

MD	✓		BKC	✓
CS	✓		DPY	NP
RO	✓		DIV	NP
TRA	✓		AC	
ACM	✓	✓	SH	✓
VE	✓	✓		



GUJARAT THEMIS BIOSYN LIMITED

16TH ANNUAL REPORT

1996-97

BOARD OF DIRECTORS

C.K. KOSHY, I.A.S.	<i>CHAIRMAN</i>
DR. JAGJIT SINGH	<i>B.I.F.R. NOMINEE</i>
P. ABRAHAM	<i>I.D.B.I. NOMINEE</i>
T.H. KIM	
S.J. KIM	
S.I. SUH	
D.S. KIM	
SURENDRA S. SOMANI	
PANKAJ R. PATEL	
N.I. GANDHI	
DR. DINESH S. PATEL	
ANANT THAKORE	<i>MANAGING DIRECTOR</i>

**VICE PRESIDENT &
COMPANY SECRETARY**

SUBODH B. GOKHALE

AUDITORS

M/S. KHANDELWAL JAIN & CO.,
CHARTERED ACCOUNTANTS

COST AUDITORS

M/S. B.J.D. NANABHOY & CO.,
COST ACCOUNTANTS

BANKERS

UNION BANK OF INDIA

REGISTERED OFFICE & PLANT

69/C. GIDC INDUSTRIAL ESTATE,
VAPI - 396 195, DIST. VALSAD,
GUJARAT.

GUJARAT THEMIS BIOSYN LIMITED

NOTICE TO THE MEMBERS

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of Gujarat Themis Biosyn Limited will be held at 11.00 a.m. on Monday, the 29th September, 1997 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 of the Company as at 31st March 1997 and the Profit and Loss Account of the Company for the year ended on that date, and the Reports of the Board of Directors and the Auditors.
2. To appoint a Director in place of Shri. Surendra Somani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Pankaj Patel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. S.I. Suh, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. 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.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 29th September, 1997 to Monday, the 13th October, 1997, both days inclusive.
- c) Request to Members : 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.

By order of the Board of Directors
For **GUJARAT THEMIS BIOSYN LIMITED**

SUBODH GOKHALE
Vice President &
Company Secretary

Mumbai : 22nd August, 1997

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

REPORT OF THE DIRECTORS

Your Directors are pleased to present to members the 16th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

	Year ended 31.03.97 Rs.in lakhs	Year ended 31.03.96 Rs.in lakhs
Total Income	6503.82	5871.29
Operating Profit	769.54	1090.13
Interest & Finance charges	279.18	272.37
Profit before depreciation, amortisation & write off	490.36	817.76
Depreciation, amortisation & Write off	324.41	148.56
Profit for the Year	165.95	669.20
Prior Period Adjustments	0.00	1289.74
Deficit brought forward	(44.99)	(2003.93)
Surplus/(Deficit) carried forward to Balance Sheet	120.96	(44.99)

2. OPERATIONS

Your Company's operations during the year under review, have been generally smooth. The Company's sales for the year amounted to Rs. 6503.82 lakhs as compared to Rs. 5871.29 lakhs during the previous year. The operating profit for the year is Rs. 769.54 lakhs as compared to Rs. 1090.13 lakhs for the previous year. The net profit recorded by the Company for the year is Rs. 165.95 lakhs as compared to Rs. 669.20 lakhs in the previous year. The net profit is lower due to various provisions, not provided earlier and which is provided in the current year, in accordance with Accounting Standards.

During the year under review, the Company had to face engineering problems at the plant resulting in lower production than estimated and higher cost of production. The Company had to undertake a plant shutdown in order to complete the entire overhauling and maintenance of all plant equipment, which have been in continuous operation since 1991. All the technical problems have now been suitably rectified.

The plant operations during the current year have proceeded smoothly. Rifampicin sales during the first quarter of the current year are Rs. 1559.35 lakhs as compared to Rs. 1695 lakhs in the corresponding period of the previous year.

The Company will continue to consolidate its position in the Rifampicin market in the current financial year and will strive for achieving further improvement in operations. In order to be internationally competitive, the Company has entered into an agreement for acquiring new technology for manufacture of Rifampicin, giving improved yields, the trial runs of which are in progress.

3. FINANCE

Pursuant to the One-Time Settlement Scheme approved by the Board for Industrial & Financial Reconstruction (BIFR) in November 1995, the Company had fulfilled a majority of the obligations to the financial institutions during the year under review. The balance payments under the scheme have been fully completed by the Company during the first quarter of the current year.

