



ALCHEMIST

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Twentieth Annual Report 2008-2009

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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	23, Nehru Place, New Delhi - 110 019
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 Vill. : Kotli, Post Jakolari, Pathankot Road, Gurdaspur Electronic Complex, Chambaghat, Solan, Himachal Pradesh

Notice

Notice is hereby given that the 20th Annual General Meeting of Alchemist Limited will be held on Wednesday, the 30th day of September, 2009 at 10.00 A.M. at 23-24, Nehru Place, New Delhi to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2009, 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 Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 21st Annual General Meeting and to fix their remuneration.

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

Dated : 31st August 2009
Place : Chandigarh

HARISH SHARMA
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 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)**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report. 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.
4. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company will be closed from, Friday the 25th day of September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive).
6. The dividend, if declared at the Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members as on 25th September, 2009. 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.
7. Pursuant to listing agreement, the Company declares that its equity shares are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited and has paid the Annual Listing Fee for the year 2009-2010.
8. 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.
9. 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.
10. Mr. Ravinder Singh, is a director, who retires by rotation and being eligible offers himself for reappointment. The detail in respect of Mr. Ravinder Singh, as required under clause no. 49 of the listing agreement is as under :

Mr. Ravinder Singh, aged 45 years, is a graduate in Botanical Science. He is a well known entrepreneur and Industilist by profession having more than 24 years of rich experience in executing various projects in India and abroad. Presently he is Director in M/s Optimum Constructors and Developers Limited. He is not a member of any of the committees.

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

HARISH SHARMA
COMPANY SECRETARY

Dated : 31st August, 2009
Place : Chandigarh

Directors' report

To the Members ,
Alchemist Limited,

Your Directors have pleasure in presenting the 20th Annual Report together with Audited Accounts of your Company for the financial year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

	2008-2009	2007-2008 (9 Month)
Sales & Other Income	38919	30793
Operating Profit (PBIDT)	3423	2519
Finance Charges	756	554
Profit before Depreciation & Tax (PBDT)	2667	1965
Depreciation	751	594
Profit before Tax (PBT)	1916	1371
Taxation	546	315
Add : Prior period items/Provisions written back	33	14
Net Profit	1403	1070
Appropriations		
Proposed Dividend	245	306
Tax on Dividend	42	52
Transferred to General Reserves	140	188
Transferred to Profit & loss A/c	976	524

Last year figures are of nine months period, hence, not comparable with current year figures.

OPERATIONS

During the year under review, your Company has achieved turnover & other income of Rs.38919 lacs against turnover & other income of Rs.30793 lacs (Rs.41057 lacs on annualized basis) achieved during the previous year showing marginal decline of about 5.20% in the growth. The Company has earned net profit of Rs.1403 lacs as against Rs.1070 lacs (Rs.1427 lacs on annualized basis) earned in the previous year showing decline of 1.68% on annualized basis.

DIVIDEND

For the year under review, Your Directors recommend a dividend of Rs.2.00 per share i.e. 20% on the equity shares of the company having face value of Rs.10/- each subject to approval of the shareholders at Annual General Meeting.

SHIFTING OF REGISTERED OFFICE

The registered office of the Company has been shifted from the State of Punjab to the NCT of Delhi as per orders of Hon'ble Company Law Board, Northern Region, New Delhi. The present address of the Registered office is :

Alchemist Limited
23, Nehru Place, New Delhi-110 019

SCHEME OF ARRANGEMENT

Your Board of Directors have approved the scheme of arrangement for hiving off food division of the company with Alchemist Foods Limited, a 100% subsidiary of Alchemist Limited subject to necessary approval of the High Court, Shareholders and Creditors. The Hon'ble High Court of Punjab and Haryana at Chandigarh had fixed 14th August, 2009 as date of meeting of shareholders and creditors. However, in the meantime, registered office of the Company was shifted to New Delhi and therefore, Company has withdrawn the petition, since the same now lies with the jurisdiction of Hon'ble High Court of Delhi. Fresh petition will be filed with High Court at New Delhi for seeking the necessary directions in above regard.

SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENT

The Company as on 31st March, 2009 had one wholly owned subsidiary namely Alchemist Foods Limited. The audited consolidated financial statements based on the financial statements received from subsidiary Company as approved by their Board of Directors have been prepared in accordance with the Accounting Standard-AS 21 issued by the Institute of Chartered Accountants of India and forms part of the Annual Report.

FIXED DEPOSITS

During the year under review, your Company has accepted deposits within the limits prescribed under the Companies Act, 1956. As on 31st March, 2009, your Company had fixed deposits of Rs. 304208500. There were no outstanding deposits as on 31st March, 2009.

DIRECTORS

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

AUDITORS AND AUDITORS' REPORT

M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors retires at the conclusion of 20th Annual General Meeting and being eligible offer themselves for reappointment to hold office from the conclusion of the 20th 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 31st March, 2009, which is self-explanatory.

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 31st March, 2009 and of the profit or loss of the Company for the year ended 31st March, 2009.
- 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 31st March, 2009 on a going concern basis.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms part of the report.

PARTICULARS OF EMPLOYEES

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2002 as amended to date is annexed and forms part of this report.

