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ANNUAL REPORT 2004-2005

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LA OPALA RG LIMITED

- BOARD OF DIRECTORS
- CHAIRMAN
  A. C. Chakrabortti
- MANAGING DIRECTOR
  Sushil Jhunjhunwala
- DEPUTY MANAGING DIRECTOR
  Ajit Junjhunwala
- DIRECTORS
  P. N. Roy
  G. Narayana
  Shakir Ali
  Arun Churiwal
  Professor Ranjan Das
- GENERAL MANAGER FINANCE & SECRETARY
  Alok Pandey
- AUDITORS
  Rajneesh Agarwal & Co.
- BANKERS
  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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LA OPALA

NOTICE

NOTICE is hereby given that 18th Annual General Meeting of the Company will be held at Gyan Manch 11, Pretoria Street, Kolkata 700 071 on Wednesday, the 14th September, 2005 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, 2005
2. To declare dividend for the year ended 31st March, 2005
3. To appoint a Director in place of Sri Shakir Ali who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Sri A C Chakrabortti 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 section 257 and other applicable provisions, if any, of the Companies Act 1956 Professor Ranjan Das 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."

7. **As Special Resolution :**

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

   "RESOLVED THAT pursuant to provision of Section 314 of the Companies Act, 1956 the Company be and is hereby agreed to appoint Mrs Shruti Kishorepuria relative of Sri Sushil Jhunjhunwala, Managing Director and Sri Ajit Jhunjhunwala, Dy. Managing Director of the Company to hold office or place of profit as Executive – Product Design of the Company with effect from 1st October 2005 on the following terms :

   1. **Basic Salary** : Rs. 10,000/- (Rupees ten thousand) only per month in the scale of 10,000/- to 15,000/-
   2. **Perquisites**
      (i) House Rent Allowance : @ 20% on Basic Salary
      (ii) Contribution to Provident Fund : As per Rules of the Company.

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

Place : Kolkata
Date : 28th June, 2005

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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 6th September, 2005 to 14th September, 2005 (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 6th September, 2005
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 Shakir Ali was appointed as a Director on 11th June 1987 . He is an Advocate and reputed labour Advisor. Currently he is also a director of M/s Eri-tech Limited.

    Sri A. C. Chakrabortti was appointed as a Director on 29th October 1994. He is a reputed Chartered Accountant with wide experience in the field of Audit & Management Consultancy. Currently he is Chairman in Peerless Hospitex Hospital & Research Centre Ltd, Vice Chairman in Grindwell Norton Ltd and a Director in GIS Ltd., Binani Industries Ltd, Jagsonpal Pharmaceuticals Ltd, Rasoi Industries Ltd., Texmaco Ltd., Peerless General Finance & Investment Company Ltd., Calcutta Metropolitan Group Ltd., Chandras' Chemical Enterprise Ltd., Denso India Ltd., Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Ltd. He is also the Chairman of the Audit Committee of Texmaco Ltd., Peerless General Finance & Investment Company Ltd., Grindwell Norton Ltd., Denso India Ltd. And GIS Ltd and the member of the Audit Committee of M/s Binani Industries Co. Ltd., & M/s Jagsonpal Pharmaceuticals Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

Item No. (6)

Professor Ranjan Das was appointed as an Additional Director of the company on 11th September 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 prominent personality and he is associated with the Indian Institute of Management, Kolkata as Professor of Strategic and International Management. He is also a director in M/s Stewarts & Lloyds of India Ltd. and M/s Linc Pen & Plastic Limited. The Board considers it desirable that the company should continue to avail his service.

Excepting Mr Ranjan Das no other director is interested in the resolution.

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Item No. (7)

Mrs Shruti Kishorepuria is proposed to be appointed as an Executive—Product Development with effect from 1st October 2005. She is a Commerce Graduate and has a wide experience of developing the Product for next generation. As she is a relative of a Director to hold office or a place of profit as Executive—Product Design requires shareholders' approval and so the Company seeks the authority for such appointment.

Excepting Sri Sushil Jhunjhunwala and Sri Ajit Jhunjhunwala no other Director is interested in the resolution.

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

Place : Kolkata
Date : 28th June, 2005

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DIRECTORS' REPORT to the Members

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2005.

PERFORMANCE OF THE COMPANY

Your Directors are pleased to inform you that during the year under review, your Company has not only regained but improved its leadership position despite increased competition from unorganized sector as well as imported goods available at lower price. The turn over of the company has increased by 20.25% and profit before tax by 50.17% over the previous year's level. This significant improvement has been made due to aggressive marketing effort, efficient cost control and better utilisation of production capacity.

