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27th Annual Report 2007 - 2008

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GUJARAT THEMIS BIOSYN LIMITED

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BOARD OF DIRECTORS

MR. D. RAJAGOPALAN *(up to 30th June, 2008)*	**CHAIRMAN** *(Nominee of GIIC)*
Mr. A.B SHAH *(w.e.f 30th June, 2008)*	
MR. ANANT THAKORE	
DR. DINESH PATEL	
MR. PANKAJ R. PATEL	
MR. SURENDRA SOMANI	
MR. N.I GANDHI	
MR. VIJAY AGARWAL	
MR. HINESH DOSHI	
MR. S.C KIM	
MR. J.K CHA	
MR. C.B PARK *(up to 19th January, 2008)*	
MR. S.S LEE *(w.e.f 19th January, 2008)*	
MR. J.H CHOI	
MR. RAJNEESH ANAND	**MANAGING DIRECTOR**

AUDITORS

MESSRS. KHANDELWAL JAIN & CO.,
CHARTERED ACOUNTANTS, MUMBAI

COST AUDITORS

MESSRS. B.J.D. NANABHOY & CO.,
COST ACCOUNTANTS, MUMBAI

BANKERS

UNION BANK OF INDIA

REGISTERED OFFICE AND WORKS

69/C, GIDC INDUSTRIAL ESTATE
VAPI – 396 195, DIT. VALSAD
GUJARAT, INDIA

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 27th Annual General Meeting of **Gujarat Themis Biosyn Limited** will be held on Friday the 5th September, 2008, at 11 a.m., at 69/C, GIDC Industrial Estate, Vapi-396 195, Dist. Valsad, Gujarat, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anant Thakore, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. Dinesh Patel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. J.H Choi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution.**
   "RESOLVED that pursuant to Articles of Association of the Company and Section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, Mr. Rajneesh Anand be and is hereby Re-appointed as Managing Director of the Company for a further period of 3 (Three) years with effect from 1st February, 2008 on the terms and conditions as set out in the draft agreement submitted to this meeting and for identification initialed by Mr. Anant Thakore (the director authorised by the Board for purpose) which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed between the Board of Directors and Mr. Rajneesh Anand;

   RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company do pay to Mr. Rajneesh Anand up to such amount as remuneration as permissible under Section II of Part II to Schedule XIII to the Companies Act, 1956 as minimum Remuneration.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matter and things as may be considered necessary or desirable to give effect to this resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution.**
   "RESOLVED THAT Mr. S. S Lee who has been appointed as an Additional Director with effect from 19th January, 2008 by the Board of Directors of the Company and pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") he holds the office up to the date of Annual General Meeting of the Company and being eligible offers himself for re-appointment;

   The Company has received notices in writing under section 257 of the Companies Act, 1956, from members proposing his candidature for the office of Director.

   FURTHER RESOLVED THAT Mr. S.S Lee, be and is hereby appointed as Director of the Company liable to retire by rotation."

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution.**
   "RESOLVED THAT Mr. A.B Shah, who has been appointed as an Additional Director in place of Shri D. Rajagopalan with effect from 30th June, 2008 by the Board of Directors of the Company and who holds the office up to the date of forthcoming Annual General Meeting of the Company pursuant to provisions of Section 260 of the Companies Act, 1956 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under section 257 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company;

   The Company has received notices in writing under section 257 of the Companies Act, 1956, from members proposing his candidature for the office of Director.

   FURTHER RESOLVED THAT Mr. A.B Shah, be and is hereby appointed as Director of the Company liable to retire by rotation."

Registered Office
69/C, GIDC Industrial Estate,
Vapi- 396 195
Dist. Valsad,
Gujarat

By order of the Board

Place : Mumbai
Date : 30th June, 2008

RAJNEESH ANAND
Managing Director

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NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ONLY ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN INSTRUMENT APPOINTING A PROXY OR ANY OTHER DOCUMENT NECESSARY TO SHOW THE VALIDITY OR OTHERWISE RELATING TO THE APPOINTMENT OF A PROXY IN ORDER THAT THE APPOINTMENT MAY BE EFFECTIVE AT THE MEETING MUST BE FILED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE MEETING.**

   Members / Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 1st September, 2008 to Friday, the 5th September, 2008 (both days inclusive).

3. Members are requested to bring their copies of the Annual Report to the meeting since it will not be possible for the Company to distribute additional copies of the Annual Report at the Annual General Meeting.

