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LA OPALA RG LIMITED  
19<sup>th</sup> Annual Report  
2005 - 06



# Moving beyond limits. Moving beyond imagination.

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It all began with a thought.

To move beyond what exists.

To carve out dreams from opal and crystal.

And catch the fancy of millions in India and abroad.

Today, as La Opala  
nears the completion of

two glorious decades, it's time to make our next move.

To expand our manufacturing prowess to a second location.

A state-of-the-art manufacturing facility in Uttaranchal to help us  
reach newer markets and enthrall newer consumers.

So that in time it won't remain a mere move. It'll become a movement.



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# LA OPALA RG LIMITED

## 19<sup>th</sup> Annual Report

### 2005-2006

#### Corporate Information

<b>Board of Directors</b>	A. C. Chakrabortti <b>Chairman</b>
<b>Managing Director</b>	Sushil Jhunjunwala
<b>Dy. Managing Director</b>	Ajit Jhunjunwala
<b>Directors</b>	P. N. Roy G. Narayana Shakir Ali Arun Churiwal
<b>General Manager Finance &amp; Secretary</b>	Alok Pandey
<b>Auditors</b>	Rajneesh Agarwal & Co.
<b>Bankers</b>	HDFC Bank Limited
<b>Registrar &amp; Share Transfer Agent</b>	MCS Limited 77/2A Hazra Road Kolkata 700 029
<b>Registered Office</b>	“Chitrakoot”   10th Floor 230A, A. J. C. Bose Road Kolkata 700 020   India Tel 3053 6656   57   58 Fax 3053 6659 e mail laopala@eth.net website www.laopala.in
<b>Works</b>	Post. Madhupur, Dist. Deoghar Jharkhand

## Notice

Notice is hereby given that  
**19th Annual General Meeting** of the Company will be held at **Gyan Manch, 11, Pretoria Street, Kolkata 700 071 on Friday, the 11th August, 2006 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, 2006
2. To declare dividend for the year ended 31st March, 2006
3. To appoint a Director in place of Arun Churiwal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of G. Narayana 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 the authorized capital of the Company be increased from Rs.550 lakhs (Rupees five hundred fifty lakhs only) to Rs.1500 lakhs (Rupees fifteen hundred lakhs only) by creation of 95,00,000 (ninety five lakhs) equity shares of Rs. 10/- each, ranking pari passu with the existing equity shares and that clause V of the Memorandum of Association of Company be altered accordingly."

#### 7. As Special Resolution

To consider and if thought fit, to pass with or without modifications, the following resolution : "RESOLVED THAT subject to the applicable clauses of the standard listing agreement and the guidelines of Securities and Exchange Board of India, consent of the Company be and is

hereby given to delist the shares of the Company from the Calcutta Stock Exchange Association Ltd." "RESOLVED FURTHER THAT Alok Pandey, General Manager - Finance & Secretary be and is hereby authorized to do and perform all such acts, deeds, matter and things as may be considered necessary, useful or expedient to give effect to this resolution."

#### 8. As Special Resolution : -

To consider and if thought fit, to pass with or without modifications, the following resolution : "RESOLVED THAT pursuant to sub-section (1A) of section 81 of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India Act, 1992 (SEBI Act) including Guidelines for Preferential Issue of shares as issued from time to time and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time and/or any other provisions of any statute, rules or regulations for the time being in force, and subject to other statutory approvals, if necessary, the Board of Directors of the company be and is hereby authorized to offer, issue and allot on preferential basis to mutual fund or venture capital fund or foreign institutional investors or financial institution or banks or overseas body corporate or body corporate Equity Shares on a payment of such premium and at such time as the Board of Directors may deem fit upto an aggregate value not exceeding Rs. 2000 lakhs (Rupees twenty hundred lakhs.)" "RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary measures to seek the listing of such Equity Shares, when preferentially allotted, at the Stock Exchanges where the Company's shares are presently listed."

#### 9. As Ordinary Resolution :

To consider and if thought fit, to pass with or without modifications, the following resolution : "RESOLVED THAT in suppression of the resolution limiting the borrowing power of the Directors of the Company up to Rs. 20 Crores (Rupees twenty crores only) passed by the Company at the general meeting held on 31st

January 1995 the Board of Directors of the Company be and is hereby authorized under section 293(1)(d) of the Companies Act, 1956, to borrow money from time to time up to a limit not exceeding in the aggregate Rs. 50 crores (Rupees fifty crores only) notwithstanding that money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes."

