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# TRANSCHEM LIMITED



20TH ANNUAL REPORT 1996-97





## TRANSCHEM LIMITED

### BOARD OF DIRECTORS

MR. RAJEN K. DESAI	<i>Chairman</i>
MRS. ARMIN R. DESAI	<i>Whole Time Director</i>
DR. VIJAY LULLA	
MR. BHARAT MERCHANT	
MR. L. N. BHAT	<i>Whole Time Director</i>
MR. NEVILLE CHARNA	<i>Whole Time Director</i>

### COMPANY SECRETARY

MRS. AMITA SAXENA

### AUDITORS

M/S. L.T. JADAV & CO.  
Chartered Accountants

### BANKERS

Bharat Overseas Bank Ltd.  
Canara Bank  
Oriental Bank of Commerce

### REGISTERED OFFICE

102-104,  
Vardhaman Industrial Complex,  
Lal Bahadur Shastri Marg,  
Thane (W) – 400 601.

### PLANTS

Plot No. 7, M.I.D.C.,  
Kalyan Badlapur Road,  
Ambernath,  
MAHARASHTRA.

Pruthvi Industrial Complex,  
2nd Floor, Ringanwada,  
DAMAN, (Union Territory).

Gat No. 379, Village Bebadohol,  
Taluka Maval,  
District Pune.  
PIN : 410 506.

**TRANSCHEM LIMITED****NOTICE**

**NOTICE** is hereby given that the Twentieth Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on Friday, the 28th day of November, 1997 at Hotel Abhiruchi, Ambeghosale Lake, Castle Mill, Thane (W) - 400 601 (Maharashtra) at 10:00 a.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date alongwith the Report of Directors and Auditors.
2. (a) To appoint a Director in place of Mr. Neville P. Charna who retires by rotation, being eligible offers himself for reappointment.  
(b) To appoint a Director in place of Dr. Vijay Lulla who retires by rotation, being eligible offers himself for reappointment.
3. To appoint Auditors of the Company to hold office upto the conclusion of the next Annual General Meeting and authorise the Board to fix their remuneration.

By order of the Board of Directors  
For **TRANSCHEM LIMITED**

Date: 01-11-97

Regd. Off.: 102-104, Vardhaman Indl. Complex,  
Lal Bahadur Shastri Marg, Thane (W) - 400 601.

(AMITA SAXENA)  
Company Secretary

**NOTES :**

1. "A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY". Proxies in order to be effective, must be filed with the Company at its registered office not later than Forty Eight hours before the commencement of the meeting.
2. The Register of Members of the Company and Share Transfer books will remain closed from 16th November '97 to 30th November '97 (both days inclusive) for the purpose of Annual General Meeting.
3. Members are requested to send their queries, if any, atleast seven days in advance of the meeting so that the information can be made available at the meeting.
4. Members are requested to bring their copy of the Annual Report alongwith the to the Annual General Meeting, as extra copies will not be available.
5. The unpaid dividend, for the year 1993-94 remains unclaimed for 3 years is being transferred by the Company to the General Revenue Account of the Central Government, as per the provisions of Section 205-A of the Companies Act, 1956. Those who have not yet encashed the dividend for that year may contact the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai - 400 038 for payment of dividend. They are being informed by a separate letter in this regard.



TRANSCHEM LIMITED

**DIRECTORS REPORT**

To,

Dear Members,

Your Directors are pleased to submit their Twentieth Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 1997.

**FINANCIAL RESULTS :**

(Rs. in lacs)

	31/03/97	31/03/96
Sales	2,086.69	2,227.43
Other Income	70.93	64.83
Gross Profit / (Loss) before Depreciation & Taxation	(11.76)	563.70
Depreciation	169.98	136.20
Provision for Tax	NIL	NIL
Profit / (Loss) after Depreciation & Taxation	(181.74)	427.50

**OPERATION :**

The turnover of the Company in the year under report was Rs. 2,086.69 Lacs as compared to Rs. 2,227.43 Lacs during the last year. The reduction in sale was mainly due to non performance of the contract of buy back of mushrooms by M/s. Dalsem Veciap.

The Company incurred gross loss of Rs. 11.76 lacs before depreciation and taxation as compared to Rs. 563.70 Lacs Gross Profit earned during the last year. The margin of profit realised by the Company was lower mainly due to reduction in the prices of Mushroom consequently lower margin in profit and heavy interest burden on account of the loans taken by the Company to meet out the cost overrun and expansion programme of Mushroom Division of the Company. The amount of depreciation during the year under report was also higher as compared to that of the last year because of installation of new machineries. This overall resulted in a net loss of Rs. 181.74 lacs incurred by the Company during the year.

**(a) PHARMA DIVISION :**

Your Directors are pleased to inform that the Pharma Division performed well during the year. Sales of Albendazole in local market and international market have shown significant improvement. We are glad to inform that your Company is the largest manufacturer of Albendazole. Two new molecules Ricobendazole and Niclosamide were produced during the year. The Company intensified its R&D activities and identified few more anthelmintics for development work.

**TRANSCHEM LIMITED**

Company participated in the CPhI exhibition held in London during September, 1997. This has given an exposure to the new merchant export division which will specialise in third party exports and export of intermediates. Your Directors expect the Company to benefit from such fairs.

