

# ALCHEMIST

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Seventeenth Annual Report 2005-2006

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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. Asoke K. Chatterjee  Mr. Yog R. Bhardwaj  Lt. Gen. P.N. Hoon (Retd.)</p>
Auditors	<p>N. Kumar Chhabra &amp; Co.  Chartered Accountants, Chandigarh.</p>
Bankers	<p>Bank of Baroda  Bank of India  Canara Bank  Citibank  HDFC Bank Ltd.  ICICI Bank  Punjab National Bank  Standard Chartered Bank</p>
Registered office	Village Dappar, Ambala-Chandigarh Highway, Distt. Patiala, Punjab (India)
Corporate office	<p>SCO 12-13, Sector 9-D, Madhya Marg, Chandigarh.  Phone : 0172-2743480-81-82 Fax : 2740099  E-mail : <a href="mailto:info@alchemist.co.in">info@alchemist.co.in</a></p>
Works	<p>Vill. : Dappar, Ambala Chandigarh Highway, Distt. Patiala, Punjab (India).  Phone : ++91-1762-248666-248668</p> <p>Vill. : Chanalon, Near Kurali, Distt. Ropar, Punjab (India),  Phone : +91-0160-5003184-85</p> <p>Vill. : Banmajra, Ropar-Kurali Road, Distt. Ropar, Punjab (India),  Phone : ++91-0160-264555-56</p> <p>Vill. : Ranjitpura, Kurali Morinda Road, Distt. Ropar, Punjab  Phone : 0160-2633827</p> <p>Vill. Boothgarh, Morinda-Ludhiana Road,  Distt. Ropar, Punjab (India). Phone : 0160-2633890</p> <p>EPIP Plot, Near DVC Sub Station, Durgapur - 713212</p> <p>Vill. : Kanogata, Rajgarh, Distt. Sirmour (H.P.)  SCO 149-50, Sector 9-C, Madhya Marg, Chandigarh  Electronic Complex, Chambaghat, Solan, Himachal Pradesh</p>

# Notice

**Notice** is hereby given that the 17<sup>th</sup> Annual General Meeting of the members of Alchemist Limited will be held on Saturday, the 30<sup>th</sup> day of December, 2006 at 10.30 A.M. at the Registered Office of the Company situated at 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 30<sup>th</sup> June 2006, the Profit & Loss Account for the year ended on that date together with the Report of the Auditors and Directors thereon.
2. To confirm the payment of Interim Dividend of 50 % i.e. Rs. 0.50 per equity share of the face value of Rs. 1/- each, as declared by the Board of Directors on 16<sup>th</sup> October, 2006
3. To appoint a Director in place of Major Gurjeet Singh (Retd.), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R. P. Chhabra, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s N. Kumar Chhabra & Co., Chartered Accountants, the retiring auditors of the company, as Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

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

**RESOLVED THAT** Lt. General Prem Nath Hoon, (Retd.), who was appointed as an Additional Director by the Board with effect from 17<sup>th</sup> April, 2006 and who holds office up to the date of the forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956 read with article no. 137 of Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director liable to retire by rotation.

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution** :

**RESOLVED THAT** pursuant to Section 94 and other applicable provisions if any, of the Companies Act, 1956 and Articles of Association of the Company, the authorized equity share capital of the company be increased from Rs. 11,00,00,000 ( Rupees Eleven Crores only ) divided into 11,00,00,000 equity shares of Rs.1/- each to Rs.12,25,00,000 (Rupees Twelve Crores twenty five lac only) divided into 12,25,00,000 equity shares of Rs.1/- each.

