

16th ANNUAL REPORT

2003-04

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KAMRON

LABORATORIES LIMITED

BOARD OF DIRECTORS

Shri Kamlesh J. Laskari	-	<i>Chairman & Managing Director</i>
Smt. Ranak K. Laskari	-	<i>Director</i>
Shri H.L.Khar	-	<i>GLIC Nominee</i>
Dr. Mahendra P. Shah	-	<i>Director</i>
Shri Ram K. Khadka	-	<i>Director</i>
Dr. S. L. Chopra	-	<i>Director</i>

AUDITORS

M/s. Deepak Soni & Associates
Chartered Accountants
Ahmedabad - 380 006.

BANKERS

Bank of Baroda
Delhi Chakla Branch,
Ahmedabad - 380 001.

COMPANY LAW CONSULTANTS

M/s. Mehta Hurkat & Associates,
Company Secretaries, Ahmedabad.

REGISTERED OFFICE & FACTORY

737, RAKANPUR VILLAGE,
SOLA-SANTEJ ROAD, TA. KALOL (N.G.),
DIST. GANDHINAGAR, NORTH GUJARAT - 382 721.

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NOTICE

NOTICE is hereby given that the SIXTEENTH Annual General Meeting of the members of KAMRON LABORATORIES LIMITED will be held at the Registered Office at 737, Rakanpur Village, Sola Santej Road, Ta. Kalol, Dist. Gandhinagar (North Gujarat) 382 721 on Monday the 27 th day of September 2004 at 11.00 a.m. to transact the following business:

Ordinary Business :

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as on that date alongwith Directors' Report thereon.
2. To appoint a director in place of Dr. Mahendra P. Shah who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

4. To Consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and other applicable provision, if any, of the companies act, 1956 and subject to the approval of the Central Government, if required, the company do hereby accord its approval to the reappointment of Shri Kamlesh J. Laskari as Managing Director of the Company for a period of five years with effect from 1st October, 2004 to 30th September, 2009 on the terms and conditions (which were approved by the Board of Directors on the basis of approval of terms and conditions including payment of remuneration by the Remuneration Committee of the Company) as set out in the draft agreement of appointment submitted to this meeting duly initialled by the Chairman for identification and that he be paid remuneration by way of Salary and Perquisites not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the company from time to time."

"RESOLVED FURTHER THAT the extent and scope of Salary and Perquisites as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again."

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Registered Office:

737, Rakanpur Village, Sola Santej Road,
Ta. Kalol, Dist. Gandhinagar, (North Gujarat) 382 721

By order of the Board

Kamlesh J. Laskari

Managing Director

Date : 29th June 2004.

NOTES :

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item No. 4 set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
3. Pursuant to section 154 of the Companies Act, 1956, Register of the members and Share Transfer Books of the Company will remain closed from Wednesday, the 1st September, 2004 to Monday, the 27th September, 2004 (both days inclusive).
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - (a) Intimate, if Shares are held in the same name or in the same order and names, but in more than one account to enable the Company to club the said accounts into one account.
 - (b) Notify immediately the Change if any, in the registered address, to the Company.

ANNEXURE TO THE NOTICE :

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No.4 of the accompanying notice dated 29th June, 2004 and should be taken as forming part of the notice.

In respect of Item No. 4 :

Shareholders may recall that in the 11th annual General Meeting of the Members of the Company held on 29th September, 1999, Shri Kamlesh J. Laskari was

appointed as Managing Director of the Company for a period of five years from 1st October, 1999 to 30th September, 2004 The Board of Directors in their meeting held on 29th June, 2004 has reappointed Shri Kamlesh J. Laskari as Managing Director for a further period of five years i.e. from 1st October, 2004 to 30th September, 2009. The Remuneration Committee has also recommended his reappointment as Managing Director. The reappointment is subject to approval of the shareholders by way of Ordinary Resolution and of the Central Government, if required.

The major terms and conditions (as per recommendations of the Remuneration Committee of the Company) of each of the managerial personnel are as under :

I. PERIOD :

For a period of 5 years from 1st October, 2004 to 30th September, 2009

II. REMUNERATION :

A SALARY :

The Managing Director shall be entitled to salary of Rs. 50000/- per month.

B. PERQUISITES :

1. House Rent Allowance :

Rs. 10,000/- per month.

