

ALCHEMIST

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Eighteenth Annual Report 2006-2007

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Corporate information

Board of Directors	<p>Mr. Kanwar Deep Singh, Chairman & Managing Director Major Gurjeet Singh (Retd.), Director Mr. Ravinder Singh, Director Mr. R.P. Chhabra, Director Mr. Asoke K. Chatterjee, Director Lt. Gen. P.N. Hoon (Retd.), Director</p>
Auditors	<p>N. Kumar Chhabra & Co. Chartered Accountants, Chandigarh.</p>
Bankers	<p>Bank of Baroda Bank of India Canara Bank UCO Bank HDFC Bank Ltd. Syndicate Bank Punjab National Bank Bank of Rajasthan Ltd</p>
Registered office	<p>Village Dappar, Ambala-Chandigarh Highway, Distt. Patiala, Punjab (India)-140 506</p>
Corporate office	<p>SCO 12-13, Sector 9-D, Madhya Marg, Chandigarh-160 009 Phone : 0172-4680000 Fax : 2740099 E-mail : info@alchemist.co.in</p>
Works	<p>Vill. : Dappar, Ambala Chandigarh Highway, Distt. Patiala, Punjab (India)-140 506 Phone : ++91-1762-248666-248668 Vill. : Chanalon, Near Kurali, Distt. Ropar, Punjab (India), Phone : +91-0160-5003184-85 Vill. : Banmajra, Ropar-Kurali Road, Distt. Ropar, Punjab (India), Phone : ++91-0160-264555-56 Vill. : Ranjitpura, Kurali Morinda Road, Distt. Ropar, Punjab Phone : 0160-2633827 Vill. Boothgarh, Morinda-Ludhiana Road, Distt. Ropar, Punjab (India). Phone : 0160-2633890 EPIP Plot, Near DVC Sub Station, Durgapur - 713212 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 18th Annual General Meeting of shareholders of Alchemist Limited will be held on Thursday, the 27th day of December, 2007 at 10.00 A.M. at the Registered Office of the Company situated at Ambala Chandigarh Highway, Village Dappar, District Patiala (Punjab)- 140506 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June 2007, the Profit & Loss Account for the year ended on that date together with the Report of the Auditors and Directors thereon.
2. To declare dividend on equity shares of the Company.
3. To appoint a Director in place of Mr. Ravinder Singh, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Asoke Kumar Chatterjee, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 19th 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 pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any and subject to such permissions, consents and approvals, as may be required, the consent of shareholders of the Company, be and is hereby accorded to the Board of Director of the Company, to borrow from time to time such sum or sum(s) of money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained or to be obtained from Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose provided that the maximum amount of money so borrowed by the Board of Directors and outstanding shall not exceeding the sum of Rs.1000 Crores (Rupee One Thousand Crores only) from any Financial Institutions(s)/Bank(s)/ or from any other lending institution(s) etc.

RESOLVED FURTHER THAT the consent of shareholders of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act 1956 to the creation of such mortgages, pledges and/or charge on all or any of the immovable or movable properties of the Company wheresoever situated, present and/or future, to secure the repayments of any loan or other financial assistance availed of or to be availed of to secure the payment of interest thereon or as thought fit by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to execute all the documents or writings, security documents for creating, mortgages, pledges and/or charges and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

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

HARISH SHARMA
COMPANY SECRETARY

Dated : 29th November, 2007
Place : Chandigarh

NOTES

1. 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.
2. 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 herewith)*
3. Corporate Members intending to send their representative are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 24th December, 2007 to Thursday, the 27th Decemehr, 2007 (both days inclusive) for the purpose of Annual General Meeting. The Dividend upon approval at this meeting will be paid to those shareholders whose names appear on the Register of Members as on 24th December, 2007. In case of equity shares held in electronic form, the dividend thereon, upon its declaration shall be paid to the beneficial owners as per details furnished by the depositories for this purpose.
5. The shares of the Company have been listed at National Stock Exchange of India Limited with effect from 22nd January, 2007. Now, the equity shares of the Company are listed on 'Bombay Stock Exchange' (BSE) and 'National Stock Exchange' (NSE). The application for voluntary delisting has been pending with the Calcutta Stock Exchange Association Limited. The Company has paid the annual listing fees for the year 2007-2008 to the stock exchanges.
6. 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 readily available .
7. 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.
8. Members who hold shares in dematerialized 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. Additional information, pursuant to clause no. 49 of the listing agreement in respect of Directors seeking 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**

