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Bagadia Colourchem Ltd.

23rd Annual Report
2007-2008

BOARD OF DIRECTORS :

Mr. Natwarlal R. Bagadia
Chairman & Managing Director

Mr. Sushil N. Bagadia
Joint Managing Director

Prof. Vilas V. Ekbote
Director (upto 30th June, 2008)

Mr. Raghunath R. Gune
Director

Mr. Vilas B. Jagtap
Director

Mr. Dattatraya M. Mehta
Director

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

23rd Annual General Meeting
on Tuesday, 30th September, 2008
at 9.30 a.m. at the Registered Office

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of Bagadia Colourchem Limited will be held on Tuesday, 30th September, 2008 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, 2008 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. Vilas B. Jagtap, 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 the Special Resolution:-

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the re-appointment of Mr. Natwarlal R. Bagadia as the 'Chairman & Managing Director' of the Company, not liable to retire by rotation, for a period of Three Years with effect from 1st October, 2008 on the following revised terms and conditions:

- A) SALARY & ALLOWANCES: - Salary and Allowances taken together shall not exceed Rs. 1,00,000/- per month.
- B) The Company shall also provide Car with Driver to the Chairman & Managing Director for Company's business and also telephone at his residence exclusively for the business purposes.
- C) The remuneration comprising Salary, Perquisites and other benefits and allowances of Mr. Natwarlal 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 re-enactment thereof.

- D) In the event of absence or inadequacy of profits, Mr. Natwarlal 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, as the minimum Remuneration.

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 modification the following Resolution as the Special Resolution:-

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the re-appointment of Mr. Sushil Natwarlal Bagadia as the 'Joint Managing Director' of the Company, liable to retire by rotation, for a period of Three Years with effect from 1st October, 2008 on the following revised terms and conditions :-

- A) SALARY & ALLOWANCES: - Salary and Allowances taken together shall not exceed Rs. 1,00,000/- per month.
- B) The Company shall also provide Car with Driver to the Joint Managing Director for Company's business and also telephone at his residence exclusively for the business purposes.
- C) The remuneration comprising Salary, Perquisites and other benefits and allowances of Mr. Sushil Natwarlal 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 re-enactment thereof.
- D) In the event of absence or inadequacy of profits, Mr. Sushil Natwarlal 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, as the minimum Remuneration.

BAGADIA COLOURCHEM LIMITED

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."

By Order of the Board of Directors

Place:- Pune

N.R. Bagadia

Date :- 31st July, 2008

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 Nos. 4 & 5 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 26th September, 2008 to Tuesday, 30th September, 2008 (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 the accompanying Notice dated 31st July, 2008.

Item Nos. 4 & 5

Mr. Natwarlal R. Bagadia and Mr. Sushil N. Bagadia are the Chairman & Managing Director and Joint Managing Director respectively of the Company.

The said appointments were made by Shareholders of the Company in their Extra Ordinary General Meeting held on 24th December, 2003 and the tenure of the same is till 30th September, 2008.

Mr. N. R. Bagadia and Mr. Sushil N. Bagadia have successfully shouldered the responsibilities as the working Directors of the Company.

Considering the working and future Business plans of the Company, and considering the present salary structure prevailing in the market it is proposed to revise their salary and also to reappoint them as Managing Director and Joint

Managing Director, respectively, for a period of three years w.e.f. of 1st October, 2008.

Accordingly the Resolutions as set out in Item Nos. 4 and 5 of the notice are recommended for your approval.

Mr. N. R. Bagadia and Mr. Sushil Bagadia Directors of the Company may be deemed to be interested and concerned in passing of the aforesaid Resolutions. None of the other Directors of the Company is in any way concerned or interested in passing of the said Resolutions.

The Resolutions as set out in the notice and the aforesaid Explanatory Statement may be treated as an abstract of the terms of appointment and Memorandum of Interest under Section 302 of the Companies Act 1956.

By Order of the Board of Directors

Place:- Pune

N.R. Bagadia

Date :- 31st July, 2008

Chairman & Managing Director

DIRECTORS' REPORT

To

The Members,

The Board of Directors have pleasure in presenting before you the 23rd Annual Report and Audited Statements of Accounts for the year ended as on 31st March, 2008.

