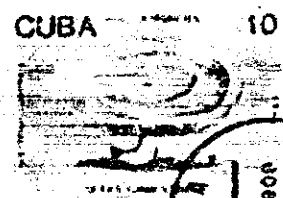
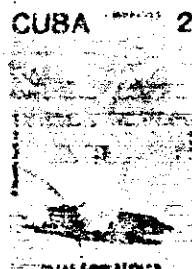
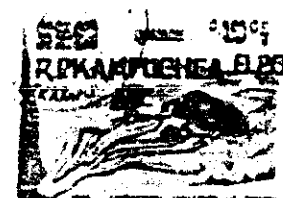
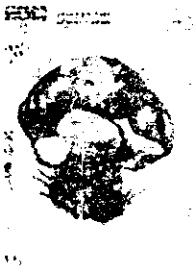


TRANSCHEM LIMITED

Magic Mushrooms



22nd ANNUAL REPORT 1998-99



TRANSCHEM LIMITED

BOARD OF DIRECTORS

MR. RAJEN K. DESAI *Chairman*
MR. BHARAT MERCHANT
MR. L. N. BHAT *Whole Time Director*
MR. ADITYA DESAI

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.

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

TRANSCHEM LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on **TUESDAY**, the 30th day of **NOVEMBER**, 1999 at Hotel Royal Inn, Gokul Nagar, L.B.S. Marg, Thane (W) - 400 601 at 10:30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 1999 and Profit & Loss Account for the year ended on that date alongwith the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. L. N. Bhat, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. L.T. Jadav & Co. are eligible for reappointment.

SPECIAL BUSINESS :

TO CONSIDER AND, IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTIONS :

4. **AS A SPECIAL RESOLUTION :**

"RESOLVED THAT subject to the provisions of Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, the re-appointment of Mr. L. N. Bhat, Whole Time Director for the period of Five years with effect from 01-10-99 to 30-09-2004, on the remuneration and perquisites as made by the Board in their meeting held on 28-07-99 be and the same is hereby approved and confirmed.

5. **AS AN ORDINARY RESOLUTION :**

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Aditya Desai, who was appointed Additional Director by the Board of Directors of the Company and in respect of whom a notice has been received from a shareholder proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.

6. **AS A SPECIAL RESOLUTION :**

"RESOLVED THAT subject to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 the appointment of Mr. Aditya Desai as Executive Director of the Company for a period of five years with effect from 1st December, 1999 on a remuneration as approved by the Board of Directors (The Board) with liberty to the Board to alter and vary the terms and conditions of the appointment in such manner as may from time to time be stipulated by the Central Government or to be in consonance with any revised terms and conditions as may



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be prescribed by the Central Government in the aforesaid Schedule XIII or any modification thereto as may be agreed by and between the Board and Mr. Aditya Desai be and is hereby approved and confirmed.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered desirable or expedient to give effect to this resolution.

7. AS A SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, and subject to all other applicable provisions, if any, the Articles of Association of the Company be altered by inserting the following heading and Article as Article 34A after Article 34 of the Articles of Association:

34A : Dematerialisation of Securities :

- (1) For the purpose of these Articles, the expressions "beneficial owner", "depository", "registered owner" and "security" shall have the meaning as defined in the Depositories Act, 1996 or any re-enactment or modification thereof.
- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/rematerialise its securities and to offer securities in dematerialised form pursuant to the Depositories Act, 1996.
- (3) All the securities held by a Depository shall be dematerialised and be in a fungible form.
- (4) Notwithstanding anything to the contrary contained in these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner. The Depository shall not have any voting rights or any other rights in respect of securities held by it.
- (5) Every person holding Equity Share capital of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be a member of the Company.
- (6) Nothing contained in these Articles relating to transfer of securities in physical form shall apply to transfer of securities held in a Depository.
- (7) The Register and index of beneficial owner maintained by a Depository shall be deemed to be the register and index of members and register and index of debenture holder of the Company.
- (8) Notwithstanding anything contained in these Articles where the securities are dealt in a Depository; the Company shall intimate the details of allotment of securities to the Depository immediately on allotment of such securities.

