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18th ANNUAL REPORT 2005-06



# **EIGHTEENTH ANNUAL REPORT 2005 - 06**

## **BOARD OF DIRECTORS**

Shri Kamlesh J. Laskari

Chairman & Managing Director

Ms. Ranak K. Laskari Dr. Mahendra P. Shah Director Director

Dr. S.L.Chopra Shri Ram K. Khadka

Director

Director

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. 18th Annual General Meeting

Date : 29th September, 2006

Day : Friday
Time : 10-30 A.M.

Venue : 737,Rakanpur Village,

Sola-Santej Road, Ta. Kalol (N.G.) Dist. Gandhinagar

North Gujarat-382 721

# **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 **EIGHTEENTH 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 Friday the 29th day of September 2006 at 10.30 a.m. to transact the following business:

### **Ordinary Business:**

- 1. To receive and adopt the Audited Prpfit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as on that date alongwith Directors' Report thereon.
- 2. To appoint a director in place of Dr. S. L. Chopra, 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, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act,1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of Bank Of Baroda (the Bank) to secure Financial Assistance of Rs. 195 lacs (Rupees one hundred ninety five lacs only) lent and advanced/agreed to be lent/advanced to the Company by the Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the Bank under the Agreements entered into/ to be entered into by the Company in respect of the said Financial Assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

# **REGISTERED OFFICE**

By order of the Board

737, Rakanpur Village, Sola-Santej Road, Ta. Kalol (N.G.), Dist. Gandhinagar, North Gujarat - 382721.

Date: 29th June, 2006

KAMLESH J. LASKARI Chairman & Managing Director

#### 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 Tuesday, the 5th September, 2006 to Friday, the 29th September, 2006 (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.
- 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, 2006 and should be taken as forming part of the notice.

#### In respect of Item No. 4:

As per Letter of Sanction No. DLC; ADV: 46/613 dated 25th October, 2005 of Bank of Baroda, Delhi Chakla Branch, Ahmedabad (the Bank) and Agreements entered with the Bank, the Financial Assistance of Rs. 195 lacs (Rupees one hundred ninety five lacs only) sanctioned by the Bank are to be secured by hypothecation/Pledge of goods/ Machinery/ Book Debts and other movables and also Mortgage over the fixed assets/ immovable properties of the Company situated at factory located at 737, Rakanpur, Sola Santej Road, Taluka Kalol, Dist. Gandhinagar.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Sanction Letter, Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents 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.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolutions.

#### REGISTERED OFFICE

737, Rakanpur Village, Sola-Santej Road, Ta. Kalol (N.G.), Dist. Gandhinagar, North Gujarat - 382721.

/ has show:

Date: 29th June, 2006

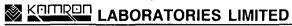
KAMLESH J. LASKARI

By order of the Board

Chairman & Managing Director

5.

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# DIRECTORS' REPORT

To,
Dear Shareholders,
KAMRON LABORATORIES LIMITED.

The Directors present the EIGHTEENTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2006.

(Rs. in lacs)

FINANCIAL RESULTS :	<b>Current Year</b>	Previous Year
Particulars	2005-06	2004-05
Profit before interest, depreciation Less: Interest	69.85 28.77	65.73 29.05
Cash Profit Less: Depreciation	41.08 19.92	36.68 18.07
Profit before tax Less: Provision for Taxtion	21.16	18.61
Profit after Tax Add: Opening balance of Profit & Loss Account (Loss)	21.16 1.01	18.61 (17.60)
Balance carried to Balance Sheet	22.17	1.01

#### 2. DIVIDEND:

1.

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

#### 3. OPERATIONS:

The sales and Operating Income of the Company during the year under review would have been increased to Rs. 648.85 lacs compared to Rs. 568.95 lacs during 2004-05. The Company has commenced Vigorous efforts to increase sales in domestic as well as Export Markets. The management is hopeful of better results in the year 2006-07.

The Company has obtained WHO - GMP Certificate for its Tablets and Capsules manufacturing facility and consolidated consent and authorisation from Gujarat Pollution Control Board for its manufacturing facilities.

The Company earned Profit befor Interest and depreciation of Rs. 69.85 Lacs during the year under review compared to Rs. 65.73 Lacs during 2004-05. The Cash Profit for the year was Rs. 41.08 Lacs during the year under review compared to Rs. 36.68 Lacs during 2004-05. The Net Profit during the year under review was Rs.21.16 Lacs compared to Net Profit of Rs. 18.61 Lacs during 2004-05.

# 4. RESEARCH AND DEVLELOPMENT:

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

## 5. DIRECTORS:

- 5.1 In view of complete repayment of term of GIIC, the nomination of Shri H. L. Khar on the Board of Directors of the Company has been withdrawn w.e.f. 26th October, 2005. The Board place on record its sense of appreciation for the advice, guidance and assistance received from him during his tenure as Director of the Company.
- 5.2 One of your Directors viz. Dr. S. L. Chopra retires by rotation in terms of Articles of Association of the Company. He, however, being eligible offers himself for reappointment.

#### 6. FINANCE:

The outstanding term loan of Gujarat Industrial Investment Corporation Limited (GIIC), at the request of the Company, has been taken over by the bankers of the Company viz. Bank of Baroda at substantially lower rate of interest. As such there is no outstanding term loan of GIIC.

