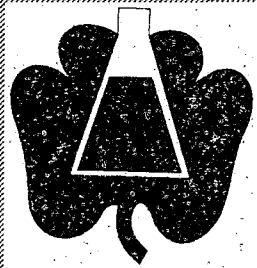


**SHAMROCK**

*16 th Annual Report  
2006-2007*



**SHAMROCK  
GROUP**

**Shamrock Industrial Co. Ltd.**



# Annual Report 2006-2007

## SHAMROCK INDUSTRIAL COMPANY LIMITED

### ANNUAL REPORT 2006 - 2007

**BOARD OF DIRECTORS :** SHRI KALPESH R. KHOKHANI  
CHAIRMAN & MANAGING DIRECTOR  
SHRI KAMLESH R. KHOKHANI  
SHRI JAYENDRA H. SHETH  
SHRI CHANDRAKANT C. CHOKSHI

**AUDITORS :** M/S. DHARMESH M. KANSARA  
& ASSOCIATES  
CHARTERED ACCOUNTANTS  
MUMBAI

**PRINCIPAL BANKERS :** CITI BANK N.A.  
ABN AMRO BANK, N.P.

**REGISTERED OFFICE :** 146, TAKAI ADOSHI ROAD,  
VILLAGE : DHEKU,  
TALUKA : KHALAPUR,  
DIST. : RAIGAD,  
MAHARASHTRA

**CORPORATE OFFICE :** 1008, MAKER CHAMBER - V,  
221, NARIMAN POINT,  
MUMBAI - 400 021.

**REGISTRAR AND  
SHARES TRANSFER  
AGENT :** COMPUTRONICS FINANCIAL  
SERVICES (INDIA) LTD.  
1, MITTAL CHAMBER, NARIMAN POINT,  
MUMBAI - 400 021.  
TEL : 022 2288 2960  
FAX : 022 2287 3314

**STOCK EXCHANGE :** BOMBAY STOCK EXCHANGE LIMITED



## Shamrock Industrial Co. Ltd.

### NOTICE

Notice is hereby given that 16th Annual General Meeting of the Company will be held on Friday, September 28, 2007 at 11:00 a.m. at 146, Takai Adoshi Road, Village Dheku, Taluka Khalapur, Dist. Raigad to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2007 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Kamlesh Khokhani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Dharmesh M. Kansara & Associates, Chartered Accountants, in place of M/s. N.B. Vasa & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

#### SPECIAL BUSINESS

##### 4. Appointment of Shri Chandrakant Chokshi as Director

To consider, and if thought fit, to pass with or without modifications, the following Resolution as an

##### Ordinary Resolution:

"RESOLVED THAT Shri Chandrakant Chokshi, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting and in respect to whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

##### 5. Commencement of New Business

To consider, and if thought fit, to pass, with or without modification the following resolution as a

##### Special Resolution:

"RESOLVED THAT approval be and is hereby accorded pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 to the Company commencing and carrying on as and when its Board of Directors may think fit all or any of the businesses and activities specified in sub-clauses 66, 67 and 136 in Clause III (C) of the Memorandum of Association of the Company."

##### 6. Raising of Funds through Issue of Securities

To consider and if thought fit, to pass with or without modifications the following resolution as a

## Annual Report 2006-2007

### Special Resolution:

"RESOLVED THAT in supersession to the resolution passed by the shareholders in the Annual General Meeting held on September 29, 2005 and pursuant to Section 81 and other applicable provisions of the Companies Act, 1956 and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and / or any other competent authorities and enabling provisions of the Memorandum & Articles of Association of the Company; the Listing Agreement(s) entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and in accordance with the guidelines issued by the GOI, RBI, SEBI and / or any other competent authorities and clarifications thereof, issued from time to time, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions which may be agreed to by the Board of Directors of the Company (herein after called "The Board" which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot such number of Equity shares / Preference shares and / or Foreign currency convertible bonds (FCCBs), American Depository Receipts (ADRs) / Global Depository Receipts (GDRs), Singapore Depository Receipts (SDRs) and / or Fully / Partially convertible Bonds / Debentures / Loans and / or Depository shares / Receipts and / or any other instruments / securities in the nature of shares / Debentures / Bonds and / or warrants, naked or otherwise, convertible into shares or otherwise, either in registered or bearer forms, and / or any such securities convertible into equity shares of Rs.10/- each or otherwise, (hereinafter referred to as 'financial instruments') or any combination of the financial instruments in the International / Domestic Market, through prospectus, offer letter, circular, or through any other mode as the case may be from time to time, in one or more tranches, whether in India or outside India with or without premium, whether rupee denominated or denominated in any foreign currency as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.30,00,00,000/- (Rupees Thirty Crores Only) to the existing shareholders, Indian Public, promoters, strategic investor(s), employees, financial institutions, Banks, mutual funds, foreign investors, non-resident Indians, foreign institutional investors, multilateral agencies, venture capital funds, companies, other bodies corporate, other entities or any other person or one or more combinations thereof, on such terms and conditions (including pricing, rate of dividend, amount of premium, if any, at the time of conversion / redemption, manner of conversion / redemption, conversion / redemption period, and matters incidental thereto) as the Board may in its sole discretion decide.

