



# LA OPALA<sup>®</sup>

ANNUAL REPORT 2003 - 2004



**LA OPALA RG LIMITED**

LAOPALA

- BOARD OF DIRECTORS
- CHAIRMAN  
A. C. Chakrabortti
- MANAGING DIRECTOR  
Sushil Jhunjunwala
- DEPUTY MANAGING DIRECTOR  
Ajit Jhunjunwala
- DIRECTORS  
P. N. Roy  
G. Narayana  
Shakir Ali
- GENERAL MANAGER FINANCE & SECRETARY  
Alok Pandey
- AUDITORS  
Rajneesh Agarwal & Co.
- BANKERS  
State Bank of India  
HDFC Bank Limited
- REGISTRAR & SHARE TRANSFER AGENT  
MCS Limited  
77/2A Hazra Road  
Kolkata - 700 029
- REGISTERED OFFICE  
"Chitrakoot" (10th Floor)  
230A, A. J. C. Bose Road  
Kolkata - 700 020
- WORKS  
Madhupur  
Deoghar  
Jharkhand

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## NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Company will be held at Gyan Manch on Saturday, the 11th September, 2004, at 11.30 A.M. to transact the following business:

### AS ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report and Auditors' Report and audited statement of accounts for the year ended 31st March, 2004.
2. To declare dividend for the year ended 31st March, 2004.
3. To appoint a Director in place of Shri G Narayana who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri P N Roy who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

### AS SPECIAL BUSINESS

#### 6. As Ordinary Resolution:

To consider and if thought fit, to pass with or without modifications, the following resolution:

"RESOLVED THAT pursuant to sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Sushil Jhunjunwala as the Managing Director of the Company for the further period of 5 (five) years with effect from 1st October, 2004 on the following terms and conditions, provided such remuneration is also to be a minimum remuneration payable to Shri Sushil Jhunjunwala in the event of loss or inadequacy of the profits of the Company in any financial year during the aforesaid period of his re-appointment.

#### a. Salary

Rs. 100,000/= per month in the scale of Rs. 100,000/- - Rs. 250,000/-.

#### b. Perquisites

- (i) In addition to the above, Shri Sushil Jhunjunwala shall be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with utilities such as gas, electricity, water, furnishing & repair, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, personal accident insurance etc. in accordance with the rules of the company or as may be agreed to by and between the Board of Directors and Shri Sushil Jhunjunwala. Such perquisites for each year not to exceed his annual salary.

For the purpose of calculating the above ceiling perquisites shall be evaluated as per Income Tax rules, wherever applicable. In the absence of any such rules perquisites shall be evaluated at actual cost.

Provision of the Company's car and telephone at residence for official duties shall not be included in the computation of perquisites.

- (ii) Company's contribution to Provident Fund is not taxable under the Income Tax Act. Gratuity payable as per rules of the company and encashment of leave shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

#### c. Commission

As may be decided by the Board of Directors, within the overall ceiling stipulated as per the provisions of the Companies Act 1956.



## d. Leave

On full pay and allowance as per the rules of the Company but not exceeding one month's leave for eleven months of service.

- e. Shri Sushil Jhunjhunwala shall also be entitled to be reimbursed all entertainment and/or travelling, hotel and other expenses actually incurred by him in performance of the duties on behalf of the company.

The above terms and conditions are to be effective from 1st October 2004.

**7. As Ordinary Resolution :**

To consider and if thought fit, to pass with or without modifications, the following resolution :

"RESOLVED THAT pursuant to sections 310 of the Companies Act 1956 the consent of the Company be and is hereby accorded to the increase in the remuneration of Sri Ajit Jhunjhunwala, Dy. Managing Director of the Company from Rs. 55,000/- per month (within the scale of Rs. 45000/- to Rs. 70000/-) to Rs. 75,000/- per month (within the scale of Rs. 75000/- to Rs. 150000/-) by way of salary with effect from 1st April 2004, other terms and conditions including commission, perquisites remaining unchanged.

**8. As Ordinary Resolution**

To consider and if thought fit, to pass with or without modifications, the following resolution :

"RESOLVED THAT pursuant to section 257 and other applicable provisions, if any, of the Companies Act 1956 Sri Arun Churiwal in respect of whom the company has received a notice in writing along with a deposit of Rs. 500/- from some members signifying their intention to propose him as a candidate for the office of the director liable to retire by rotation be and is hereby appointed as director of the Company."