4. Members are requested to –

   a) intimate to the Company's Registrar and share transfer agent, changes, if any, in their respective address along with Pin Code Number at an early date;

   b) quote folio number in all their correspondence;

   c) consolidate holdings into one folio in case of multiplicity of folios with names in identical order;

   d) intimate their queries / requirements for clarifications on the annual report so as to reach the Company on or before 1st September, 2008 which will enable the Company to furnish the replies at the Annual General Meeting.

5. Details of Directors seeking appointment/re-appointment in the 27th Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Mr. Anant Thakore	Dr. Dinesh Patel	Mr.Rajneesh Anand	Mr. J. H. Choi	Mr. A.B Shah
Date of Birth	12-01-1935	02-11-1948	05-03-1954	18-04-1958	02-09-1958
Date of appointment	20-10-1991	25-05-1992	01-02-2008 Re-appointed as Managing Director of the Company	10-06-2003	30-06-2008
Expertise in specific functional areas	Marketing/ Manufacturing in Pharmaceutical bulk drugs and Speciality Chemicals	Industrialist with expertise in Medicinal & Pharmaceutical Research, Fermentation Technology and Business Management.	Over 33 years of industrial experience in the area of Production, Planning, Project implementation, Engineering, Finance, Administration etc.	Planning & Co-ordination, Overseas Branch	Engineering
Qualifications	LLB - Mumbai	M.Sc. PHD. C. Chem., FRSC (Lon).	B.E (Mech.), MIE, DMS	B.A.	B.E. (Mech.)
List of Companies (excluding foreign and private Limited Companies in which outside Directorships held as on 31st March, 2008	- Avik Pharmaceutical Limited - Pharmaceutical Business Group (I) Limited	-Themis Medicare Ltd., -Pharmaceutical Business Group (I) Limited	-Themis Medicare Ltd.	None	- Gujarat Goldcoin Ceramics Limited. - Remi Metals Gujarat Limited - Gujarat Poly- AVX Electronics Limited - Gujarat State Machine Tools Corpn. Limited - Gujarat Lease Financing Limited
Chairman/ Member of the Committees of the Board of the Companies on which he is a director as on 31st March, 2008.	Chairman of Audit Committee, Share Transfers & Investors Grievances Committee of Gujarat Themis Biosyn Ltd	Chairman of Remuneration Committee of Gujarat Themis Biosyn Ltd.	None	None	None

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EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6

Members may be aware that Mr. Rajneesh Anand was appointed as Managing Director of the Company with effect from 1st February, 2005 for a period of 3 (three) years. i.e. upto 31st January, 2008. Subject to the approval of Members, the Board of Directors in their meeting held on 19th January, 2008 have Re-appointed him for a further period of three years with effect from 1st February, 2008.

Mr. Rajneesh Anand, aged 54 years, is B.E. (Mechanical), MIE and DMS. He has been associated with the Company for last Six years as Managing Director of the Company. Mr. Rajneesh Anand has over 33 years of industrial experience in the area of production planning, project implementation, system designing and engineering, quality control, marketing, finance, personnel, labour management and general administration and management. He is also responsible for all technical as also Techno-commercial matters of the Company and under his stewardship, the Company has successfully commissioned several new/ expansion projects.

The terms of appointment and remuneration/revised remuneration paid/payable to Mr. Rajneesh Anand as Managing Director of the Company are as under :

Meeting held on 19th January, 2008

1.	Date & Period of Appointment	:	1st February, 2008 for 3 Years
2.	Payable Monthly		**Per Month**
	Salary		Rs.25,000/-
	TOTAL		**Rs.25,000/-**

In addition to the remuneration payable to the Managing Director as aforesaid, he shall also be entitled to participate in the Company's Group Accident Insurance Policy of the Company.

The benefits and payments received by the Managing Director on account of above shall not be included in the computation of limits for the remuneration.

Provision for use of Company's car for official duties and telephone (including Mobile Phone) at residence (including payment for local calls and long distance official calls) will not be considered as remuneration and included in the computation of remuneration receivable by the Managing Director.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained where in any financial year during the currency of his tenure as the Managing Director of the Company, if the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites and allowances as specified above or the maximum remuneration payable as per the limits set out in section II of Part II of Schedule XIII of the Companies Act, 1956 whichever is lower, unless otherwise determined by the Board of Directors subject to approval of Central Government, if required as minimum remuneration.

The terms and conditions of the appointment of Mr. Rajneesh Anand as aforesaid may be varied from time to time by the Board of Directors as it may in its discretion, deem fit, within the maximum amounts payable to the managing and whole time directors in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.

