



Bagadia Colourchem Ltd.

*21st Annual Report
2005-2006*

BOARD OF DIRECTORS :

Mr. Natwarlal R. Bagadia
Chairman & Managing Director

Mr. Sushil N. Bagadia
Joint Managing Director

Prof. Vilas V. Ekbote
Director

Mr. Raghunath R. Gune
Director

Mr. Vilas B. Jagtap
Director

Auditors :

S.G. Shende & Co.
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

21st Annual General Meeting

on Monday, 25th September, 2006
at 9.00 a.m. at the Registered Office.

BAGADIA COLOURCHEM LIMITED

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of Bagadia Colourchem Limited will be held on Monday, 25th September, 2006 at 9.00 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, 2006 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 Bagadia who retires by rotation, and being eligible offers himself for reappointment.
- 3) To appoint the Auditors to hold the office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Place :- Pune

Date :- 29th July, 2006

N.R. Bagadia

Chairman & Managing Director

NOTES :-

- 1) 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.
- 2) Notice is also given that the Register of Members and the Share Transfer Books of the Company will remain close from Saturday, 23rd September, 2006 to Monday, 25th September, 2006 (both days inclusive).

DIRECTORS' REPORT

To

The Members,

The Board of Directors have pleasure in presenting before you the 21st Annual Report and Audited Statements of Accounts for the year ended as on 31st March, 2006.

1. FINANCIAL RESULTS

The Financial Results for the year ended on 31st March, 2006 are briefly given below :-

	<u>2005-2006</u>	<u>2004-2005</u>
	(Rs.)	(Rs.)
Sales and Other Income	67,488,569	86,368,748
Profit before Interest, Depreciation & Taxation	1,407,,407	3,787,926
Less :-		
Finance Cost	252,219	141,404
Depreciation	2,817,239	2,811,634
Profit / (Loss) before tax	(1,662,051)	834,888
Add :- Prior Period Adjournment	(15,783)	-
Less :- Provision For Tax		
Current	-	63,000
Deferred	(647,782)	(954,118)
Earlier Year	-	13,710
Fringe benefit Tax	85,172	-
Profit / (Loss) after Taxation	(1,115,224)	1,712,296
Add / Less : Unusual / Extraordinary Charge	-	(7,445)
Add :- Balance brought forward from previous year	4,118,869	2,414,018
Balance Transferred to Balance Sheet	<u>3,003,645</u>	<u>4,118,869</u>

2. MANAGEMENT DISCUSSION & ANALYSIS REPORT

During the year under review the Sales and other income of the Company was Rs. 674.89 Lacs as compared to Rs. 863.69 Lacs of the previous year. The Export Sales of the Company during the Year under Report was also lower at Rs.

356.55 Lacs as against Rs. 487.69 Lacs of the previous year. The Company during the Year under Report suffered the Net Loss of Rs. 11.15 Lacs as against the Profit of Rs. 17.12 Lacs of the previous year.

As reported in the Directors report of the earlier year, the profitability of the Company during the year was badly affected. The cost of the basic raw material used by the Company like Cuprous Chloride, Aluminum molybdate, and the consumables like furnace oil etc. continued to increase substantially. Due to acute competition in the market by Indian as well as foreign players, the Company could not recover the same by increased price realization.

This scenario is continued in the first quarter of the current year i.e. for the quarter ended 30th June, 2006. For the said quarter the Sales were Rs. 221.66 Lacs as against Rs. 262.92 Lacs. During the said quarter the Company suffered the Net Loss of Rs. 2.93 Lacs as against the Net Profit of Rs. 8.42 Lacs of the corresponding period. The Export turnover of the Company has also affected substantially, which may further affect the over all performance and profitability of the Company for the current year.

3. DIVIDEND

The Directors regret their inability to recommend any Dividend on the Equity Shares of the Company, due to the losses incurred during the year.

4. FIXED DEPOSITS

The Company has not accepted any Fixed deposits.

5. DIRECTORS

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

6. AUDITORS

The present Auditors M/s S.G. Shende & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting. They have informed their willingness to continue for the Current Year.

BAGADIA COLOURCHEM LIMITED

As required per proviso to Section 224(1) of the Companies Act, 1956, a written Certificate has been obtained by the Company from the Auditors certifying that if they are appointed as the Auditors of your Company, such appointment would be within the limits specified in Section 224 (1)(B) of the Companies Act, 1956.