Place : Kolkata  
Date : 26th June, 2004

By Order of the Board  
ALOK PANDEY  
G.M. Finance & Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, must be lodged at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 regarding the Special Business contained in the notice is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd September 2004 to 11th September 2004 (both days inclusive).
5. Dividend that may be declared by the Company will be paid to those members whose names will appear on Register of Members of the Company or to their mandatees on 3rd September, 2004.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Shareholders requiring any information regarding accounts are requested to write to the company in advance so that the relevant information can be furnished by the Company.
8. Members of the Company are requested to intimate immediately to the Registered Office of the Company about the change of address, if any.
9. Members/Proxies are requested to bring the Attendance Slip duly filled in and hand it over at the entrance of the Meeting hall.
10. Reappointment of Directors

Sri G Narayana was appointed as a Director on 25th November 1996 . He is a Corporate Advisor, Management Author and Trainer. Currently he is the Director of Excel Industries Ltd, Punjab Chemical & Pharmaceuticals Ltd, Alpha Drugs India Ltd, Aryan Paper Mills Ltd, Yash Papers Ltd, Duraware Pvt Ltd and Silver Light Nirlepware Inds. Pvt Ltd.

Sri P N Roy was appointed as a Director on 29th October 1994. Currently he is also a Director in Indo Ashai Glass Ltd.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956****Item No. (6)**

In the 12th Annual General Meeting held on 14th August 1999 shareholders approved the reappointment of Shri Sushil Jhunjunwala as Managing Director for a period of 5 years with immediate effect from 1st October 1999, which was further modified in 13th Annual General Meeting held on 8th September 2000 and also in the 16th Annual General Meeting held on 5th September 2003. His tenure of office as Managing Director expires on 30th September 2004 and being eligible Shri Sushil Jhunjunwala offers himself for reappointment as Managing Director of the Company for a further period of 5(five) years with effect from 1st October 2004, currently Shri Sushil Jhunjunwala is also a Director in Genesis Exports Ltd, SKJ Estate Pvt Ltd, Ishita Housing Pvt Ltd, Lakshmangarh Fort (P) Ltd and BSL Ltd.

In view of the significant contribution made by Shri Sushil Jhunjunwala in the affairs of the Company the resolution as set out in item no. (6) may be considered accordingly and the Board of Directors recommends the same for your approval.

Excepting Shri Sushil Jhunjunwala and Shri Ajit Jhunjunwala no other director is interested in the resolution.

**Item No. (7)**

In the 15th Annual General Meeting held on 21st August 2002 shareholders approved the re-appointment of Sri Ajit Jhunjunwala as Dy. Managing Director for a period of 5(five) years with effect from 1st October 2002 within the scale of Rs. 45000/- to Rs. 70000/- and his basic salary in the financial year ended 31st March 2004 was Rs. 55,000/- per month.

The Board of Directors in their meeting held on 26th June 2004, subject to the approval of members, unanimously changed his scale of Rs. 45000/- - Rs 70000/- to Rs. 75000/- - Rs. 150000/- and increased his basic pay from Rs. 55000/- to Rs. 75000/- per month with effect from 1st April 2004.

Excepting Shri Sushil Jhunjhunwala and Shri Ajit Jhunjhunwala no other director is interested in the resolution.

**Item No. (8)**

Sri Arun Churiwal was appointed as an Additional Director of the company on 26th June 2004 by the Board of Directors of the Company. According to the provision of the Section 260 of the Companies Act 1956 he holds office as Director only up to the date of ensuing Annual General Meeting. As required under section 257 of the Companies Act, notice has been received from some member signifying his intention to propose him as a Director. He is a graduate and has got a vast working experience. He is presently holding the Directorship in M/s BSL Ltd, M/s Bhilwara Processors Ltd. M/s Silktex Ltd, M/s Rajasthan Spinning & Weaving Mill Ltd, M/s Churiwal Properties & Investors (P) Ltd, M/s BSL Wulfin Ltd, M/s LNJ Financial Services Ltd, M/s PRC Niyojan (P) Ltd and M/s LNJ Bhilwara Textiles Anusandhan Vikas Kendra. The Board considers it desirable that the company should continue to avail his service.

Excepting Shri Arun Churiwal no other director is interested in the resolution.



Place : Kolkata  
Date : 26th June, 2004

By Order of the Board  
ALOK PANDEY  
G.M. Finance & Secretary



## DIRECTORS' REPORT to the Members

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2004.

## PERFORMANCE OF THE COMPANY

The turnover of the company has increased inspite of difficult market scenario. The profit after tax amounted to Rs. 189.47 lakhs compared to Rs. 205.24 lakhs in previous year. The profit after tax has been affected due to increase in promotional activities, the benefit from which will accrue in future.