1. FINANCIAL RESULTS

The Financial Results for the year ended on 31st March, 2008 are briefly given below:-

	2007-2008 (Rs.)	2006-2007 (Rs.)
Sales and Other Income	88,110,778	83,771,131
Profit/(Loss) before Interest, Depreciation & Taxation	4,468,907	(7,649)
Less :-		
Finance Cost	466,013	381,947
Depreciation	3,239,013	2,976,742
Profit/(Loss) before tax	763,881	(3,366,338)
Less :- Provision For Tax	318,986	-
Deferred Tax	(386,068)	(967,218)
Earlier Year	376,323	-
Fringe benefit Tax	56,016	75,104
Profit / (Loss) after Taxation	398,624	(2,474,224)
Add :- Balance brought forward from previous year	529,421	3,003,645
Balance Transferred to		
Balance Sheet	<u>928,045</u>	<u>529,421</u>

2. MANAGEMENT DISCUSSION & ANALYSIS REPORT

During the year under review the Sales of the Company were Rs. 825.85 Lacs as against Rs. 798.50 Lacs of the previous year resulting in the marginal increase of about 3.43%. The export turnover of the Company during the year under report was Rs. 436.89 Lacs as against Rs. 457.30 Lacs of the previous year. The Company has earned the Profit before Tax of Rs. 7.64 Lacs as against the Loss of Rs. 33.66 Lacs of the previous year.

3. DIVIDEND

The Directors regret their inability to recommend any Dividend on the Equity Shares of the Company, due to the marginal Profit earned by the Company.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits.

5. DIRECTORS

Mr. Vilas B. Jagtap Director of the Company retires by rotation and being eligible offers himself for reappointment.

Prof. Vilas Ekbote Director resigned w.e.f. 30th June, 2008. The Board of Directors wish to place on record their sincere thanks for the guidance and support extended by him during the tenure of his Directorship.

The terms of appointment of Mr. N. R. Bagadia and Mr. Sushil Bagadia as the Chairman & Managing Director and Joint Managing Director respectively are due to expire on 30th September, 2008. Necessary Resolutions for their re-appointments have been recommended for your approval, and the Board of Directors recommends the same for your approval.

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. 4,36,89,004/-

Foreign Exchange Outgo :- Rs. 44,210/-

D) Disclosure under Stock Exchange Requirements

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 2008-2009.

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, 2008, 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 judgments 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 :- 31st July, 2008

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, 2008.

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

	Year ended 31/03/2008	Year ended 31/03/2007
1. Electricity		
a) Purchased units	1,046,540	980,127
Total Amount (Rs.)	5,025,800	5,134,520
Rate/Unit (Rs.)	4.80	5.24
b) Own Generation		
Through Diesel Generators (Rs.)	—	258,742
Units	—	40,800
Units per liter of diesel oil	—	6
Cost/Unit (Rs.)	—	6.34
2. Coal		
Quantity (kg)	1,094,695	1,120,400
Amount (Rs.)	4,184,668	2,685,816
Average Rate (Rs.)	3.82	2.40
3. Oil		
Quantity (Ltrs.)	82,300	147,359
Total amount (Rs.)	1,616,699	2,545,038
Average rate (Rs.)	19.64	17.27
4. Other/Internal Generation	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION (KG)		
Electricity (Units)	1.87	1.75
Diesel/Oil (Ltrs)	—	1.97

By Order of the Board of Directors,

Place :- Pune

Date :- 31st July, 2008

N.R. Bagadia

Chairman & Managing Director

BAGADIA COLOURCHEM LIMITED**ANNEXURE TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2008****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 2007-2008 was Six Directors. The Board comprises of Two Executive Directors and Four Non Executive Directors. During the Financial Year under review i.e. 2007-2008 Seven Board Meetings were held on 18th May, 2007, 29th June 2007, 30th July, 2007, 24th September, 2007, 30th October, 2007, 26th December, 2007 and 31st January, 2008.

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)	7	Yes	1	Nil
Mr. Sushil N. Bagadia	Joint Managing Director (Executive Director)	7	Yes	1	Nil
Prof. Vilas V. Ekbote	Director (Non Executive)	Nil	No	1	1
Mr. Raghunath R. Gune	Director (Non Executive)	7	Yes	Nil	Nil
Mr. Vilas Bajirao Jagtap	Director (Non Executive)	7	No	Nil	Nil
Mr. Dattatrya M. Mehta	Director (Non Executive)	7	Yes	Nil	Nil

3. Audit Committee

The Audit Committee was constituted in June 2002. It comprised of Three Directors viz. Prof. V.V.Ekbote, Mr. R.R. Gune. and Mr. Vikas Jagtap. Prof. Vilas Ekbote was the Chairman of the Audit Committee. Audit Committee held total Four Meetings during the Financial Year under review on 29th June 2007, 30th July, 2007, 30th October, 2007, and 31st January, 2008 and all the Members were present to all the Meetings, except Prof. V. V. Ekbote, who could not attend Meetings as he was 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. It comprised Three Directors viz. Prof. V.V.Ekbote, Mr. R.R. Gune, and Mr. Vilas Jagtap. Prof. Vilas Ekbote was the Chairman of the Remuneration Committee. No meeting of the Remuneration Committee was held during the year 2007-2008.