Mr. Rajneesh Anand, so long as he functions as Managing Director of the Company, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Appointment of Mr. Rajneesh Anand as Director and Managing Director of the Company is subject to the provisions of Section 283(1)(i) of the Companies Act, 1956. If at any time, Mr. Rajneesh Anand cease to be a Managing Director of the Company, and as such in employment of the Company, for any causes whatsoever, then he shall forthwith cease to be the Director of the Company and vice versa.

The Managing Director shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties, as may, from time to time, be delegated/entrusted to him.

In addition to the above terms and conditions governing remuneration, the Agreement to be signed by the Company with Mr. Rajneesh Anand also provides for earlier determination of his appointment by either party by giving three months notice in writing to the other party or the Company paying three month's remuneration in lieu thereof, non-participation in any selling agency of the Company by himself or through his wife and/or minor children, reimbursement of the entertainment, travelling and all the other expenses incurred by him for the business of the Company, etc.

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The resolution proposed at item no. 6 of the accompanying Notice also provides for variation in the terms of the appointment including the remuneration payable to Mr. Rajneesh Anand at the sole and absolute discretion of the Board of Directors of the Company subject however that the remuneration payable to Mr. Anand shall not exceed the maximum remuneration permissible under Schedule XIII and in accordance with the other applicable provisions of the Companies Act, 1956.

The Board recommends passing of the resolution set out at Item No. 6 in the notice of the 27th Annual General Meeting.

The draft Agreement between the Company and Mr. Rajneesh Anand is available for inspection by the members of the Company at its Registered Office between 9.00 a.m. to 11.00 a.m. on any working day of the Company up to and including the date of the 27th Annual General Meeting.

The details terms of appointment and variation, as aforesaid, be treated as an abstract of the terms of appointment or variation in terms of appointment of Mr. Rajneesh Anand as Managing Director of the Company required to be circulated amongst the members pursuant to the Provisions of Section 302 of the Companies Act, 1956.

Except Mr. Rajneesh Anand, None of the other directors of the Company may be considered to be concerned or interested in the proposed resolution.

ITEM NO. 7

Mr. S. S. Lee was appointed as an Additional Director of the Company with effect from 19th January, 2008 by the Board of Directors. Pursuant to provisions of Section 260 of the Companies Act, 1956 ("the Act") he holds the office up to the date of forthcoming Annual General Meeting of the Company.

Mr. S. S. Lee is eligible for appointment and the Company has received a notice in writing under section 257 of the Act from a member proposing his candidature for the office of Director. The Company has received letter from him regarding that he is not disqualified Under Section 274(1)(g) of the Companies Act, 1956. The Board of Directors recommends appointment of Mr. S. S. Lee as Director of the Company.

None of the directors are concerned or interested in the said resolution.

ITEM NO. 8

Mr. A.B Shah was appointed as Director of the Company w.e.f 30th June, 2008 by the Board of Directors of the Company nominated by Gujarat Industrial Investment Corporation Ltd. in place of Shri D. Rajagopalan, IAS. Pursuant to provisions of Section 260 of the Companies Act, 1956 ("the Act") he holds the office up to the date of forthcoming Annual General Meeting of the Company.

Mr. A.B Shah is a Head of the Department of Project with GIIC, Ahmedabad having versatile experience of industry for more than 25 years.

Mr. A.B Shah is eligible for appointment and the Company have received a notice in writing under section 257 of the Act from a member proposing his candidature for the office of Director. The Company has received letter from him stating that he is not disqualified Under Section 274(1)(g) of the Companies Act, 1956. The Board of Directors recommends appointment of Mr. A.B Shah as Director of the Company.

None of the directors are concerned or interested in the said resolution.

Registered Office

By order of the Board

69/C, GIDC Industrial Estate,
Vapi- 396 195
Dist. Valsad,
Gujarat

Place : Mumbai
Date : 30th June, 2008

RAJNEESH ANAND
Managing Director

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DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting herewith the 27th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2008.

FINANCIAL RESULTS

		(Rs. in Lakhs)	
		Year ended 31.03.2008	Year ended 31.03.2007
Total Income		**1663.16**	1356.12
Operating Profit / (Loss)		**213.22**	(822.34)
Interest and Finance charge		**202.14**	190.94
Profit / (Loss) before depreciation, prior period adjustments & tax		**11.07**	(1013.28)
Profit./ (loss) before tax		**(174.05)**	(1200.21)
Provision for tax	- Current	**2.00**	2.00
	- Deferred	**-**	-
Income tax for earlier year		**-**	-
Profit/(Loss) after tax		**(176.05)**	(1202.21)
Surplus/(Deficit) brought forward		**(1815.17)**	(612.96)
Surplus / (Deficit) carried forward to Balance Sheet		**(1991.22)**	(1815.17)

