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**Bagadia Colourchem Ltd.**

*22<sup>nd</sup> Annual Report*

*2006-2007*

**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*

Mr. Dattatraya M. Mehta  
*Director (w.e.f. 18/05/2007)*

**Auditors :**

S.G. Shende & Co.  
*Chartered Accountants*

**Bankers :**

Bank of Baroda  
Camp Branch  
Pune 411 001

**Registered Office :**

317 Mantri Kishor Arcade  
257 Budhwar Peth,  
Pune 411 002.

**Factory :**

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

**22nd Annual General Meeting**

on Monday, 24th September, 2007  
at 9.30 a.m. at the Registered Office

**BAGADIA COLOURCHEM LIMITED****NOTICE**

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of Bagadia Colourchem Limited will be held on Monday, 24th September, 2007 at 9.30 A.M. at the Registered Office of the Company at 317 Mantri Kishor Arcade, 257 Budhwar Peth, Pune 411 002 to transact the following business:-

**ORDINARY BUSINESS**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 Prof. Vilas Ekbote, 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.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Mr. Dattatraya Mahadev Mehta, who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956, and Articles of Association of the Company, and who holds office only upto the date of this

Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company be and is hereby appointed as the Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Place:- Pune

**N.R. Bagadia**

Date :- 30th July, 2007 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) An Explanatory Statement pursuant to the provisions of Section 173 of the Companies Act, 1956 in respect of Item No.4 of the Notice is annexed hereto.
- 3) Notice is also given that the Register of Members and the Share Transfer Books of the Company will remain close from Friday, 21st September, 2007 to Monday, 24th September, 2007 (both days inclusive).

**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 30th July, 2007.

**Item No. 4**

Mr. Dattatraya Mahadev Mehta was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 18th May, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company. He holds office as such until the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose him as the Director of the Company, and requisite deposit of money has also been made with the Company.

Mr. Dattatraya Mahadev Mehta, is under graduate however is in his own business since long, having versatile experience.

The Board of Directors is of the opinion that the induction of Mr. Dattatraya Mahadev Mehta on the Board of the Company will bring benefit for the Company, and that the Board will get an advice of an Independent Director.

Hence the resolution at Item No. 4 of the Notice is recommended for your approval.

Except Mr. Dattatraya Mahadev Mehta, none of the Directors of the Company are in any way concerned or interested in passing of the said Resolution.

By Order of the Board of Directors

Place:- Pune

**N.R. Bagadia**

Date :- 30th July, 2007 Chairman & Managing Director

## DIRECTORS' REPORT

To

The Members,

The Board of Directors have pleasure in presenting before you the 22nd Annual Report and Audited Statements of Accounts for the year ended as on 31st March, 2007.

### 1. FINANCIAL RESULTS

The Financial Results for the year ended on 31st March, 2007 are briefly given below :-

	<u>2006-2007</u>	<u>2005-2006</u>
	(Rs.)	(Rs.)
Sales and Other Income	83,771,131	67,488,569
Profit/(Loss) before Interest, Depreciation & Taxation	(7,649)	1,407,407
Less :-		
Finance Cost	381,947	252,219
Depreciation	2,976,742	2,817,239
Profit/(Loss) before tax	(3,366,338)	(1,662,051)
Add :- Prior Period Adjournment	-	(15,783)
Less :- Provision For Tax		
Deferred Tax	(967,218)	(647,782)
Fringe benefit Tax	75,104	85,172
Profit / (Loss) after Taxation	(24,74,224)	(1,115,224)
Add :- Balance brought forward from previous year	3,003,645	4,118,869
Balance Transferred to Balance Sheet	<u>529,421</u>	<u>3,003,645</u>

### 2. MANAGEMENT DISCUSSION & ANALYSIS REPORT

During the year under review the Sales of the Company have increased to Rs. 798.50 Lacs as against Rs. 640.21 Lacs of the previous year resulting in an increase of about 24.72%. However at the same time, the overall expenditure of the Company has also increased and as such, Company suffered the Net Loss before Tax of Rs. 33.66 Lacs.

The export turnover of the Company during the year under report has also increased at Rs. 457.30 lacs as against Rs. 356.55 lacs of the

previous year, resulting in an increase of about 28.26%.

### 3. DIVIDEND

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

### 4. FIXED DEPOSITS

The Company has not accepted any fixed deposits.

### 5. DIRECTORS

Mr. Dattatraya Mehta was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 18th May, 2007 who holds the office as such till the conclusion of this Annual General Meeting. Necessary resolution for his appointment as the Director of the Company has been recommended for your approval.

Prof. Vilas Ekbote, 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.

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.

**BAGADIA COLOURCHEM LIMITED****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. 4,57,30,336/-

Foreign Exchange Outgo :-Rs. 1,43,940/-

**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 2007-2008.

**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, 2007, 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 Loss 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 :- 30th July, 2007

**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, 2007.

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

	<b>Year ended 31/03/2007</b>	<b>Year ended 31/03/2006</b>
1. Electricity		
a) Purchased units	<b>980,127</b>	942,056
Total Amount (Rs.)	<b>5,134,520</b>	3,581,880
Rate/Unit (Rs.)	<b>5.24</b>	3.80
b) Own Generation		
Through Diesel Generators (Rs.)	<b>258,742</b>	418,158
Units	<b>40,800</b>	70,800
Units per liter of diesel oil	<b>6</b>	6
Cost/Unit (Rs.)	<b>6.34</b>	5.90
2. Coal		
Quantity (kg)	<b>1,120,400</b>	—
Amount (Rs.)	<b>2,685,816</b>	—
Average Rate (Rs.)	<b>2.40</b>	—
3. Oil		
Quantity (Ltrs.)	<b>147,359</b>	426,220
Total amount (Rs.)	<b>2,545,038</b>	6,503,732
Average rate (Rs.)	<b>17.27</b>	15.26
4. Other/Internal Generation	—	—

**B. CONSUMPTION PER UNIT OF PRODUCTION (KG)**

Electricity (Units)	<b>1.75</b>	<b>1.88</b>
Diesel/Oil (Ltrs)	<b>1.97</b>	<b>2.26</b>

By Order of the Board of Directors,

Place :- Pune

Date :- 30th July, 2007

**N.R. Bagadia**

Chairman & Managing Director

**BAGADIA COLOURCHEM LIMITED****ANNEXURE TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007  
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 strength of the Board during the financial year 2006-2007 was five Directors. The Board comprises of Two Executive Directors and Three Non Executive Directors. During the Financial Year under review i.e. 2006-2007 Five Board Meetings were held on 30<sup>th</sup> June, 2006, 29<sup>th</sup> July 2006, 25<sup>th</sup> September, 2006, 30<sup>th</sup> October, 2006 and 30<sup>th</sup> January, 2007.

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)	5	Yes	1	Nil
Mr. Sushil N. Bagadia	Joint Managing Director (Executive Director)	5	Yes	1	Nil
Prof. Vilas V. Ekbote	Director (Non Executive)	2	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 30<sup>th</sup> June, 2006, 29<sup>th</sup> July, 2006, 30<sup>th</sup> October, 2006 and 30<sup>th</sup> January, 2007 and all the Members were present to all the Meetings, except Prof. V. V. Ekbote, who could not attend Meetings held on 30<sup>th</sup> June, 2006 and 30<sup>th</sup> January, 2007 as he has out of India. 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 2006-2007.