8. AS A SPECIAL RESOLUTION :

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the

TRANSCHEM LIMITED

Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and Financial Institutions and subject to such other approvals, sanctions and permissions as may be necessary and subject to such terms and conditions and modifications as may be prescribed in granting of such approvals and which may be agreed to by the Board of Directors of the Company or any Committee duly constituted and authorised by the Board (hereinafter referred to as Committee) consent of the Company be and is hereby accorded to the Board of Directors or Committee to issue/offer equity shares and/or convertible debentures (fully or partly) and/or non-convertible debentures, all or any of the aforesaid with or without warrants of any nature, and/or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time hereafter decide for an amount not exceeding Rs. 30.00 crores in aggregate including premium, if any, to the Members, Debenture holders, Employees, Promoter group and their associates, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Mutual Funds, Investment/Financial Institutions, Companies, Banks, other entities/authorities and to such other persons, whether through public issue, right issue, private placement or on preferential basis or on exchange of Securities, or otherwise for general corporate purposes including capital expenditure, working capital requirements, restructuring of debts and/or strategic investments as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more branches, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the then prevailing laws, at such price or prices, or in such manner as the Board or Committee thereof may in its absolute discretion deem fit in accordance with the guidelines, approvals, sanctions and/or permissions issued/granted by Government of India, Securities and Exchange Board of India (SEBI) and Financial Institutions and such other Institutions as may be necessary in this regard and at such time as the Board of Directors or Committee in its absolute discretion think fit.

By the order of the Board of Directors
For TRANSCHEM LIMITED

Place : THANE
Date : 28-10-99

(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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business to be transacted in the meeting are annexed hereto.



TRANSCHEM LIMITED

ANNEXURE OF THE NOTICE :

Explanatory statement in respect of the business specified in the notice pursuant to Section 173(?) of the Companies Act, 1956.

ITEM NO. 4 OF THE NOTICE :

The tenure of Mr. L. N. Bhat Whole Time Director was concluded on 30-09-99 and with effect from 01-10-99 he was re-appointed as Whole Time Director for a further period of 5 years by the Board of Directors of your Company.

Mr. L. N. Bhat shall be entitled to a remuneration of Rs. 50,000/- per month and perquisites not exceeding 40% of his salary annually. The remuneration is in conformity with the requirements of Schedule XIII to the Companies Act, 1956. Consequently, no approval of the Central Government is required to his re-appointment.

The Directors consider the remuneration proposed to be paid to Mr. L. N. Bhat is in commensurate with his duties and responsibilities as Whole Time Director and therefore recommend the resolution for your approval.

No Director other than Mr. L. N. Bhat may be considered to be concerned or interested in the above.

ITEM NO. 5 & 6 OF THE NOTICE :

Mr. Aditya Desai was co-opted by the Board of Director as Additional Director. A notice proposing his candidature, for the office of Director, pursuant to Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received by the Company from a member.

Mr. Aditya Desai is a second generation entrepreneur. He is taking keen interest in the working of the Company and monitoring the activities of Mushroom plant of the Company. In recognition of his interest and devotion towards the work of Company the Board of Directors of your Company recommend to appoint Mr. Aditya Desai as Executive Director of the Company for a period of 5 years with effect from 1st December, 1999.

The remuneration of Rs. 35,000/- p.m. and perks like P.F., Gratuity etc. as per the company's rules are proposed to be paid to Mr. Aditya Desai is in commensurate with his duties and responsibilities as Executive Director and is in conformity with the requirement of Schedule XIII of the Companies Act, 1956.

Pursuant to Schedule XIII of the Companies Act, 1956 for the appointment of Mr. Aditya Desai who is a major but have not completed 25 years of age, your approval by way of special resolution is required. The resolution is intended for the purpose. Your Directors recommend the resolution for your approval.

None of the Directors other than Mr. Rajen Desai and Mr. Aditya Desai is concerned or interested in the resolution.

TRANSCHEM LIMITED

ITEM NO. 7 OF THE NOTICE :

Consequent upon the enactment of the Depository Act, 1996 some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer of shares and other securities have been amended to facilitate the implementation of the new system.

It is therefore proposed to alter the Articles of Association of the Company suitably to reflect the provisions introduced by the Depository Act, 1996.

The proposed resolution is intended for the purpose and placed before the members for their approval.

None of the Directors of the Company is concerned or interested in the resolution.

ITEM NO. 8 OF THE NOTICE :

The Pharma Division of Company is doing well, Company is having large Export orders in hand. Search for new molecules in the Research department of Company is bearing fruits. Considering all these facts it is proposed to double the production capacity of Pharma Division of Company.

The Mushroom plant, after anti-dumping duty imposed on China by US govt. and we secure the FDA licence from US Government and buy back agreement with M/s. Giorgio Foods, is doing well. Considering the bright future for mushroom, it is proposed to increase the number of growing room from existing 70 to 120.

