



ALCHEMIST

ALCHEMIST LIMITED

Twenty First Annual Report 2009-2010

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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	Punjab National Bank UCO Bank Bank of India State Bank of India HDFC Bank 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-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 Vill. : Kotli, Post Jakolari, Pathankot Road, Gurdaspur Electronic Complex, Chambaghat, Solan, Himachal Pradesh

Notice

Notice is hereby given that the 21st Annual General Meeting of the Shareholders of the Company will be held on Tuesday, 28th day of September, 2010 at 9.30 A.M. at 23, Nehru Place, New Delhi to transact the following business :-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2010, 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. Asoke Kumar Chatterjee, 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 22nd Annual General Meeting.

AS 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 pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of the Company, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Foreign Exchange Management Act, 1999, (FEMA) and the Listing Agreement(s) entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed and subject to any necessary approval(s), consent(s), permission(s) or sanction(s) of the Central Government, Reserve Bank of India, Ministry of Finance, Securities & Exchange Board of India (SEBI) Foreign Investment Promotion Board (FIPB) and/or any other appropriate authority(ies), institution(s) or Body(ies) [hereinafter collectively referred to as the appropriate authority(ies)], and subject to such conditions/modifications as may be prescribed by any one of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s) [hereinafter referred to as the requisite approval(s)], which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its power including the power conferred by this resolution, consent of the shareholders be and is hereby accorded to issue, offer and allot, in domestic/International offerings in one or more foreign markets any securities including Global Depository Receipts and/or American Depository Receipts convertible into equity shares, equity shares, preference shares whether Cumulative / Redeemable/Convertible at the option of the Company and/or option of the holders of the security and/or securities linked to equity shares / preference shares and/or any instrument or securities representing convertible securities such

as convertible debentures, bonds or warrants convertible into equity shares/preference shares (hereinafter referred to as Securities) to be subscribed by foreign/domestic investors/institutions and/or corporate bodies including mutual funds, banks, insurance companies and/or individuals or otherwise, whether or not such persons/entities/investors are Members of the Company as may be deemed appropriate by the Board and permitted under applicable laws and regulations upto an aggregate amount not exceeding US \$ 50 million or equivalent in India Rupees with or without Green Shoe Option, as may be applicable, whether in Indian Currency or foreign currency, inclusive of such premium as may be fixed on such securities, by offering such securities in one or more countries through public offer and/or offer letter and/or circular and/or information memorandum and/or such other documents/writings and such issue and allotment to be made at such time or times in one or more tranches, at par or at such price or prices, and on such terms and conditions and in such manner as Board may, in its absolute discretion think fit, at the time of such issue or allotment considering the prevalent market conditions & other applicable laws/factors in this regard.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such others as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including International Stock Exchanges, wherever permissible.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and/or international practice and regulations, and under the forms and practices prevalent in securities markets.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the Securities in the international market and may be governed by applicable laws.

RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to herein above or as may be necessary in accordance with the terms of the offering, all such shares shall rank pari-passu with the existing shares of the Company in all respects, excepting such right as to dividend as may be provided under the terms of the issue and in the Offer Document.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described herein above, the Board or any committee thereof be and is hereby authorized on behalf of the company to do all such acts, deeds, matters and things as it

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 the provision of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows :

- V The Authorized Share Capital of the Company is Rs. 1,21,25,00,000/- (Rupee One hundred twenty one crores and twenty five lacs) divided into 3,00,00,000 (Three Crore) equity shares of Rs.10/- (Rupee ten) each and 91,25,000 (Ninety one lac twenty five thousand) Redeemable Preference Shares of Rs.100/- (Rupee One hundred) each.

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

Date : 27th August, 2010
Place : New Delhi

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.
 - a) 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.
 - b) Members should bring the enclosed attendance slip duly filled in, for attending the meeting.
 - c) Members who hold shares in dematerialized form should write their client ID and DP ID numbers and those who hold shares in physical form should write their folio number in the attendance slip.
 - d) In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of their names will be entitled to vote.
 - e) Corporate Members are requested to send duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, the 22nd day of September, 2010 to Tuesday, the 28th day of September, 2010 (both days inclusive).
4. 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 22nd day of September, 2010. 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. As per the listing agreement, it is hereby declared that Company's shares are listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited and Annual Listing Fee for the year 2010-11 has been paid to the concerned stock exchange(s).
6. Members having any queries, on the accounts of the Company are requested to intimate the Company at least 10 days in advance of the date of the meeting, to enable the company to keep the required information ready.
7. Mr. Asoke Kumar Chatterjee is the Director liable to retire by rotation and being eligible offers himself for reappointment at this Annual General Meeting. As per listing agreement, the desired information relating to Mr. Asoke Kumar Chatterjee is given hereunder :

Mr. Asoke Kumar Chatterjee aged 81 years is a Non-executive Independent Director on the Board of the Company. He is a qualified Mechanical Engineer, Chartered Engineer and P. Eng (I) and has vast experience of more than three decades to his credit in the field of management consultancy, Management Information Systems and valuation etc both in India and abroad. Mr. Chatterjee is on the Board of REI Agro Limited, SPS Steels and Rolling Mills Limited, MSL Industries Limited. He is member of the Shareholders and Audit Committee of the Company.

