

28th
Annual Report
2008 - 2009



GUJARAT THEMIS BIOSYN LIMITED

GUJARAT THEMIS BIOSYN LIMITED

BOARD OF DIRECTORS

DR. DINESH S. PATEL

CHAIRMAN

MR. A. B. SHAH
(Nominee of GIIC)

MR. ANANT THAKORE

MR. SURENDRA SOMANI

MR. N. I. GANDHI

MR. VIJAY AGARWAL

MR. HINESH DOSHI

MR. S. C. KIM

MR. J. K. CHA

MR. S. S. LEE

MR. J. H. CHOI

MR. PANKAJ R. PATEL
(upto 25th October, 2008)

DR. SACHIN D. PATEL
(w.e.f. 25th October, 2008)

MR. RAJNEESH ANAND

MANAGING DIRECTOR

AUDITORS

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

COST AUDITORS

M/S. 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

ANNUAL REPORT 2008-09

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 28th Annual General Meeting of **Gujarat Themis Biosyn Limited** will be held on Saturday the 26th September, 2009, 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, 2009 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 Mr. Hinesh Doshi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vijay Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S C Kim, 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 Dr. Sachin Dinesh Patel 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 : 30th June, 2009

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 the 22nd September, 2009 to Saturday the 26th September, 2009 (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 22nd September, 2009 which will enable the Company to furnish the replies at the Annual General Meeting.

GUJARAT THEMIS BIOSYN LIMITED

5. Details of Directors seeking appointment/re-appointment in the 28th Annual General Meeting, in pursuance of clause 49 of the Listing Agreements.

Name of Director	Mr. Hinesh Doshi	Mr. Vijay Agarwal	Mr. S.C. Kim	Dr. Sachin D. Patel
Date of Birth	16-05-1967	29-06-1957	15-09-1960	18-01-1975
Date of appointment	14-06-2006	31-03-2006	14-06-2006	25-10-2008
Expertise in specific functional areas	Taxation	Taxation & Corporate Advisory	Planning and Coordination	Business Development
Qualifications	B. Com, FCA	B. Com, FCA	Master Degree in Business & Admin.	Ph.D.Chem.University of Cambridge (UK)
List of companies (excluding foreign and private Ltd. companies in which outside Directorships held as on 31 st March, 2009	None	<ul style="list-style-type: none"> - Themis Medicare Ltd. - Nucsoft Ltd. - Birla Shloka Edutech Ltd. - Dagger Forst Tools Ltd. 	None	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, 2009.	None	Member of Audit Committees of Themis Medicare Ltd. & Dagger Forst Tools Ltd. Member of Share Transfer Committee, Shareholders and Investors Grievances Committee of Dagger Forst Tools Ltd.	None	None

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6

Dr. Sachin Dinesh Patel was appointed as an Additional Director of the Company by the Board of Directors with effect from 25th October, 2008.

Dr. Sachin D. Patel is a Bachelor of Science from University of Sunderland, UK. He is also conferred with Ph.D. from University of Cambridge, U.K. He is having versatile experience in Pharmaceutical Industry especially in business development. Your Board is of the opinion that the Company will be benefited by his experience and expertise.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Dr. Sachin Dinesh Patel 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 Dr. Sachin Dinesh Patel as a candidate for the office of the Director alongwith the requisite deposit pursuant to Section 257 (I) of the Companies Act, 1956.

Dr. Sachin Dinesh Patel is son of Dr. Dinesh Patel, Chairman of the Company and he is interested in the said resolution.

Registered Office

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

Place : Mumbai
Date : 30th June, 2009

By order of the Board

RAJNEESH ANAND
Managing Director

ANNUAL REPORT 2008-09

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting herewith the 28th Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2009.

FINANCIAL RESULTS

	Year ended 31.03.2009	(Rs. in Lakhs) Year ended 31.03.2008
Total Income	1277.75	1663.16
Operating Profit / (Loss)	(77.15)	213.22
Interest and Finance charge	180.93	202.14
Profit / (Loss) before depreciation, prior period adjustments & tax	(258.08)	11.07
Profit./ (loss) before tax	(357.57)	(174.05)
Provision for tax		
- Current	1.60	2.00
- Deferred	—	—
Income tax for earlier year	—	—
Profit/(Loss) after tax	(363.52)	(176.05)
Surplus/(Deficit) brought forward	(1991.22)	(1815.17)
Surplus / (Deficit) carried forward to Balance Sheet	(2354.74)	(1991.22)

OPERATIONS

Your Company's operations during the year under review were generally smooth. The Company's sales for the year ending 31st March 2009 is Rs.4.59 lacs and conversion charges for job work is Rs.1250.72 lacs as compared to Rs. 405.44 lacs sale and conversion charges for job work Rs.1221.71 lacs during the previous year. The operating loss for the year is Rs.77.15 lacs as compared to Rs. 213.22 lacs profit for the previous year. The net loss recorded by the Company for the year is Rs. 363.52 lacs as compared to loss of Rs. 176.05 lacs in the previous year.

The Job Work / Sales Income are not sufficient to cover fixed and variable costs of the Company, which leads to increase in losses.

BIFR

Based on the financial results for the year ended 31st March 2007, the Company became "Sick" 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, filed a reference with the Board for Industrial and Financial Reconstruction (BIFR). In pursuance thereof, BIFR while directing for a Special Investigative Audit (SIA) has appointed Union Bank of India as the Operating Agency (OA). As directed by BIFR, an independent Firm of Chartered Accountants was appointed by OA to conduct the SIA. The SIA Report has since been filed with the BIFR.