The shareholders of the Company in their meeting held on 15th February, 2000 have fixed the borrowing powers of the Board of Directors at Rs.100 crores as per the provisions of Section 293 (1)(d) of the Companies, Act 1956.

With the expansions/diversification in various lines of activities, the borrowing powers fixed by the shareholders seem to be insufficient since, the company is in need of funds to meet its expansion programmes.

As per provisions of Section 293 (1)(d), the Board of Directors of the Company shall not except with the consent of such company in general meeting borrow money in excess of the aggregate of the paid up capital and its free reserves, hence it is proposed to fix the borrowing powers of the Board at Rs.1000 crores. Further, it is proposed to obtain permission of the shareholders of the company for mortgages, pledges and/or charge on all or any of the immovable or movable properties of the Company wheresoever situated, present and/or future, to secure the repayments of any loan or other financial assistance availed of or to be availed of to secure the payment of interest thereon or as thought fit by the Board of Directors of the Company, the details of which are given in the resolution.

Your Directors recommend the above resolution(s) as set out at item No 6 of the notice for your approval.

None of the Director(s) of the Company is in any way concerned or interested in the proposed respective resolution(s).

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

Dated : 29th November, 2007
Place : Chandigarh

HARISH SHARMA
COMPANY SECRETARY

Annexure - A

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE NO. 49 OF THE LISTING AGREEMENT

Mr. Ravinder Singh

Mr. Ravinder Singh, aged 44 years, is a graduate in Botanical Science. He is a well known entrepreneur & industrialist by profession having more than 22 years of rich experience in executing various projects in India and abroad. Presently he is Director in Toubro Finance Limited and Toubro Investments Limited. He is not a member of any of the committees.

Mr. Asoke Kumar Chatterjee

Mr. Asoke Kumar Chatterjee aged 78 years, is a Mechanical Engineer, Chartered Engineer and P.Eng (I). He has more than 32 years of professional experience in management consultancy, MIS and valuation etc. in India and abroad. Presently he is Director in REI Agro Limited, S.R. Batliboi Consultants Private Limited, MSL Industries Limited and Elegant Commerce Limited. He is a member of the Audit Committee, Shareholder Grievance Committee of the Company.

Directors' report

To the Members ,

Alchemist Limited,

Your Directors have pleasure in presenting the 18th Annual Report together with Audited Accounts of your Company for the financial year ended 30th June, 2007

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

	2006-2007	2005-2006
Sales & Other Income	38475	31015
Operating Profit (PBIDT)	3286	2802
Finance Charges	688	624
Depreciation	747	672
Net Profit	1363	1049
Transferred to Reserves	1005	729
Proposed Dividend	25%	50%

OPERATIONS

During the year ended 30th June, 2007, your Company has achieved turnover of **Rs. 38475 Lacs** as against Rs.31015 Lacs achieved in the previous year. The Company has earned net profit (net of all taxes including deferred tax) of **Rs.1363 Lacs** during the year against Rs. 1049 Lacs during the previous year.

DIVIDEND

Your Directors recommend a dividend of 25 % i.e. Rs.2.50/- per equity share of Rs.10/- each for the year 2006-2007, subject to approval of shareholders at the Annual General Meeting.

FIXED DEPOSITS

During the year under review, your company has accepted deposits within the limits prescribed under the Companies Act, 1956. As on 30th June, 2007, your Company had fixed deposits of Rs.3143.84 Lacs. There were no overdue deposits as on 30th June, 2007.

