



10th ANNUAL REPORT 1998-99



CASIL HEALTH PRODUCTS LTD.

BOARD OF DIRECTORS

SHRI INDRAVADAN A. MODI - CHAIRMAN
SMT. SHILABEN I. MODI
DR. RAMESH M. SHAH
SHRI KANISHKA H. KAJI
SHRI M. G. SHAH
SHRI G. SATHASIVAM
SMT. MONIKA GARWARE MODI
DR. RAJIV I. MODI - MANAGING DIRECTOR

COMPANY SECRETARY

VIPUL D. BHEDA

AUDITORS

MUKESH M. SHAH & CO.
CHARTERED ACCOUNTANTS
AHMEDABAD

BANKERS

BANK OF BARODA
UTI BANK LIMITED

REGISTERED OFFICE

"IRM HOUSE", OFF C. G. ROAD,
NAVRANGPURA,
AHMEDABAD-380 009.

FACTORY

SURVEY NO. 342, NANI KADI,
TAL. KADI, DIST. MEHSANA.



CASIL HEALTH PRODUCTS LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held on Saturday, the 14th day of August, 1999 at 10.00 A. M. in the "Manthan" Hall, situated in the premises of Cadila Laboratories Limited, 244, Ghodasar, Ahmedabad 380 008, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 31st March, 1999 and the Balance Sheet as at that date, together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Dr. R. M. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri K. H. Kaji, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the shareholders of the Company, the consent of the Company be and is hereby accorded to re-appointment of Dr. Rajiv I. Modi as the Managing Director of the Company for a period of 5 years, with effect from 1st April, 1999 to 31st March, 2004 on the terms and conditions, as are set out in the draft agreement to be entered into by the Company with him, as may be agreed to between the Directors and Dr. Rajiv I. Modi."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges at Ahmedabad and Mumbai, where the shares of the Company are listed, and subject to the approvals, consents, permissions and / or sanctions of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and all other appropriate or concerned authorities, institutions or bodies, as may be necessary, and subject to such conditions as may be prescribed by any of them while granting such approval, consent, permission or sanction which may be agreed by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or may hereafter constitute, for the time being, exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot Equity and / or Preference Shares, etc., (hereinafter referred to as "the Securities") for an amount not exceeding Rs. 10 Crore to Resident Indians, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies or other entities / authorities, whether the shareholders of the Company or not, by way of private placement, exchange of securities, conversion of loans or otherwise and for general corporate purpose including capital expenditure, working capital requirements, strategic investments, merger, amalgamation, acquisition, reconstruction or other arrangements as the Board, at its absolute discretion, may deem fit at such price as per the SEBI Preferential Allotment Guidelines, as may be prevalent at the relevant time or times."

CASIL HEALTH PRODUCTS LIMITED

"RESOLVED FURTHER THAT in case of the Securities to be issued and are not subscribed to the full extent, the Board be and is hereby authorised to offer, issue and allot such securities to such persons on the terms and conditions as may be considered favorable to the Company by the Board **AND THAT** the Board be and is hereby authorised by the Company to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 19th July, 1999 to 31st July, 1999 (both days inclusive).
3. Members are requested to notify immediately, change in their addresses, if any, to the Registered Office of the Company, at IRM House, Off C.G. Road, Navrangpura, Ahmedabad-380 009.
4. The relevant explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 with respect to the Special Business under item Nos. 5 and 6 is annexed hereto and forms part of the Notice.
5. Shareholders intending to require any information to be explained in the meeting are requested to inform the Company at least 7 days in advance in order to enable the Company to make available the required information, with the permission of the Chairman of the Meeting.
6. Members are requested to bring their copies of the Annual Report with them to the Annual General Meeting.



BY ORDER OF THE BOARD
FOR CASIL HEALTH PRODUCTS LIMITED

PLACE : AHMEDABAD
DATE : 29TH MAY, 1999

(VIPUL D. BHEDA)
COMPANY SECRETARY

CASIL HEALTH PRODUCTS LIMITED



EXPLANATORY STATEMENT

Pursuant to the provisions of Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to the Special Business under Item Nos. 5 and 6 of the enclosed Notice and forms part of the same.

Item No. 5 :

This item relates to the re-appointment of Dr. Rajiv I. Modi as the Managing Director of the Company.

The terms of the office of Dr. Rajiv I. Modi as a Managing Director of the Company ended on 1st April, 1999. The Board of Directors of the Company at its Meeting held on 29th May, 1999, subject to the approval of the shareholders of the Company, has passed a resolution for re-appointment of Dr. Rajiv I. Modi as a Managing Director of the Company for a further period of 5 years i. e. from 1st April, 1999 to 31st March, 2004 on the terms and conditions as detailed below :

1. The Managing Director (M.D.) shall not be liable to retirement by rotation for the period of his terms as the M. D.
2. The M. D. is entitled to claim damages in case of prior termination of the Agreement on account of reconstruction or amalgamation.
3. The Company is entitled to appoint any other person or the persons to be M.D. or M. D.s to act jointly.
4. The M. D. shall not divulge to any person any trade secret, manufacturing process or any information concerning the business or finance of the Company.
5. All disputes and differences between the parties hereto shall be referred to arbitration of the arbitrators, one to be appointed by each of the parties to these presents subject to the provisions of the Arbitration Act, 1940.

