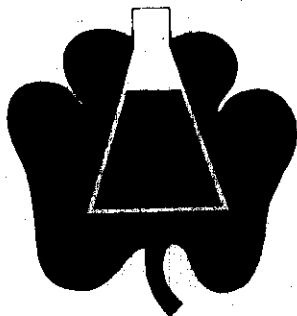


SHAMROCK

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SHAMROCK
GROUP

Shamrock Industrial Co. Ltd.
Annual Report 1998-99

SHAMROCK INDUSTRIAL COMPANY LIMITED

ANNUAL REPORT 1998-99

PRESIDENT

SHRI RAMESHCHANDRA J. KHOKHANI

BOARD OF DIRECTORS

MR. KALPESH R. KHOKHANI
MR. KAMLESH R. KHOKHANI
MR. CHANDRAKANT C. CHOKSHI
MR. JAYENDRA H. SHETH
MR. LIAQUAT ALI KHAN

REGISTERED OFFICE AND FACTORY

146, TAKAI ADOSHI ROAD
VILLAGE : DHEKU,
TAL : KHALAPUR
DIST.: RAIGAD, MAHARASTRA.

CORPORATE OFFICE

1008, MAKER CHAMBER-V
221, NARIMAN POINT,
MUMBAI 400 021

AUDITORS

M/S. MEHTA KOTHARI & CO.
CHARTERED ACCOUNTANTS
MUMBAI

BANKERS

DENA BANK
B.M.C. BANK LTD.
STATE BANK OF INDIA
CITIBANK N.A.

REGISTRAR & TRANSFER AGENT

PCS INDUSTRIES LIMITED
(DATA PROCESSING DIVISION)
HYFA BUILDING No.2, 1ST FLOOR,
SAFED POOL, ANDHERI KURLA ROAD,
MUMBAI 400 072.

STOCK EXCHANGES

THE STOCK EXCHANGE, MUMBAI
MADRAS STOCK EXCHANGE, CHENNAI
THE STOCK EXCHANGE, AHMEDABAD
JAIPUR STOCK EXCHANGE LTD., JAIPUR

DIRECTORS' REPORT

To the members

The directors hereby present their Eighth Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March 1999.

FINANCIAL HIGHLIGHT

(Rs.in Lacs)

PARTICULARS	1998-99	1997-98
SALES AND OTHER INCOME	1874.38	1720.81
PROFIT BEFORE DEPRECIATION, INTEREST AND TAX	176.61	131.16
DEPRECIATION	1.35	1.00
INTEREST	169.03	115.13
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX	6.23	15.03
EXTRAORDINARY ITEMS	(2.22)	(1.41)
PROFIT BEFORE TAX	4.01	13.62
TAX	Nil	0.25
PROFIT AFTER TAX	4.01	13.37
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	215.73	202.37
AMOUNT AVAILABLE FOR APPROPRIATIONS	219.75	215.74
BALANCE CARRIED FORWARD	219.75	215.74

TURNOVER AND PROFIT

The overall income for the year 1998-99 was Rs.1,874.38 Lacs against Rs.1,720.81 Lacs in the previous year showing a growth of 8.91% over the previous year. The profit before depreciation, interest, extraordinary items and tax was at Rs.176.61 Lacs against Rs.131.16 Lacs in the previous year. The profit after tax was Rs.4.01 Lacs as against Rs.13.37 lacs in the previous year.

EXPORT

Your company has continued to put emphasis on its export performance and during the year registered export at Rs.1,070.22 Lacs (FOB value) against Rs.844.22 lacs (FOB value) in previous year showing a growth of 26.77% over the previous year. During the year Shri Rameshchandra J. Khokhani, President of the Company visited West Africa to develop new market for export of pharma raw material. Your directors foresee a positive response.

DIVIDEND

Due to insufficient profit the directors regret their inability to recommend any dividend for the year under review.

BULK DRUG PROJECT

Your company is approaching banks and financial institutions for loans for meeting financial requirements for completing the project. Your directors expect to complete the project once the loan is disbursed by the bank or institutions.

AUDITORS

The auditors M/s. Mehta Kothari & Co., Chartered Accountants, retire as statutory auditors of the Company at the ensuing annual general meeting and being eligible, offer themselves for reappointment and have furnished a certificate pursuant to Section 224 (1B) of the Companies Act, 1956. You are requested to appoint auditors and authorise the Board to fix their remuneration.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. Kamlesh R. Khokhani, Joint Managing Director, retires by rotation and he offers himself for reappointment. The directors consider that his continuation on the Board will be beneficial to the company.

Mr. Chandrakant C. Chokshi was appointed director of the Company on 30th July, 1999 in the casual vacancy caused by the resignation of Shri Jitesh F. Khokhani to hold office upto the date of the forthcoming annual general meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a shareholder proposing the candidature of Mr. Chandrakant C. Chokshi for the office of director. The directors consider that his continuation on the Board will be beneficial to the company and hence recommend passing the resolution appointing him as director at the ensuing annual general meeting.

