

# **Kamar Chemicals & Industries Limited**



**Twenty Fourth Annual Report  
2005 - 2006**



## Kamar Chemicals & Industries Limited

TCP Sapthagiri Bhavan, II Floor, 4 (Old No.10), Karpagambal Nagar, Mylapore, Chennai – 600 004

### BOARD OF DIRECTORS

Shri **SYED MEERAN**  
Shri **M.S. SETHURAMAN**  
Shri **M.J. SAIFUDEEN**

### BANKERS

**CANARA BANK**  
154, Thambu Chetty Street  
Chennai – 600 001

### AUDITORS

**M/s. NATRAJ ASSOCIATES**  
Chartered Accountants  
288, T T K Road, Alwarpet  
Chennai – 600 018

### REGISTERED OFFICE

T C P Sapthagiri Bhavan  
II Floor,  
4 (Old No.10), Karpagambal Nagar,  
Mylapore,  
Chennai – 600 004

### FACTORY

No.56-A, SIPCOT  
Industrial Complex,  
Ranipet – 632 403  
North Arcot District  
Tamil Nadu

Listed at Chennai, Mumbai &  
Ahmedabad Stock Exchanges

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**24th Annual Report 2005 - 2006**


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**NOTICE FOR THE TWENTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF  
KAMAR CHEMICALS & INDUSTRIES LIMITED**

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held on Wednesday the 27<sup>th</sup> September, 2006 at Narada Gana Sabha Trust (Sathguru Gnanananda Mini Hall), 314 (Old No.254) T T K Road, Chennai – 600 018 at 2.45 PM to transact the following business: -

**ORDINARY BUSINESS**

1. To receive and consider and adopt the audited Balance Sheet of the Company as at 31.03.2006 the Profit & Loss Account for the year ended 31.03.2006 together with the Report of the Directors and Auditors thereon.
2. To elect a Director in place of Shri M J Saifudeen who retires by rotation and being eligible, offers himself for reelection as a Director.
3. To appoint the Auditors and fix their remuneration.

By order of the Board,

Place : Chennai – 4

Date : 30.08.2006

**SYED MEERAN**

Director

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**NOTES**

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy form duly stamped and executed should be deposited at the Registered Office of the Company atleast 48 hours before the time for the commencement of the meeting.
- 2) Members are requested to notify any change in their address to the Registered Office of the Company quoting their Folio Nos.
- 3) Register of members and Share Transfer books of the company will remain closed from 20th day of September 2006 to 27<sup>th</sup> day of September 2006 (Both days inclusive)
- 4) Pursuant to Section 205(A) of the Companies Act, 1956 unclaimed dividends for the financial year ended 31.03.94, 31.03.95, 31.03.96 and 31.03.97 have been transferred to the General Revenue Account of the Central Government within the prescribed time as per details given below: -

**Kamar Chemicals & Industries Ltd.**

| Year     | % of Dividend | No. of equity Shares | No. of Holders | Amount (in Rs.) | Date of Transfer |
|----------|---------------|----------------------|----------------|-----------------|------------------|
| 31.03.97 | 22%           | 143136               | 435            | 130137          | 26.11.04         |
| 31.03.96 | 22%           | 26027                | 83             | 41275           | 27.01.03         |
| 31.03.95 | 22%           | 15359                | 93             | 33517           | 12.10.98         |
| 31.03.94 | 20%           | 13355                | 70             | 26610           | 21.11.97         |

Members who have not claimed or collected their dividend for the said financial years may claim their dividend from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No.6 II Floor, 26 Haddows Road, Chennai – 600 006 by submitting an application in the prescribed form.

Shareholders are hereby informed that the amendment of the Act with effect from 31.10.1998 the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with Section 205C of the Act, no claim shall against the Company or Fund in respect of individual amounts of dividends remaining unclaimed and for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.

- 5) Members are requested to bring the Annual Report to the meeting.

**24th Annual Report 2005 - 2006****REPORT OF THE DIRECTORS**

Your directors present their Twenty Fourth Annual Report with the audited statements of accounts for the year ended 31<sup>st</sup> March 2006.

**FINANCIAL RESULTS**

The results for the period under review as compared to the previous years are as follows: -

(Rs.in Lakhs)

|   | Year ended<br>31.03.2006 | Year ended<br>31.03.2005 |
|---|--------------------------|--------------------------|
| Profit/(loss) after Depreciation but before tax | (214.86)                 | (199.47)                 |
| Provision for taxation (Fringe Benefit Tax)     | (0.27)                   | -                        |
| Profit/(Loss) after tax                         | (215.13)                 | (199.47)                 |
| Profit/(Loss) brought forward from last year    | (1472.57)                | (1314.42)                |
| Amount transferred from Reserve                 | -                        | -                        |
| Balance Carried to Balance Sheet                | (1687.70)                | (1472.57)                |

**OPERATIONS**

The sales for the year-ended 31.03.2006 amounted to Rs.270.96 lakhs as against Rs.125.92 lakhs for the period 31.03.2005. Consequent to the significant fall in prices, the profitability of the company was affected adversely.

