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# KAMRON LABORATORIES LIMITED

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## 19th ANNUAL REPORT
## 2006-07

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# KAMRON LABORATORIES LIMITED

## NINETEENTH ANNUAL REPORT 2006 - 07

**BOARD OF DIRECTORS**

| | | |
|---|---|---|
| Shri Kamlesh J. Laskari | - | Chairman & Managing Director |
| Ms. Ranak K. Laskari | - | Director |
| Dr. Mahendra P. Shah | - | Director |
| Dr. S.L.Chopra | - | Director |
| Shri Ram K. Khadka | - | Director |

**BANKERS**
Bank of Baroda
Delhi Chakla Branch,
Ahmedabad

**AUDITORS**
M/s. Deepak Soni & Associates
Chartered Accountants
Ahmedabad

**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 - 382 721.

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# NOTICE

**NOTICE** is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the members of **KAMRON LABORATORIES LIMITED** will be held as scheduled below:

| | | |
|---|---|---|
| Date | : | 14th September, 2007 |
| Day | : | Friday |
| Time | : | 10.30 a. m. |
| Place | : | Registered Office of the Company at:<br>737, Rakanpur Village, Sola - Santej Road,<br>Taluka: Kalol (N. Guj.), Dist: Gandhinagar - 382 721. |

to transact the following business:

**ORDINARY BUSINESS :**

1. To receive and adopt Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as on that date along with Directors' Report thereon.

2. To appoint a Director in place of Ms. Ranak K. Laskari, who retires by rotation and, being eligible, offers herself for re-appointment.

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314, 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, 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 December, 2006 to 30th November, 2011 on the terms and conditions (as approved by the 'Remuneration Committee') 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."

**REGISTERED OFFICE**
737, Rakanpur Village,
Sola-Santej Road, Ta. Kalol (N.G.),
Dist. Gandhinagar - 382 721.

Date : 29th June, 2007

By order of the Board,

**Kamlesh J. Laskari**
Chairman & Managing Director



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**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 THAT 48 HOURS BEFORE THE TIME OF MEETING.
3. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Wednesday, the 5th September, 2007 to Friday, the 14th September, 2007 (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, 2007 and should be taken as forming part of the notice.

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

Shareholders may recall that in the 16th Annual General Meeting held on 27th September, 2004, Shri Kamlesh J. Laskari was appointed as Managing Directors of the Company for a period of five years from 1st October, 2004. The necessary approval of the Central Government under Sections 198, 269, 309 and 314 of the Companies Act, 1956 was also obtained.

The Board of Directors, on the recommendation on Remuneration Committee, in their meeting held on 1st December, 2006 has reappointed Shri Kamlesh J. Laskari as Managing Director for a further period of five years i.e. from 1st December, 2006 to 30th November, 2011.

The major common terms and conditions of their reappointment are as under:

**I. PERIOD:**

The term of the Managing Director shall be for a period of five years from 1st December, 2006 to 30th November, 2011.

**II. REMUNERATION:**

A. SALARY:

The Managing Director shall be entitled to salary of Rs. 1,10,000/- per month.

B. PERQUISITES:

1. Medical reimbursement:

   Medical reimbursement expenses incurred for the Managing Director and family subject to a ceiling of Rs. 50,000/- per year.

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

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



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

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

6. Leave Travel Concession for self and family of Rs. 50,000/- per year or Rs. 1,50,000/- in a block of 3 years.

C. COMMISSION:

The Managing Director shall be entitled to commission of 1 % of the net profits of the Company so that for any year of aggregate of salary, perquisites and commission shall not exceed the overall ceilings laid down under Section 2, 198 and 309 of the Companies Act, 1956.

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 minor children in any selling agency of the Company without the prior approval of the Central Government.

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 the Company in its General Meeting to that effect passes a special Resolution. 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.

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 and Draft agreements of reappointment 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 Directors of the Company. Ms. Ranak Laskari is also concerned or interested as Shri Kamlesh J. Laskari is her relative. No other Director of the Company is deemed to be interested or concerned with the business.

**REGISTERED OFFICE**
737, Rakanpur Village,
Sola-Santej Road, Ta. Kalol (N.G.),
Dist. Gandhinagar - 382 721.

Date : 29th June, 2007

By order of the Board,

**Kamlesh J. Laskari**
Chairman & Managing Director



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# DIRECTORS' REPORT

Dear Shareholders,

The Directors present the NINETEENTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2006-07 ended 31st March,2007.

(Rs. in lacs)

## 1. FINANCIAL RESULTS :

| Particulars | 2006-07 | 2005-06 |
|---|---|---|
| Profit before Interest, Depreciation & Taxation | 73.07 | 69.85 |
| Less : Interest | 30.24 | 28.77 |
| Cash Profit | 42.83 | 41.08 |
| Less : Depreciation | 20.14 | 19.92 |
| Profit before tax | 22.69 | 21.16 |
| Less : Provision for Taxtion | – | – |
| Profit after Tax | 22.69 | 21.16 |
| Add : Opening balance of Profit & Loss Account | 22.17 | 1.01 |
| Balance carried to Balance Sheet | 44.86 | 22.17 |

## 2. DIVIDEND :

In view of insufficient profits and with a view to conserve the resources for the working capital requirement, 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 have been increased to Rs. 714.18 lacs compared to Rs. 648.85 lacs during 2005-06. 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 2007-08.

