

29th
Annual Report
2009 - 2010



GUJARAT THEMIS BIOSYN LIMITED

BOARD OF DIRECTORS

DR. DINESH PATEL

MR. RAJNEESH ANAND

MR. A. B SHAH
(Nominee of GLIC)

DR. SACHIN D. PATEL

MR. VIJAY AGARWAL

MR. HINESH DOSHI

MR. S.C KIM

MR. J.K CHA

MR. S. S. LEE

MR. J.H CHOI

MS. DHARMISHTA N RAVAL
(w.e.f. 30-10-2009)

MR. SUBHASH C. KAUSHIK
(w.e.f. 21-05-2010)

CHAIRMAN

MANAGING DIRECTOR

AUDITORS

MESSRS. KHANDELWAL JAIN & CO.,
CHARTERED ACCOUNTANTS, 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, DIST. VALSAD
GUJARAT, INDIA

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 29th Annual General Meeting of **Gujarat Themis Biosyn Limited** will be held on Tuesday the 28th September, 2010, 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, 2010 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 Dr. Dinesh Patel, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S.S Lee, 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 Ms. Dharmishta N Raval be and is hereby appointed as a Director of the Company liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**
“RESOLVED THAT Mr. Subhash C Kaushik be and is hereby appointed as a Director of the Company liable to retire by rotation.”

Registered Office

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

Place : Mumbai

Date : 21st May, 2010

By order of the Board

RAJNEESH ANAND
Managing Director

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 Friday the 24th September, 2010 to Tuesday the 28th September, 2010 (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 24th September, 2010 which will enable the Company to furnish the replies at the Annual General Meeting.

5. Details of Directors seeking appointment/re-appointment in the 29th Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Dr. Dinesh Patel	Mr.S. S Lee	Mr. J H Choi	Ms. Dharmishta N Raval	Mr. Subhash C Kaushik
Date of Birth	02-11-1948	03-11-1961	18-04-1958	12-01-1956	30-01-1948
Date of appointment	25-05-1992	19-01-2008	10-06-2003	30-10-2009	21-05-2010
Expertise in specific functional areas	Industrialist with expertise in Medicinal & Pharmaceutical Research, Fermentation Technology and Business Management.	Product Development, Overseas Business	Planning & Co-ordination, Overseas Business	Company Law, Labour Laws, Service Law, Income Tax & Excise matters, Sick Industries Companies Act etc.,	Accounts, Finance & Taxation
Qualifications	M.Sc. PHD. C. Chem., FRSC (Lon).	B. Science	M. B. A.	BSc, L.L.M	B.A
List of companies (excluding foreign and private Ltd. companies in which outside Directorships held as on 31 st March, 2010)	Themis Medicare Ltd., Bank of Maharashtra	None	None	None	Pharmaceutical Business Group (I) Ltd.
Chairman/ Member of the Committees of the Board of the companies on which he is a director as on 31st March, 2010	Chairman of Remuneration Committee of Gujarat Themis Biosyn Ltd.	None	None	None	None

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6

Ms. Dharmishta N Raval was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th October, 2009.

Ms. Dharmishta N. Raval is an Advocate and presently practicing at Gujarat High Court. She was designated as a Senior Standing Counsel for the Central Government in Gujarat High Court and handled various matters relating to Excise, Taxation, Service Laws, Company matters etc. She was also an Executive Director of SEBI and the Company will be benefited by her experience.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Ms. Dharmishta N. Raval holds the office up to the date of the ensuing Annual General Meeting of the Company.

The Company has received Notice from a member of the Company signifying his intention to propose Ms. Dharmishta N Raval as a candidate for the office of the Director alongwith the requisite deposit pursuant to Section 257 (I) of the Companies Act, 1956.

The necessary resolution is put for the approval of the shareholders.

None of the directors are interested in the said resolution except Ms. Dharmishta N. Raval

ITEM NO. 7

Mr. Subhash C Kaushik was appointed as an Additional Director of the Company by the Board of Directors with effect from 21st May, 2010

Mr. Subhash C Kaushik is a qualified person and having 40 years experience of various industry and major exposure to Finance Department. The Company will be benefited with his versatile experience.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr. Subhash C Kaushik holds the office up to the date of the ensuing Annual General Meeting of the Company.

The Company has received Notice from a member of the Company signifying his intention to propose Mr. Subhash C. Kaushik as a candidate for the office of the Director alongwith the requisite deposit pursuant to Section 257 (I) of the Companies Act, 1956.

The necessary resolution is put for the approval of the shareholders.

None of the directors are interested in the said resolution except Mr. Subhash C. Kaushik.