2. Medical reimbursement :

Medical reimbursement expenses incurred for the Managing Director and family subject to a ceiling of one month's salary per year or three month's salary over a period of three years.

3. Contribution to Provident Fund, Superannuation fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income -tax Act, 1961.

4. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

5. Encashment of leave at the end of the tenure.

6. Free use of Company's car with driver for Company's business and free telephone facility at residence.

7. Leave Travel Concession for self and family at a rate not exceeding one month's salary for one year or three month's salary in a block of three years.

III. The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

IV. The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minorchildren in any selling agency of the Company without the prior approval of the Central Government.

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V. DUTIES :

Subject to the Superintendence, direction and control of the Board of Directors of the company, the Managing Director Shall be entrusted with substantial powers of management and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time. The headquarter of the Managing Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

VI. TERMINATION :

The Managing Director may be removed from his office for gross negligence, breach of duty or trust if a Special Resolution to that effect is passed by the Company in its General Meeting. The Managing Director may resign from his office by giving 90 days' notice to the Company.

VII. COMPENSATION :

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 318 of the companies Act, 1956."

As per the provisions of Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by ORDINARY Resolution and approval of the Central Government may be necessary for holding office.

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of the terms of proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors reappointing Shri Kamlesh J. Laskari as Managing Director of the Company and Draft agreement of appointment are open for inspection at the Registered office of the Company between 11.00 A. M. to 1.00 P. M. on any working day prior to the date of the meeting.

Shri Kamlesh J. Laskari is concerned or interested in the business since it relates to his appointment as Managing Director. Ms. Ranak K. Laskari is also concerned or interested in the business, as Shri Kamlesh J. Laskari is her relative. No other Director is deemed to be concerned or interested in this Resolution.

Registered Office:

737, Rakanpur Village,
SolaSantej Road, Ta. Kalol,
Dist. Gandhinagar, (N. G.) 382 721.

By order of the Board

Kamlesh J. Laskari
Chairman & Managing Director

Place : Ahmedabad.

Date : 29th June 2004

KAMRON LABORATORIES LIMITED**DIRECTORS' REPORT**

To,
Dear Share Holders,
KAMRON LABORATORIES LIMITED,

Your Directors present the 16th Annual Report together with the Audited Statment of Accounts for the year ended 31st March' 2004.

1. FINANCIAL RESULTS :

	Current Year	Previous Year
	(Rs. in lacs)	
	(2003-2004)	(2002-2003)
Profit before interest, depreciation and amortization /writing off expenses	41.46	61.44
Less : Interest	<u>23.88</u>	<u>36.04</u>
Cash Profit	17.58	25.40
Less : Depreciation	17.15	15.13
Less : Amortization of expenses	—	8.55
Profit before tax	<u>0.43</u>	<u>1.72</u>
Less : Provision for Deferred Tax	—	1.39
Profit after Tax	<u>0.43</u>	<u>0.33</u>
Add : Opening balance in Profit & Loss Account (Loss)	<u>(18.03)</u>	<u>(18.36)</u>
Balance carried to Balance Sheet (Loss)	<u>(17.60)</u>	<u>(18.03)</u>

2. DIVIDEND :

In view of the accumulated losses, the Board of Directors are unable to recommend any dividend on the equity shares for the year under review.

3. MANAGEMENT DISCUSSION AND ANALYSIS :

In the domestic formulation market, prices were under pressure due to increased price competition from generic players. The Company's working has been adversely affected due to increased competition and falling margins. The management has taken steps to ensure better realisation and identify new products and new markets offering better realisation. The company has already introduced several new products last year and the market response is encouraging. Vigorous efforts are being made to increase company's sales in existing Domestic & Export markets. The Management is hopeful of the better results during 2004-05.

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The company earned Profit before Interest and Depreciation of Rs. 41.46 lacs during the year under review as compared with Rs. 61.44 lacs during 2002-03. The cash Profit for the year was Rs. 17.58 lacs compared to Rs. 25.40 lacs during 2002-03 and Net Profit during the year under review was Rs. 0.43 lacs compared to Net Profit of Rs. 0.33 lacs during 2002-03.

4. RESEARCH AND DEVELOPMENT :

The Quality Control and R & D Department of your Company has shown satisfactory performance during the year under review.