**RESOLVED FURTHER THAT** pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing clause No. V of the Memorandum of Association of the Company be substituted by the following Clause No. V

- V. The Authorized Share Capital of the Company is Rs. 121,25,00,000/- ( Rupees One hundred twenty one crores and twenty five lacs) divided into 12,25,00,000 ( Twelve crores and twenty five lacs) equity shares of Rs. 1/- (Rupee One) each and 109,00,000 (One crore nine lacs) Redeemable Preference Shares of Rs. 100/- (Rupees one hundred) each.
8. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution** :

**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956 and article no. 200 of the Articles of Association of the Company and subject to the guidelines issued by the Securities and Exchange Board of India (SEBI) and any other appropriate authority and such other approvals, permissions and sanctions as may be necessary from any such authority and subject to such terms, conditions, alterations and modifications as may be prescribed while granting such approvals which

may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof), for the capitalization of Rs. 6,12,24,000 (Rupees Six crore twelve lacs and twenty four thousand only) out of "Reserves and Surplus" and transferred to share capital account towards issue and allotment of not exceeding 6,12,24,000 equity shares of Rs. 1/- each, as bonus shares credited as fully paid-up, to holders of equity shares of Rs.1/- each of the company whose names stand on the register of members on such record date/ book closure as the Board may determine in that behalf, in the proportion of **One** new fully paid up equity shares of Rs.1/- each for every **One** equity share of Rs. 1/- each, held as on the record date.

**RESOLVED FURTHER THAT :**

- (a) the new equity shares of Rs. 1/- each to be issued and allotted as bonus shares shall subject to the Memorandum and Articles of Association of the company shall rank pari passu in all respects and carry the same rights as the existing equity shares of the company, notwithstanding the date or dates of allotment thereof, including entitlement to payment of full dividend, if declared, for the financial year in which the same are allotted.
- (b) No letters of allotment shall be issued for the bonus shares and the share certificates in respect thereof shall be dispatched within the prescribed time. In respect of those allottees who are holding shares in the dematerialisation form, bonus shares shall be issued by direct credit in their respective demat account.
- (c) The issue and allotment of fully paid-up new equity shares as bonus shares to non-resident shareholders of the company shall be subject to the provisions of Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force).
- (d) For the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any questions or difficulties or doubts that may arise in regard to issue and allotment of fully paid bonus shares and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard"

By Order of the Board  
for **ALCHEMIST LIMITED**

**Harish Sharma**  
Company Secretary

Place : Chandigarh

Dated : 2<sup>nd</sup> December, 2006

**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 A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. *(A blank proxy form is enclosed)*
2. Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed herewith and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 25<sup>th</sup> day of December, 2006 to Saturday, the 30<sup>th</sup> day of Decemebr, 2006 ( both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to furnish their permanent account number (PAN), bank account details, change of address etc. to the Registrar and transfer agent in respect of shares held in physical form.

Members holding shares in electronic form must furnish the above details to their respective depository participant and not to the Company. Members are requested to note that submission of permanent account number (PAN) is mandatory (except non resident) and non compliance of the same attract the penal consequences under provisions of the Income Tax Act, 1961.

5. The Company's equity shares are listed on 'Bombay Stock Exchange Limited' Mumbai and 'The Calcutta Stock Exchange Association Limited, Kolkata'. The application for voluntary delisting has been pending with The Calcutta Stock Exchange Association Limited. The Company has paid annual listing fee for the year 2006-2007 to Bombay Stock Exchange Limited.
6. The Company has paid interim dividend for the financial year 2005-2006 @ rate of 50 % per equity share of the face value of Rs. 1/- each. Inadvertently, the validity period of dividend warrant was printed as 9<sup>th</sup> February, 2006 instead of 9<sup>th</sup> February, 2007. The HDFC Bank controlling branch has advised all its branches to honour the dividend warrants up to 9<sup>th</sup> February, 2007. Accordingly, Shareholders can get the dividend warrant encashed up to 9<sup>th</sup> February, 2007 with any of the branches of HDFC Bank.
7. To facilitate trading in equity shares in dematerialized form, the Company has entered into agreement with M/s National Securities Depository Limited (NSDL) and M/s Central Depository Services Limited (CDSL). Members can open account with any of the depository participants registered with NSDL and CDSL.
8. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
9. Members are requested to intimate to the Company, queries, if any, on the accounts at least 10 days before the date of the meeting, to enable the management to keep the required information available.
10. The Members/ proxies should bring copies of the Annual Report to the meeting since copies of the annual Report will not be distributed at the meeting.
11. Additional information, pursuant to clause no. 49 of the listing agreement in respect of directors seeking appointment / reappointment at the Annual General Meeting is given as Annexure A to the notice.

