



24th ANNUAL REPORT
2011-12



TWENTY FOURTH ANNUAL REPORT 2011-12

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
Sola Road Branch,
Ahmedabad

AUDITORS

M/s. Deepak Soni & Associates
Chartered Accountants
Ahmedabad

COMPANY LAW CONSULTANTS :

M/s. Kashyap R. Mehta & Associates,
Company Secretaries,
Ahmedabad

REGISTERED OFFICE & FACTORY

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

CONTENTS	Page
NOTICE	1-4
DIRECTORS' REPORT	5-7
CORPORATE GOVERNANCE REPORT	8-13
AUDITORS' REPORT	14-17
BALANCE SHEET	18
PROFIT & LOSS A/C.	19
CASHFLOW STATEMENT	20-21
NOTES	22-36

NOTICE

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

Date : 29th September, 2012
Day : Saturday
Time : 10.30 a. m.
Place : Registered Office of the Company at:
737, Rakanpur Village, Sola - Santej Road,
Taluka: Kalol (N. Guj.), Dist: Gandhinagar - 382 721.

to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as on that date along with 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 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 Para (B) of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its approval to the reappointment of Mr. Kamlesh J. Laskari as Managing Director of the Company for a period of three years with effect from 1st December, 2011 to 30th November, 2014, not liable to retire by rotation, 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 Para (B) of Section II of 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 : 16th July, 2012.

By order of the Board,

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 Members and Shares Transfer Books of the Company will remain closed from Saturday, the 8th September, 2012 to Saturday, the 29th September, 2012 (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 16th July, 2012 and should be taken as forming part of the notice.

In respect of Item No. 4:

Shareholders may recall that in the 19th Annual General Meeting held on 14th September, 2007, Shri Kamlesh J. Laskari was appointed as Managing Directors of the Company for a period of five years from 1st December, 2006 to 30th November, 2011.

The Board of Directors, on the recommendation on Remuneration Committee, in their meeting held on 8th November, 2011 has reappointed Mr. Kamlesh J. Laskari as Managing Director for a further period of 3 years i.e. from 1st December, 2011 to 30th November, 2014.

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

- I. **PERIOD:** The term of the Managing Director shall be for a period of three years from 1st December, 2011 to 30th November, 2014, not liable to retire by rotation.
- II. **REMUNERATION:**
 - A. **SALARY:** The Managing Director shall be entitled to salary of Rs. 2,10,000/- 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.
 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 Sections 198 and 309 of the Companies Act, 1956.

Annual Report 2011-12

- 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.

As per the provisions of Sections 198, 269, 309 and 314 and all other applicable provisions, if any, of the Companies Act, 1956, Special Resolution is necessary for holding office as Managing Director of the Company on remuneration.

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 Mr. 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.

Mr. 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.

The following are the information required under Para (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956,

Sr. No	Particulars	Information
I	GENERAL INFORMATION	
1	Nature of industry	Manufacturing of Pharmaceuticals Formulations.
2	Date or expected date of commencement of commercial production	May 1990
3	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4	Financial performance based on given indicators	Satisfactory looking to increase market Competition.
5	Exports performance and net foreign exchange collaborations	Direct export is done to Nepal. The Company also supply goods to Exporters.
6	Foreign investments or collaborations, if any.	Nil
II	INFORMATION ABOUT THE APPOINTEE	
1	Background details	M.B.A. Finance with More than 30 years' experience.

	2	Past remuneration	1,10,000/- per Month + Perquisites
	3	Recognition or awards	-
	4	Job profile and his suitability	The management of the entire affairs of the Company. He has sufficient experience and academic background which suits to his job.
	5	Remuneration proposed	2,10,000/- per month + Perquisites
	6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is lower compared to industry standard formula.
	7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Mr. Kamlesh J. Laskari is the Promoter of the Company. Mr. Rohan K. Laskari, his son, is also working with the Company.
III		OTHER INFORMATION	
	1	Reasons of loss or inadequate profits	High Interest Cost High Market Competition
	2	Steps taken or proposed to be taken for improvement	1) Introduction of new products 2) Rationalisation of existing product Range 3) Opening new Markets
	3	Expected increase in productivity and profits in measurable terms	Turnover expected to increase by more than 30% Profits expected to more than double.
IV		DISCLOSURES	
	1	The shareholders of the company shall be informed of the remunerations package of the managerial person	The shareholders have been informed in the notice of 24th Annual General Meeting.
	2	The following disclosure shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:-	Necessary disclosures have been made in the report of Corporate Governance.
	2(i)	All elements of remuneration package such as salary, benefits, bonuses, stock, stock options, pension, etc, of all the directors;	No other Director is entitled for any remuneration.
	2(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentives.
	2(iii)	Service contracts, notice period, severance fees;	90 days' Notice.
	2(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;	No stock option have been offered.

