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GUJARAT THEMIS BIOSYN LIMITED
20TH ANNUAL REPORT
2000-2001

BOARD OF DIRECTORS

L MANSINGH	CHAIRMAN	(Nominee of GLIC)
S J KIM	DIRECTOR	
S I SUH	DIRECTOR	
J K CHA	DIRECTOR	
C S PARK	DIRECTOR	
SURENDRA S SOMANI	DIRECTOR	
PANKAJ R PATEL	DIRECTOR	
N I GANDHI	DIRECTOR	
DR DINESH S PATEL	DIRECTOR	
ANANT THAKORE	DIRECTOR	
S A CHRISTIAN	DIRECTOR	(Nominee of GSFC)

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 & 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

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twentieth Annual General Meeting of Gujarat Themis Biosyn Limited will be held on Saturday, 29th September, 2001 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, 2001 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. J.K. Cha, 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.

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. 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 September 26, 2001 which will enable the Company to furnish the replies at the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from September 25, 2001 to September 28, 2001.
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.

By order of the Board

Anant Thakore
Director

Registered Office

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

Mumbai, 27th June, 2001

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting herewith the 20th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2001.

FINANCIAL RESULTS

(Rs. in Lakhs)

	Year ended 31.03.2001	Year ended 31.03.2000
Total Income	4356.30	4291.64
Operating Profit	440.31	533.69
Interest and Finance charges	223.21	260.88
Profit before depreciation, amortization & write off	217.10	272.81
Profit before tax	23.84	78.13
Provision for Tax	2.02	—
Profit after tax	21.82	78.13
Surplus/(Deficit) brought forward	472.11	393.98
Surplus carried forward to Balance Sheet	493.93	472.11

OPERATIONS

Your Company's operations during the year under review, have been generally smooth. The Company's sales for the year amounted to Rs. 4083.45 lakhs as compared to Rs.4176.85 lakhs during the previous year. The operating profit for the year is Rs.440.31 lakhs as compared to Rs.533.69 lakhs for the previous year. The net profit recorded by the Company for the year is Rs.21.82 lakhs as compared to Rs.78.13 lakhs in the previous year.

EXPORTS

The Company has recorded an increase in exports, during the year under review. The Company's exports during the year were Rs.1154.96 lakhs as compared to Rs.766.08 lakhs during the previous year (values are excluding export benefits). The Company will further continue to explore exports possibilities in the current year.

Your Company is taking aggressive measures on the front of cost reduction through energy conservation and technology improvement to become cost effective at the international level.

DEMAT

In terms of the notification issued by the Securities and Exchange Board of India (SEBI), with effect from 26th February, 2001 trading in the equity shares of your Company is made compulsory for all the shareholders in dematerialised form. Depository System offers numerous advantages and therefore members are requested to avail of the facility of dematerialisation of the Company's shares on either of the depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL). Over 4.21% of the total number of equity shares of the Company is being held in electronic form with both the depositories i.e. NSDL and CDSL.

DIRECTORS

In the current year GILC Ltd., has nominated Shri L. Mansingh as the Director of the Company in place Shri G. Subbarao. The Board of Directors of the Company had at its meeting held on 27th June, 2001 made an appointment of Shri L. Mansingh as the Director of the Company and the Chairman of the Board. The Board of Directors has placed on record its warm appreciation of the valuable services rendered by Shri G. Subbarao during his tenure as the Director and Chairman of the Company.

Shri J. K. Cha, Shri Surendra Somani and Shri Pankaj R. Patel, retires 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

Messers Khandelwal Jain & Co., Chartered Accountant, 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. The Auditors have furnished to the Company the requisite certificate under Section 224 (1) 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.

AUDIT COMMITTEE

As required under Section 292A of the Companies Act, 1956 the Board of Directors of the Company has constituted the Audit Committee comprising of Mr. Surendra Somani, Mr. N. I. Gandhi and Mr. S. I. Suh.

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, as amended by the companies (Particulars of Employees) Amendment Rules, 1999.

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.

DIRECTORS RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirms 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 provisions 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.

CORPORATE GOVERNANCE

Clause 49 of the listing agreement with respect to Corporate Governance is required to be implemented by your Company on or before March 31, 2002 as per the schedule of implementation mentioned in the said clause. Your Company is committed to adhere to the provisions contained in Clause 49 in letter and spirit. The Company firmly believes in the values of transparency, professionalism and accountability in its dealings with its customers, employees, shareholders and others.

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

Anant Thakore
Director

Dr. Dinesh Patel
Director

Mumbai, 27th June, 2001



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) 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.

A. POWER AND FUEL CONSUMPTION

	<u>2000-2001</u>	<u>1999-2000</u>
1) Electricity		
a) Purchase:		
Units	13,768,135	14,535,398
Total Amount	74,204,486	73,217,914
Rate / Unit (Rs.)	5.39	5.04
b) Own Generation:		
Through diesel Generators (KwH)	296,400	1,207,925
Diesel Consumed (Litres)	85,632	334,823
Units / Litre of Diesel Oil (KwH)	3.46	3.61
Total Amount (Rs.)	1,227,192	3,347,651
Cost / Unit (Rs. / KwH)	4.14	2.77
Through Steam:		
Turbine / Generator Units	Nil	Nil
Unit / Litre of Fuel / Oil / Gas	Nil	Nil
2) Furnace Oil		
Quantity (Litres)	2,322,962	3,146,279
Total Amount (Rs.)	22,703,554	23,286,963
Average Rate (Rs./Litre)	9.77	7.40

	<u>2000-2001</u>	<u>1999-2000</u>
3) Coal		
Quantity (Kgs.)	1,349,990	Nil
Total Amount (Rs.)	3,034,971	Nil
Rate / Kgs. (Rs.)	2.25	Nil
4) Bagas		
Quantity (Kgs.)	606,000	Nil
Total Amount (Rs.)	290,320	Nil
Rate / Kgs. (Rs.)	0.48	Nil
B. CONSUMPTION PER UNIT OF FINISHED GOODS PRODUCED		
Rifampicin Production (MT.)	103,057	89,263
Electricity per MT. (Rs.)	720,033	820,249
Furnace Oil Per MT. (Rs.)	220,301	260,880
Diesel Oil Per MT. (Rs.)	11,908	37,503
Coal Per MT. (Rs.)	29,449	Nil
Bagas Per MT. (Rs.)	2,817	Nil

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. in Lakhs)

	<u>2000-2001</u>	<u>1999-2000</u>
i) Capital	7.24	35.96
ii) Recurring	3.63	2.82
iii) Total	10.87	38.78
iv) Total R & D expenditure as a percentage of total turnover	0.27%	0.93%