The summarised results of the current year's performance are given hereunder :

Sl. No.	Particulars	Rs. in lacs Year ended 31st March'04	Rs. in lacs Year ended 31st March '03
1	Net Sales / Income from operations	3689.44	3537.27
2	Other Income	126.44	18.86
3	Total expenses before interest and depreciation	3437.67	3154.84
4	Interest	15.65	17.87
5	Gross profit after interest but before depreciation	362.56	383.42
6	Depreciation	101.59	96.18
7	Profit before taxation	260.97	287.24
8	Tax expenses	71.50	82.00
9	Net profit	189.47	205.24
10	Tax provision for earlier year	–	5.31
11	Prior period adjustment	2.19	1.24
12	Surplus available	191.66	211.79
13	Dividend	66.23	79.48
14	Tax on Dividend	8.48	10.18
15	Transferred to General Reserve	18.00	20.00
16	Balance as per last year	520.42	418.29
17	Balance carried to Balance Sheet	619.37	520.42

## DIVIDEND

Your Directors are pleased to propose the payment of Dividend @ 12.5% for your approval for the year ended 31st March 2004.

## CORPORATE GOVERNANCE

Your company has implemented in full the code of Corporate Governance as per Listing Agreement with Stock Exchanges. Pursuant to clause 49 of the Listing Agreement Management Discussion and Analysis, Corporate Governance Report and the Auditors' Certificate regarding compliance of the same are part of this Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY

Your company ensures the protection of interest of all its stake holders. This is not only restricted to the employees, customers and investors, but is extended to the community at large. The Companies manufacturing facility is located at Madhupur, Dist. Deoghar which is an industrially backward area in the state of Jharkhand. La Opala's initiative in corporate social activities are based on the needs of the people at Madhupur. Some of these are highlighted herebelow :

### 1. Renovation of Primary School

The company has completely revamped and renovated a primary school at Madhupur imparting education to about 300 children.



**2. Children Park**

Madhupur is devoid at any children park, thereby denying an open conducive, play ground for the children. The company has designed and constructed the children park in the heart of the town and is maintaining the same.

**3. Renovation of temple**

The Tripur Dham temple at Madhupur was one of the oldest temple attracting maximum devotees. The said temple was absolutely in poor condition. The company made a major re-vamping and re-constructed the said temple which is not only attracting devotees but also tourists at Madhupur.

**4. Community Hall**

There was an acute shortage of a reasonable place for social functions like marriages etc., the company has constructed a community hall along with rooms for social functions and also for lodging.

**5. Scholarship to Economically Backward Students**

The company had been giving scholarship to bright students who are economically backward. Apart from this the company is also making efforts to up-grade the library in the school at Madhupur.

**6. General**

The company provides street lights at strategic locations at villages surrounding the factory.

Many of the above projects have been implemented in collaboration with trust promoted by the promoters family.

**RESPONSIBILITY STATEMENT**

- (i) Your Directors confirm that in preparation of the accounts the applicable accounting standards have been followed.
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a "going concern" basis.

**AUDITORS**

M/s Rajneesh Agarwal & Co., retire and are eligible for reappointment. As per proviso to Section 224(1) of the Companies Act, 1956, a written certificate has been obtained by the Company from the Auditors stating that if they are reappointed Auditors of the Company, such re-appointment would be within the limits specified in Section 224(1B) of the Companies Act, 1956.

**COMMENTS ON AUDITORS' REPORT**

The Report of the Auditors read with the Notes on Accounts is self-explanatory and needs no further clarification.

**DIRECTORS**

Shri G Narayana and Shri P N Roy are retiring from the office of the Directors by rotation and being eligible offer themselves for re-appointment.

Shri Arun Churiwal who is appointed as Additional Director on 26th June 2004 will vacate the office at the forthcoming Annual General Meeting. Necessary notices have been received from certain members



under section 257 of the Companies Act, 1956 signifying their intention to propose the appointment of Shri Arun Churiwal as a Director of the Company liable to retire by rotation.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the requirement of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars with respect to conservation of energy and technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' forming part of this report.

### PARTICULARS OF EMPLOYEES

The company has no employee employed during the year or part of the year in receipt of remuneration in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956.

### ACKNOWLEDGEMENT

The Directors express their grateful appreciation for the assistance and cooperation extended by Banks, various Government and other agencies, shareholders and the suppliers and solicit their continued support. Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

Place : Kolkata  
Date : 26th June, 2004

By Order of the Board  
A C CHAKRABORTTI  
Chairman

## ANNEXURE 'A' TO DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2004

Conservation of Energy, Technology Absorption and Foreign Earnings and Outgo  
Section 217(1)(e) of the Companies Act, 1956.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

	2003 - 2004	2002 - 2003
<b>A. Conservation of Energy</b>		
1 ELECTRICITY		
(a) Purchased		
Unit : KWH	22,44,397	29,62,678
Total amount (Rs. lakhs)	117.37	148.02
Rate / Unit (Rs.)	5.23	5.00
(b) Own Generation		
Through Diesel Generator		
Unit : KWH	13,60,995	17,49,945
Unit/Litre of diesel oil	3.42	3.20
Cost / Unit (Rs.)	5.38	5.32