In view of the adverse condition of the Company, Dr. Rajiv I. Modi has agreed not to draw any remuneration from the Company till the Company makes turn around. You will appreciate that Dr. Rajiv I. Modi has not drawn any remuneration from the Company till date since his appointment as the Managing Director of the Company.

The draft agreement between the Company and the M. D. is available for inspection of the shareholders of the Company between 11.00 A. M. to 5.00 P. M. on any working day upto the date of A. G. M. The above referred clauses may also be treated as an abstract of the above referred draft agreement pursuant to the provisions of Section 302 of the Companies Act, 1956.

Dr. Rajiv I. Modi may be deemed to be concerned or interested in the resolution under this item for his appointment. Shri I. A. Modi, Smt. Shilaben I. Modi and Smt. Monika Garware Modi are also deemed to be concerned or interested as the relatives of the M. D. None of the other Directors of the Company, except as referred to above, are in any way, concerned with or interested in this resolution.

Your Directors recommend the same for your approval please.

Item No. 6 :

This item relates to the authority to the Board of Directors of the Company to offer and allot further share capital of the Company to the persons, either shareholders of the Company or not.

In order to restructure the share capital of the Company and also to induce further equity share capital in the Company, the said proposal is made.

As per the provisions of Section 81 (1A) of the Companies Act, 1956 read with the SEBI Guidelines for the preferential allotment of the shares, the Company can allot such additional shares by passing a Special Resolution at a General Meeting of the members of the Company and complying with the required statutory legal formalities thereafter.

Accordingly, the resolution under item No. 6 under the Special Business is submitted for your approval. None of the Directors of the Company is, in any way, concerned with or interested in the said resolution, Your Directors recommend the same for your approval please.

BY ORDER OF THE BOARD
FOR CASIL HEALTH PRODUCTS LIMITED

(VIPUL D. BHEDA)

COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 29TH MAY, 1999



DIRECTORS' REPORT

To,
The Shareholders,
CASIL HEALTH PRODUCTS LIMITED

Your Directors have pleasure in presenting this Tenth Annual Report together with the Audited Statement of Accounts for the fifteen months period ended on 31st March, 1999.

FINANCIAL RESULTS :

	(Rs. in lacs)	
	For the period ended 31.03.1999 (15 Months)	For the year ended 31.12.1997 (12 Months)
Sales and other income	1841.61	1229.81
Operating Profit	170.53	99.04
Deduct : Interest & Financial Charges	108.74	117.82
Depreciation	93.34	72.38
Misc. Expenses written off	15.54	13.07
Net Profit/(Loss) for the period/year	(47.09)	(104.23)

ACCOUNTING YEAR :

The accounting year ending of the Company was changed from December to March. Accordingly, the current accounts are prepared for a period of 15 months i.e. for a period from 01.01.1998 to 31.03.1999.

OPERATIONS :

During the period under review, the turnover has increased by 18% as compared to the previous year resulting into improved performance, though not commensurate with the increased turnover. This has happened on account of the lower offtake of Sulfolane, a technology based product for which your Company has made a large investments.

The business has started looking up in the current year with the large firm orders from the refineries. Growth strategy of the other divisions are based on enlarging the market base and larger market share with better Customer Services.

DIRECTORS :

Dr. R. M. Shah and Shri K. H. Kaji, the Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Your Directors recommend the same for your approval.

AUDITORS :

M/s. Mukesh M. Shah & Company, the retiring auditors have expressed their willingness to be re-appointed. You are requested to appoint auditors and to fix their remuneration at the Tenth Annual General Meeting.

INSURANCE :

All the properties of the Company have been adequately insured.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information pursuant to 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 is given in the "Annexure A" and forms part of this report.

**DEPOSITS :**

During the year under review, the Company has not invited any deposit from the public.

PARTICULARS OF EMPLOYEES :

Particulars of the employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, form part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Annual Accounts of your Company are sent to its shareholders excluding the Statement of Particulars of the Employees.

Any shareholder interested in obtaining a copy of this statement is welcome to communicate to the Secretary of your Company.

ACKNOWLEDGMENT :

Your Directors take this opportunity to express their sincere thanks to the financial institutions, banks and the State & Central Governments for their co-operation and assistance. They also record their appreciation of the contributions made by employees at all levels to the operations of the Company during the year. Last but not the least, your Directors wish to place on record, their humble gratitude to the shareholders for evincing their continued interest in the progress of the Company.

