



 **ALCHEMIST • Fifteenth Annual Report 2003-04**

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# Corporate information

Board of Directors	<p>Mr.Kanwar Deep Singh, Chairman &amp; Managing Director                      Major Gurjeet Singh (Retd.), Director                      Mr.Ravinder Singh, Director                      Mr.R.P.Chhabra, Director                      Mr.Sergio Coreno, Director, (Nominee of Cam financing &amp; Gen. Trade SA of Switzerland)                      Lt.Gen. Prem Nath Hoon (Retd.), Director                      Mr. Lakhwinder Singh, Director</p>
Auditors	<p>N.Kumar Chhabra &amp; Co.                      Chartered Accountants, Chandigarh.</p>
Bankers	<p>Bank of Baroda                      Bank of India                      Citibank                      HDFC Bank Ltd                      ICICI Bank                      Standard Chartered Bank</p>
Registered office	<p>Village Dappar, Ambala-Chandigarh Highway, Dist. Patiala, Punjab (India)</p>
Corporate office	<p>SCO 12-13, Sector 9-D, Madhya Marg, Chandigarh.                      Phone: 0172-2743480-81-82 Fax: 2740099                      Email: info@toubro.com</p>
Works	<p>Vill. : Dappar, Distt : Patiala, Punjab (India), Phone : ++91-171-2772666, 67, 68                      Vill. : Chanalon, Near Kurali, Distt : Ropar, Punjab (India),                      Phone : ++91-1888-2640015, 2641170                      Vill. : Banmajra, Ropar-Kurali Road Distt : Ropar, Punjab (India),                      Phone : ++91-160-2642607                      Vill. : Ranjitpura, Kurali Morinda Road, Distt. Ropar, Punjab                      Vill. : Boothgarh, Morinda-Ludhiana Road, Distt. Ropar, Punjab (India)                      EPIP Plot, Near DVC Sub Station, Durgapur - 713212                      SCO 24-25, Sector 9-D, Madhya Marg, Chandigarh Phone : ++91-172-2743480-81-82                      Vill. : Kanogata, Rajgarh, Distt. Sirmour (H.P.)</p>

# Notice

Notice is hereby given that the fifteenth Annual General Meeting of the members of Alchemist Limited will be held on Friday, the 31st December, 2004 at 10.30 A.M. at the registered office of the company i.e. Village- Dappar, Ambala-Chandigarh Highway, District Patiala (Punjab) to transact the following business:-

## Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 2004, the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors' & Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. R. P. Chhabra, who retires by rotation & being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Lakhwinder Singh who retires by rotation & being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration, M/s. N. Kumar Chhabra & Co. Chartered Accountants Chandigarh, being the

retiring Auditors, are eligible for re-appointment.

## Special Business

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

Resolved that Lt. Gen. P. N. Hoon (Retd.) who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 30th January, 2004, & whose term expires at the Fifteenth Annual General Meeting of the Company scheduled to be held on 31st December, 2004, and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of the Director, be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement by rotation.

By Order of the Board  
For Alchemist Limited

Place : Chandigarh  
Date : 24th November, 2004

S. S. Puri  
Company Secretary

## 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/herself and the proxy need not be a member. (A blank Proxy Form is enclosed)
2. The proxy in order to be effective must be deposited with the company at least 48 (Forty eight) hours before the commencement of the meeting.
3. The Register of Members/Share Transfer Books of



the Company will remain closed from Tuesday the 28th December, 2004 to Friday the 31st December, 2004 (both days inclusive) for the payment of dividend.

4. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business is attached herewith & forms part of the Notice.
5. Members are requested to notify the change in their address (if any) to the Company.
6. Disclosure pursuant to clause 49 of the Listing Agreement with respect to Directors seeking re-appointment at the forthcoming Annual General Meeting is given in the annexure.
7. Members are requested to furnish their permanent account number, bank account details, change of address etc. to the registrars & transfer agents in respect of shares held in physical form, if the shares are held in the electronic form, then the said particulars should be furnished to their respective depository participant. Members are requested to note that submission of permanent account number (PAN) is mandatory (except non-residents) and non-compliance of the same attracts the penal consequences under provisions of the Income Tax Act, 1961.
8. In case of joint shareholders, if more than one holder desires to attend the meeting he/they must obtain the additional attendance slip from the company's Registered office/Head office.
9. Members are requested to please bring their own

Annual Report, because no additional copy of the Annual Report will be provided at the Annual General Meeting.