5. DIRECTORS :

5.1 The Board of Directors in their Meeting held on 29th June, 2004 have reappointed Shri Kamlesh J. Laskari as Managing Director of the company for a period of 5 years w. e. f. 1st October, 2004 on the terms and conditions mentioned in the Resolution and Explanatory Statement embodied in the Notice of the 16th Annual General Meeting.

5.2 One of your Directors viz. Dr. Mahendra P. Shah retires by rotation in terms of Articles of Association of the Company. He, however being eligible offers himself for reappointment.

6. DIRECTOR'S RESPONSIBILITY STATEMENT.

Pursuant to section 217 (2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

(i) In the preparation of the Annual Accounts, the applicable Accounting standards have been followed alongwith proper explanation relating to material departures.

(II) Directors have selected such accounting policies and applied them consistently and made judgement 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 and of the profit of the company for the year & under review.

(III) 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 the assets of the company and for preventing and detecting fraud and other irregularities.

(IV) Directors have prepared the annual accounts for the year ended 31st March 2004 on a going concern basis.

7. DEMATERIALISATION OF EQUITY SHARES :

To facilitate holding of securities in dematerialised/ electronic form, the Company is making arrangement with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

KAMRON LABORATORIES LIMITED

8. PERSONNEL AND H. R. D. :

The industrial relations continued to remain cordial and peaceful and your company continued to give ever increasing importance to training at all levels and other aspects of H. R. D.

9. CORPORATE GOVERNANCE :

The Report on Corporate Governance as per Clause 49 of the Listing agreements is annexed.

10. LISTING :

The Equity shares of the Company are listed on Ahmedabad, Mumbai and Delhi Stock Exchanges.

11. GENERAL :

11.1 INSURANCE : The Company's properties including building, plant and machinery, stocks, stores etc. continue to be adequately insured against risks such as fire, riot, strike, civil commotion, malicious damages, machinery breakdown etc.

11.2 AUDITORS : The present Auditors of the Company M/s. Deepak Soni & Associates, Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for re-appointment under Section 224(1-B) of the Companies Act, 1956.

11.3 PARTICULARS OF EMPLOYEES : None of the employees of the Company is drawing remuneration requiring disclosure of information under Section 217(2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

11.4 DEPOSITS : At the end of the financial Year under Report, no fixed deposit remained unclaimed by the deposit holder which was due for repayment.

12. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 :

A. Conservation of energy :

- a) Energy conservation measures taken : Nil
- b) Proposals for reduction of consumption of energy : Nil
- c) Impact of the above measures : Nil

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Disclosure of particulars with respect to Conservation of Energy

1. Power & Fuel Consumption :

i. Electricity:	2003-04	2002-03
a. Purchased units (units)	182170	161714
Total Amount (Rupees)	926200	866021
Rate/Unit (in Rs. per units)	5.08	5.36
b. Own Generation		
Through Diesel Generator Unit	328	580
Total Liters	550	950
Unit per Ltr. of Diesel Oil	1.67	1.63
Cost/Unit (Rs.)	39.41	34.89
2. Furnace Oil/L.D.O. :		
Quantity (K.Ltrs)	5700	6950
Total Amount (Rs.)	107716	112984
Avg.Rate (in Rs.per 1 Ltr.)	18.89	16.25
2. Technology absorption	: Not applicable.	
3. Foreign Exchange earning	: During the year the foreign exchange and expenditures.	
	outgoings has been to the extent of	
	Rs. 230836/-	
	<i>(Previous year Rs4,80,690/-)</i>	
	The Foreign exchange earnings are	
	Rs. Nill (F.O.B.)	
	<i>(Previous year Rs.40,37,228/-)</i>	

B. Consumption per unit of production :

	2003-04	2002-03
Electricity (Kwh)	0.0080088	0.000976889
L.D.O. (Liter)	0.00025059	0.000033224
Diesel (Liter)	0.000024179	0.000005738

13. ACKNOWLEDGMENT :

Your directors express their sincere thanks and appreciation to Promoters, Shareholders, Suppliers and Customers for their constant support and co-operation.

Your directors also place on record their grateful appreciation and co-operation received from Bank of Baroda, GIIC Ltd. and Employees of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

KAMLESH J. LASKARI

CHAIRMAN & M.D.

Ahmedabad

Date : 29th June 2004.