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

##### **In respect of Item No. 6**

In order to broad base the Board of Directors of the Company, Your Board of Directors had appointed Lt. General Prem Nath Hoon (Retd.) as an additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article No. 137 of the Articles of Association of the Company with effect from 17<sup>th</sup> April, 2006 and he holds office of director up to the date of this Annual General Meeting.

The Company has received a notice along with requisite fee from member(s) under section 257 of the Companies Act, 1956 proposing the candidature of Lt. General Prem Nath Hoon (Retd.) as Director of the Company.

The Board of Directors considers that in view of his expertise and experience, it would be in the interest of the Company to appoint him as Director of the Company and accordingly recommends the resolution as set out at item no. 6 of the notice for approval of the members.

Lt. General Prem Nath Hoon (Retd.) is considered interested or concerned in the proposed resolution as set out in the notice. None of the other Directors are interested or concerned in the proposed resolutions.

##### **In respect of Item No. 7**

The present authorized equity share capital of the company is Rs.11,00,00,000 ( Rupees Eleven Crores) divided into 11,00,00,000 equity shares of Rs.1/- each. The present paid up capital of the company is Rs. 6,12,24,000 divided into 6,12,24,000 equity shares of Rs.1/- each.

The Board of Directors of the Company in their meeting held on 16<sup>th</sup> October, 2006 approved Bonus issue in the ratio of 1 : 1, for which necessary approval of the members is being sought at this annual general meeting at item no. 8.

The present authorized share capital of the company is not sufficient for making the bonus issue in the ratio of 1:1. Therefore, it is proposed to increase the authorized equity share capital of the company to Rs. 12,25,00,000 from present authorized equity share capital of Rs.11,00,00,000 by addition of 1,25,00,000 equity shares of the face value of Rs.1/- each.



The Board of Directors recommends the resolution as set out at item no. 7 of the notice for approval of the members.

None of the Directors of the Company are considered interested or concerned in the proposed resolution as set out in the notice.

#### **In respect of Item No. 8**

In order to reward the shareholders for their long association with the company and keeping in view the accumulated balance of reserves and surplus, your directors have proposed bonus issue in the ratio of 1 : 1 i.e. one bonus share for every one equity share held by the equity shareholders. Accordingly, sums not exceeding Rs. 6,12,24,000/- be drawn from the ' Reserve and Surplus' Account of the company and capitalized and transferred to share capital account towards issue and allotment of equity shares of the face value of Rs. 1/- each not exceeding 6,12,24,000 in number as bonus shares, credited as fully paid up to the members holding equity shares as on the record date to be fixed in this behalf by the Board of Directors. The bonus shares will be issued in the proportion of One new equity shares for every One equity share held on the record date. The said bonus shares shall rank pari passu with the existing equity shares in all respects including dividend.

The Board of Directors recommends the resolution as set out at item no. 8 of the notice for approval of the members.

The Directors of the Company are considered to be interested in the proposed resolution to the extent of their shareholding as on the record date.

By Order of the Board  
for **ALCHEMIST LIMITED**

**Harish Sharma**  
Company Secretary

Place : Chandigarh  
Dated : 2<sup>nd</sup> December, 2006

#### **Annexure - A**

#### **DETAIL OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANCE TO CLAUSE NO. 49 OF THE LISTING AGREEMENT :**

##### **Major Gurjeet Singh (Retd.)**

Major Gurjeet Singh (Retd.), aged 53 years, retired from the Indian Army. He is mechanical Engineer by qualification and has vast experience in handling large projects. In his capacity as Garrison Engineer in Indian Army, he had executed large projects and advised Government on many related aspects. He has attended large number of conferences.

He is director on the Board of Toubro Finance Limited and is not a member of any committee of the Board.

##### **Mr. R. P. Chhabra**

Mr. R. P. Chhabra, aged 67 years is a Law Graduate, Masters in English and C.A.I.I.B. He is a retired banker, who served the Punjab National Bank for about 30 years at various senior positions, the last one being that of General Manager. He is having rich experience in finance and administration. He is a widely travelled person.