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. 35,654,790/-

Foreign Exchange Outgo :- Rs. 203,466/-

D) Disclosure under Stock Exchange Requirements

(i) Disclosure under SEBI Circular dated 29th April, 1998

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd.

The Company has already paid the necessary Listing Fees of the Exchange till the financial year 2006-2007.

8. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) as amended by the Companies (Amendment) Act, 2000 the Directors hereby state :

- a) that while preparing the annual accounts for the period ended 31st March, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) that the Directors had 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 and of the Profit of the Company for that period.
- c) that the Directors had 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.
- d) that the Directors had prepared the annual accounts on a going concern basis.

9. ACKNOWLEDGMENT

The Directors place on record their appreciation for the cooperation and support extended by the Bankers of the Company viz. Bank of Baroda and Employees of the Company all the times. 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

Place :- Pune

Date :- 29th July, 2006

N.R. Bagadia

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2006.

FORM - A**A. POWER AND FUEL CONSUMPTION**

	<u>Year ended</u> <u>31/03/2006</u>	<u>Year ended</u> <u>31/03/2005</u>
1. Electricity		
a) Purchased units	942,056	1,154,579
Total Amount (Rs.)	3,581,880	4,250,480
Rate/Unit (Rs.)	3.80	3.68
b) Own Generation		
Through Diesel Generators (Rs.)	418,158	193,846
Units	70,800	42,640
Units per liter of diesel oil	6	6
Cost/Unit (Rs.)	5.90	4.55
2. Coal	—	—
3. Oil		
Quantity (Ltrs.)	426,220	592,500
Total amount (Rs.)	6,503,732	7,503,866
Average rate (Rs.)	15.26	12.68
4. Other/Internal Generation	—	—

B. CONSUMPTION PER UNIT OF PRODUCTION (KG)

Electricity (Units)	1.88	1.73
Diesel/Oil (Ltrs)	2.26	1.73

By Order of the Board of Directors,

Place :- Pune

Date :- 29th July, 2006

N.R. Bagadia

Chairman & Managing Director

BAGADIA COLOURCHEM LIMITED**ANNEXURE TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2006
REPORT ON CORPORATE GOVERNANCE**

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

1. The Company's philosophy on code of Corporate Governance

The Company strongly believes that the system of Corporate Governance protects the interest of all the shareholders by inculcating transparent business operations and accountability from management and monitor and ensure compliance with Laws and Regulations.

2. Board of Directors

The present strength of the Board as of date is five Directors. The Board comprises of Two Executive Directors and Three Non Executive Directors. During the Financial Year under review i.e. 2005-2006 Six Board Meetings were held on 20th May, 2005, 28th June, 2005, 29th July 2005, 17th September, 2005, 27th October, 2005 and 28th January, 2006.

Details of Attendance of each Director at the Board Meetings, the Last AGM and other Indian Companies Directorships and Committee Memberships held by them are as follows :

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorships held	No. of Committees of which Member
Mr. Natwarlal R. Bagadia	Chairman & Managing Director (Executive Director)	6	Yes	1	Nil
Mr. Sushil N. Bagadia	Joint Managing Director (Executive Director)	6	Yes	1	Nil
Prof. Vilas V. Ekbote	Director (Non Executive)	5	Yes	1	1
Mr. Raghunath R. Gune	Director (Non Executive)	5	Yes	Nil	Nil
Mr. Vilas Bajirao Jagtap	Director (Non Executive)	5	Yes	Nil	Nil

3. Audit Committee

The Audit Committee was constituted in June 2002. At present it comprises Three Directors viz. Prof. V.V.Ekbote, Mr. R.R. Gune. and Mr. Vikas Jagtap. Prof. Vilas Ekbote is the Chairman of the Audit Committee. Audit Committee held total Four Meetings during the Financial Year under review on 28th June, 2005, 29th July, 2005, 27th October, 2005 and 28th January, 2006 and all the Members were present to all the Meetings. The terms of reference of the Audit Committee include the matters specified in Clause 49 (II) of the Listing Agreement with Stock Exchanges.

4. Remuneration Committee

The Remuneration Committee was constituted in June 2002. At present it comprises Three Directors viz. Prof. V.V.Ekbote, Mr. R.R. Gune, and Mr. Vilas Jagtap. Prof. Vilas Ekbote is the Chairman of the Remuneration Committee. No meeting of the Remuneration Committee was held during the year 2005-2006.