4. GOVERNMENT POLICY

The Department of Chemicals & Petrochemicals of the Government of India has, in August 1996, announced the continuation of the Rifampicin Intermediates Import Policy, whereby imports of Rifampicin intermediates have been totally banned.

5. PHARMACEUTICAL DIVISION

The operations of the pharmaceutical division of the Company have been progressing satisfactorily. The Company has already launched sales operations in the states of Maharashtra, Rajasthan and Uttar Pradesh. The Company is drawing up strategic plans for expanding operations of the pharmaceutical division to other states/territories in India.

6. EXPORTS

The Company has recorded an increase in exports, during the year under review. The Company's exports during the year were Rs. 592 lakhs as compared to Rs. 470 lakhs during the previous year (values are including export benefits). The Company will further continue to explore export possibilities in the current year.

7. RESEARCH & DEVELOPMENT

During the year, the Company has established the facility for research and development activities at the plant. The main activities of the R & D facility will be directed towards upgradation of technology and development of new products in the area of human healthcare.

GUJARAT THEMIS BIOSYN LIMITED

8. DIRECTORS

The Gujarat Industrial Investment Corporation Limited (G.I.I.C. Ltd.) has nominated Shri. C.K. Koshy, IAS, as Director and Chairman on the Board of Directors of the Company, in place of Shri. K.V. Bhanujan, IAS, w.e.f. 23rd November, 1996. The Board for Industrial & Financial Reconstruction (BIFR) has nominated Dr. Jagjit Singh, Ph.D. (USA) as Special Director in place of Shri. R.M. Basrur, on the Board of Directors of the Company, w.e.f. 10th April 1997.

Shri. C.M. Dixit ceased to be Director on withdrawal of his nomination on the Board of Directors of the Company by Union Bank of India w.e.f. 11th September, 1996.

Your Directors place on record their sense of appreciation for the valuable guidance, advice and co-operation received from Shri. K.V. Bhanujan, Shri. R.M. Basrur and Shri. C.M. Dixit during their tenure as Directors of the Company.

Shri. Surendra Somani, Shri. Pankaj Patel and Shri. S.I. Suh retire at the forthcoming Annual General Meeting pursuant to Article 9 of the Articles of Association of the Company and being eligible offer themselves for reappointment.

9. INDUSTRIAL RELATIONS

The Charter of Demands submitted by the Labour Union in March 95 is pending before the Labour Tribunal for consideration. In the meanwhile, a group of workers have started indulging in non-cooperative behaviour. The Government Labour Officer has initiated legal action against the Union and the workers resorting to unfair labour practices. The Company is monitoring the developments closely and has taken necessary steps to ensure plant safety and continuity of production. Otherwise, the relations with employees at all levels have been cordial.

10. AUDITORS

Messrs. Khandelwal Jain & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and offer themselves for reappointment. As regards remarks in the Auditors' Report, the notes, wherever referred to, are self-explanatory.

11. OTHER INFORMATION

The details of employees in accordance with Section 217 (2A) as amended, of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure I hereto.

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

Additional 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, is furnished in the Annexure II hereto.

13. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

ANANT THAKORE
Managing Director

Mumbai : 22nd August, 1997

ANNEXURE I

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Sr. No.	Name of Employee	Designation	Qualifications	Experience (Years)	Date of Commencement	Remuneration received (Rs.)	Age (Years)	Particulars of Last Employment
1.	Subodh B. Gokhale	Vice-President & Company Secretary	B.Sc., B.Com., LL.B., FCS, M.B.I.M.	19	01.09.91	393,261	44	Company Secretary & General Manager, Star Industries & Textile Enterprises Limited
2.	P.D. Khedkar	General Manager (Works)	M.Sc.	23	01.09.91	307,956	49	Asst. General Manager, Torrent Pharmaceuticals Limited
3.	J.A. Rana	General Manager (Commercial)	B.E.	18	19.06.92	448,080	40	General Manager, Vista Organics Pvt. Ltd.

ANNEXURE II

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.

I. CONSERVATION OF ENERGY :

- (a) Energy conservation measures taken :-
The Company has made all possible efforts to ensure optimum conservation of electricity and fuel at the plant by regular monitoring of consumption.
- (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) Total energy consumption and 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.

