

# ALCHEMIST

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Nineteenth Annual Report 2007-2008

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# Corporate information

Board of Directors	Mr. Kanwar Deep Singh, Chairman & Managing Director Mr. Ravinder Singh, Director Mr. R.P. Chhabra, Director Mr. Asoke K. Chatterjee, Director
Auditors	N. Kumar Chhabra & Co. Chartered Accountants, Chandigarh.
Bankers	Bank of Baroda Bank of India Canara Bank UCO Bank HDFC Bank Ltd. Syndicate Bank Punjab National Bank Bank of Rajasthan Ltd
Registered office	Village Dappar, Ambala-Chandigarh Highway, Distt. Mohali, Punjab (India)-140 506
Corporate office	SCO 12-13, Sector 9-D, Madhya Marg, Chandigarh-160 009 Phone : 0172-4680000 Fax : 2740099 E-mail : info@alchemist.co.in
Works	Vill. : Dappar, Ambala Chandigarh Highway, Distt. Mohali, 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-Kuruli Road, Distt. Ropar, Punjab (India), Phone : ++91-0160-264555-56 Vill. : Ranjitpura, Kuruli 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 Village Tharial, Defence Road, Pathankot

# Notice

**Notice** is hereby given that the 19<sup>th</sup> Annual General Meeting of shareholders of Alchemist Limited will be held on Tuesday, the 30<sup>th</sup> September, 2008 at 10.30 A.M. at the Registered Office of the Company situated at Ambala Chandigarh Highway, Village Dappar, District Mohali (Punjab) -140506 to transact the following business :-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2008, 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. R.P. Chhabra, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 20<sup>th</sup> Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

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

**RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act and any other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time and subject to such approvals from such authorities as may be required and subject to such conditions, if any, the Company hereby approves the reappointment of Mr. Kanwar Deep Singh as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> January, 2009 on the terms and conditions as detailed in the Explanatory Statement.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 198, 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the remuneration committee of the Board, be and is hereby authorized to revise the remuneration package of the Managing Director as and when necessary during his tenure provided the remuneration does not exceed the ceiling of 5% of the company's net profit or such other ceiling as may be prescribed from time to time, as prescribed by above referred Sections of the Companies Act, 1956.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of Profits in any financial year, the remuneration as set out in the annexed explanatory statement or the revised remuneration as approved by the remuneration committee, as applicable, be paid to Mr. Kanwar Deep Singh, as Managing Director, as minimum remuneration subject to necessary approvals, if any, notwithstanding that such remuneration is in excess of the limits prescribed by the section 198, 309 read with the Schedule XIII of the Companies Act, 1956.

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

Dated : 1<sup>st</sup> September 2008  
Place : Chandigarh

**HARISH SHARMA**  
**COMPANY SECRETARY**

**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, Friday the 26<sup>th</sup> day of September, 2008 to Tuesday, the 30<sup>th</sup> day of September, 2008 ( 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 26<sup>th</sup> September, 2008. 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. In terms of provision of Section 205 A of the Companies Act, 1956, dividend for the financial year 1999-2000 which have remained unclaimed, have been transferred to the Investor Education and Protection Fund.
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 director 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. 5**

Mr. Kanwar Deep Singh, was re-appointed as the Managing Director of the company w.e.f. 1<sup>st</sup> January, 2004 for a period of five years and the approval of the members was obtained in the 14th Annual General Meeting held on 30<sup>th</sup> January, 2004 on the terms and conditions as were set out in the notice dated 17<sup>th</sup> December, 2003 and subsequent approval of the revised terms and conditions in the 16th Annual General Meeting held on 31<sup>st</sup> December, 2005.

The term of appointment of Mr. Kanwar Deep Singh, Managing Director expires on 31<sup>st</sup> December, 2008. The Board of Directors of the Company have approved the re-appointment of the Managing Director, subject to the approval of the members in the general meeting, for a further period of five years w.e.f. 1<sup>st</sup> January, 2009 on the terms and conditions as mentioned below and duly recommended by the remuneration committee :

**Basic Salary :** Up to a maximum of Rs.10,00,000/- per month with authority granted to the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of Directors), to fix the salary within the said maximum amount from time to time. The annual increment will be effective from 1<sup>st</sup> April each year or such other date as the Board may decide and will be based on Company's performance.

**Incentive Remuneration** : Up to a maximum of 200% of salary, (performance based) to be paid at the discretion of the Board annually

**Commission** : Such remuneration by way of commission, in addition to the salary, incentive remuneration, if any and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board at the end of each financial year, subject to the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956. The commission will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the members.