For meeting the cost of the capital expenditure for above and restructuring of debts, the Company propose to raise amount not exceeding Rs. 30.00 crore by way of allotment of Equity Shares or other instrument at par or at premium. Consent of the Shareholders is sought to authorise the Board of Directors for issuing securities as stated in the resolution which would result in issuance of further shares of the Company in accordance with the terms and nature of the securities.

The resolution set out at Item No. 8 is enabling resolution conferring authority on the Board to cover all contingencies and corporate requirements.

As required by the SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997, the following information has been disclosed in case of Preferential allotment.

(i) The identity of the classes of the proposed allottees of Equity Shares are as follows :

- (a) Foreign Institutional Investors.
- (b) Non-Resident Indians/Overseas Corporate Bodies.
- (c) Financial Institutions.
- (d) Pension Funds.
- (e) Private Equity Funds.
- (f) Mutual Funds.

The Board shall decide the number of shares that shall be allotted to individual entities on Preferential basis, if any within each of the aforementioned classes.



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- (ii) None of the proposed allottees is to be allotted such number of Equity Shares as would increase its holding to 5% or more of the post issue Equity capital of the Company.

Apart from what is specifically required by law, the following information is also given, in case of preferential allotment :

- (i) The price at which the allotment shall be made shall be determined by the Board but such price shall not be less than the minimum determined as per the guidelines of SEBI.
- (ii) The purpose and reason of such proposed allotment is, as stated earlier, to meet capital expenditure for expansion and restructuring of debts.
- (iii) There shall not be any consequential changes in :
 - (a) the Board of Directors of the Company.
 - (b) in voting rights, except to the extent of voting rights acquired by the allottees as equity shareholders on the equity so allotted.
- (iv) The allotment shall not result in change of control over the Company.

None of the Directors of the Company is concerned or interested in the resolution.

The Directors recommend the resolution for your approval.

By the order of the Board of Directors
For TRANSCHEM LIMITED

Place : THANE
Date : 28-10-99

(AMITA SAXENA)
Company Secretary

TRANSCHEM LIMITED**DIRECTORS REPORT**

To,
Dear Members,

Your Directors are pleased to submit their Twenty Second Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March, '99.

FINANCIAL RESULTS :

(Rs. in lacs)

	Current year ended 31-03-99	Previous year ended 31-03-98
Sales	2,699.81	2,066.02
Other Income	200.46	102.26
Gross Profit / (Loss) before Depreciation & Taxation	3.94	(224.08)
Depreciation	183.51	180.21
Provision for Tax	NIL	NIL
Profit / (Loss) after Depreciation & Taxation	(179.57)	(404.29)

OPERATION :

Transchem Limited has primarily two divisions - Mushroom and Pharmaceutical.

MUSHROOM DIVISION :

The Mushroom division has tied up with Giorgio Foods Inc. of United States of America, the world's largest trader and grower of mushrooms. Giorgio Foods has entered into an exclusive purchase agreement wherein Transchem is to sell its entire produce exclusively to the American Company.

The purchase agreement is a direct consequence of the 150% anti-dumping duty imposed by US on mushrooms imported from China. Mushroom prices for A-10 cans have since moved up from US \$ 9.50 to US \$ 22 per case. Most of the large importers in the USA have now shifted their entire buying operations to India.

Transchem has a capacity to grow 4200 MTPA. During the current year the Company hopes to achieve a capacity utilization exceeding 60 percent and move up to 100 percent by the end of first quarter of the next financial year. At current prices and US \$-Re rates, the Company can clock a turnover of Rs. 16 crores. Operating profit margins at current levels are 24 percent.

American demand for mushrooms is huge. To cope up with Giorgio's demand, Transchem is likely to add another 50 growing rooms next fiscal year by September 2000. This will increase capacity to 9000 tonnes per annum from the present 4200 tonnes per annum. The expansion project can be carried out on a small capital outlay of Rs. 6 crores. The other utilities and canning capacity presently available is adequate to meet the increased product.

THE PHARMACEUTICAL DIVISION :

The Pharmaceutical division of the Company has the biggest range of Anthelmintics in the world and is the largest producer of Anthelmintics in the country. The company has a strong R&D set up. The company's R&D has made some significant breakthrough in developing three new molecules for the first time in India. One of its new molecules is Triclabendazole. Virbac of Australia has