	1996-97	1995-96
A. POWER AND FUEL CONSUMPTION		
1) Electricity		
a) Purchased :		
Units	16,546,439	16,970,127
Total Amount (Rs.)	58,163,353	47,946,060
Rate/Unit (Rs.)	3.52	2.83
b) Own Generation :		
Through Diesel Generators (KwH)	362,850	555,641
Units/Litre of Diesel Oil (KwH)	2.11	2.11
Total Amount (Rs.)	1,289,894	1,916,133
Cost/Unit (Rs/KwH)	3.55	3.45
Through Steam :		
Turbine/Generator Units	Nil	Nil
Units/Litre of Fuel/Oil/Gas	Nil	Nil
2. Furnace Oil :		
Quantity (Litres)	2,038,377	2,106,913
Total Amount (Rs.)	12,835,456	11,103,432
Average Rate (Rs/litre)	6.30	5.27
B. CONSUMPTION PER UNIT OF PRODUCTION		
Rifamycin-S Production (MT)	69.452	72.627
Electricity per MT (Rs.)	837,461	660,168
Furnace Oil per MT (Rs.)	184,810	152,883
Diesel Oil per MT (Rs.)	18,572	26,383

GUJARAT THEMIS BIOSYN LIMITED

II. TECHNOLOGY ABSORPTION

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

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 inhouse laboratory to seek for improvement in the quality of the existing products and upgradation of production process.
- (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 and cost containment.
- (c) Future Plan of action :
The research activity will continue to concentrate on product development, process development and import substitution.
- (d) Expenditure on R & D :
- | | Rs. lakhs |
|---|-----------|
| i) Capital | - |
| ii) Recurring | - |
| iii) Total | - |
| iv) Total R & D expenditure as a percentage of total turnover | - |

2. Technology Absorption, Adaptation and Innovation :

- (a) Efforts in brief, made towards technology absorption, adaptation and innovation :
The technology from foreign collaborators was absorbed during the previous year by achievement of desired yields in production. The Company has taken steps to acquire new technology with a view to further increase the yields and productivity. The trial runs of this new technology are under progress.
- (b) Benefits derived as a result of the above efforts :
- Saving in Foreign Exchange through import substitution.
- Product development.
- Reduction in production cost.
- Improvement in product quality.
- (c) In case of imported technology (imported during last 5 years reckoned from the beginning of the Financial year), the following information may be furnished :
(i) Technology imported, (ii) Year of import, (iii) Has technology been fully absorbed, (iv) if not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :
(i) Technology is acquired from Yuhan Corporation, South Korea, the foreign collaborators, for manufacture of Rifampicin from basic stage.
(ii) The Foreign Collaboration Agreement has been signed in January, 1992. Though the technology was fully implemented in the Company's plant in 1994, the technology was fully absorbed during 1995-96.
(iii) The technology for manufacture of Rifampicin has been absorbed during the year 1995-96.

3. Foreign Exchange Earnings and Outgo :

- (a) 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. The Company has also made a beginning in this field by making exports during this year and is further exploring export possibilities in the current year.
- (b) Total foreign exchange used and earned (Rs. in lakhs)
- | | | |
|---------------------------------|---|--------------------|
| - Total foreign exchange saved | : | Rs. 2,001.28 lakhs |
| - Total foreign exchange earned | : | Rs. 495.66 lakhs |
| - Total foreign exchange spent | : | Rs. 1,498.26 lakhs |

For and behalf of the Board of Directors

ANANT THAKORE
Managing Director

Mumbai : 22nd August, 1997

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of GUJARAT THEMIS BIOSYN LIMITED, as at 31st March, 1997 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :-

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order to the extent applicable to the Company.

- (2) Further to our comments in the annexure referred to in Paragraph 1 above, we report that :-

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

In our opinion, proper Books of Account as required by law, have been kept by the Company, so far as appears from our examination of such books of the Company, subject to our comments in Paragraph 3 below;

The Balance Sheet and Profit and Loss Account dealt with by the report, are in agreement with the Books of Account.

- (3) We further report that :-

As detailed in Note No. 3 in Schedule 21, regarding Non provision of MAT liability amounting to Rs. 21,40,803/- resulting in the profit for the year and the balance in Profit and Loss Account in Balance Sheet at the close of the year, being higher by an equivalent amount.

- (4) In our opinion and according to the information and explanations given to us, the Accounts, subject to our comments in Paragraph 3 above and read together with the other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view :-

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and

(b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

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For and on behalf of
KHANDELWAL JAIN & CO.
CHARTERED ACCOUNTANTS

Place : Mumbai,
Date : August 22, 1997.

MAHENDRA MUNDRA
PARTNER