**Perquisites** : In addition to salary, the perquisites / allowances upto a maximum of 100% of the salary inclusive of allowances, re-imbursement of expenses or allowances in respect of house maintenance and repairs, utilities such as gas, electricity, water and furnishings, medical reimbursement, medical insurance, hospital benefits, LTC, education for self and family, personal accident insurance, club fees and other perquisites as per the Company rules.

The following shall not be included for the purposes of computation of the Managing Director's Remuneration :

1. Company's contribution to Provident fund, Superannuation Fund or Annuity Fund as per rules of the Company.
2. Gratuity payable pursuant to the rules of the Company.
3. Leave Encashment as per rules of the Company.

The above remuneration recommended/approved by the Remuneration Committee was approved by the Board of Directors in their meeting held on 1<sup>st</sup> September, 2008.

The remuneration committee of the Board of Directors is authorized to revise the remuneration package of the Managing Director as and when it considers necessary provided however, the remuneration does not exceed the ceiling as prescribed under the Companies Act, 1956.

The explanatory statement as mentioned above may also be treated as an abstract for the information of the members within the meaning of the provisions of Section 302 of the Companies Act, 1956.

Terms and conditions of appointment and remuneration to be paid to Mr. Kanwar Deep Singh, as Managing Director are available for inspection on any working day at the registered office of the Company during working hours on any working day of the company.

Mr. Kanwar Deep Singh, and Mr. Ravinder Singh Directors may deemed to be interested in the resolution.

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

Dated : 1<sup>st</sup> September, 2008  
Place : Chandigarh

HARISH SHARMA  
COMPANY SECRETARY

#### **Annexure - A**

#### **DETAILS OF DIRECTOR(S) SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE NO. 49 OF THE LISTING AGREEMENT**

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

Mr. R.P. Chhabra, aged 69 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 senior positions. His last employment was of General Manager with Punjab National Bank. He is having rich experience in Finance and Administration. He has attended large number of conference(s) both at National and International level.

Mr. Chhabra is on the Board of following Public limited companies namely Alchemist Realty Limited, Alchemist Steels Limited, Alchemist Foods Limited, Alchemist Life Sciences Limited, Toubro Investment Limited, Toubro Finance Limited, Black Cats Protections Limited and Platinum Ventures Limited. He is Chairman of Audit Committee, Shareholders Committee and Remuneration Committee of both Alchemist Limited and Alchemist Realty Limited.



# Directors' report

To the Members ,  
Alchemist Limited,

Your Directors have pleasure in presenting the 19<sup>th</sup> Annual Report together with Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2008 (Nine Month)

## FINANCIAL HIGHLIGHTS

(Rs. In lacs)

	2007-2008 (Nine Months)	2006-2007
Sales & Other Income	30793	38475
Operating Profit (PBIDT)	2519	3286
Finance Charges	554	688
Depreciation	594	747
Net Profit	1070	1363
Transferred to General Reserve	188	410
Transferred to Profit and Loss A/c	524	595
Proposed Dividend	25%	25%

## OPERATIONS

The Financial year of the Company has been changed from July-June to April-March, hence the figures for the financial year 2007-2008 comprised of 9 months period commencing from 1st July, 2007 and ending on 31st March, 2008 and the same are not comparable with the figures of the previous financial year.

During the year under report, your Company has achieved turnover of Rs.30793 lacs (Rs.41057 lacs on annualized basis) as against Rs.38475 lacs achieved in the previous year, increase of 6.71% with reference to the previous year on an annualised basis. The Company has earned net profit (net of all taxes including deferred tax) of Rs.1070 lacs (Rs.1427 lacs on annualized basis) during the year against Rs.1363 lacs during the previous year, increase of about 4.70% with reference to the previous year on an annualized basis.

## DIVIDEND

Your Directors recommend a dividend of 25%(33.33% on an annualised basis), subject to approval of shareholders at the Annual General Meeting, an improvement from 25% in the previous year.

## FIXED DEPOSITS

During the year under review, your Company has accepted deposits within the limits prescribed under the Companies Act, 1956. As on 31<sup>st</sup> March, 2008, your Company had fixed deposits of Rs.3077.90 lacs. There were no outstanding deposits as on 31<sup>st</sup> March, 2008.

## DIRECTORS

Mr. R.P. Chhabra, Director is liable to retire by rotation and being eligible offers himself for reappointment. Your Directors recommends his reappointment to the ensuing Annual General Meeting.

Lt. General P.N. Hoon (Retd.) and Major Gurjeet Singh (Retd.) Directors has resigned from the directorship of the Company w.e.f. 23<sup>rd</sup> April, 2008 and 11th August, 2008 respectively. Your Board records its appreciation for the valuable contribution made by them during their tenure with the Company.