**(b) MUSHROOM DIVISION :**

As you were informed in the last Annual General Meeting of the Company that because of cost overrun Mushroom plant was not stabilised by that time. We initiated and had invested in the entire plant on the basis of commitment of buy back by M/s. Dalsem Veciap D.V. Agro Industries as per the agreement. But they failed to honour their commitment and during the intermediate time the prices of Mushroom also fell steeply in the International Market. The prices are still extremely uncompetitive and are lower than the cost of production.

To achieve our sales output we entered into an agreement with Giorgio Foods Inc., U.S.A. They have provided us with the technology of canning of Mushroom. With the help of Giorgio Foods Inc. your Company's Mushroom plant has been classified as FDA, U.S.A. approved. This of course will go a long way to help your Company in the future.

However, in view of the depressed market for time being your Directors have decided to curtail the production to the extent of 40% of capacity utilisation. As soon as the market will improve, your Company shall go back to the 100% capacity utilisation.

**DIVIDEND :**

Considering the adverse financial results of the Company your Directors has not recommended any dividend to the equity shareholders.

**FORFEITURE OF SHARES :**

As you are aware your Company has issued Zero Interest Fully Convertible Debentures of Rs. 120/- each to the public through prospectus and Zero Interest Fully Convertible Debentures of Rs. 60/- each to the then existing shareholders on right basis. The Part A and B of said debentures were converted into shares after twelve and eighteen months of the allotment of debentures into shares as per the terms mentioned in the prospectus/letter of offer. Despite repeated reminders a few of the shareholders had not paid the allotment cum call money due on the allotment of said debentures. 2,45,940 Equity Shares of the Company allotted on conversion of debentures in respect of 2044 shareholders, who had not paid the allotment cum call money despite the notice of forfeiture dated 16-07-97 given to them individually by registered post, were forfeited by the Board of Directors of your Company in their meeting held on 1st November, 1997.

**TRANSCHEM LIMITED****PARTICULARS OF EMPLOYEES :**

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure forming part of this report.

**CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Information pursuant to Section 217(i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the Report of Board of Directors) Rules, 1988 relating to the foregoing matter in respect of the Pharma Division of the Company is given by way of Annexures to this report.

**DEPOSITS :**

The Company has not invited or accepted any deposits from Public during the year.

**DIRECTORATE :**

In accordance with Section 255 of the Companies Act, 1956 Mr. Neville P. Charna and Dr. Vijay Lulla shall retire by rotation and being eligible, offers themselves for reappointment.

**INDUSTRIAL RELATIONS :**

The Industrial relations continued to be cordial throughout the year.

**AUDITORS :**

M/s. L. T. Jadav & Co., Chartered Accountants of Mumbai, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness for re-appointment.

**ACKNOWLEDGEMENT :**

Your Directors wish to place on record their appreciation of the support and co-operation received from the Central & State Government authorities and the Company's Bankers. Your Directors also commend the contribution made by the employees.

By order of the Board of Directors  
: For TRANSCHEM LIMITED

(RAJEN K. DESAI)  
Chairman

Place : Mumbai  
Date : 01-11-97

**TRANSCHEM LIMITED****ANNEXURE****FORM A***(See Rule 2)*

Form for Disclosure of particulars with respect to conservation of Energy (For Pharma Division) :

**A. POWER AND FUEL CONSUMPTION :**

	Current Year	Previous Year
<b>1. ELECTRICITY :</b>		
(a) Consumed Unit	740012	524818
Total amount (Rs. in lacs)	26.93	16.42
Rate / Unit (Rs.)	3.64	3.13
(b) Own generation through Diesel Generator Set :		
Unit	45502	18.160
Unit per-litre of diesel oil	2.56	2.42
Cost / Units	3.94	3.31
<b>2. COAL :</b>		
Quantity (tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL
<b>3. FURNACE OIL / L.D.O. :</b>		
Quantity (litres)	276687	169708
Total amount (Rs. in lacs)	23.26	12.39
Rate / Litre	8.41	7.30
<b>4. OTHER / INTERNAL GENERATION :</b>		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit	NIL	NIL



**TRANSCHEM LIMITED****FORM B**

(See Rule 2)

Form for disclosure of particulars with respect to absorption :

**FOR PHARMA DIVISION :****Research and Development (R&D) :**

1. Specific areas in which R & D carried out by the company : Company continues to be the leader in Bengimidazoles. The plant process for Flubendazole and laboratory trials for Triclabendazole are in process.
2. Benefits derived as a result of above R & D : Company increasing its product range in Anthelmintic market with the inclusion of Flubendazole and Triclabendazole.
3. Future plan of action : Company is planning to carry on developmental activities on new molecules like Closantel, Captopril and Quinapyramine salts.
4. Expenditure on R & D :
 

(a) Capital	Rs.	NIL
(b) Recurring	Rs.	5,87,914
	Rs.	<u>5,87,914</u>

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Process for Triclabendazole and Flubendazole is commercialised on plant.
2. Benefits derived as a result of the above e.g. product improvement, cost reduction, product development, import substitution, etc. : Triclabendazole is well accepted in overseas market and Company expects sizeable sales from this product.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
 

(a) Technology imported	NIL
(b) Year of import	NIL
(c) Has technology been fully absorbed ?	NIL