OPERATIONS

Your Company's operations during the year under review, have improved significantly and have been generally smooth. The Company's sales for the year ending 31st March 2008 is Rs.405.45 lacs and conversion charges for job work is Rs.1221.71 lacs as compared to Rs. 1331.69 lacs sale and conversion charges for job work Rs NIL during the previous year. The operating profit/(loss) for the year is Rs.213.22 lacs as compared to Rs. (822.34) lacs profit/(loss) for the previous year. The net loss recorded by the Company for the year is Rs. 176.05 lacs as compared to Rs. 1202.21 lakhs in the previous year. The sales / job work volume was not optimum for the size of the Company to recover all the overheads; this has resulted in the losses.

BIFR

Based on the financial results of the year ended 31st March 2007, the Company became "Sick" as defined under Sec 3 (1) (o) of the Sick Industrial Companies (Special provision) Act 1985, and in accordance with the provisions of section 15 (I) of the said Act, filed a reference with the Board for Industrial and Financial Reconstruction (BIFR). In pursuance thereof, BIFR while directing for a Special Investigative Audit (SIA) has appointed Union Bank of India as the Operating Agency (OA). As directed by BIFR, an independent Firm of Chartered Accountants was appointed by OA to conduct the SIA. The SIA Report has since been filed with the BIFR. Based on further directions from the BIFR a detailed rehabilitation strategy shall be prepared in consultation with the OA and other agencies involved.

The Company is hopeful of working out an acceptable revival strategy and turn around the performance of the Company within a reasonable time.

MANAGEMENT DISCUSSIONS AND ANALYSIS

1. **Industry Structure & Developments**

   India has been making rapid strides in the field of Bulk Drugs and majority of these drugs required in India are manufactured in India. India also happens to be a major exporter of bulk drugs all over the globe, particularly to Europe and US markets.

   Your Company is in the business of manufacturing a bulk drug called "Rifampicin" produced by fermentation process. Indian fermentation industry is also quite sizeable. However it is small when compared to the drug industries manufacturing drugs by synthetic route.

2. **Opportunity,Threats, Outlook, Risk and Concerns**

   The Indian fermentation industry does not have a level playing field as compared to China. The energy cost, labour cost and raw material cost are much lower in China therefore the Company finds itself in a very difficult situation.

3. **Segment-wise or Product-wise Performance**

   Your Company is producing fermentation and synthetic pharmaceutical ingredients like Rifampicin and Lovastatin which belong to the same segment of the industry.

4. **Internal Control Systems and their adequacy.**

   The Company has adequate internal control procedures which commensurate with its size and nature of business. The internal control procedures and systems ensure efficient use and protection of resources and compliance with the policies, procedures and statutes.

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5. Material Developments in Human Resources and Industrial Relations

Fermentation industry is a high technology Industry. Continuos efforts are being made in training the employees through In-house training programs to suit the Company's requirements. Industrial Relations have been generally cordial and healthy.

DIRECTORS

Dr. Dinesh Patel, Mr. Anant Thakore & Mr. J.H Choi retires at the forthcoming 27th Annual General Meeting and being eligible, offer themselves for reappointment.

During the year Mr. C.B Park has resigned and in his place Mr. S.S Lee was appointed as Director representing Yuhan Corporation.

Further Mr.D. Rajagopalan, Nominee Director of GIIC has resigned and in his place Mr. A.B Shah has appointed as Director of the Company.

INDUSTRIAL RELATIONS

Relations between the Management and the workers generally remained cordial and peaceful.

AUDITORS

Messrs Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. As regards remarks in the Auditor's Report, the Notes, wherever referred to, are self-explanatory. The Auditors have furnished to the Company the requisite Certificate under Section 224 (1B) of the Companies Act, 1956.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors appointed by the Company continues to conduct Cost Audit relating to Company's bulk drug division.

PARTICULARS OF EMPLOYEES

No employees of the Company are drawing salary in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

Information on conservation of energy and technology absorption etc. as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988, are given in Annexure "A" to the Director's Report.

CORPORATE GOVERNANCE

Report of Directors on compliance of conditions Corporate Governance as specified in Clause 49 of the Listing Agreement together with certificate issued by the Practicing Company Secretary thereon attached to this Report.

DIRECTORS RESPONSIBILITY

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

i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii) The Directors have 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 at the end of the financial year and of the profit or loss of the Company for that period.

iii) The Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENT

Your Directors have pleasure to place on record their sincere appreciation for the continued co-operation support extended to the Company by Financial Institutions, Union Bank of India, all the Employees, Yuhan Corporation, the State Government of Gujarat, Dept. of Chemical & Petrochemical and various other Government authorities.

