

30th
Annual Report
2010 - 2011



GUJARAT THEMIS BIOSYN LIMITED

BOARD OF DIRECTORS

DR. DINESH S. PATEL

CHAIRMAN

MR. RAJNEESH ANAND

MANAGING DIRECTOR

MR. A. B SHAH
(*Nominee of GIIIC*)

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

MR. SUBHASH C. KAUSHIK

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, DIT. VALSAD
GUJARAT, INDIA

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 30th Annual General Meeting of Gujarat Themis Biosyn Limited will be held on Saturday, 24th September, 2011, 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, 2011 and Profit and Loss Account for the year ended on that date together with reports of the Auditors' and Directors thereon.
2. To appoint a Director in place of Dr. Sachin D. Patel, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. J. K Cha, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Vijay Agarwal, 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, 2011 on the terms and conditions as set out in the draft agreement submitted to this meeting and for identification initialed by Dr. Dinesh Patel (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."

Registered Office

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

Place : Mumbai

Date : 26th August, 2011

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 Tuesday, 20th September, 2011 to Saturday, 24th September, 2011 (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 20th September, 2011 which will enable the Company to furnish the replies at the Annual General Meeting.

5. Details of Directors seeking appointment/re-appointment in the 30th Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Dr. Sachin D. Patel	Mr. J. K Cha	Mr. Vijay Agarwal	Mr. Rajneesh Anand
Date of Birth	18-01-1975	20-08-1946	29-06-1957	05-03-1954
Date of appointment	25-10-2008	18-11-1997	31-03-2006	01-02-2011 Reappointed as Managing Director of the Company
Expertise in specific functional areas	Business Development	General Admin in plant. Planning & Coordination General Admin. & Planning	Taxation & Corporate Advisory	Over 36 years of industrial experience in the area of Production, Planning, Project implementation, Engineering, Finance, Administration etc.
Qualifications	Ph.D.Chem.University of Cambridge (UK)	Bachelors Degree in Commercial Science. Masters Degree in Business and Admin. At Barrington University in U.S	B. Com, FCA	B.E (Mech.), MIE, DMS
List of companies (excluding foreign and private Ltd. companies in which outside Directorships held as on 31 st March, 2011)	Themis Medicare Ltd.	None	- Themis Medicare Ltd. - Nucsoft Ltd. - Birla Machining & Toolings Ltd. - Compuage Infocom Ltd. - Birla Shloka Edutech Ltd. - Birla Pacific Medspa Ltd. - Madhura Garments International Brands Co. Ltd.	Themis Medicare Ltd
Chairman/ Member of the Committees of the Board of the companies on which he is a director as on 31 st March, 2011	Chairman of Share Transfer & Investors Grievances Committee of Themis Medicare . Ltd	None	Member of Audit Committees of Themis Medicare Ltd., Birla Machining & Tools Ltd. and Compuage Infocom Ltd. Member of Share Transfers & Investors Grievances Committee of Birla Machining & Tools Ltd.	Member of Share Transfers & Investors Grievances Committee of Themis Medicare Ltd.

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, 2008 for a period of 3 (three) years. i.e. upto 31st January, 2011. Subject to the approval of members, the Board of Directors in their meeting held on 31st January, 2011 have Re-appointed him as Managing Director of the Company for a further period of three years with effect from 1st February, 2011.

Mr. Rajneesh Anand, aged 57 years, is B.E. (Mechanical), MIE and DMS. He has been associated with the Company for last Nine years as Managing Director of the Company. Mr. Rajneesh Anand has over 36 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 Reappointment and remuneration/revised remuneration paid/payable to Mr. Rajneesh Anand as Managing Director of the Company are as under –

Meeting held on 31st January, 2011

1. Date & Period of Appointment :	1 st February, 2011 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 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.

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 30th 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 30th Annual General Meeting.

The detailed 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.