Mr. Jayendra H. Sheth and Mr. Liaquat Ali Khar were appointed as additional directors of the Company on 30th July, 1999 to hold office upto the conclusion of the ensuing annual general meeting. The company has received notices from members under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Jayendra H. Sheth and Mr. Liaquat Ali Khan. The directors consider that their continuation on the Board will be beneficial to the Company and hence recommend passing the resolution appointing them as director at the ensuing annual general meeting.

STATUS OF Y2K COMPLIANCE

The company has taken steps to assess the risks arising out of problems associated with Y2K. The company is in the process of modifying the software to comply with Y2K requirements. The company is also in the process of upgrading its hardware to make it Y2K compliant. The company, based on its study, does not foresee any problems arising out of Y2K issues.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

The company is not engaged in manufacturing activities therefore, there is no information to be submitted as required under section 217 (1) (e) of The Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption.

Foreign exchange earnings	Rs.10,16,10,358
Foreign exchange outgoings	Rs. 6,86,633

NOMINATION FACILITY

The Companies Act, 1956 has recently been amended and the shareholders can now make nomination in favour of persons according to their choice to whom the shares would devolve in the event of demise of the registered holder. The nomination in order to be effective should be made in the prescribed form. Any shareholder interested to make nomination may kindly ask the registrar and transfer agent for the prescribed form.

PERSONNEL

In terms of the provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, the company had not employed any person who was in receipt of remuneration for such sum as is prescribed under the said section either throughout the financial year or part thereof.

TRADE RELATIONS

The board desires to place on record its appreciation of the support and co-operation that your company received from traders and all other associated with your company. Your company regards them as partners in its progress and happily shares with them the rewards of growth. Trade relations continued to be cordial.

Your company is conscious of the need of quality of services towards its valued customers. A major step in this direction has been taken with the decision to go for ISO-9002 quality management system. A special 2 days induction training programme was conducted for the benefit of staff members on 30th July, 1999 and 31st July, 1999 at YWCA International Centre, Mumbai.

ACKNOWLEDGEMENT

Your directors wish to acknowledge and thank the Central and State governments for their support and guidance.

Yours directors thank our esteemed shareholders, customers, business associates, financial / investment institutions and commercial banks for the faith reposed in the company and its management.

Your directors place on record their deep appreciation of the dedication and commitment of your company's employees.

For and on behalf of the Board

PLACE : MUMBAI
DATE : 16TH AUGUST, 1999

KALPESH R. KHOKHANI
Managing Director

NOTICE

Notice is hereby given that the **EIGHTH** Annual General Meeting of the members of **Shamrock Industrial Company Limited** will be held at the registered office of the company at 146, Takai Adoshi Road, Village Dheku, Taluka Khalapur, Dist. Raigad on Friday, 29th October, 1999 at 11:00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended March 31, 1999, and the Balance Sheet as on that date and the Report of the Directors and Auditors of the company.
2. To elect a director in place of Mr. Kamlesh R. Khokhani, who retires by rotation and is eligible for re-election.
3. To re-appoint Messrs. Mehta Kothari & Co., Chartered Accountants as auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit to pass, with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Jayendra H. Sheth who was appointed as an additional director of the company pursuant to Section 260 of the Companies Act, 1956 and Article 107 of the Articles of Association of the company and in respect of whom a notice under Section 257 of the Companies Act, 1956 providing his candidature for the office of the director has been received, be and is hereby appointed as director of the company and that the period of office of the director shall be liable to determination by retirement by rotation."

5. To consider and, if thought fit to pass, with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Liaquat Ali Khan who was appointed as an additional director of the company pursuant to Section 260 of the Companies Act, 1956 and Article 107 of the Articles of Association of the company and in respect of whom a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the director has been received, be and is hereby appointed as director of the company and that the period of office of the director shall be liable to determination by retirement by rotation".

6. To consider and, if thought fit to pass, with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Chandrakant C. Chokshi who was appointed a director of the company by the Board on 30.07.99 pursuant to Section 262 of the Companies Act, 1956 and Article 107 of the Articles of Association of the company, to fill the vacancy caused by the resignation of Mr. Jitesh R. Khokhani from the Board and in respect of whom a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the director has been received, by and is hereby appointed as director of the company and that the period of office of the director shall be liable to determination by retirement by rotation".

7. To consider and, if thought fit to pass, with or without modification(s) the following resolution as special resolution:

"RESOLVED THAT the appointments of Shri Kalpesh R. Khokhani, as Managing Director and Shri Kamlesh R. Khokhani, as Joint Managing Director of the Company for a period of five years made by the Board on 30th July, 1999 be and are hereby approved".