For and on behalf of the Board of Directors

Place : Mumbai	**RAJNEESH ANAND**	**SURENDRA SOMANI**	**ANANT THAKORE**
Date : 30th June,2008	Managing Director	Director	Director

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'ANNEXURE A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

CONSERVATION OF ENERGY

(a) Energy conservation measures taken: -
During the year under review, all possible efforts were made to ensure optimum conservation of electricity and fuel at the plant.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: -
The Company has introduced improved operational methods, improved maintenance systems and rationalisation to bring about a saving in power consumption.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: -
The adoption of energy conservation measures stated above is expected to help in saving to the Company on fuel and energy cost.

(e) The total energy consumption per unit of production as per **Form A** of the Annexure to the Rules in respect of Industries specified in the Schedule thereto: -
The Company has invested substantial amount in the Plant and equipment to reduce energy Consumption and the Company will continue in its efforts to improve methods of energy conservation and utilisation.

FORM - A

Form for disclosure of Particulars with respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

	2007-2008	2006-2007
1. Electricity :		
a) **Purchase :**		
Units	**89,36,010**	49,97,190
Total Amount	**486,83,819**	290,92,799
Rate/Unit (Rs.)	**5.45**	5.82
b) **Own Generation :**		
i) Through diesel / LDO Generators (KwH)	**1,07,492**	68,248
Diesel / LDO Consumed (Liters)	**40,338**	28,950
Units / Litre of Diesel /LDO (KwH)	**2.66**	2.36
Total Amount (Rs.)	**14,63,540**	10,58,385
Cost / Unit (Rs. / KwH)	**13.62**	15.51
ii) Through Steam:		
Turbine / Generator Units	**NIL**	NIL
Unit / Litres of Fuel / Oil / Gas	**NIL**	NIL
2. Furnace Oil :		
Quantity (Litres)	**292,548**	120,419
Total Amount (Rs)	**59,47,221**	21,64,221
Average Rate (Rs./Litre)	**20.33**	17.97
3. Coal / Lignite :		
Quantity (Kgs)	**61,12,200**	26,72,770
Total Amount (Rs.)	**202,84,757**	81,05,952
Rate / Kgs (Rs.)	**3.32**	3.03

B. CONSUMPTION PER MT OF FINISHED GOODS PRODUCED*

	2007-2008	2006-2007
Electricity per MT (Rs)	**638,872**	924,404
Furnace Oil Per MT (Rs)	**78,045**	68,915
Diesel /LDO Per MT (Rs)	**19,206**	33,702
Coal / Lignite Per MT (Rs)	**266,195**	258,118

*Figures are not comparable as mix of two products were produced and use of substitute.

TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules:

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FORM B

Form for disclosure of Particulars with respect to absorption

1 Research & Development (R & D)

(a) Specific areas in which R & D carried out by the Company:

The Company conducts regular R & D activities in the in-house R&D Centre for improvement in the quality of the existing products and upgradation of process. The activities of the R & D lab are also directed towards development of new products, identified by the Company.

(b) Benefits derived as a result of the above R & D:

The R & D activities of the Company have resulted in improved quality of the product and in production process with better yield, better recoveries leading to cost containment.

(c) Future Plan of action:

The Research activity will continue to concentrate on new product development, process improvement and development and import substitution. The Company is working aggressively to scale up new product.

(d) Expenditure on R & D:

	2007-2008	2006-2007
i) Capital	**NIL**	NIL
ii) Recurring	**3.82**	6.21
iii) Total	**3.82**	6.21
iv) Total R & D expenditure as a percentage of total turnover	**0.25%**	0.47%

2 Technology Absorption, Adaptation and Innovation:

(a) Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company has taken steps to increase the yields and productivity to bring down the cost of production.

(b) Benefits derived as a result of the above efforts:

- Saving in Foreign Exchange through import substitution.
- Reduction of production cost.
- Improvement in product quality.

3. Activities related to exports, initiatives taken to increase exports, development of new export markets for products and services and export plan:

The Company is manufacturing 100% import substitute products and the production during the year has saved substantial foreign exchange to the country.

Total foreign exchange used and earned	**(Rs. In lakhs)**
- Total foreign exchange earned	**NIL**
- Total foreign exchange spent	**NIL**

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th June,2008

RAJNEESH ANAND
Managing Director

SURENDRA SOMANI
Director

ANANT THAKORE
Director

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