Registered Office

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

Place : Mumbai

Date : 21st May, 2010

By order of the Board

RAJNEESH ANAND
Managing Director

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting herewith the 29th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2010

FINANCIAL RESULTS

		(Rs. in Lakhs)
	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	1563.59	1275.95
Operating Profit / (Loss)	142.54	(78.96)
Interest and Finance charge	159.80	180.93
Profit / (Loss) before depreciation, prior period adjustments & tax	(17.26)	(259.88)
Profit./ (loss) after depreciation and tax	(103.06)	(357.57)
Income tax for earlier year	4.74	4.35
Fringe Benefit Tax for earlier year	0.55	—
Fringe Benefit Tax	—	1.60
Net Profit/(Loss) after tax	(108.35)	(363.52)
Surplus/(Deficit) brought forward	(2354.74)	(1991.22)
Surplus / (Deficit) carried forward to Balance Sheet	(2463.09)	(2354.74)

OPERATIONS

Your Company's operations during the year under review have improved. The Company's sales for the year ending 31st March 2010 is Rs.2.28 lacs and conversion charges for job work is Rs.1545.70 lacs as compared to Rs.4.59 lacs sale and conversion charges for job work Rs 1250.72 during the previous year. The operating Profit for the year is Rs.142.54 lacs as compared to Rs. 78.96 lacs Loss for the previous year. The net loss recorded by the Company for the year is Rs. 108.35 lacs as compared to loss of Rs. 363.52 lacs in the previous year.

BIFR

Your Company became "Sick Company" 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 and registered with BIFR on 5/11/2007 under reference No.67/2007.

The Draft Rehabilitation Scheme is under finalization by Union Bank of India (Operating Agency) in consultation with the promoters and other involved agencies and the same will be furnished to BIFR for their consideration.

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. At present the Company is engaged in manufacturing activities on Job work basis.

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 engaged in manufacturing activities on Job Work basis.

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.

5. Material Developments in Human Resources and Industrial Relations

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

DIRECTORS

In terms of Article of Association of the Company as well as the requirement of the Companies Act, 1956, Dr. Dinesh Patel, Mr. S.S. Lee, Mr. J H Choi retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Further Mr. Anant Thakore, Mr. N.I Gandhi and Mr. Surendra Somani have resigned from the Board of Directors of the Company on 22nd September, 2009. The Board placed on record its appreciations of the valuable support extended by Mr. Anant Thakore, Mr. N.I Gandhi and Mr. Surendra Somani during their tenure as Director of the Company.

Your Directors have appointed Ms. Dharmishta N Raval and Mr. Subhash C Kaushik as Additional Directors u/s 260 of the Companies Act, 1956 w.e.f 30th October, 2009 & 21st May, 2010 respectively. A resolution for their appointment as regular Director is proposed to be passed at the ensuing Annual General Meeting 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 Auditors' 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.

INTERNAL AUDITOR

During the year 2009-10, the Company has appointed M/s Gopalkrishnan Aiyer & Co., Chartered Accountants as Internal Auditors of the Company.

COST AUDITORS

The Company being Sick Unit and Registered with BIFR and presently the Company is engaged in manufacturing activities on Job Work basis.

Based on said reason, the company is making an application to Central Government for exemption from Cost Audit of the Record of the Company for the financial year 2009-10 u/s 233 of the Companies Act, 1956.

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 on 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 Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

AUDITORS' OBSERVATIONS & COMMENTS

Observations & Comments

1. Some of the balances of sundry debtors, deposits, loans & advances and sundry creditors are subject to confirmation and adjustments necessary upon reconciliation if any, consequential impact thereof in the financial statements is not ascertainable. The Management does not expect any material variation in the financial statements.
2. Preparation of accounts on the basis of a going concern inspite of negative net worth and working capital deficiency. The company has initiated efforts including development of new products and has also ventured into manufacture of goods on job work basis so as to reduce the losses. Accordingly, these accounts have been prepared on a going concern basis.
3. Regarding non-maintenance of the proper records showing the full particulars including quantitative details and situation of fixed Assets and in the absence of physical verification during the year discrepancies between book records and physical availability could not be ascertained. The management is of the view that there will be no material discrepancies between Fixed Assets records as per books and its physical availability.
4. Regarding write back of sundry credit balance of Rs.35,18,539/- based on a review undertaken of old outstanding balances of Sundry Creditors & Provisions.
5. The net worth of the Company has been eroded during the financial year 2006-07 and based on its financial position as on 31-03-2007, the Company became Sick Unit and Registered with BIFR. As per the order passed by the BIFR, Union Bank of India has been appointed as Operating Agency.