RESOLVED FURTHER THAT for the purposes of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid including the listing of the securities in one or more national and international Stock Exchanges and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under-subscribed portion, if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company."

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 25, 2007 to Friday, September 28, 2007 (both days inclusive)
3. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Company so as to reach at least seven days before the date of the meeting, so that the information required may be made available at the meeting, to the best extent possible.



## Shamrock Industrial Co. Ltd.

5. Members holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agents, Computronics Financial Services (India) Limited. **Members holding shares in electronic form must advise their respective Depository Participants about change in address and not to the Company.**
6. The Government has introduced provisions in the Companies Act, 1956, which enable shareholders to nominate persons who shall become entitled to the shares, upon the death of such holders. Members who wish to appoint a nominee for the shares held by them are required to write to the Company for relevant form.
7. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts is annexed hereto.

By Order of the Board of Directors  
For Shamrock Industrial Company Limited

Kalpesh R. Khokhani  
Chairman & Managing Director

Mumbai, July 31, 2007

**Corporate Office:**

1008, Maker Chambers-V,  
221, Nariman Point,  
Mumbai 400 021.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 4

#### Appointment of Shri Chandrakant Chokshi as Director

In terms of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, the Board of Directors at its meeting held on December 29, 2006, appointed Shri Chandrakant Chokshi as Additional Director. Mr. Chandrakant Chokshi holds office up to the date of this Annual General Meeting. The Company has received a notice in writing (along with deposit of Rupees five hundred) from a member proposing the candidature of Shri Chandrakant Chokshi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956, liable to retire by rotation in terms of the Articles of Association of the Company.

Your Directors, therefore recommend the resolution for your approval.

Except Shri Chandrakant Chokshi, no other Director is, in any way, concerned or interested in this Resolution.

#### Item No. 5

#### Commencement of New Business

In view of the competitive industry environment, it is imperative for the Company to think to diversify its area of operations. The Company sees good potential in the areas of import, export and trading of various merchandise including diamonds and jewellery. The business prospects of the trading activities looks quite bright considering the wide network that has been built by the Company over a period of time. So, to enable the Company to take these new lines of activities in due course, as and when considered appropriate by the Board of Directors, approval is sought for commencement of business mentioned under items in sub clauses 66, 67 and 136 of Clause III (C) of the Other Objects of the Memorandum of Association of the Company.

A copy of the Memorandum of Association of the Company showing proposed alteration is available for inspection at the Registered Office of the Company during office hours on all working days except Saturdays

## Annual Report 2006-2007

between 11:00 a.m. to 1.00 p.m. up to the date of the ensuing Annual General Meeting.

Your Directors recommend the resolution at Item No. 5 for your approval.

### Item No. 6

#### Raising of Funds Through Issue of Securities

Your Company proposes to raise resources as a part of the restructuring process of the Company and to augment the long-term working capital requirements. To meet the requirement of funds, the Company proposes to offer Equity shares/ preference shares and/or Foreign currency convertible bonds (FCCBs), American Depository Receipts (ADRs) /Global Depository Receipts (GDRs), Singapore Depository Receipts (SDRs) and/or Fully/ Partially convertible Bonds/Debentures/Loans and/or Depository shares/ Receipts and/or any other instruments/securities in the nature of shares/Debentures/Bonds and/or warrants, naked or otherwise, convertible into shares or otherwise, either in registered or bearer forms, and/or any such securities convertible into equity shares of Rs.10/- each or otherwise in India or in one or more foreign markets to be subscribed in foreign currencies / rupees by foreign / domestic investors, non-residents, foreign institutional investors / foreign companies / foreign banks, NRI's, foreign nationals, companies/ corporate bodies or such other entities / persons as may be decided by the Board for an amount not exceeding Rs.30,00,00,000/- (Rupees Thirty Crores Only).

Section 81 of the Companies Act, 1956, inter-alia, provides that whenever subscribed share capital of the Company is increased by issue and allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the equity shares of the company, in proportion to the capital paid up on that date unless the members in the general meeting decide otherwise by way of special resolution in accordance with Section 81 (1A) of the Companies Act, 1956.

Therefore, your Company proposes that the decision to undertake an offering of securities be taken pursuant to a special resolution passed in accordance with provisions of Section 81 (1), 81 (1A) and all other relevant provisions of the Companies Act, 1956.