Comparative production figures for the year ended 31.03.2006 and for the year ended 31.03.2005 are given below:

(Qty in Mts)

|                | Year ended<br>31.03.2006 | Year ended<br>31.03.2005 |
|----------------|--------------------------|--------------------------|
| Sulphuric Acid | 22,014                   | 21,374                   |
| Oleum          | -                        | -                        |
| Alum           | 4,170                    | 5,385                    |
| Beta Napthol   | -                        | -                        |
| Others         | -                        | -                        |

**DIVIDEND**

In view of the losses the Directors could not recommend any Dividend.

**FIXED DEPOSIT**

Your Company has not accepted Fixed Deposits, during the period under review.

**AUDITORS**

M/s. Natraj Associates, Chartered Accountants, Chennai – 600 018 retire at this Annual General Meeting and are eligible for reappointment.

**CONSERVATION OF ENERGY**

Particulars Under Section 217(1)(e) of the Companies Act, 1956 is annexed.

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**Kamar Chemicals & Industries Ltd.**


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**PERSONNEL**

Industrial relations remained congenial during the current year. The Directors thank the employees for their co-operation on the operational performances.

Details required under Section 217(2A) of the Companies Act, 1956 (read with Companies particulars of Employees Rules 1975) regarding particulars of Employees has not been given as no employee was in receipt of remuneration in excess of Rs.1,00,000 per month or Rs.12,00,000/- per annum.

**DIRECTORS RESPONSIBILITY STATEMENT**

As required under section 217 (2AA) of the Companies Act, 1956 the directors hereby confirm that:

1. In the preparation of the accounts for the year-ended 31.03.2006 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. The directors had 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 ended 31.03.2006 and of the loss of the company for that period.
3. The directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding of assets of the company and for preventing and detecting fraud and other irregularities.
4. The directors had prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

Your Company is committed to include appropriate standards for Corporate Governance as per the guidelines recommended by Securities and Exchange Board of India (SEBI) Adequate steps have been taken to ensure that all mandatory provisions of Clause 49 of the Listing Agreement are duly complied and forms part of the Annexure to Annual Report.

The Report on Corporate Governance is presented separately after the appendix to the Directors Report relating to conservation of energy and others.

**ACKNOWLEDGEMENT**

Your Company and its Directors wish to sincerely thank various departments of the Central and state Governments for their excellent support and Co-operation. Your Directors are also grateful to SIPCOT, Canara Bank and other Institutions for all assistance rendered to the company.

Your Directors thank the Shareholders for their continued support and co-operation.

By order of the Board,

Place : Chennai – 4  
Date : 30.08.2006

**SYED MEERAN**  
Director

**M.S. SETHURAMAN**  
Director

**24th Annual Report 2005 - 2006****REPORT ON CORPORATE GOVERNANCE**

Kamar Management is following to corporate Governance with focus on shareholders, consumers and employee.

**BOARD OF DIRECTORS**

The present strength of the Board is three. Shri Syed Meeran is in charge of affairs of the Company and Shri M S Sethuraman and Shri M J Saifudeen are other Directors.

The Directors do not have any pecuniary relationships or transactions with Company.

Five Board Meetings were held during the year 2005-2006. The dates on which the meetings were held are 30.04.2005, 01.08.2005, 30.08.2005, 31.10.2005 & 31.01.2006.

The information as required under Annexure 1 to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board Meeting are circulated sufficiently in advance of the meeting to enable the Directors to have proper study and enable them to deliberate on the matters referred.

**Attendance of each Directors at the Board Meeting and last Annual General Meeting (AGM)**

| Name                | Category | No. of Board Meetings Attended | Last AGM Attended |
|---------------------|----------|--------------------------------|-------------------|
| Shri Syed Meeran    | Director | 5                              | Yes               |
| Shri M S Sethuraman | Director | 5                              | Yes               |
| Shri M J Saifudeen  | Director | 5                              | Yes               |

**CODE OF CONDUCT**

Pursuant to requirement SEBI (Prohibition of Insider Trading) Regulations 1992 as amended, the Company has adopted a code of conduct duly approved by the Board.

**REMUNERATION TO DIRECTORS**

As the Company is making loss no remuneration is paid to Directors.