#### 10. As Ordinary Resolution :

To consider and if thought fit, to pass with or without modifications, the following resolution : "RESOLVED THAT in suppression of the resolution limiting the authority to create mortgage up to a limit of Rs. 20 crores (Rupees twenty crores only) passed by the Company at the General Meeting held on 31st January 1995, the consent of the Company be and is hereby accorded under section 293(1)(a) of the Companies Act 1956, to the Board of Directors of the Company for mortgaging / charging all immoveable and moveable properties of the Company both present and future and the whole of the undertaking of the Company or such of them as may be agreed in favour of any bank, financial institutions, and any other institution, society or person or persons to secure loans, advances, credit facilities, financialties and obligations or any debt up to a limit of Rs. 50.00 crores (Rupees fifty crores only) outstanding at any point of time."

By Order of the Board

**Alok Pandey**

G.M. Finance & secretary

Place | Kolkata

Date | 31st May, 2006

## 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 August, 2006 to 11th August, 2006 (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 August, 2006.
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  
Arun Churiwal was appointed as a Director on 26th June 2004. He is an Honours Graduate in Political Science and has in-depth working experience. He is presently a Chairman cum Managing Director of BSL Ltd. and Director of Rajasthan Spinning & Weaving Mills Ltd., Bhilwara Processors Ltd., BSL Wulfig Ltd., LNJ Financial Services Ltd., Silktex Ltd., Churiwal Properties & Investments Pvt Ltd., PRC Niyogan Pvt. Ltd. He is a Governing Council Member of LNJ Bhilwara Anusandhan Vikas Kendra and Managing Committee Member of Merchants' Chamber of Commerce.  
G. Narayana was appointed as a Director on 25th November 1996. He is a Corporate Advisor, Management Author and Trainer. Currently he is a Chairman & Director of Punjab Chemicals & Pharmaceuticals Ltd., Alpha Drugs India Ltd. and Yash Papers Ltd. He is also a Chairman Emeritus in Excel Industries Limited and Director of Aryan Paper Mills Ltd.

### Explanatory statement pursuant to section 173(2) of the companies act 1956

#### Item No. (6)

In order to set up a new unit for manufacture of Opal Glassware it has become essential to increase the authorized share capital of the Company from Rs. 5,50,00,000 (Rupees five hundred fifty lakhs only) divided into 55,00,000 equity shares of Rs. 10/- each to Rs. 1500 lakhs (Rupees fifteen hundred lakhs only) by creation of 95,00,000 (ninety five lakhs) equity shares of Rs. 10/- each, ranking pari passu with the existing equity shares. The proposed increase of the authorized capital of the company requires the approval of the members in the General Meeting and the Board recommends that the resolution be passed.

None of the Directors is interested in this resolution.

#### Item No. (7)

The shares of the Company were listed in the Calcutta Stock Exchange Association Ltd in the year 1995 with the objective of facilitating the dealings of the same by general public. It has since been observed that the volume of transactions of shares in the Calcutta Stock Exchange Association Ltd has been negligible during last two years. In a bid to avoid the extra burden of expenditure, the Board of Directors at their meeting held on 31st May, 2006 decided to delist the shares in Calcutta Stock Exchange Association Ltd., subject to the approval of the members.

The resolution as set out in Item No. 7 may be considered accordingly and the Board of Directors recommends the same for your approval.

#### Item No. (8)

In order to set up the new production facility in Uttaranchal, with the state of art technology, the fund is needed by the Company which it has decided to bring partly through the route of preferential issue. Resolution for the proposed preferential offer of Equity Shares on payment of premium up to an aggregate value not exceeding Rupees Twenty Hundred Lakhs in accordance with Section 81(1)(a) of the Companies Act, 1956 is placed for your consent.

None of the directors are deemed or concerned in the resolution.

#### Item No. (9)

Considering the anticipated growth in the activities of the Company and its proposal for setting up a new production facility in Uttaranchal with the state of art technology, the Company will require additional fund. The Board is of the view that the borrowing limit be increased from Rs. 20 crores to Rs. 50 crores for the foreseeable future. Consent of the members under section 293(1)(d) of the Companies Act 1956 is being sought to enable the board to borrow money (apart from temporary loans obtained from the Company's banker in the ordinary course of the business) up to a limit of Rs. 50 crores.

The Board recommends the adoption of the resolution. No directors of the Company is concerned or interested in the resolution.

