



GUJARAT THEMIS BIOSYN LIMITED

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**18TH ANNUAL REPORT
1998-99**

GUJARAT THEMIS BIOSYN LIMITED

BOARD OF DIRECTORS :	G.SUBBARAO, IAS	<i>CHAIRMAN</i>
	: S.J.KIM	<i>DIRECTOR</i>
	: S.I.SUH	<i>DIRECTOR</i>
	: J.K.CHA	<i>DIRECTOR</i>
	: D.S.KIM	<i>DIRECTOR</i>
	: SURENDRA S. SOMANI	<i>DIRECTOR</i>
	: PANKAJ R.PATEL	<i>DIRECTOR</i>
	: N.I.GANDHI	<i>DIRECTOR</i>
	: DR.DINESH S. PATEL	<i>DIRECTOR</i>
	: ANANT THAKORE	<i>MANAGING DIRECTOR</i>

AUDITORS : M/S KHADELWAL JAIN & CO.,
CHARTERED ACCOUNTANTS

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

BANKERS : UNION BANK OF INDIA

REGISTERED OFFICE & WORKS : 69/C, GIDC INDUSTRIAL ESTATE
VAPI - 396195, DIST - VALSAD
GUJARAT.

CORPORATE OFFICE : 3RD FLOOR, ARVIND CHAMBERS
SAI SERVICE COMPOUND,
WESTERN EXPRESS HIGHWAY
ANDHERI [EAST] MUMBAI - 400 069.

GUJARAT THEMIS BIOSYN LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of Gujarat Themis Biosyn Limited will be held on Tuesday, December 14, 1999 at 11.00 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 March 31, 1999 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. D. S. Kim, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Surendra Somani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Pankaj R. Patel, 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 the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s), if any, already created, in such form and manner and with such ranking and at such time and on such terms and conditions as the Board may determine on the moveable and immovable properties and assets of the Company both present and future and/or the whole or any part of the undertaking(s) of the Company together with power, *inter alia*, to take over and sell charged assets of the Company in certain events of default, in favour of the financial institutions/banks/other lenders to secure repayment of term loans/financial assistance obtained/to be obtained to meet the capital expenditure for modernisation and/or expansion programme of the Company up to an amount not exceeding Rs.25 crores at any time together with the interest thereon, compound/additional interest, commitment charges, costs, charges, all other moneys payable to financial institutions/ banks/other lenders and expenses incurred in accordance with the terms and conditions of the term loans/financial assistance availed of by the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary and/or alter the terms and conditions of the security aforesaid in consultation with the financial institutions/banks/other lenders and mortgagees as may be necessary;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

Registered Office

69/C, GIDC Industrial Estate,
Vapi - 396 195,
Dist. Valsad,
Gujarat
Mumbai : 4th November, 1999

By Order of the Board

Anant Thakore
Managing Director

18th ANNUAL REPORT 1998-99**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.
2. An explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, in respect of Special Business at Item Nos. 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from December 9, 1999 to December 11, 1999, both days inclusive.
4. 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.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 6**

The Company, in order to fund its expansion and diversification programmes, has approached Financial Institutions and Banks for financial assistance. As one of the conditions for granting the financial assistance to the Company and for securing the same the Financial Institution(s) and/or Bank(s) may insist on mortgage/charge on the immovable and/or moveable properties of the Company, both present and future, to be created in favour of the sanctioning Financial Institution(s) and/or Bank(s) in the manner and form as may be desired by such Financial Institution(s) and/or Bank(s).

Since creation of such security with power to take over the management of the business and the concern of the Company in certain events may be considered as disposal of the whole or substantially the whole of the Company's undertaking/s in terms of Section 293(1)(a) of the Companies Act, 1956, consent of the shareholders is being sought.

Your Board recommends passing of the resolution set out in the Item Nos. 6 of the accompanying notice. The resolution at Item No. 6, if passed as set out in the notice, would enable the Company to create security in favour of the Financial Institution(s) and/or Bank(s) from time to time to the extent of sum of money which together with the monies already borrowed upto Rs.25 crores.

None of the Directors may be considered to be concerned or interested in the aforesaid resolutions.

Registered Office

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

Mumbai : 4th November, 1999

By Order of the Board

Anant Thakore
Managing Director

GUJARAT THEMIS BIOSYN LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting herewith the 18th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 1999.