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

Sl. No.	Particulars	**Rs. in lacs Year ended 31st March '05**	Rs. in lacs Year ended 31st March '04
1	Net Sales / Income from operations	4433.35	3689.44
2	Other Income	53.38	126.44
3	Total expenses before interest and depreciation	3917.93	3437.67
4	Interest	18.14	15.65
5	Gross profit after interest but before depreciation	550.66	362.56
6	Depreciation	158.76	101.59
7	Profit before taxation	391.90	260.97
8	Tax expenses	111.62	71.50
9	Net profit	280.28	189.47
10	Tax for earlier year	21.94	2.19
11	Surplus available	302.22	191.66
12	Dividend	92.73	66.23
13	Tax on Dividend	13.01	8.48
14	Transferred to General Reserve	25.00	18.00
15	Balance as per last year	619.37	520.42
16	Balance carried to Balance Sheet	790.85	619.37

DIVIDEND

Your Directors are pleased to propose the payment of Dividend @ 17.50% for your approval for the year ended 31st March, 2005.

CORPORATE GOVERNANCE

Management Discussion and Analysis, Corporate Governance Report and the Auditors' Certificate regarding compliance of the same given separately are part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company continues with the pursuance to ensure protection of all its stakeholders going beyond the employees, customers and investors, to the community at large. La Opala continues its initiative in Corporate Social Activity, for people in need at Madhupur and beyond. Some of these are highlighted here below :

1. Assistance to Needy Students

The Company is providing books, school bags and stationeries to the needy and poor students of the local schools at Madhupur

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2. **Childrens' Park**

After having architected and constructed the Childrens' Park at Madhupur, the Company has up-graded the same and is also maintaining on a regular basis.

3. **Temple**

The Company on a regular basis is taking care of general maintenance of the Tripurdham Temple at Madhupur.

4. **Scholarship to Economically Backward Students**

The Company has been giving scholarship to bright students who are economically backward. The Company has scaled up its contribution in this area.

5. **Community Hall**

LA OPALA group helped in construction of Community Hall in the village Manthan near Hyderabad.

6. **Tsunami Support**

Being concerned by the aftermath of the Tsunami, the Company has provided financial support to Vivekananda Society for the reconstruction of Tsunami affected village in Andaman.

7. **General**

The Company continues to provide and maintain street lighting at strategic locations at villages surrounding the factory at Madhupur.

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, 2005 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

Sri Shakir Ali and Sri A C Chakrabortti are retiring from the office of the Directors by rotation and being eligible offer themselves for re-appointment.

Prof. Ranjan Das who is appointed as Additional Director on 11th September, 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 Prof. Ranjan Das as a Director of the Company liable to retire by rotation.

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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.

By Order of the Board
A C CHAKRABORTTI
Chairman

Place : Kolkata
Date : 28th June, 2005

ANNEXURE 'A" TO DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2005

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

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

	2004-2005	2003-2004
A. Conservation of Energy		
1. ELECTRICITY		
(a) Purchased		
Unit : KWH	2,659,798	2,244,397
Total amount (Rs. lakhs)	118.97	117.37
Rate/Unit (Rs.)	4.47	5.23
(b) Own Generation		
Through Diesel Generator		
Unit : KWH	1,318,038	1,360,995
Unit/Litre of diesel oil	3.33	3.42
Cost/Unit (Rs.)	6.71	5.38
2. FURNACE OIL		
Quantity		
Unit : Litre	2,400,353	1,930,833
Total cost (Rs. Lakhs)	278.70	215.57
Cost/Unit (Rs.)	11.61	11.16

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	2004-2005	2003-2004
3. LDO		
Quantity		
Unit : Litre	461,086	566,318
Total cost (Rs. Lakhs)	91.79	98.51
Cost/Unit (Rs.)	19.91	17.39
4. OTHERS		
(a) HSD		
Quantity		
Unit : Litre	89,977	55,036
Total cost (Rs. Lakhs)	21.22	10.47
Cost/Unit (Rs.)	23.58	19.02
(b) GAS		
Quantity		
Unit : Kgs.	545,888	231,397
Total cost (Rs. Lakhs)	140.77	50.31
Cost/Unit (Rs.)	25.78	21.74
5. CONSUMPTION PER UNIT OF PRODUCTION		
Unit		
Electricity : KWH	0.29	0.28
Furnace Oil : Litre	0.17	0.15
LDO : Litre	0.03	0.04
HSD : Litre	0.01	0.01
GAS : Kgs	0.04	0.02

B. Technology Absorption

The continuous research is being made with an objective to improve the quality of the product and to reduce rejection, energy and raw material cost. Several tangible and intangible benefits are derived in area of energy consumption and product quality.

C. Foreign Exchange Earnings & Outgo

Particulars with regard to Foreign Exchange Earnings and Outgo appear in Schedule 16 to the accounts.

On behalf of the Board
A C CHAKRABORTTI
Chairman

Place : Kolkata
Dated : 28th June, 2005

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