As per the further directions from the BIFR, Union Bank of India (Operating Agency) is in process of submitting a detailed rehabilitation package to BIFR in consultation with other agencies involved.

The Company is hopeful of working out an acceptable revival strategy and turn around the performance of the Company within a reasonable time.

During the year under report, M/s. Gujarat Industrial Investment Corporation Ltd., (Promotor) had sold its shares to public.

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.

GUJARAT THEMIS BIOSYN LIMITED

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 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, Mr. Hinesh Doshi, Mr. Vijay Agarwal & Mr. S.C Kim retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Further Mr. Pankaj R. Patel has resigned from the Board of Directors of the Company on 25th October, 2008. The Board placed on record its appreciations of the valuable support extended by Mr. Pankaj R. Patel during his tenure as Director of the Company.

Your Directors have appointed Dr. Sachin Dinesh Patel as an Additional Director u/s 260 of the Companies Act, 1956 w.e.f 25th October, 2008. A resolution for his 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.

COST AUDITORS

The Company being Sick Unit and Registered with BIFR, making an application to Central Government for Exemption from Cost Audit of the Records of the Company 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**

- a) Due to losses incurred during the year, negative net worth, working capital deficiency, and being Sick Company, doubt on ability of Company to continue as going concern basis.
- b) Some of the outstanding balances of Sundry debtors, creditors, loans & advances and deposits are subject to confirmation and reconciliation.
- c) Non-ascertainment of proper records, physical verification and quantitative details in respect of fixed assets.
- d) Delay in depositing statutory dues with concerned authorities.

Comments

- a) The net worth of the Company has been eroded during the financial year 2006-07 and based on its financial position as on 31-3-2007, the Company became Sick Unit and Registered with BIFR under Reference No.67/2007. As per the direction of BIFR, Union Bank of India, (OA) will submit rehabilitation scheme. Presently the Company is engaged in manufacturing activities on Job work basis.
- b) The Company does not expect any material variation in the financial statement. In the meantime, the reconciliation and balance confirmation will be completed.
- c) As per the Company, there will be no material discrepancies between fixed assets records as per the books and its physical availability.
- d) Noted the delay in depositing statutory dues with concerned authorities.

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 : 30th June, 2009

GUJARAT THEMIS BIOSYN LIMITED

'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, shall be 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

	2008-2009	2007-2008
1. Electricity :		
a) Purchase :		
Units	91,43,760	89,36,010
Total Amount	5,65,74,753	486,83,819
Rate/Unit (Rs.)	6.19	5.45
b) Own Generation :		
i) Through diesel / LDO Generators (KwH)	70,784	1,07,492
Diesel / LDO Consumed (Liters)	32,769	40,338
Units / Litre of Diesel /LDO (KwH)	2.16	2.66
Total Amount (Rs.)	12,51,744	14,63,540
Cost / Unit (Rs. / KwH)	17.68	13.62
ii) Through Steam:		
Turbine / Generator Units	—	—
Unit / Litres of Fuel / Oil / Gas	—	—
2. Furnace Oil :		
Quantity (Litres)	2,10,433	292,548
Total Amount (Rs)	63,59,970	59,47,221
Average Rate (Rs./Litre)	30.22	20.33
3. Coal / Lignite :		
Quantity (Kgs)	58,26,160	61,12,200
Total Amount (Rs.)	2,62,36,794	202,84,757
Rate / Kgs (Rs.)	4.50	3.32

ANNUAL REPORT 2008-09

	2008-2009	2007-2008
B. CONSUMPTION PER MT OF FINISHED GOODS PRODUCED*		
Electricity Per MT (Rs)	721,520	638,872
Furnace Oil Per MT (Rs)	81,111	78,045
Diesel /LDO Per MT (Rs)	15,964	19,206
Coal / Lignite Per MT (Rs)	334,608	266,195

* 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.

(b) 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.

(c) Expenditure on R & D:

	2008-2009	2007-2008
i) Capital	—	—
ii) Recurring	—	3.82
iii) Total	—	3.82
iv) Total R & D expenditure as a percentage of total turnover	—	0.25%

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 production.

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

- Reduction of production 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 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	—
- Total foreign exchange spent	—

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th June, 2009

RAJNEESH ANAND
Managing Director

DR. DINESH PATEL
Director

DR. SACHIN D. PATEL
Director

GUJARAT THEMIS BIOSYN LIMITED

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, 2009.

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
Mr. A. B Shah (Nominee of GILC)	Non executive & Independent	4	—	1
Dr. Dinesh S. Patel	Non executive Promoter Director	2	1	2
Mr. Surendra Somani	Non executive & Independent	8	—	1
Mr. Anant Thakore	Non executive & Independent	1	1	—
Mr. N. I Gandhi	Non executive & Independent	6	—	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.	—	—	—
Mr. Vijay Agarwal	Non executive & Independent	3	—	1
Mr. Hinesh Doshi	Non executive & Independent	—	—	—
Mr. Rajneesh Anand (Managing Director)	Executive	1	—	—
Dr. Sachin Dinesh Patel w.e.f. 25-10-2008	Non executive & Promoter Director	1	—	—