He is director on the Board of following Public limited companies namely Alchemist Realty Limited, Toubro Investments Limited, Toubro Finance Limited, Alchemist Steels Limited, Platinum Ventures Limited, Alchemist Life Sciences Limited and Black Cats Protections Limited. He is Chairman of the Audit Committee, Remuneration Committee and Shareholder Grievance Committee of Alchemist Limited and Alchemist Realty Limited.

##### **Lt. General P. N. Hoon (Retd.)**

Lt. General P. N. Hoon (Retd) PVSM, AVSM, SM, was born in 1929 at Abbottabad, now in Pakistan, educated at St. Pauls in Darjeeling and Forman Christian College in Lahore. He was commissioned from the Indian Military Academy, Dehradun in 1949. He has a outstanding career having been Director of Military Affairs to the Cabinet, Commanded both mountain and Infantry Brigades, an Infantry Division and the 15 Corps in Kashmir. He was Director General of Military operations and retired in 1987 as General Officer Commanding in-Chief of Western Command.

He is on the Board of Alchemist Realty Limited and not a member of any committee of the Board.

# Directors' report

To the Members ,

Alchemist Limited,

Your Directors have pleasure in presenting the 17<sup>th</sup> Annual Report together with Audited Accounts of your Company for the financial year ended 30<sup>th</sup> June, 2006

## FINANCIAL HIGHLIGHTS

(Rs. In lacs)

	2005-2006	2004-2005
Sales & Other Income	31015.38	25169.04
Operating Profit (PBITD)	2801.77	1662.87
Interest	623.94	83.75
Depreciation	671.98	167.41
Net Profit	1508.85	1342.85
Proposed Dividend (including interim dividend)	50%	25%

## OPERATIONS

During the year under review, your Company has made tremendous progress in its operations and has shown impressive growth. The business increased to the level of Rs. 310.15 crores from Rs. 251.69 crores showing a growth of 23 % during the year, resulting in a net profit of Rs. 15.09 crores during the year against Rs. 13.43 crores during the previous year. Your Directors expect that your company is poised for significant growth in the coming years.

## DIVIDEND

During the current financial year, your company has declared and paid an interim dividend @ 50 % on the equity shares of the Company. Your Directors are not recommending any further dividend for the financial year 2005-2006 and the interim dividend so declared and paid may be treated as final dividend.

## FIXED DEPOSITS

As on 30<sup>th</sup> June, 2006, Your Company had fixed deposits of Rs. 2544.36 lacs. There were no outstanding deposits as on 30<sup>th</sup> June, 2006. The Company continues to accept/renew deposits within the prescribed limits.

## SHARE CAPITAL

### Conversion of Equity Warrants into Equity Shares

During the year under report, your Company had issued 59,60,000 equity shares of Rs. 1/- each at a premium of Rs. 8.10/- per equity shares (29,00,000 equity shares on 3/11/2005 and 30,60,000 equity shares on 15/05/2006) on conversion of share warrants into equity shares, for which necessary listing permission has been obtained from the "Bombay Stock Exchange Limited, Mumbai".

With the issue of shares upon conversion of warrants, the paid up capital of the Company as on 30<sup>th</sup> June, 2006 has increased to Rs. 6,12,24,000 divided into 6,12,24,000 equity shares of Rs. 1/- each.

### Bonus Issue

Your Directors have recommended bonus issue of 1 : 1 i.e. one bonus share for every one equity share held by the shareholders, for which necessary approval is being sought from the members at this Annual General Meeting. With the issue of bonus issue, the paid up capital of the Company will increased to Rs. 12,24,48,000



divided into 12,24,48,000 equity shares of Rs. 1/- each. Accordingly, sum of Rs. 6,12,24,000 be drawn from the Reserve and Surplus Account of the Company and capitalized and transferred to Share Capital Account towards issue and allotment of bonus shares. The said bonus shares shall rank pari passu with the existing equity shares in all respects including dividend.