10. Any member(s) desirous of raising any query/question in the A.G.M. should send the same to the company at least a week before the date of the A.G. M.

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

##### **ITEM NO. 6**

Lt. Gen. P.N. Hoon (Retd.) was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956, on 30th January, 2004, and he ceases to hold the office of the Director on the date of the forthcoming Annual General Meeting of the Company.

The Company has already received a notice proposing the candidature of Lt. Gen. P. N. Hoon (Retd.) alongwith the sum of Rs. 500 (Rupees Five hundred) from a member, pursuant to Section 257 of the Companies Act, 1956.

Directors recommend the passing of this Resolution.

None of the Directors except Lt. Gen. P. N. Hoon (Retd.) may be deemed to be considered interested in this Resolution.

By Order of the Board  
For Alchemist Limited

Place : Chandigarh

S. S. Puri

Date : 24th November, 2004

Company Secretary

# Directors' report

To the Members of  
ALCHEMIST LIMITED

Your Directors take pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts for the year ended on 30th June, 2004.

## Financial highlights

Year ended 30th June	2004 (Rs Lacs)	2003 (Rs Lacs)
Sales & Other Income	13516.12	7769.34
Profit before Int & Dep	1307.24	676.32
Interest	28.12	18.74
Dep	158.77	117.98
Net Profit	1013.38	621.64
Proposed Dividend	20%	15%

## Prospects

The Company is well positioned in the emerging business environment; to enhance and its share of the domestic market across its various businesses as well as in the international market.

The Company is poised to enhance shareholder value through various expansion and diversification initiatives. This will enable it to create an extensive presence in agribusiness value-chain starting from crop biotechnology at one end to seed manufacturing, corporate farming, contract farming, farm management services, manufacturing, processing, logistics management, warehousing and retail at the other end. We take this opportunity to state that the ultra-modern food processing plant at village Ban Majra (Punjab) and fully automated table eggs project commissioned in February 2004 and October 2004 respectively, are steps in this direction. Both these projects enjoy a good export potential. These projects when fully operational will help enhance the profitability of the Company and also generate a substantial foreign exchange.

To tap the emerging opportunities offered by the global pharmaceutical industry in the area of drug discovery and development, the Company is making a foray into the R&D-based pharmaceutical services and health care segments. The Company is planning to provide

services from drug discovery to drug development to process research. The Company is also pursuing opportunities to take stakes in different companies, offering strategic interests in the area of pharmaceuticals and health care segments.

The Company is entering the education sector and intends to set up dental and medical colleges. The Company is also planning to form joint ventures with research-based government institutions and academia. The Company also intends to professionally manage government-owned hospitals – an innovative idea for the Indian health care sector.

## Change of Name

For the last four years there was a difference of opinion between the Company and Larsen and Toubro Limited over the use of the word 'Toubro' by the Company. To ensure strong brand recall and to avoid any confusion in the minds of the stakeholders, the Company changed its name to Alchemist Limited with effect from 1 October, 2004.

Your Company's new name stands for its ability to convert any venture into a profitable one through dedication.

## Dividend

Your Directors are pleased to recommend a dividend of 20 per cent on its equity share capital for year ended 30-06-2004 as compared to 15 per cent dividend paid for the previous year. For this purpose, the register of members will remain closed from Tuesday the 28th of December 2004 to the 31st of December 2004 (both days inclusive).

## Deposits

As on 30th June, 2004 the amount of deposits held by the Company was Rs. 895.66 lacs.

Information Pursuant to Section 217 of the Companies Act, 1956:

Under Sub – Section (1) (e)

Information with regard to conservation of energy, technology absorption and foreign exchange earnings



and outgo is enclosed herewith and forms an integral part of this report.

#### Under Sub Section (2A)

During the year under review, there was no such employee(s) in the Company drawing remuneration in excess of the limits prescribed under this section.