## **AUDITORS AND AUDITORS' REPORT**

M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors retires at the conclusion of 19<sup>th</sup> Annual General Meeting and being eligible offer themselves for reappointment to hold office from the conclusion of the 19<sup>th</sup> 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 31<sup>st</sup> March, 2008, 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 :-

- 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 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 as at 31<sup>st</sup> March, 2008 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2008.
- 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 31<sup>st</sup> March, 2008 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 31<sup>st</sup> March, 2008, is given as an Annexure to this Report.

## **CORPORATE GOVERNANCE**

As per Clause 49 of the listing agreement entered into by your Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited, a separate section on Corporate Governance is annexed and forms part of the Directors report.

Certificate from M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors of the Company on Corporate Governance is annexed and forms part of this Report.

## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

During the year 2007-2008 Indian Economy grew by nearly 9 percent. During the last quarter of the year, growth of Indian economy and various sectors was affected due to inflationary pressure.

The first segment in which your Company is operating is Food Processing. The Indian food processing industry plays a significant role in the economic development of the Country. Change in food habits have led to increasing demand of processed foods. According to industry sources, Indian Food and Beverage Retail



Market is valued at Rs.25,000 crores and is growing at 25% per annum. The Sector has been declared as Priority Sector by Government of India. Your Company has opened stores under the brand name 'Republic of Chicken' in Delhi and is planning a pan-India expansion.

The second segment i.e. Pharma Sector in which your Company is operating is a highly organized sector. The Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually.

Rise in Inflation, increase in Bank Rate of Interest, Government policies, foreign exchange fluctuation, competition from international and domestic players, rise in cost of raw materials etc. are some of the factors which are cause of concern not only for the business of the Company but for each and every concern. Your Company has taken adequate care to minimize the impact of such risks by better resource utilization and financial management.

Your Company continues to accord top priority to internal control systems and procedures. Various control and check systems have been incorporated to ensure proper control of various systems and they are being reviewed periodically. Wherever any shortcoming is noticed, suitable and timely corrective steps are taken to make the system more effective.

Relationship between the management and the employees remained cordial at all levels. Suitable training programmes are arranged to enhance/update the knowledge/skill of the employees at all levels.

#### **ACKNOWLEDGEMENT**

The Board of Directors wish to place on record their sincere appreciation for the dedicated efforts put in by the employees at all level. Your Directors takes this opportunity to express their gratitude to the Central and State Government, stakeholders, banks, valued clients and business associates for their continued support and cooperation..

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

Date : 1<sup>st</sup> September, 2008  
Place : Chandigarh

**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 31<sup>st</sup> March, 2008

Name	Age (Yrs.)	Designation	Gross Remuneration (in lacs)	Qualification	Exp. (Yrs.)	Date of Joining	Previous Employment
Mr. Kanwar Deep Singh	47	Managing Director	59.29	Graduate	26	31/05/1989	—
Mr. Arun Jain*	44	Executive Director	14.74	C.A. PGD in planning & Management	16	01/02/2007	Ranbaxy Laboratories Ltd.
Mr. Sunil Nath	45	Executive Director	30.08	M.Sc. M.H.A. (TISS) PGD (EDPCM)	22	01/12/2005	Inlaks & Budhrani Hospital & M.N.B. Cancer Institute, Pune
Ms. Roma Andrews*	52	GVP-HR & Management Services	9.93	Graduate (Eng.) Dip. in Organization Behaviour	29	21/11/2006	Coal & Oil Co. LLC Dubai
Mr. Tapan Sinha*	40	COO-ROC	4.00	B.A. (Economics) Diploma in H.M.	15	01/02/2008	Pine Cask Beverages
Mr. Vineet KKN Panchhi*	34	GVP-HR & Management Services	4.37	P-G-HRM, Diploma in HM	13	29/01/2008	Carlson Wagonlit Travel

Note : \* Employed for part of the year

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

Date : 1<sup>st</sup> September, 2008  
Place : Chandigarh

**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 lot of initiatives like installation of energy saving devices for various applications, awareness to all employees to conserve energy, replacement of high energy consuming lights with low energy consuming lights etc. The Company continues to accord high priority to safety and environmental preservation.

#### Power and Fuel Consumption

1.	Electricity	2007-2008	2006-2007
a)	Purchased		
	No. of units	2303308	3229868
	Total Amount (Rs. in lacs)	106.42	131.99
	Rate/Unit (Rs.)	4.62	4.09
b)	Own generation		
	No. of Units	537920	837457
	Total Amount (Rs. in lacs)	73.50	97.48
	Rate per Unit	13.66	11.64
2.	Coal	Nil	Nil
3.	Furnace Oil	Nil	Nil
4.	Others	Nil	Nil