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# **Annual Report 2005-06**

#### 7. DIRECTOR'S RESPONSIBILITY STATEMENT.

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

- (i) That in the preparation of the Annual Accounts, the applicable Accounting standards had been followed alongwith proper explanation relating to material departures;
- (II) That the Directors had 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 affair of the company at 31st March, 2006 being end of the Financial Year 2005-06 and the Profits of the company for the year;
- (III) That the 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) That the Directors had prepared the annual accounts on a going concern basis.

#### 8. DEMATERIALISATION OF EQUITY SHARES:

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

#### 9. 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.

#### 10. CORPORATE GOVERNANCE:

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

#### 11. LISTING:

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

# 12. GENERAL:

#### 12.1 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.

## 12.2 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. The notes of Auditors regarding non-provision of doubtful debts and advances have been explained in Note No. 11 of Schedule 16 to the accounts.

# 12.3 PARTICULARS OF EMPLOYEES:

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

#### 12.4 DEPOSITS:

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

# KAMPON LABORATORIES LIMITED

# 13. 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
۵١	Impact of the above measures	•	Nii

#### FORM - A

# Disclosure of particulars with respect to Conservation of Energy

# 1. Power & Fuel Consumption:

i.	Ele	ectricity:	2005-06	2004-05
	a.	Purchased units (units)	155636	146746
		Total Amount (Rupees)	776035	816223
		Rate/Unit (in Rs. per units)	4.99	5.56
	b.	Own Generation		
		Through Diesel Generator Unit	335	324
		Litres	450	450
		Unit per Ltr. of Diesel Oil	1.34	1.37
	•	Cost/Unit (Rs.)	46.45	44.70
2	Fu	rnace Oil/L.D.O. :		
	Qu	antity (K.Ltrs)	5000	4560
	Tot	al Amount (Rs.)	150000	103284
	Av	g.Rate (in Rs.per 1 Ltr.)	30.00	22.65
Tec	hno	logy absorption : Not applicable.		

2.

Foreign Exchange earning

During the year the foreign exchange and expenditures. outgoings has been to the extent of Rs. Nil (Previous year Rs Nil)

The Foreign exchange earnings are Rs. Nill (F.O.B.) (Previous year Rs. Nil

#### B. Consumption per unit of production:

• •	•					
Electricity (Kwh)					0.0035838	0.0071873
L.D.O. (Ltr)					0.0001151	0.0002233
Diesel (Ltr)		٠			0.0000103	0.0000220

#### 14. 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 greatful appreciation and co-operation received from Bank of Baroda, and Employees of the Company.

For and on behalf of the Board

2005-06

2004-05

Place: Ahmedabad Date : 29th June, 2006

Kamlesh J. Laskari Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

## **INTRODUCTION:**

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the `Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below:

## 2. BOARD OF DIRECTOF S:

# a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other * Directorships	Committee (1) Membership/ (2) Chairmanship in other companies	No.of Board Meetings attended	Attendance at the AGM held on 27-09-2005 Yes(Y)/No(N)
Kamlesh J. Laskari Chairman & Managing Director	Executive	_		5	Υ
Ranak K. Laskari	Non-executive	<del>-</del>		5	Y
Dr. Mahendra P. Shah	Independent Non-executive	_	_	5	N
Dr. S.L. Chopra	Independent Non-executive	JUNC	cion.col	5	Y
R.K. Khadka	Independent Non-executive				N

<sup>\*</sup> Private Companies excluded

# b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

Dr. S. L. Chopra
18-02-1947
11-08-1994
Management and Medicine
Nil
Audit and Remuneration Committee
Nil

## c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation business plans, budgets, investment opportunities, Statutory Compliance etc. The meetings of the Board of Directors were held on 30-06-2005, 26-07-2005, 12-09-2005, 26-10-2005, and 27-01-2006.

# LABORATORIES LIMITED

#### 3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Director	Expertise	Function of the Committee	Attendance
Dr. M. P. Shah	All members are Non-executive.	The functions of the Audit Committee are as per	Majority were present
Ranak K. Laskari	Chairman is indepe- ndent Director and	Company Law and Listing Agreement with Stock	at the meeting held on 30.6.05
Dr. S. L. Chopra	majority are independent. One member has through financial and accounting knowledge.	Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system internal control procedures and risk management policies	26-7-05 and 27-1-06.

#### 4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Committee comprises the following Directors as members:

1. Dr. S. L. Chopra, Chairman

Non-executive Independent.

2. Dr. M. P. Shah, Member

- Non-executive Independent

3. Ms. Ranak K. Laskari, Member

- Non-executive

All the members attended the meetings held on 30-6-2005,26-7-2005 and 27-1-2006.

Details of remuneration paid

- 1. Shri Kamlesh J. Laskari, Managing Director was paid Rs.8,86,784/- as managerial remuneration during the year 2005-06.
- 2. Sitting Fees are paid to Directors for attending meetings, No Commission or Stock Option has been offered to the Directors.

# 5. SHARE HOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders/Investors Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrants etc.

Shri Kamlesh J. Laskari, Chairman & Managing Director and Ms. Ranak K. Laskari, Director are the Members of the Committee.

The Company received 14 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31st March, 2006.

Shri Kamlesh J. Laskari, Chairman & Managing Director is the Compliance Officer for the above purpose.

#### 6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2002-2003	29-09-2003	11.00.a.m.	737, Rakanpur Village, Sola-Santej Road,
2003-2004	27-09-2004	11.00 a.m.	Taluka:Kalol(N.G.),
2004-2005	27-)9-2005	11.00 a.m.	Dist.: Gandhinagar - 382 721.

Persuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.