The Company earned Profit before Interest and Depreciation of Rs.73.07 lacs during the year under review compared to Rs. 69.85 lacs during 2005-06. The Cash Profit for the year was Rs.42.83 lacs during the year under review compared to Rs. 41.08 lacs during 2005-06. The Net Profit during the year under review was Rs. 22.69 lacs compared to Net Profit of Rs. 21.16 lacs during 2005-06.

## 4. RESEARCH & DEVLELOPMENT :

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

## 5. DIRECTORS :

5.1 One of your Directors viz. Ms. Ranak K. Laskari retires by rotation in terms of Articles of Association of the Company. She, however, being eligible offers herself for reappointment.

5.2 The Board of Directors in their Meeting held on 1st December, 2006 reappointed Shri Kamlesh J. Laskari as Managing Director of the Company for a period of 5 years w.e.f. 1st December, 2006 on the terms and conditions mentioned in the Notice convening 19th Annual General Meeting. The Board recommends your approval for the same.

## 6. FINANCE:

The Company is enjoying working capital facilities and term loan from Bank of Baroda.



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**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement 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 along with proper explanation relating to material departures;

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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 31st March, 2007 being end of the Financial Year 2006-07 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 :**

The Company is in the process of making arrangement 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 Agreement 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 and remarks 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-requiring 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.



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**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 |
| c) | Impact of the above measures | : | Nil |

**FORM - A**

**Disclosure of particulars with respect to Conservation of Energy**

1. Power and Fuel Consumption :

| | 2006-07 | 2005-06 |
|---|---|---|
| i. Electricity: | | |
| a. Purchased | | |
| Units | **189514** | 155636 |
| Total Amount (Rs) | **985411** | 776035 |
| Rate/Unit Rs. | **5.20** | 4.99 |
| b. Own Generation Through Diesel Generator Unit | **295** | 335 |
| Total Litres | **365** | 450 |
| Unit per Ltr. of Diesel Oil | **1.24** | 1.34 |
| Cost/Unit (Rs.) | **43.71** | 46.45 |
| 2 Furnace Oil/L.D.O. : | | |
| Quantity (K.Ltrs) | **9850** | 5000 |
| Total Amount (Rs.) | **352630** | **150000** |
| Avg.Rate (in Rs.per 1 Ltr.) | **35.80** | 30.00 |

**2. Consumption per unit of production :**

| | | |
|---|---|---|
| Electricity (Kwh) | **0.0107486** | 0.0035838 |
| L.D.O. (Ltr) | **0.0005586** | 0.0001151 |
| Diesel (Ltr) | **0.0000207** | 0.0000103 |

B. Technology Absorption : Not applicable.

C. Foreign Exchange Earning/Outgo : During the year under review, the Foreign Exchange earnings and outgo were nil.

**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 grateful appreciation and co-operation received from Bank of Baroda and employees of the Company.

For and on behalf of the Board,

**Kamlesh J. Laskari**
Chairman & Managing Director

Place : Ahmedabad
Date : 29th June, 2007



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# 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-à-vis the Stock Exchange Listing Agreement is presented below.

2. **BOARD OF DIRECTORS:**

   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 29th September 2006 Yes(Y)/No(N) |
|---|---|---|---|---|---|
| Kamlesh J. Laskari Chairman & Managing Director | Executive | — | — | 7 | N |
| Ranak K. Laskari | Non-executive | — | — | 7 | N |
| Dr. Mahendra P. Shah | Independent Non-executive | — | — | 7 | Y |
| Dr. S.L. Chopra | Independent Non-executive | 1 | — | 7 | Y |
| R.K. Khadka | Independent Non-executive | — | — | — | N |

* Private Companies excluded

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

| Name of the Director | Shri Kamlesh J. Laskari | Ms. Ranak K. Laskari |
|---|---|---|
| Date of Birth | 05-07-1959 | 30-09-1962 |
| Date of Appointment | 06-07-1988 | 06-07-1988 |
| Expertise in specific functional areas | Management and Marketing | Management & Finance |
| List of Public Limited Companies in which Directorships held | Nil | Nil |
| Chairman/Member of the Committees of the Board of Directors of the Company | Shareholders' Grievances Committee | Audit & Shareholders' Grievances Committee |
| Chairman/Member of the Committees of Directors of other Companies | Nil | 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, and investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 01-04-2006, 29-06-2006, 31-07-2006, 31-10-2006, 01-12-2006, 27-01-2007 and 20-02-2007.



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