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

In respect of item no. 5

In order to have global presence and to take benefit of economies of scale, your company plans to enter into new business ventures both in the Indian and Global Market and expand its existing area of operations, for which it plans to incur about Rs.250 crores in the near future. The Company therefore, plans to augment its long term financial resources by issue of equity/equity linked securities.

To meet the long term fund requirement for the proposed projects, modernization plans and to meet the working capital requirement, your company is planning to raise an amount not exceeding US \$ 50 or equivalent in Indian Currency by way of Global Depository Receipts ("GDR") and or American Depository Receipts ("ADR") and/or Foreign Currency Convertible Bonds ("FCCB") in one or more tranches, in such form, in such a manner, at such price or prices and at such time as may be considered appropriate by the Board.

The issue of securities will be as per applicable Indian Laws and guidelines in force from time to time.

Section 81(1A) of the Companies Act, 1956 and relevant clauses of the listing agreement where the equity shares of the company are listed provides that when it is proposed to increase the issued capital of a Company by way of allotment of further shares, such further shares shall be offered to the existing shareholders of the company unless approved otherwise by the shareholders in a general meeting. The special resolution, as proposed, if it is passed, will have effect or allowing the Board/its duly authorized committee to issue and allot securities to persons other than existing shareholders of the company.

Therefore, the proposed resolution as set out in the notice is an enabling resolution, authorizing the Board to issue equity/equity linked securities, as they may deem appropriate in the best interest of the company.

Your Board is of the opinion that the proposed resolutions are in the best interest of the company and hence recommend the above resolutions for your approval.

None of the Directors are in any way concerned or interested in the above proposed resolutions.

In respect of item no. 6

The Reserve Bank of India by amending the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulation, 2000, has raised the limit of investment by Foreign Institutional Investors (FIIs) up to the sectoral cap/statutory limit as applicable to the Indian Companies, subject to the approval of the Board of Directors and shareholders of the Company in General Meeting by way of Special Resolution.

The Board of Directors of your Company has approved subject to the approval of shareholders by way of Special Resolution in the general meeting, Foreign Institutional Investors (FII's) investment limit upto 49 percent of the paid up equity share capital of the Company.

The increase in FII's investment in the company will result in increased weightage of Company shares in benchmarking stock market indices, therefore large number of FII's will make investment in the equity shares of the company within the revised ceiling under the portfolio investment scheme of the Reserve Bank of India.

Your Board is of the opinion that the proposed resolutions are in the best interest of the company and hence recommend the above resolutions for your approval.

None of the Directors are in any way concerned or interested in the above proposed resolution.

In respect of Item No. 7

The present authorized share capital of the Company is Rs.121,25,00,000 divided into 1,22,50,000 equity shares of Rs.10/- each and 109,00,000 redeemable preference shares of Rs.100/- each.

As it is proposed to issue GDR/ADR/FCCB vide item no. 5 of the agenda of the meeting and cosequent upon such issue, the paid up equity share capital of the company will be increased from its present level of Rs.12,24,48,000, hence, there is necessity to increase the authorized equity share capital of the Company from its present level.

On the other hand, there is huge gap between the authorized redeemable preference share capital and paid up redeemable preference share capital and sum of Rs.66 crores (approx.) is presently lying unutilized in the authorized preference share capital of the company.

It is proposed to transfer/club Rs.17,75,00,000 from authorized preference share capital to authorized equity share capital of the Company. After clubbing/transferring of authorized share capital, Clause V of the Memorandum of Association of the company shall stand altered and be substituted by the following new clause :

- V The Authorized Share Capital of the Company is Rs.1,21,25,00,000/- (Rupee One hundred twenty one crores and twenty five lacs) divided into 3,00,00,000 (Three crore) equity shares of Rs.10/- (Rupee ten) each and 91,25,000 (Ninety one lac twenty five thousand) Redeemable Preference Shares of Rs.100/- (Rupee One hundred) each.