CORPORATE GOVERNANCE

As per Clause 49 of the listing agreement with the Stock Exchange(s), 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 together with Auditors Certificate on compliance with the conditions of Corporate governance is annexed and forms part of this Report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The year 2008-2009 witnessed a lot of developments in the Indian Economy. Global economic meltdown has affected almost all countries of the world, India is not an exception. It has affected each and every sector of the economy. The slowdown in growth of Indian economy has resulted in lower industrial production, negative exports, rise in inflation, loss of job & Investment opportunities. The GDP for the year 2008-09 grew by 6.7 percent compared to 9 percent in 2007-2008. Fall in exports and decline in domestic demand attributed to a lower growth of manufacturing sector at 2.4% only. However, India's cautious approach towards reforms has saved it from possible disastrous implications and has again come on the path of recovery.

Your Company mainly operated in the food processing, pharma and floriculture business. The food processing sector is highly fragmented industry where major industry is concentrated in the unorganized sector and only 25% of the industry is in organized sector. Changing lifestyles, increasing awareness about healthy and quality foods have led to increasing acceptance of processed, value added and packaged and branded foods. At Alchemist, major focus is on quality and customer satisfaction.

Your company is setting up a chain of restaurants called 'Republic of Chicken' across the country. The company plan to roll out at least 1000 outlets – diners, takeaways and home deliveries pan India over the next couple of years. In the first phase, 100 exclusively company owned outlets will be opened.

Each of the businesses of Alchemist Limited has tremendous growth and profitability potential and is at a stage whereby they require focused leadership and management attention. The Company is planning to hive off its food division with Alchemist Foods Limited, a wholly owned subsidiary, in order to lend greater focus on operations, for which petition is being moved with the Hon'ble High Court at Delhi.

The Company's pharmaceutical and floriculture business(es) are doing well. Number of new products have been introduced in the market in the pharma business and has plans to launch further products in the near future.

During the year under review ended 31st March, 2009, your company has achieved turnover & other income of Rs.38919 lacs against the turnover & other income of Rs.30793 lacs (Rs.41057 lacs on annualized basis) achieved during the previous year showing a marginal decline of about 5.20% in the growth. The company has earned net profit of Rs.1403 lacs as against Rs.1070 lacs (Rs.1427 lacs on annualized basis) earned in the previous year showing decline of 1.68% on annualized basis.

Economic Recession, Government policies, foreign exchange fluctuation, competition from international and domestic players, rise in cost of raw materials etc. are some of the the factors which are cause of concern for the company. Your 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 put in place internal control systems and procedures commensurate with its size and scale of operations. The Company has established procedures for the purchase of raw materials and stores, manufacture of goods and for its marketing thereof, which are modified from time to time as per the requirement of the business and recommendation of internal audit. All the transactions are properly accounted for and physical verification has been conducted periodically.

HUMAN RESOURCES

Relationship with the employees in all its units continues to be cordial and harmonious throughout the year.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support & co-operation by Central and State Government, stakeholders, banks, valued clients and business associates and valuable contribution made by the employees of the Company.

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

Date : 31st August, 2009
Place : Chandigarh

Kanwar Deep Singh
Chairman & Managing Director

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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 31st March, 2009

Name	Age (Yrs.)	Designation	Gross Remuneration (in lacs)	Qualification	Exp. (Yrs.)	Date of Joining	Previous Employment
Mr. Kanwar Deep Singh	48	Managing Director	83.94	Graduate	27	31-May-1989	—
Mr. Manoj Ahuja	50	VP-Treasury, Cash Management	28.88	B.Com, CA	20	22-Sept-03	Alpha Drugs India Limited
Mr. S.M. Singla	39	VP-Finance & Accounts) & CFO	29.47	B.Com, CA	10	1-Jan-06	Alchemist Life Sciences Ltd.
Mr. Pavan Kumar Verma	65	Executive Directors (Food Division	25.31	B.Sc, MBA (HR), MBA (Finance and Marketing)	40	1-Apr-08	Punjab Tractors Ltd.

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

Date : 31st August, 2009
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

Your Company continues to accord high priority on conservation of energy and have initiated various measures in the direction like replacement of energy consuming/outdated devices with energy saving devices. Awareness to employees is given from time to time in the direction.

Power and Fuel Consumption

1.	Electricity	2008-2009	2007-2008
	a) Purchased		
	No. of units	2702950	2303308
	Total Amount (Rs. in lacs)	124.77	106.42
	Rate/Unit (Rs.)	4.62	4.62
	b) Own generation		
	No. of Units	441533	537920
	Total Amount (Rs. in lacs)	63.36	73.50
	Rate per Unit	14.35	13.66
2.	Coal	Nil	Nil
3.	Furnace Oil	Nil	Nil
4.	Others	Nil	Nil

II TECHNOLOGY ABSORPTION

Research and Development

Your Company accord high priority to the Research and Development activities. The Company continues to carry research work in several areas. With these measures, the Company is able to increase the production and reduction in costs. The Company is attaching high priority to reduce pollution levels and making the industry environment friendly.

The Company has incurred Rs.285.78 lacs on research and development during the year constituting 0.74% of turnover.

Technology absorption, adaptation and innovation

The Company has imported technology from Norfolk Foods Pvt. Ltd., Sri Lanka.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange Earned : Nil
Total Foreign Exchange Outgo : Rs. 74.24 Lacs

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

Date : 31st August, 2009
Place : Chandigarh

Kanwar Deep Singh
Chairman & Managing Director