FINANCIAL RESULTS

(Rs. in lakhs)

	Year ended 31.03.99	Year ended 31.03.98
Total Income	6002.95	6279.88
Operating Profit	745.34	748.25
Interest and Finance charges	223.47	235.15
Profit before depreciation, amortisation & Write off	521.87	513.10
Profit for the year	100.44	172.58
Surplus/(Deficit) brought forward	293.54	120.96
Surplus carried forward to Balance Sheet	393.98	293.54

OPERATIONS

Your Company's operations during the year under review, have been generally smooth. The Company's sales for the year amounted to Rs. 6,002.95 lakhs as compared to Rs. 6,279.88 lakhs during the previous year. The operating profit for the year is Rs. 745.34 lakhs as compared to Rs. 748.25 lakhs for the previous year. The net profit recorded by the Company for the year is Rs. 100.44 lakhs as compared to Rs. 172.58 lakhs in the previous year.

PHARMACEUTICAL DIVISION

As looking to the increase in competition, reduction in margins and formulation not being the core business of the Company the Board has decided to discontinue this division and will concentrate more on its main business.

EXPORTS

The Company has recorded an increase in exports, during the year under review. The Company's exports during the year were Rs. 1140.11 lakhs as compared to Rs. 666.62 lakhs during the previous year (values are excluding export benefits). The Company will further continue to explore exports possibilities in the current year.

DIRECTORS

The Gujarat Industrial Investment Corporation Limited (GIIC LTD.) has, in the current year nominated Shri. G. Subbarao, IAS, as Director and the Chairman on the Board of Directors of the Company in place of Shri. C. K. Koshy, IAS, with effect from July 27, 1999. Your Directors place on record their sense of appreciation for the valuable guidance, advice and co-operation received from Shri. C. K. Koshy, IAS during his tenure as Director and Chairman of the Company.

18th ANNUAL REPORT 1998-99

Shri. D. S. Kim, Shri. Surendra S. Somani and Shri. Pankaj R. Patel retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

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, retire at the forthcoming Annual General Meeting and offer themselves for reappointment. As regards remarks in the Auditor's Report, the notes, wherever referred to, are self-explanatory.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules, 1999 forms part of this Report. However, in accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 such, the Report and Accounts are being sent to all the Members excluding the Statement of Particulars under Section 217(2A). Any member interested in obtaining a copy of the Statement may write to the Company at it's Registered Office.

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 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988, is appended to and forms part of this Report.

Y2K COMPLIANCE

The Company has taken effective steps to ensure Y2K compliance of its Hardware and Software.

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 Chemicals & Petrochemicals and various other Government authorities.

For and on behalf of the Board of Directors

ANANT THAKORE
Managing Director

Mumbai : 4th November, 1999

GUJARAT THEMIS BIOSYN LIMITED**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 :-**

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) 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.

A. POWER AND FUEL CONSUMPTION

	<u>1998-99</u>	<u>1997-98</u>
1) Electricity		
a) Purchase :		
Units	15,174,518	17,732,623
Total Amount	69,999,934	74,654,345
Rate / Unit (Rs.)	4.61	4.21
b) Own Generation :		
Through diesel Generators (KwH)	1,422,657	205,518
Diesel Consumed (Litres)	431,227	97,402
Units / Litre of Diesel Oil (KwH)	3.30	2.11
Total Amount (Rs.)	4,162,841	931,166
Cost / Unit (Rs. / KwH)	2.93	4.53
Through Steam:		
Turbine / Generator Units	Nil	Nil
Unit / Litre of Fuel / Oil / Gas	Nil	Nil

18th ANNUAL REPORT 1998-99

	<u>1998-99</u>	<u>1997-98</u>
2) Furnace Oil		
Quantity (Litres)	3,008,888	2,472,579
Total Amount (Rs.)	15,682,257	15,700,878
Average Rate (Rs./Litre)	5.21	6.35

B. CONSUMPTION PER UNIT OF FINISHED GOODS PRODUCED

Rifampicin Production (MT)	107,477	104,720
Electricity Per MT (Rs.)	651,150	712,895
Furnace Oil per MT (Rs.)	145,879	149,932
Diesel Oil per MT (Rs.)	38,723	8,892

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 quality control laboratory 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 and 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.

(d) Expenditure on R & D :

	Rs. lakhs
i) Capital	13.26
ii) Recurring	12.16
iii) Total	25.42
iv) Total R & D expenditure as a percentage of total turnover	0.45%

2. Technology Absorption, Adaptation and Innovation :**(a) Efforts in brief, made towards technology absorption, adaptation and innovation :**

The technology from foreign collaborators has been absorbed by achievement of desired yields in production. The Company has taken steps to embark on expansion of capacity in the existing product with a view to further increase the yields and productivity as also bring down the cost of production.