#### **Increase in Authorized Share Capital**

Since, the present authorized share capital of the company is not sufficient for the purpose of bonus issue, therefore, permission of the members is being sought at this Annual General Meeting for increase of authorized equity share capital of the Company to Rs. 12,50,00,000 divided into 12,50,00,000 equity shares of Rs. 1/- each by addition of 1,25,00,000 equity shares of Rs. 1/- each.

#### **DIRECTORS**

Major Gurjeet Singh (Retd.) and Mr. R. P. Chhabra, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

Lt. General P. N. Hoon (Retd.) was appointed as Additional Director by the Board and hold office up to the ensuing Annual General Meeting. The Company has received notice from member under section 257 of the Companies Act, 1956, expressing his intention of proposing his appointment as Director of the Company.

#### **AUDITORS AND AUDITORS REPORT**

M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

The Statutory Auditors of the Company have submitted auditors report on the accounts of the Company for the accounting year ended 30<sup>th</sup> June, 2006, which is self-explanatory and needs no comments.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :-

- i. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 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 as at 30<sup>th</sup> June, 2006 and of the profit or loss of the Company for the period ended 30<sup>th</sup> June, 2006.
- iii. That the Directors had taken proper and sufficient care 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. That the Directors had prepared the annual accounts on a going concern basis.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

A statement containing necessary information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms part of this report.

#### **PARTICULARS OF EMPLOYEES**

Information required pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees)(Amendment) Rules, 2002 as amended to date and forming part of the Directors' Report for the year ended 30<sup>th</sup> June, 2006, is given as an Annexure to this Report.

**CORPORATE GOVERNANCE**

A Report on Corporate Governance along with a certificate from Statutory Auditors regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the listing agreement with Stock Exchanges is annexed and forms part of the Directors' report.

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

Alchemist strategically re-aligned its presence across two businesses - agri-business and pharmaceuticals - from 2005-06 onwards. The Company intends to bring out products that are meant for mass consumption-to benefit the widest number, improve the quality of their life and offer services at value for price.

The Indian economy sustained buoyancy in growth with the GDP growing a healthy 8.3 percent during the year under report. This growth came on the back of a 7.5 percent growth registered in 2004-05. India is widely recognised as among the world fastest growing developing countries with an economic growth that is higher than most countries across the globe. In addition, India also emerged as the most attractive investment destination for foreign investors. Private external inflows into India were the highest in the last three to four years, as compared to other emerging countries. The booming capital markets have greatly enhanced foreign investors' interest in FCCB's ADRs and GDRs issued by Indian Companies. India with inflows of \$19.3 billion in 2005 was third after China and South Korea. The economic environment is expected to remain buoyant, over the years, the Government is looking at pushing the GDP growing to double digits.

During the year under review, there has been impressive growth in its operations. The business increased to the level of Rs.310.15 crores from Rs. 251.69 crores showing a growth of 23 % during the year, resulting in a net profit of Rs.15.09 crores during the year against Rs.13.38 crores during the previous year. All this has been achieved due to better quality controls adopted at various stages and prudent business policies adopted by the management at all levels.

Rise in cost of raw material, Government policies, foreign exchange fluctuation, competition from international and domestic players etc. leads to uncertainty and is a major cause of concern for the Company. Your Company has taken adequate measures well in advance to deal with such type of eventualities.

The Company has adequate internal control systems and procedures. All the transactions are authorized, recorded and reported correctly. The Company has an independent internal audit system, which is adequate and commensurate with the size of its business.

**HUMAN RESOURCES**

Your Company maintained cordial and harmonious relations throughout the year in all its units. The Directors express their appreciation for the contribution made by the employees towards the operations and growth of the Company.

**ACKNOWLEDGEMENT**

Your Directors convey their sincere thanks for the support & cooperation received from Banks, Financial Institutions, Central and State Government Authorities, Shareholders, Deposit holders & business associates towards growth of the Company. Your Directors also record their appreciation for the dedicated services rendered by staff at all level of the organization.

By order of the Board  
for **ALCHEMIST LIMITED**

Place : Chandigarh  
Date : 2<sup>nd</sup> December, 2006

**Kanwar Deep Singh**  
Chairman