SHARE CAPITAL

Issue of Bonus Shares

During the year under report, your Company had issued 6,12,24,000 equity shares of the face value of Rs.1/- each as bonus shares to the shareholders in the ratio of 1:1 i.e. one bonus share for every one share held by the shareholders as on record date i.e. 9th March, 2007. The said bonus shares rank pari passu with the existing equity shares in all respects including dividend.

With the issue of bonus shares, the paid up capital of the company stands increased to Rs.12,24,48,000 divided into 12,24,48,000 equity shares of Rs.1/- each.

Consolidation of Equity shares

With a view to provide uniformity as to the face value of equity shares, your company has consolidated 10 equity shares having face value of Rs.1/- each into one equity share of the face value of Rs.10/- each, for which necessary permission of the shareholders had been obtained on 9th May, 2007 in the Extra Ordinary General Meeting and 12th July 2007 had been fixed as record date for this purpose. The necessary formalities have been complied with the Stock Exchanges, CDSL and NSDL.

After consolidation the paid up capital of the Company is Rs.12,24,48,000 divided into 1,22,44,800 equity shares of Rs.10/- each.

Consequent upon consolidation of equity shares having face value of Rs.10/- each, new ISIN No. INE964B01033 has been allotted by both National Securities Depository Ltd. and Central Depository Services (India) Limited.

DIRECTORS

Mr. Yog R Bhardwaj, Director has resigned from the directorship of the Company w.e.f. 30th October, 2007 due to personal reasons. The Board records its appreciation for the valuable contribution made by him during his tenure with the Company.

Mr. Asoke Kumar Chatterjee and Mr. Ravinder Singh are the directors liable to retire by rotation and being eligible offer themselves for reappointment. Your Directors recommend their reappointment to the Annual General Meeting.

AUDITORS AND AUDITORS' REPORT

M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors retire at the conclusion of 18th Annual General Meeting and being eligible offer themselves for reappointment to hold office from the conclusion of the 18th Annual General Meeting until the conclusion of the next Annual General Meeting.

The Statutory Auditors of the Company have submitted auditors report on the accounts of the Company for the accounting year ended 30th June, 2007, which is self-explanatory and needs no comments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed that :-

- i. that in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- 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 30th June, 2007 and of the profit of the Company for the year ended 30th June, 2007.
- 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 for the year ended 30th June, 2007 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

A statement giving necessary Information as required under 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 30th June, 2007, is given as an Annexure to this Report.

CORPORATE GOVERNANCE

As per Clause 49 of the listing agreement with Stock Exchange(s), a separate section on Corporate Governance is annexed and forms part of the Directors report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Year 2006-2007 has been a year of significant developments, where GDP growth was above 9 %. Indian economy continues to be one of the fastest growing economy in the world. The services sector and manufacturing sector have performed extremely well recording 11% and 12% growth respectively in the previous year and the same is expected to be much stronger in the current year.

Alchemist Limited is operating mainly in the pharma and agri business (food processing being the main thrust area). The Indian Food Processing Industry plays a significant role in development of the country. Changing lifestyles, increasing awareness regarding healthy food and increase in standard of living have led to increasing acceptance of processed, value added and packaged foods. Your Company is in the process of opening stores under the brand name 'Red Cap' in various parts of the country. These stores will be selling processed foods manufactured in our units.

The Company is manufacturing full range of pharmaceutical products both ethical and generic. The Company has launched many products Podiem (Antibiotic), Maast (anti-asthmatic), Gaseazy Syrup (Digestant), Anemi-Z Syrup (Aneamia Management), Drospas (Antispasmodic), Drspas-M (Antispasmodic-Analgesic), Solcee-Z (Vitamin C and Zinc) etc., and is in the process of launching more products both ethical and generic in the near future. Further, the company is in the process of launching OTC product range of Nutraceuticals. The Company has got patent for manufacture of five Nutraceutical products. Soon, the company will add more Nutraceutical and Ayurvedic products.