#### Under Sub Section (2AA)

To the best of their knowledge and belief, and the confirmation and explanation provided to them, your Directors hereby make the following statement pursuant to Section 217 (2AA) of the Companies Act, 1956.

1. That in the preparation of annual accounts for the year, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
2. That such accounting policies as mentioned in Schedule S of the annual accounts have been selected and applied consistently and judgements 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 the end of the financial year.
3. That proper and sufficient care has been taken 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.
4. That the annual accounts for the year have been prepared on a going concern basis.

#### Human Resources

The biggest strength of the Company has always been its employees. From the beginning your Company has followed a progressive policy of taking a keen interest in the well-being and progress of the employees.

The Company follows a unique home-ground philosophy of allowing people to set their own targets and gives them the freedom to achieve them. This philosophy has spread amongst all the employees and has been a constant source of motivation for them.

Employee relations were cordial during the year. The Directors wish to place on record their appreciation for the services rendered by the employees at all levels.

#### Directors

In accordance with the Articles of Association of the Company, Mr. R. P. Chhabra and Mr. Lakhwinder Singh, both Directors retire by rotation on the date of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Again, during the

year under review, Mr. Sarabjit Singh, Director, resigned from the board. The Directors wish to place on record their appreciation for the able guidance provided by him during his association with the Company.

Further, Lt. Gen. P. N. Hoon (Retd.) was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 and now he ceases to hold office on the date of the forthcoming Annual General Meeting. Now his appointment is required to be confirmed by the shareholders in the forthcoming Annual General Meeting. He is a post graduate and a retired army officer aged about 74 years and has rich experience in corporate management. The Company has already received notice proposing the candidature of Lt. Gen. P. N. Hoon (Retd.) for the directorship of the Company along with sum of Rupees 500/- (Rupees Five hundred).

#### Reply to the Auditors' Comments in the Annual Accounts

The Statutory Auditors' Report of the Company for the financial year ended 30th June 2004 is self-explanatory and your Directors need not give any explanation(s) on it. Further notes on Accounts are also self-explanatory.

#### Auditors

M/s N. Kumar Chhabra & Co. Chartered Accountants, Chandigarh being the Statutory Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting of the Company & being eligible they offer themselves for reappointment. They have also submitted a certificate to the effect that their appointment, if made, will be within the ceiling prescribed under section 224 (1B) of the Companies Act, 1956.

#### Acknowledgement

Your Directors wish to place on record their appreciation for the efforts and hard work of the Company's employees, the continued assistance and co-operation extended to your Company by the various Banks, Financial Institutions, Government Departments and the large family of shareholders, depositors for the confidence reposed in the Company.

By order of the Board  
for Alchemist Limited

Place : Chandigarh  
Dated: 24th Nov, 2004

Kanwar Deep Singh  
Chairman

# ANNEXURE I TO THE DIRECTORS' REPORT

## DISCLOSURE OF PARTICULARS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### A. Conservation of Energy

At Alchemist, we are trying to make the best possible use of available resources in order to achieve efficiency in our operations along with reduction of cost in our product line. Needless to say we have a monitoring and control system whereby wastage, if any, is detected and remedial measures taken forthwith.

#### FORM 'A'

Form for disclosure of particulars with respect to conservation of energy.

#### A. Power and Fuel consumption

	Current Year 2003-2004	Previous Year 2002-2003
1. Electricity		
a) Purchased		
No. of Units	846667	376372
Total Amount	Rs.30.44 Lacs	Rs.14.75 Lacs
Rate per Unit	Rs.3.95	Rs. 3.92
b) Own Generation	1663867 units	NIL
Total Amount	124.79 Lacs	NIL
Rate per Unit	Rs. 7.50	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Others	NIL	NIL

### B. Disclosure of particulars with respect to technology absorption, Research and Development as per form 'b'

#### I. RESEARCH AND DEVELOPMENT (R & D)

Creativity and innovation are integral parts of the Company's business operations. Therefore, research and development (R & D) activities hold a place of pride in the Company's scheme of things. All R & D activities in the Company are meant to achieve the twin objectives of quality and wastage control.

To provide services in the drug discovery and development space, the Company proposes to set up a Rs. 35 cr world-class R&D centre.

This R&D center will provide value-added services in the field of drug discovery, development and custom synthesis to global innovative pharmaceutical and biotechnology companies.