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

RAJNEESH ANAND
Managing Director

DR. DINESH PATEL
Director

DR. SACHIN D. PATEL
Director

Place : Mumbai
Date : 21st May, 2010

‘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

	<u>2009-2010</u>	<u>2008-2009</u>
1. Electricity :		
a) Purchase :		
Units	96,36,840	91,43,760
Total Amount	6,01,43,017	5,65,74,753
Rate/Unit (Rs.)	6.24	6.19
b) Own Generation :		
i) Through diesel / LDO Generators (KwH)	60,824	70,784
Diesel / LDO Consumed (Litres)	34,396	32,769
Units / Litre of Diesel /LDO (KwH)	1.77	2.16
Total Amount (Rs.)	12,24,783	12,51,744
Cost / Unit (Rs. / KwH)	20.14	17.68
ii) Through Steam:		
Turbine / Generator Units	NIL	NIL
Unit / Litres of Fuel / Oil / Gas	NIL	NIL
2. Furnace Oil :		
Quantity (Litres)	3,01,628	2,10,433
Total Amount (Rs)	70,19,567	63,59,970
Average Rate (Rs./Litre)	23.27	30.22
3. Coal / Lignite :		
Quantity (Kgs)	71,98,000	58,26,160
Total Amount (Rs.)	3,27,86,997	2,62,36,794
Rate / Kgs (Rs.)	4.56	4.50

B. CONSUMPTION PER MT OF FINISHED GOODS PRODUCED *

	<u>2009-2010</u>	<u>2008-2009</u>
Electricity per MT (Rs)	3,86,720	7,21,520
Furnace Oil Per MT (Rs)	45,136	81,111
Diesel /LDO Per MT (Rs)	7,875	15,964
Coal / Lignite Per MT (Rs)	2,10,820	3,34,608

* Figures are not comparable as mix of two products were produced and use of substitute, also the per MT cost has been calculated excluding the finished goods used for captive consumption.

TECHNOLOGY ABSORPTION

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

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:**

Since the company is currently in the Job work business, the company works on the development of processes and strains to improve productivity to increase its income /reduce losses.

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

The R & D activities of the Company have resulted in improved productivity and quality of the product, better yields and recoveries leading to cost containment and loss reduction.

(c) Future Plan of action:

The Research activity will continue to concentrate on new product development of products which the company will identify in future, process improvement and development. The Company is working aggressively to scale up new product.

(d) Expenditure on R & D : Nil**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 operation.

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

- Reduction of operation 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 in the job work business area only however the product made by the company is used by the principals for manufacture of down stream API which is widely exported. This will help the country to gain good foreign exchange. Our Principals earlier were also importing the products manufactured by us from China. Thus our activity in a way is also helping the country to save foreign exchange.

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

- Total foreign exchange earned	NIL
- Total foreign exchange spent	29.09

For and on behalf of the Board of Directors

Place : Mumbai
Date : 21st May, 2010

RAJNEESH ANAND
Managing Director

DR. DINESH PATEL
Director

DR. SACHIN D. PATEL
Director

ANNEXURE 'B' TO THE DIRECTORS REPORT

REPORT ON CORPORATE GOVERNANCE

To,
The Members,

The Directors of the Company are pleased to present report on Corporate Governance for the financial year ended 31st March, 2010.

PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy underlying Corporate Governance seeks to create a system of "Checks and Balances" based on transparency, ensuring integrity, clarity and consistency in the dealing of the Company with all its stakeholders. Good governance ensures that a Company follows the best corporate practices. Implementation of good governance indicates not only the compliance of the laws and regulations of the land but also indicates the values, practices and culture of your organisation.

BOARD OF DIRECTORS

A) Composition of the Board

The Company's Board comprises an optimum combination of Executive and Non-Executive Directors in conformity with the provisions of the listing agreement on Corporate Governance. The Company also has the optimum number of Independent Directors in accordance with the criteria given in Clause 49 of the listing agreement. The Non-Executive Directors brings an external and wider perspective confirming therewith in depth business deliberations and decisions advantage. The Board represents an optimum mix of professionals, knowledge and expertise.

The Managing Director subject to the superintendents and direction of the Board of Directors manages the business of the Company. Details of Board of Directors and their directorship/membership in committees of other companies (excluding Private Limited and Foreign Companies) are as under:

Name of the Director	Category	Number of other directorships	Committee Memberships	
			Chairman	Member
Dr. Dinesh S. Patel	Non executive Promoter Director	2	—	—
Dr. Sachin Dinesh Patel	Non executive & Promoter Director	1	—	—
Mr. A. B Shah (Nominee of GIIC)	Non executive & Independent	4	—	2
Mr. J. K. Cha	Non executive Representative of Yuhan Corpn.	—	—	—
Mr. S. C. Kim	Non executive Representative of Yuhan Corpn.	—	—	—
Mr J. H. Choi	Non executive Representative of Yuhan Corpn.	—	—	—
Mr. S.S. Lee	Non executive Representative of Yuhan Corpn.	—	—	—
Vijay Agarwal	Non executive & Independent	6	1	4
Mr Hinesh Doshi	Non executive & Independent	—	—	—
Mr. Rajneesh Anand (Managing Director)	Executive	1	—	—
Ms. Dharmishta N Raval (w.e.f. 30-10-2009)	Non executive & Independent	2	—	—
Mr. Subhash C Kaushik (w.e.f. 21-05-2010)	Non executive & Promoter Director	—	—	—