The company is in the process of acquiring 100% shareholding in Alchemist Hospitals Limited, thereby Alchemist Hospitals Limited becomes a wholly owned subsidiary of the company. Alchemist Hospitals is a super specialty hospital and has been created as per the standards laid down by the Joint Commission International (JCI), USA. The Hospital is valued at about Rs.200 crores by the experts in the Hospital Industry. The Company is already in the pharmaceutical business and having a hospital will be a step towards forward integration. The same will give boost to the operational activities of the Company.

During the year ended 30th June, 2007 your Company has achieved turnover of Rs.38475 Lacs as against Rs.31015 Lacs achieved in the previous year. The Company has earned net profit (net of all taxes including deferred tax) of Rs.1363Lacs during the year against Rs.1049 Lacs during the previous year.

Government policies, foreign exchange fluctuation, political instability, competition from international and domestic players, rise in cost of raw materials are some of the factors which are cause of concern not only for the business of the Company but for each concern, since these are inherent in every business situation, the company has taken adequate care to minimize the impact of such factors and is fully geared up to deal with such type of situations.

The Company has adequate internal control systems and procedures. The Company has established procedures for the purchase of raw materials and stores, manufacture of goods and for its marketing thereof. All the transactions are properly accounted for and physical verification has been conducted periodically. The internal audit system of the company is adequate and commensurate with the size of its business.

HUMAN RESOURCES

Relationship with the employees in all its units continues to be cordial and harmonious throughout the year. Your Directors place on record its appreciation of the dedication, commitment and contribution made by employees at all levels towards achieving the goals of the organization.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the Central and State Government, stakeholders, banks, valued clients and business associates for their continued support and confidence and look forward for the same in the coming years.

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

Place : Chandigarh
Date : 29th November, 2007

Kanwar Deep Singh
Chairman & Managing Director

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 30th June, 2007

Name	Age (Yrs.)	Designation	Gross Remuneration (in lacs)	Qualification	Exp. (Yrs.)	Date of Joining	Previous Employment
Kanwar Deep Singh	46	Managing Director	89.24	Graduate	25	31/05/1989	----
Sunil Nath	44	CEO (Healthcare)	29.25	M.Sc. MHA (TISS) PGD (EDPCM)	21	01/12/2005	Inlaks & BudhRani Hospital & M.N.B. Cancer Institute, Pune
*Arun Jain	43	Executive Director-Operations	11.47	C.A., PGD in planning & Management	15	01/02/2007	Ranbaxy Laboratories Ltd.
*Anjali Saxena	48	Head - HR	1.16	MBA, MSW, LLB, CAIIB	26	14/07/2006	Banking & Finance Services Bank
*Robert Bisset	45	CEO (BPO Division)	20.96	MBI (International Business)	24	01/05/2006	R.A.C. (U.K.) LTD.
*Inder Shekhar Jha	50	CEO (Real Estate)	9.11	M.B.A.	27	15/06/2006	Sharisti Infrastructure & Development Corporation Ltd.

Note : * Employed for part of the year

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

Place : Chandigarh
Date : 29th November, 2007

Kanwar Deep Singh
Chairman & Managing Director

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO IN ACCORDANCE WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

Energy conservation is a thrust area in which Company has taken various steps like installation of variable frequency drive in place of conventional motors, replacement of outdated energy intensive equipments with energy saving equipments etc. Since, it is an ongoing process, the company continues to focus on various methods in the direction.

Power and Fuel Consumption

1.	Electricity	2006-2007	2005-2006
	a) Purchased		
	No. of units	3229868	2102537
	Total Amount (Rs. in lacs)	131.99	84.70
	Rate/Unit (Rs.)	4.09	4.02
	b) Own generation		
	No. of Units	837457	1219370
	Total Amount (Rs. in lacs)	97.48	127.05
	Rate per Unit	11.64	10.41
2.	Coal	Nil	Nil
3.	Furnace Oil	Nil	Nil
4.	Others	Nil	Nil