"RESOLVED FURTHER THAT subject to the limits contained in sections 198 & 309 of the Companies Act, 1956 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri Kalpesh R. Khokhani, Managing Director and Shri Kamlesh R. Khokhani, Joint Managing Director of the Company be paid, w.e.f. 1st October, 1999 till 30th September, 2004 such remuneration as may be determined by the Board of directors from time to time within the maximum limits specified below :

- (a) A maximum of Rs. 40,000/- per month by way of salary, performance-linked incentive or bonus (hereinafter referred to as "remuneration").
- (b) The above remuneration payable to them shall be subject to the limits of 5% and 10% of the net profits of the company, as the case may be as laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and the overall limits of 11% of the net profits of the company as laid down in Section 198 (1) of the Companies Act, 1956.

- (c) They shall also be entitled to reimbursement of expenses actually and properly incurred by them for the business of the company.
- (d) The Board of directors may, in their discretion, pay to the Managing Director and Joint Managing Director lower remuneration than the maximum remuneration hereinbefore stipulated and revise the same from time to time, within the maximum limits stipulated by this resolution".

By order of the Board

KALPESH R. KHOKHANI

Managing Director

Mumbai, 16th August, 1999

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY COMPLETED AND STAMPED, MUST REACH THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
- (2) Explanatory statements pursuant to Section 173 of the Companies Act, 1956, in respect of items Nos. 4,5,6 & 7 are annexed.
- (3) The Register of Members and Share Transfer Books of the Company will be remain closed from Monday, 25th October, 1999 to Friday, 29th October, 1999 (both days inclusive) for the purpose of ensuing annual general meeting of the Company.
- (4) To avail the facility of Nomination, Members are requested to submit to the Company the Nomination Form which is available with the Registrar and Transfer Agent of the Company free of charge.



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)

ITEM No. 4 :

Mr. Jayendra H. Sheth was appointed as an additional director of the company on 30th July, 1999 pursuant to Article 107 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956. He holds office of the director upto the date of this annual general meeting. Mr. Jayendra H. Sheth is eligible for appointment as a director. The company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Jayendra H. Sheth as a candidate for the office of director. Mr. Jayendra H. Sheth is an experienced person and his presence will strengthen the Board.

The Board recommends the appointment of Mr. Jayendra H. Sheth as a director in the interest of the company.

Mr. Jayendra H. Sheth is deemed interested in the resolution.

ITEM No. 5

Mr. Liaquat Ali Khan was appointed as an additional director of the company on 30th July, 1999 pursuant to Article 107 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956. He holds office of the director upto the date of this annual general meeting. Mr. Liaquat Ali Khan is eligible for appointment as a director. The company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Liaquat Ali Khan as a candidate for the office of director. Mr. Liaquat Ali Khan is D.M.E., D.E.E., A.M.I.E. & A.M.S.C. qualified person and worked in Doha, Qatar (2 yrs.), Saudi Arabia (9 yrs.) and Sharjah (7 yrs.). His presence will strengthen the Board.

The Board recommends the appointment of Mr. Liaquat Ali Khan as a director in the interest of the Company.

Mr. Liaquat Ali Khan is deemed interested in the resolution.

ITEM No. 6

Mr. Chandrakant C. Chokshi was appointed as a director of the Company on 30th July, 1999 in the casual vacancy caused by the resignation of Shri Jitesh R. Khokhani.

In terms of Section 262 of the Companies Act, 1956, Mr. Chandrakant C. Chokshi holds office upto the date of the forthcoming annual general meeting being the date on which Shri Jitesh R. Khokhani would have retired by rotation had he continued to be a director of the Company. The company has received a notice in writing under Section 257 of the Companies Act, 1956, from a shareholder proposing the candidature of Mr. Chandrakant C. Chokshi for the office of a director.

The Board recommends his appointment as a director.

None of the directors other than Mr. Chandrakant C. Chokshi may be considered to be interested or deemed to be interested in the passing of this resolution.

ITEM No. 7

Shri Kalpesh R. Khokhani and Shri Kamlesh R. Khokhani, were appointed whole-time directors of the company effective from 1st October, 1994 for a period of 5 years. Their tenure as the whole-time directors was to expire on 30th September, 1999. Accordingly, the Board of directors, at its meeting held on 30th July, 1999 has appointed Shri Kalpesh R. Khokhani, as Managing Director and Shri Kamlesh R. Khokhani, as Joint Managing Director of the company for a period of 5 years w.e.f. 1st October, 1999 subject to the approval of the members and on the terms and conditions set out in the draft agreement referred to in the resolution at Item No. 7 of the Notice.

The draft agreement referred to in the resolution at Item No. 7 of the accompanying notice sets out the remuneration payable to Shri Kalpesh R. Khokhani, Managing Director and Shri Kamlesh R. Khokhani, Joint managing director as aforementioned and other terms and conditions to his employment.

Shri Kalpesh R. Khokhani and Shri Kamlesh R. Khokhani are concerned and interested in the resolution.

The draft agreement referred to in the resolution at Item No. 7 of the accompanying notice will be open for inspection by the members at the registered office of the Company, between hours of 10:00 a.m. and 12:00 noon on any working day except Saturday.

By Order of the Board

KALPESH R. KHOKHANI
Managing Director

Mumbai, dated 16th August, 1999