Registered Office

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

Place : Mumbai

Date : 26th August, 2011

By order of the Board

RAJNEESH ANAND
Managing Director

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting herewith the 30th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2011

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	Year ended 31.03.2011	Year ended 31.03.2010
Total Income	1369.60	1563.59
Operating Profit / (Loss)	(89.62)	142.54
Interest and Finance charge	125.54	159.80
Profit / (Loss) before depreciation, prior period adjustments & tax	(215.16)	(17.26)
Profit./ (loss) after depreciation and tax	(326.53)	(103.06)
Income tax for earlier year	1.15	4.74
Fringe Benefit Tax for earlier year	—	0.55
Net Profit/(Loss) after tax	(327.68)	(108.35)
Surplus/(Deficit) brought forward	(2463.09)	(2354.74)
Surplus / (Deficit) carried forward to Balance Sheet	(2790.77)	(2463.09)

OPERATIONS

Your Company's operations during the year under review have declined due to fire accident occurred in your factory at Vapi on 9th December, 2010 affecting and damaging a section of plant, building, various equipments etc. Further due to less order on Job work, company could not achieve the production capacity.

Your Company's sales for the year ending 31st March, 2011 is Rs.0.40 Lacs (previous year Rs.2.28 lacs) and conversion charges for job work is Rs.1337.81 lacs (previous year Rs.1545.70 Lacs). The operating loss for the year is Rs.89.62 lacs as compared to operating profit of Rs. 142.54 lacs for the previous year. The net loss recorded by the Company for the year is Rs. 327.68 lacs as compared to net loss of Rs.108.35 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 (l) of the said Act and registered with BIFR on 5/11/2007 under reference No.67/2007.

Based on the direction by BIFR the Revised Draft Rehabilitation Scheme has been prepared by Union Bank of India (Operating Agency) in consultation with the promoters and other involved agencies and submitted to BIFR for their consideration.

Your Company is hopeful of working out an acceptable revival strategy and turn around the performance of the Company within a reasonable time with technical and financial support of new co-promoters.

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.

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. Your company is also on look out for new products to support its activities and fixed costs.

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. Continues 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

In terms of Article of Association of the Company as well as the requirement of the Companies Act, 1956, Dr. Sachin D Patel, Mr. J.K. Cha and Mr. Vijay Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Rajneesh Anand was re-appointed as Managing Director of the Company for a period of three years with effect from 1st February, 2011. The Board places on record their sincere appreciation for the useful contribution made by Mr. Rajneesh Anand as the Managing Director.

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.

The Auditors have furnished to the Company the requisite Certificate under Section 224 (1B) of the Companies Act, 1956.

INTERNAL AUDITOR

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 the said reason, the company making an application to Central Government for exemption from Cost Audit of the Record of the Company for the financial year 2010-11 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.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments 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 the financial year under consideration.
- 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

As regards remarks in the Auditors' Report, the notes wherever referred to, are self-explanatory.

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. SACHIN D. PATEL
Director

Place : Mumbai
Date : 26th August, 2011

‘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.
- (d) 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

	2010-2011	2009-2010
1. Electricity :		
a) Purchase :		
Units	8685390	9636840
Total Amount	53391598	60143017
Rate/Unit (Rs.)	6.15	6.24
b) Own Generation :		
Through diesel / LDO Generators (KwH)	116760	60824
Diesel / LDO Consumed (Liters)	51858	34396
Units / Liter of Diesel /LDO (KwH)	2.25	1.77
Total Amount (Rs.)	2162850	1224783
Cost / Unit (Rs. / KwH)	18.52	20.14
2. Furnace Oil :		
Quantity (Liters)	315167	301628
Total Amount (Rs)	8281905	7019567
Average Rate (Rs./Liter)	26.28	23.27
3. Coal / Lignite :		
Quantity (Kgs)	7461990	7198000
Total Amount (Rs.)	37275691	32786997
Rate / Kgs (Rs.)	5.00	4.56

B. CONSUMPTION PER MT OF FINISHED GOODS PRODUCED *

	2010-2011	2009-2010
Electricity per MT (Rs)	442790	386720
Furnace Oil Per MT (Rs)	68684	45136
Diesel /LDO Per MT (Rs)	17937	7875
Coal / Lignite Per MT (Rs)	309137	210820

* 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.