To the extent that any part of the above mentioned fund rising plan includes issue of securities linked to or convertible into Equity Shares of the Company, the holders of the said securities would be entitled to convert their respective securities into Equity Shares of your Company, ranking pari passu in all respects with the existing Equity Shares of the Company.

Your Directors recommend the above resolution as special resolution for your approval.

None of the Directors of the Company is concerned or interested in the said resolutions except to the extent of their shareholding in the Company.

By Order of the Board of Directors  
For **Shamrock Industrial Company Limited**

Kalpesh R. Khokhani  
Chairman & Managing Director

Mumbai, July 31, 2007

**Corporate Office:**  
1008, Maker Chambers-V,  
221, Nariman Point,  
Mumbai 400 021.





## Shamrock Industrial Co. Ltd.

### ADDITIONAL INFORMATION

Details of the directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

[In pursuance of Clause 49 of the Listing Agreement]

Name of the Director	Mr. Chandrakant Chokshi	Mr. Kamlesh Khokhani
Date of Birth	6.12.1943	16.8.1971
Nationality	Indian	Indian
Date of Appointment	29.12.2006	1.10.1994
Qualifications	B.Com	B.Com, D.I.T.M
Expertise in specific functional areas	He has more than 45 years of experience in the business of trading in gold, silver and diamonds.	He has obtained hands on experience for around 15 years in manufacturing and exports in the pharmaceutical industry.
Directorships held in other companies (excluding private and foreign companies)	Shamrock Texyfab Limited Shamrock International Limited	Nil
Committee position held in other companies	Nil	Nil
Shareholding of non-executive directors	Nil	Nil

# Annual Report 2006-2007

## Shamrock Industrial Co. Ltd.

### DIRECTORS' REPORT

To,  
The Members

The Directors present their Sixteenth Annual Report with the Audited Statement of Accounts for the year ended March 31, 2007.

#### FINANCIAL RESULTS

	Current Year 2006-2007 (Rs. in lacs)	Previous Year 2005-2006 (Rs. in lacs)
Total Income	1238.05	551.58
Profit / (Loss) before Interest & Depreciation:	(1.87)	9.30
Less:		
Interest	0.07	0.01
Depreciation	1.30	1.30
Profit / (Loss) before Tax:	(3.24)	7.99
Provision for Current Tax	—	0.07
Profit After Tax	(3.24)	7.92
Add / (Less)		
Balance brought forward	(680.80)	(688.72)
	(684.04)	(680.80)
Appropriations:		
Dividend	—	—
Dividend Tax	—	—
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	(684.04)	(680.80)

#### PERFORMANCE

During the year under review, the turnover of the Company has increased to Rs.12,38,04,675/- as compared to last year's turnover of Rs.5,50,30,056/-. The Company has incurred a Net Loss of Rs.3,23,850/- (Previous Year Net Profit of Rs. 7,91,835/-).

#### DIVIDEND

Your Directors regret their inability to declare any dividend during the year under consideration.

#### BULK DRUG PROJECT

As informed earlier, the Company has taken some initiative to start the Bulk Drug Project, but it struggled due to inadequacy of finance and on account of time and cost overrun.

#### FINANCIAL RESTRUCTURING

Due to depleting Net Performing Assets (NPA) of the Company and as a part of the financial restructuring process, your Directors propose to raise resources in the form of equity / preference share capital to augment the long-term working capital requirements of the Company. The Directors are also in the process of identifying strategic partners / financial institutions to meet the above requirements.

#### RECOVERY SUIT FILED BY DENA BANK

As informed earlier, the claim filed by Dena Bank amounting to approximately Rs.6.63 Crore in the Debt Recovery Tribunal, Mumbai is still pending.





## Shamrock Industrial Co. Ltd.

### PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits under the provisions of Section 58A of the Companies Act, 1956 and the rules made there under.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry Environment

The Indian pharmaceutical industry grew at the rate of 14.30 per cent, according to ORG-IMS figures, as compared to 11 per cent in the previous year. Over the last few years, exports have been growing consistently at an average rate of 25 per cent. The Indian Pharmaceutical Industry has been growing at record levels in recent years. The industry has now started expanding and taking advantage of the opportunities present in other fields. It is making a shift from Low-Cost, Low Risk Chemical Research to Capital Intensive, High Risk Discovery Research. Globally, the Indian Pharmaceutical Industry ranks 4th in terms of volume and 13th in terms of value. India has emerged as the hub of world class manufacturing locations and has the largest USFDA (USA), MHRA (UK), TGA (Australia), and MCC (South Africa) approved plants outside USA for generic manufacture. India's success in the last few years can be attributed to factors like Well-developed industry with strong manufacturing base, well established network of Laboratories, R&D Infrastructure, Highly trained pool of scientists & professionals, Strong engineering skills and Low cost of manufacturing. Indian companies are now seeking more Abbreviated New Drug Approvals (ANDAs) in USA in specialized segments like anti infectives, cardiovasculars and central nervous system groups. Now a days, setting up a plant in India is 40% cost effective compared to developed countries and cost of bulk drug production is also 60-70% less compared to developed countries. Thus, more and more multinationals are looking at Indian companies for business alliances. Several companies in the pharmaceutical sector sought to increase their market share and relied on the consolidations and mergers route in order to do so.