REGISTERED OFFICE

737, Rakanpur Village,
Sola-Santej Road, Ta. Kalol (N.G.),
Dist. Gandhinagar - 382 721.
Date : 16th July, 2012.

By order of the Board,

Kamlesh J. Laskari
Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the TWENTY FOURTH ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 2011-12 ended 31st March, 2012.

(Rs. in lacs)

1. FINANCIAL RESULTS :

Particulars	2011-12	2010-11
Profit before Interest, Depreciation & Taxation	81.24	83.34
Less : Interest	45.99	39.23
Profit Before Depreciation & Taxation	35.25	44.10
Less : Depreciation	32.02	29.25
Profit before tax	3.23	14.86
Less : Provision for Taxtion	0.97	4.60
Profit after Tax	2.26	10.26
Add : Opening Balance of Profit & Loss Account	79.77	69.51
Balance carried to Balance Sheet	82.03	79.77

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. 1150 lacs compared to Rs. 1134 lacs during 2010-11. 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 2012-13.

The Company earned Profit before Interest and Depreciation of Rs.81.24 lacs during the year under review compared to Rs. 83.34 lacs during 2010-11. The Profit before Depreciation & Taxation for the year was Rs. 35.25 lacs during the year under review compared to Rs. 44.10 lacs during 2010-11. The Net Profit during the year under review was Rs. 2.26 lacs compared to Net Profit of Rs. 10.26 lacs during 2010-11.

4. RESEARCH & DEVLEOPMENT :

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

5. DIRECTORS :

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. FINANCE:

The Company is enjoying working capital facilities and term loan from Bank of Baroda. The Company is regular and payment of interest as well as principal.

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, 2012 being end of the Financial Year 2011-12 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 have been explained at the appropriate places in the notes 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.

Annual Report 2011-12

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 :

	<u>2011-12</u>	<u>2010-11</u>
i. Electricity:		
a. Purchased		
Units	132835	146312
Total Amount (Rs)	855613	896998
Rate/Unit Rs.	6.44	6.13
b. Own Generation Through Diesel Generator		
Unit	136	118
Total Litres	225	210
Unit per Ltr. of Diesel Oil	1.65	1.78
Cost/Unit (Rs.)	46.16	42.21
ii. Furnace Oil/L.D.O. :		
Quantity (K.Ltrs)	-	-
Total Amount (Rs.)	-	-
Average Rate (in Rs.per 1 Ltr.)	-	-
iii. Furnace Diesel :		
Quantity (K.Ltrs)	18184	17924
Total Amount (Rs.)	813559	737993
Average Rate (Rs.per Liter)	44.74	41.17

2. Consumption per unit of production :

Electricity (Kwh)	0.0062341	0.0083671
Diesel (Ltr)	0.0008534	0.0010250

B. Technology Absorption : Not applicable.

C. Foreign Exchange Earning/Outgo : During the year under review, the Foreign Exchange expenditures and outgoings has been to the extent of Rs. NIL (Previous year Rs. NIL).

The Foreign exchange earnings and are Rs. NIL (F.OB.)
(Previous year Rs. 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,

Place : Ahmedabad
Date : 16th July, 2012

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-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 30 th September, 2011 Yes(Y)/No(N)
Kamlesh J. Laskari Chairman & Managing Director	Executive	—	—	4	Y
Ranak K. Laskari	Non-executive	—	—	4	Y
Dr. Mahendra P. Shah	Independent Non-executive	—	—	4	Y
Dr. S.L. Chopra	Independent Non-executive	1	—	4	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	Dr. Mahendra P. Shah	Shri Kamlesh J. Laskari
Date of Birth	29-07-1946	05-07-1959
Date of Appointment	31-05-1993	06-07-1988
Expertise in specific functional areas	Management and Medicine	Management and Marketing
List of Public Limited Companies in which Directorships held	Nil	Nil
Chairman/Member of the Committees of the Board of Directors of the Company	Audit & Remuneration Committee	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 13-05-2011, 25-07-2011, 08-11-2011 and 30-01-2012.