Its major focus will be:

To provide specialised services in medicinal discovery through to phase III clinical trials,

To successfully transfer technology to manufacturing locations throughout the world.

#### II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

The Company has not adopted any foreign technology for its steel division. The technology on which the Company runs its steel division is totally indigenous and has been fully absorbed by the Company and is generally improved upon in the normal course.

For the flower division, the entire technology is provided by Flodac B.V of Holland, a leading Dutch Company with vast experience in the successful implementation of floriculture projects throughout the world. The Company has fully absorbed the technology and is generally improving upon it in the normal course.

Further, for the Company's food processing project, the complete technology and machinery has been provided by Meyn Food Processing Technologies, B.V. Netherland, GSI Cumberland, Malaysia, and Corfeed S. A., Holland. Again, the machinery/equipment & know-how for the Company's ultra-modern table egg project at Durgapur has been imported from M/s Big Dutchman International GMBH.

#### Benefits Derived

Improved quality, productivity, operational efficiencies and cost reduction primarily due to conservation of energy, awareness of the significance of higher efficiencies and cost reduction measures in today's competitive scenario.

#### C. Foreign Exchange Earnings and outgo :

Total Foreign exchange earned : Rs. 73.87 Lacs  
Total Foreign exchange used : Rs. 12.17 Lacs

By order of the Board  
for Alchemist Limited

Place : Chandigarh  
Dated: 24th November, 2004

Kanwar Deep Singh  
Chairman



## ANNEXURE II TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1ST JULY 2003 TO 30TH JUNE 2004.

### A. Company's Philosophy on Corporate Governance

It has been said rightly that stability does not mean status quo and coincidentally this is also our business philosophy. This is because for achieving stability in this highly competitive business scenario, creativity & innovation are the pre-requisites, which in turn is synonymous with growth.

The Board of Directors of the Company continued to lay emphasis on the broad principles of Corporate Governance. Alchemist believes that good governance is essential in achieving long-term corporate goals and enhancing shareholders' value. Corporate Governance is not merely compliance and not simply a matter of creating checks and balances. Rather, it is an ongoing measure of the superior delivery of the Company's objects, with a view to translate opportunities into realities.

The Company has established systems and procedures to ensure that the Board of Directors of the Company is well informed to fulfill its responsibilities and to provide management the strategic direction it needs to create long-term shareholder value.

As per the schedule of implementation of Corporate Governance Code mentioned in clause 49 of the Listing Agreement, the Company has implemented the mandatory requirements of the said code. The Directors are pleased to report the same as under: -

Name of the Directors	Brief Resume	Category
Mr. Kanwar Deep Singh	He is an industrialist and joined the Board in the year 1988	Chairman & Managing Director
Mr. Ravinder Singh	He is an industrialist & joined the Board in the year 1988.	Non-Executive Director
Major Gurjit Singh (Retd.)	He is an Industrialist & joined the Board in the year 1995	Non-Executive Director
Mr. R. P. Chhabra	He is a retired Banker, who served the Punjab National Bank for about 30 years and held many senior positions, the last one being that of the G.M., joined the Board in the year 1999.	Non-Executive Director
Mr. Sergio Coreno	He is the nominee of M/s Cam Financing & Gen. Trading of Switzerland.	Nominee Director
Mr. Lakhwinder Singh	He is a Commerce graduate. He is an agriculturist, joined the board on 11th September, 2002.	Non-Executive Director
Lt. Gen. P.N. Hoon (Retd.)	He is a Retd. Army official and joined the Board on 30th January, 2004.	Non-Executive Director

### Meetings and attendance record of each director

During the year ended 30th June, 2004, the Board of Directors met 11 times. The meetings were held on 31st July, 2003, 30th September, 2003, 31st October, 2003, 20th November, 2003, 2nd December, 2003, 8th December, 2003, 17th December, 2003, 30th January, 2004, 19th February, 2004, 30th April, 2004 and 30th June, 2004.

Other than the Annual General Meeting, there was one Extra-Ordinary General Meeting of the shareholders of the Company held on 23rd August, 2004.

The attendance record of the Directors at the Board Meeting during the year ended on 30th June 2004 and at the