In this era of global expansion, India has emerged as an important cost-effective destination for pharmaceutical manufacturing. The country's pool of scientific talent has been a major attraction. As domestic pharmaceutical companies continue to make substantial investments in expansion, multinational corporations too, are either stepping in or enhancing their presence.

#### Segment-wise performance

Your Company only operates in this one segment.

#### Opportunities, Threats, Risks and Concerns

The outlook on the Indian Pharma market continues to be positive, with volume consumption driving the market (only 32% of Indians as of now use allopathy medicines and drug consumption at US \$ 7 per head is one of lowest in the world). With India becoming a signatory to the WTO and introduction of the Patent Product regime, the Indian market will be an attractive option for introduction of research-based products.

The global generics business is becoming more competitive with the entry of newer players from the emerging economies. On the other hand, the government induced changes in select markets and the ongoing consolidation in the industry is bringing forth new challenges in the marketplace. The generic segment has inherent risks of patent litigations, product liability, increasing regulations and compliance related issues, particularly in the developed markets.

Due to various policy initiatives taken by Government in the recent past, research and development (R&D) activities in this sector has not only increased quantitatively but also qualitatively. The National Pharmaceutical Policy, aimed at ensuring availability of life saving drugs at reasonable prices, is being finalized and will be implemented shortly.

The government's drug pricing policy has a direct bearing on the health of the domestic pharmaceutical industry. We understand that the policy is being looked into by a Group of Ministers (GOM) and we hope that, instead of arbitrary drug control measures, the GOM would let free and fair competition determine drug prices. This will enable all Indians to have access to affordable healthcare.

Your Company will also pursue new opportunities and will ensure adequate internal preparedness to take maximum advantage of such opportunities going forward.

#### INTERNAL CONTROL SYSTEM

The Company has installed a reasonable system of internal control in all spheres of its activity. The system is reviewed and updated on an on-going basis. The Company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management assurance services.

## Annual Report 2006-2007

### HUMAN RESOURCES

As on March 31, 2007, the Company had 1 employee on its rolls. There have been very cordial relations between the employees and the management.

### OUTLOOK

With the various initiatives taken by the Company to re-formulate its business policy, which is regularly reviewed by the Board of Directors, and the implementation of cost control measures, the Company looks forward to a favourable year.

### CORPORATE GOVERNANCE

A separate section on Corporate Governance forms part of the Annual Report. A certificate regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report.

The Company has complied with all mandatory requirements as prescribed under Clause 49 of Listing Agreement with Bombay Stock Exchange Limited (BSE).

### DIRECTORS

Mr. Chandrakant Chokshi was appointed as Additional Director with effect from December 29, 2006. Pursuant to Section 260 of the Companies Act, 1956, Mr. Chokshi holds office only upto the date of the ensuing Annual General Meeting. His appointment needs to be confirmed by the members in the General Meeting.

Mrs. Bharti Chokshi has resigned as Director from the Board of the Company with effect from December 29, 2006. During her tenure as Director, she has greatly contributed to the performance of the Company by her vast knowledge and experience.

As per the Articles of Association of the Company, Mr. Kamlesh Khokhani, retires by rotation and being eligible, offers himself for re-appointment, which your Directors consider to be in the interests of the Company and therefore commend it for your approval.

Brief profile of the above Directors is provided elsewhere in this Annual Report as additional information.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management confirm that, to the best of their knowledge -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review;
- iii) the Directors have taken proper and sufficient care to the best of their knowledge and ability for the 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) the Directors have prepared the accounts on a going concern basis.

### AUDIT COMMITTEE

The Audit Committee comprises of Mr. Chandrakant Chokshi (Chairman), Mr. Jayendra Sheth, and Mr. Kamlesh Khokhani, all being Non-Executive Directors. The Audit Committee met 5 (Five) times during the year under review.

### AUDITORS

Shareholders have appointed M/s Dharmesh M. Kansara & Associates, Chartered Accountants as the Statutory Auditor in the Extraordinary General Meeting held on April 27, 2007, in order to fill in the casual vacancy created by the resignation of the previous auditor, M/s N.B. Vasa & Co.

You are requested to re-appoint M/s Dharmesh M. Kansara & Associates, Chartered Accountants as Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and fix their remuneration.