FOR AND ON BEHALF OF THE BOARD

PLACE : AHMEDABAD

DATED : 29TH MAY, 1999

(I. A. MODI)

CHAIRMAN

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HEALTH PRODUCTS LIMITED



ANNEXURE "A"

FORM - A

(See Rule 2)

Form of disclosure of the particulars with respect to the conservation of energy

(A) Power and Fuel Consumption :

	For the period ended 31.03.1999	For the year 31.12.1997
1. Electricity :		
(a). Purchased		
Units	1657337	1244181
Total Amount (Rs. in Lacs)	76.03	46.16
Rate per Unit (Rs.)	4.59	3.71
(b). Own Generation		
(i) Through D. G. :		
Units	357262	207898
Units/Litre of Diesel Oil	1.93	1.93
Cost/Unit (Rs.)	4.75	4.76
(ii). Through Steam Turbine Gen.		
Units	—	—
Units/Litre of Fuel Oil/Gas	—	—
Cost/Unit (Rs.)	—	—
2. Coal		
Quantity (Tonnes)	—	—
Total Amount (Rs. in Lacs)	—	—
Average Rate (Rs./Ton)	—	—
3. Furnace Oil		
Quantity (Litres)	200000	171100
Total Amount (Rs. in Lacs)	12.59	12.49
Average Rate (Rs./Litre)	6.30	7.30
4. Others/Internal Generation		
(a). HSD		
Quantity (Litres)	47948	125878
Total Cost (Rs. in Lacs)	5.30	12.28
Rate/Unit	11.05	9.75
(b). LDO		
Quantity (Litres)	185110	129341
Total Cost (Rs. in Lacs)	16.96	11.80
Rate/Unit	9.17	9.15
(c). HITHERM		
Quantity (Litres)	1470	840
Total Cost (Rs. in Lacs)	0.67	0.34
Rate/Unit	45.71	40.48

(B) CONSUMPTION PER UNIT OF PRODUCTION :

Your Company manufactures various products like the Hospital Disposables, Adhesive Tapes, Plaster of Paris Bandages, Speciality Chemicals, Gloves, etc., with the different sizes. It is, therefore, impractical to apportion the consumption and cost of utilities of each of such product.



OASIS HEALTH PRODUCTS LIMITED

FORM - B

(See Rule 2)

TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per the Form - B are as detailed below :

- | | | | | | | | | | | | | | | |
|---|---|---|-------------|---|---------------|---------------|---|---------------|-----------|---|---------------|---|---|--------|
| 1. Specific areas in which the R&D was carried out by the Company | : | <ul style="list-style-type: none"> * Quality improvement * Development of new products for the export market * Import Substitution | | | | | | | | | | | | |
| 2. Benefits derived as a result of the above R & D | : | <ul style="list-style-type: none"> * Minimisation of rejection/waste * Improvement in production quality and quantity * Production and export of gloves | | | | | | | | | | | | |
| 3. Future plan of action | : | To take on hand the further product development and also the technology upgradation | | | | | | | | | | | | |
| 4. Expenditure on R&D | : | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">a). Capital</td> <td style="width: 10%;">:</td> <td style="width: 40%;">Rs. 4.00 Lacs</td> </tr> <tr> <td>b). Recurring</td> <td>:</td> <td>Rs. 0.40 Lacs</td> </tr> <tr> <td>c). Total</td> <td>:</td> <td>Rs. 4.40 Lacs</td> </tr> <tr> <td>d). Total R&D expense as a percentage of total turnover</td> <td>:</td> <td>0.24 %</td> </tr> </table> | a). Capital | : | Rs. 4.00 Lacs | b). Recurring | : | Rs. 0.40 Lacs | c). Total | : | Rs. 4.40 Lacs | d). Total R&D expense as a percentage of total turnover | : | 0.24 % |
| a). Capital | : | Rs. 4.00 Lacs | | | | | | | | | | | | |
| b). Recurring | : | Rs. 0.40 Lacs | | | | | | | | | | | | |
| c). Total | : | Rs. 4.40 Lacs | | | | | | | | | | | | |
| d). Total R&D expense as a percentage of total turnover | : | 0.24 % | | | | | | | | | | | | |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | | |
|---|---|---|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation | : | All the technology adopted by the Company have been developed in-house and therefore it was easier for the Company to absorb and adapt the same. The efforts are still made to improve the technology so absorbed and adopted by the constant ongoing researches and experimentation. |
| 2. Benefits derived as a result of the above efforts | : | <ul style="list-style-type: none"> (1). Cost Reduction (2). Import Substitution (3). Product Improvement |
| 3. In case of the imported technology (imported during the last five years reckoned from the beginning of the financial year), the following information may be furnished | : | NOT APPLICABLE (SINCE THE COMPANY HAS NOT IMPORTED ANY TECHNOLOGY TILL DATE) |
| a). Technology Imported | | |
| b). Year of Import | | |
| c). Has the technology fully absorbed ? | | |
| d). If not absorbed, reasons therefore and future plan of action | | |

FOREIGN EXCHANGE EARNINGS & OUT GO :

- | | | |
|--|---|--|
| 1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | : | New markets have been explored by the Company for the products of the Company and the efforts are still on to explore the possibilities of the export of the existing products as also the new products to be developed in the near future |
|--|---|--|