The company has already filed scheme of arrangement under section 391-394 of the Companies Act, 1956 before the Hon'ble High Court at New Delhi wherein the alteration in the authorized share capital has also been proposed. It is presumed that it may take longer time in finalization of the scheme of arrangement and there is urgent necessity to increase the authorized share capital in view of the proposed issue of securities as mentioned above, therefore, it is proposed to alter the authorized share capital by getting shareholders approval in the general meeting.

Your Board of Directors recommend the above resolutions for your approval.

None of the Directors are in any way concerned or interested in the above proposed resolution.

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

HARISH SHARMA
COMPANY SECRETARY

Date : 27th August, 2010
Place : New Delhi

Directors' report

To the Members ,
Alchemist Limited,

Your Directors have pleasure in presenting the 21st Annual Report together with Audited Annual Accounts for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

	(Rs. In lacs)	
	2009-2010	2008-2009
Sales & Other Income	39865	38919
Operating Profit (PBIDT)	3463	3423
Finance Charges	679	756
Profit before Depreciation & Tax (PBDT)	2784	2667
Depreciation	835	751
Profit before Tax (PBT)	1949	1916
Taxation	442	546
Add : Prior period items/Provisions written back	68	33
Net Profit	1575	1403
Appropriations		
Proposed Dividend	245	245
Tax on Dividend	41	42
Transferred to General Reserves	157	140
Transferred to Profit & loss A/c	1132	976

For the year under report, Your Company has achieved Sales & other income of Rs.39865 lacs compared to Rs.38919 lacs in the previous year. The profit after depreciation, interest and tax as on 31st March, 2010 was Rs.1575 lacs as against Rs.1403 lacs in the previous year. The above results have been achieved due to prudent management policies adopted from time to time.

DIVIDEND

The Board is pleased to recommend a dividend of 20 % (Rs. 2/- per equity share) for the year 2009-2010 on the equity shares of the company having face value of Rs.10/- each subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

FIXED DEPOSITS

During the year under report, your company has accepted/renewed fixed deposits within the limits prescribed under the Companies Act, 1956. As on 31st March, 2010, Your Company has fixed deposits of Rs. 29,64,52,000. There were no outstanding deposits as on 31st March, 2010 except fixed deposits which were not claimed by the depositors on its maturity.

SCHEME OF ARRANGEMENT

The Board of Directors of the company have entered into the Scheme of Arrangement for hiving off food division of the company with Alchemist Foods Limited, a wholly owned subsidiary company as per provisions of section 391-394 of the Companies Act, 1956, which has been approved by the Board of Directors of both the Companies. Further, the Hon'ble High Court of Delhi in the Company petition had called the meeting of Equity & Preference shareholders, Fixed Deposit holders, Secured & Unsecured Creditors under the Chairmanship of Court appointed Chairman, which were duly convened and held as per directions of the Hon'ble High Court. The Scheme was duly approved by Equity & Preference shareholders, Fixed Deposit holders, Secured & Unsecured Creditors. Thereafter, the Company has filed second petition before the Hon'ble High Court at Delhi, for approval of the scheme, which will come up in October, 2010 for hearing.

SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENT

As on 31st March, 2010 the company has one wholly owned subsidiary company namely Alchemist Foods Limited. A statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary company is attached to the Directors Report.

In accordance with the accounting standard (AS-21) on consolidated financial statements read with accounting standard (AS-23) on accounting for investment in associates, the consolidated financial statements based on the financial statements received from subsidiary company as approved by their Board of Directors are attached, which form part of the Annual Accounts.

DIRECTORS

Mr. Asoke Kumar Chatterjee, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. He has expressed his willingness for reappointment. The Board also recommend his reappointment to the members.

In accordance with the requirement of Clause No. 49 of the listing agreement, brief resume of Mr. Asoke Kumar Chatterjee giving details of his expertise areas, Directorship and members of various committees is given by way of notes to the notice of Annual General Meeting.

AUDITORS AND AUDITORS' REPORT

M/s N. Kumar Chhabra & Co., Chartered Accountants, Statutory Auditors retire at the ensuing Annual General Meeting and offer themselves for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(B) of the Companies Act, 1956 and they are not disqualified to be appointed as Statutory Auditors. The Audit Committee of the Board of Directors and the Board recommend their re appointment by members.

The observations of the Auditors in their report read with the relevant notes to accounts are self-explanatory and therefore do not require further clarification.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your directors state :-

- i. that in preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. that the accounting policies selected and applied are consistent and the judgements and estimates made 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 i.e. 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010.
- iii. 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;
- iv. that the annual accounts have been prepared on a going concern basis.