#### Item No. (10)

The limit of Rs. 20 crores set out for the purpose of creation of mortgage and/or charge in favour of the banks or financial institutions, any other institutions, society or person or persons to secure loans, advances, credit facilities, financialities and obligation or any other debt need to be increased up to Rs. 50 crores taking into consideration the anticipated growth in the activities of the Company. For increasing the limit from Rs. 20 crores to 50 crores for creation of mortgage and/or charge the consent of the members of the Company is required in terms of section 293(1)(a) of the Companies Act, 1956. The Board therefore, recommends the above resolution for the approval of the members.

None of the directors are deemed or concerned in the resolution.

By Order of the Board

**Alok Pandey**

G.M. Finance & secretary

Place | Kolkata

Date | 31st May, 2006

## Directors' Report

to the Members

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2006. The year under review has been a land mark year for the Company. The Company is setting up its new production facility in Uttaranchal, with the state of the art technology which will make the product of the Company not only at par in terms of quality with competitors world wide, but also more cost competitive in its range of tableware.

### Performance of the Company

Your Directors are pleased to inform you that during the year under review, your Company's profit before tax has increased by 58.93% over the previous year's level. This significant improvement has been made due to increase in productivity, better product mix, new marketing strategy and efficient cost control measures.

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

Sl. No.	Particulars	Rs. in lakhs Year ended 31st March'06	Rs. in lakhs Year ended 31st March '05
1	Net Sales / Income from operations	4606.20	4433.35
2	Other Income	154.85	53.38
3	Total expenses before interest and depreciation	3962.59	3917.93
4	Interest	6.93	18.14
5	Gross profit after interest but before depreciation	791.53	550.66
6	Depreciation	168.70	158.76
7	Profit before taxation	622.83	391.90
8	Tax expenses	193.04	111.62
9	Net profit	429.78	280.28
10	Tax for earlier year	(6.27)	21.94
11	Surplus available	423.51	302.22
12	Dividend	119.22	92.73
13	Tax on Dividend	16.72	13.01
14	Transferred to General Reserve	43.00	25.00
15	Balance as per last year	790.85	619.37
16	Balance carried to Balance Sheet	1035.42	790.85

### Dividend

Your Directors are pleased to propose the payment of Dividend @ 22.50% for your approval for the year ended 31st March 2006.

### Corporate Governance

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

### 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, 2006 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.

**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 rendered by Executives, Staff and Workers of the Company.

**Comments on auditors' report**

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

**Directors**

Arun Churiwal and G. Narayana are retiring from the office of the Directors by rotation and, being eligible, offer themselves for re-appointment.

**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.

By Order of the Board

**A.C.Chakrabortti**

Chairman

Place | Kolkata

Date | 31st May, 2006

**Annexure 'A' to Directors' report**

for the year ended March 31st, 2006

Conservation of Energy, Technology Absorption and Foreign Exchange 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.

2005-2006      2004-2005

**A. Conservation of Energy****1. Electricity****a | Purchased**

Unit : KWH	2,178,271	2,659,798
Total amount (Rs. Lakhs)	102.78	118.97
Rate / Unit (Rs.)	4.72	4.47

**b | Own Generation**

Through Diesel Generator		
Unit : KWH	1,948,749	1,318,038
Unit/Litre of diesel oil	3.33	3.33
Cost / Unit (Rs.)	8.26	6.71

**2. Furnace Oil**

Quantity		
Unit : Litre	2,491,528	2,400,353
Total cost (Rs. Lakhs)	405.31	278.70
Cost / Unit (Rs.)	16.27	11.61

**3. LDO**

Quantity		
Unit : Litre	21,390	461,086
Total cost (Rs. Lakhs)	4.96	91.79
Cost / Unit (Rs.)	23.19	19.91

**4. Others**      **2005-2006**      2004-2005**a | HSD**

Quantity		
Unit : Litre	111,797	89,977
Total cost (Rs. Lakhs)	29.63	21.22
Cost / Unit (Rs.)	26.50	23.58

**b | GAS**

Quantity		
Unit : Kgs.	623,032	545,888
Total cost (Rs. Lakhs)	192.88	140.77
Cost / Unit (Rs.)	30.95	25.78

**5. Consumption Per Unit of Production**

<b>Unit</b>		
Electricity : KWH	0.27	0.29
Furnace Oil: Litre	0.17	0.17
LDO : Litre	0.01	0.03
HSD : Litre	0.01	0.01
GAS : Kgs	0.04	0.04

**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.Chakraborti**

Chairman

Place | Kolkata

Date | 31st May, 2006