**AUDIT COMMITTEE**

The Audit Committee was constituted by the Board on 1<sup>st</sup> April 2002 and comprises of the following: -

1. Shri M S Sethuraman
2. Shri M J Saifudeen
3. Shri Syed Meeran

The terms of reference of the committee covers broad spectrum of matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956 and broadly stated as follows: -

1. Review the results, announcement and the report and accounts/review at the end of a quarter, half year and the full year before submission to the Board, focusing particularly on:
  - a) any changes in accounting policies and practices.
  - b) major judgemental areas.
  - c) significant adjustments resulting from the audit.
  - d) the going concern assumption.
  - e) compliance with accepted accounting standards.
  - f) compliance with Stock Exchanges and legal requirements.

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**Kamar Chemicals & Industries Ltd.**


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2. Consider the appointment of the Statutory Auditors, Internal and Tax Auditors and fixation of the audit fees and any other matters of resignation or dismissal and approval for payment for any other services.
3. Discuss about the statutory auditors scope and vis-à-vis internal audit scope of work Meetings and attendance during the year.
4. Review statutory auditors audit reports and presentations and managements response thereto.
5. Investigate any specific matters referred by the Board.
6. Review internal audit programme and ensure co-ordination between the internal and statutory auditors and examine the adequacy of internal control commensurate with the size of the organization.
7. Any related party relationships (As per Clause 49)

There were 4 meetings of Audit committees during the year and were attended by all members of the committee. The dates on which the meetings were held are 30.07.2005, 28.10.2005, 27.01.2006 and 30.08.2006. No remuneration was paid to the committee members as the Company is incurring losses.

#### **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEES**

As per the Clause 49 of the Listing Agreement the Company has Shareholders/Investors Grievance Committee with two Directors Viz.

Shri M S Sethuraman

Shri M J Saifudeen

Shri M S Sethuraman was appointed as Director for Shareholders Grievance Committee from 01.10.2003.

The committee functions under the chairmanship of Shri M J Saifudeen. During the year 5 Meetings were held .The dates on which the meetings were held are 16.05.2005, 30.07.2005, 05.11.2005, 11.11.2005, 20.02.2006, and were attended by all the members of the committee. No Remuneration is paid to Directors as the Company is incurring losses.

#### **Share Transfer System And Shareholders Complaints**

The Company has been carrying out the functions of the Share Transfer Committee and all the Share Transfer applications and complaints, if any, received are disposed off within 10 days. The Committee meets periodically for approving share transfers and other related activities and looks into shareholders and investors complaints and grievances. During the financial year 2005-2006, the Company has not received any Shareholders complaints either from SEBI or Stock Exchanges/Dept. of Company Affairs.

There are no pending share transfers as on date.

#### **Transfer Of Shares In Physical And Electronic Mode**

In view of the specific guidelines issued by Securities and Exchange Board of India (SEBI) vide his Circular No.D&CC/FITIC/CIR 15/2002 dated 27.12.2002 the work of share transfers and related functions have been entrusted to SEBI approved R&D Agent namely M/s.Cameo Corporate Services, Chennai.

As on 31.03.2006 a total of 1092795 Shares of the Company, which constitutes 27.12% of the share capital of the Company, stand dematerialized and 744 shareholders are holding shares in the dematerialized form.



**24th Annual Report 2005 - 2006****DISCLOSURES**

There are no materially significant related party transactions with is considered to have potential conflict with the interests of the Company at large.

There has been no non compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on matter relating to capital market during the last three years.

**ANNUAL GENERAL MEETINGS**

Details of the last three Annual General Meetings are as follows: -

| AGM for the Year ended | Date       | Time      | Venue of AGM   |
|------------------------|------------|-----------|--|
| 31.03.2005             | 29.09.2005 | 2.45 P.M. | Narada Gana Sabha Trust (Mini Hall)<br>314 T T K Road<br>Chennai – 600 018 |
| 31.03.2004             | 29.09.2004 | 2.45 P.M. | - do -   |
| 31.03.2003             | 26.09.2003 | 2.45 P.M. | - do -   |

**QUATERLY RESULTS**

The quarterly results (Unaudited financial results) are published in News Today and Malai Chudhar. These results are not sent individually to the shareholders

**GENERAL SHAREHOLDERS INFORMATION**

|                             |  |
|-----------------------------|--|
| AGM : DATE : Time and Venue | 27.09.2006 at 2.45 P.M<br>Narada Gana Sabha Trust (Mini Hall)<br>314 (Old No.254) T T K Road<br>Chennai – 600 018  |
| Financial Calendar          | April to March   |
| Date of Book Closure        | 20.09.2006 to 27.09.2006 (Both days Inclusive)   |
| Dividend                    | Nil  |
| Listing on Stock Exchanges  | Madras Stock Exchange Limited<br>Post Box No.183.<br>11 Second Line Beach<br>Chennai – 600 001<br><br>The Stock Exchange – Ahmedabad<br>Kamadhenu Complex<br>Opp. Sahajanand College<br>Panjarapole<br>Ahmedabad – 380 015<br><br>The Stock Exchange – Mumbai<br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai – 400 001 |