annual General Meeting. The total estimated cost for the same is marginal which can easily be absorbed in the normal working of the Company.

8. ACKNOWLEDGEMENT

The Directors place on record their appreciation for the cooperation and support extended by the Bankers of the Company viz. Bank of Baroda, SICOM, DCKL, and Employees of the Company. The Directors are also thankful to the officials of Government of India, Government of Maharashtra, local authorities, MIDC for their continued help and timely assistance extended to the Company.

By Order of the Board of Directors

N.R. Bagadia

Chairman & Managing Director

Place: Pune

Date : 27th May, 1999