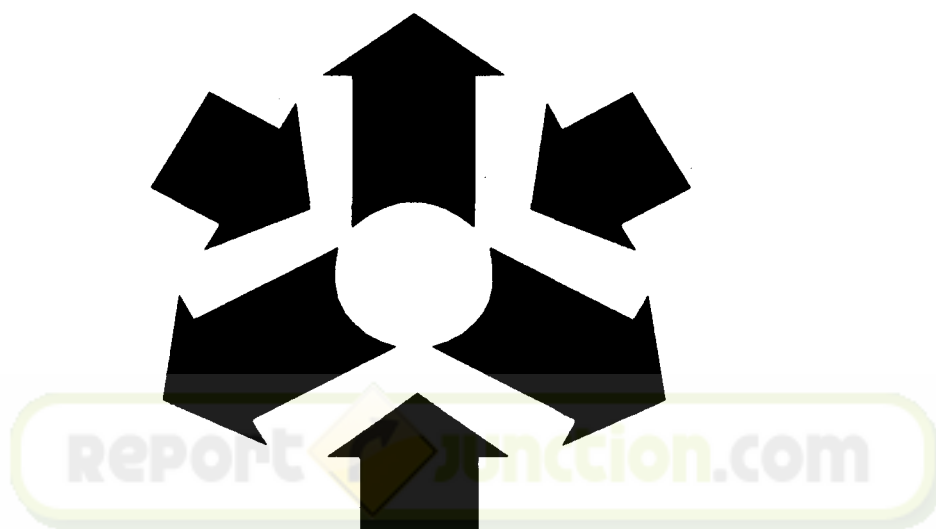


# **TRANSCHEM LIMITED**



**25TH ANNUAL REPORT 2001-2002**



## **TRANSCHEM LIMITED**

<b>BOARD OF DIRECTORS</b>	<b>MR. RAJEN K. DESAI</b> <b>DR. G. S. BHAT</b> <b>MR. UMESH M. SARAF</b> <b>MR. SHIVANAND G. HEGDE</b> <b>MR. GREGORY PEREIRA</b> <b>MR. A. KANNAN YADAV</b> <b>MR. RAJENDRA SHETTY</b>	<i>Chairman</i> <i>Executive Director (Pharma)</i> <i>Executive Director</i> <i>Executive Director</i>
<b>COMPANY SECRETARY</b>	<b>MR. D. V. KULKARNI</b>	
<b>AUDITORS</b>	<b>M/S. L. T. JADAV &amp; CO.</b> Chartered Accountants	
<b>BANKERS</b>	<b>Bharat Overseas Bank Ltd.</b> <b>Canara Bank</b> <b>Oriental Bank of Commerce</b>	
<b>REGISTERED OFFICE</b>	<b>102-104,</b> <b>Vardhaman Industrial Complex,</b> <b>Lal Bahadur Shastri Marg,</b> <b>Thane (W) – 400 601.</b>	
<b>PLANTS</b>	<b>Plot No. 7, M.I.D.C.,</b> <b>Kalyan Badlapur Road,</b> <b>Ambernath,</b> <b>MAHARASHTRA.</b>  <b>Gat No. 379, Village Bebadohol,</b> <b>Taluka Maval,</b> <b>District Pune.</b> <b>PIN : 410 506.</b>	

## **TRANSCHEM LIMITED**

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### **NOTICE**

**NOTICE** is hereby given that the Twenty Fifth Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on WEDNESDAY, the 30th day of OCTOBER, 2002 at Hotel Royal Inn, Gokul Nagar, 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, 2002 and Profit & Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. G. S. Bhat, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Umesh M. Saraf, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. L. T. Jadav & Co. are eligible for re-appointment.

#### **SPECIAL BUSINESS :**

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

##### **5. AS AN ORDINARY RESOLUTION :**

**RESOLVED THAT** pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. A. Kannan Yadav, 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 AN ORDINARY RESOLUTION :**

**RESOLVED THAT** pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rajendra Shetty, 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.

By the order of the Board of Directors  
For TRANSCHEM LIMITED

Place : THANE  
Date : 05th October, 2002

(RAJENDRA SHETTY)  
Director

#### **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 and Share Transfer books of the Company were closed from 23rd September, 2002 to 30th September, 2002 (both days inclusive).
3. 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.

**25TH ANNUAL REPORT 2001-2002****ANNEXURE OF THE NOTICE :**

Explanatory statement in respect of the businesses specified in the notice pursuant to Section 173(2) of the Companies Act, 1956.

**ITEM NO. 5 & 6 :**

Mr. A. Kannan Yadav & Mr. Rajendra Shetty were co-opted by the Board of Directors in their meetings respectively held on 29/04/2002 & 30/01/2002 as Additional Directors to the Board of the Company.

Pursuant to Section 260 of the Companies Act, 1956 they are vacating the office at the conclusion of ensuing Annual General Meeting. However pursuant to Section 257, Company has received notices from the shareholders for appointment of Mr. A. Kannan Yadav & Mr. Rajendra Shetty to the office of Director.

None of the Director other than Mr. A. Kannan Yadav & Mr. Rajendra Shetty is concerned or interested in the resolution.

Your Directors recommend the resolutions for your approval.

By the order of the Board of Directors  
For TRANSCHEM LIMITED

Place : THANE  
Date : 05th October, 2002

(RAJENDRA SHETTY)  
Director

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are as follows :

1. Name : Dr. G. S. Bhat  
Age : 54 years  
Qualification : M.Sc., PHD, DMS  
Experience : 26 years in various capacities in the Industry  
Other Directorships : Nil
2. Name : Mr. Umesh M. Saraf  
Age : 41 years  
Qualification : B.Sc., DSM  
Experience : Having vast experience in International Marketing  
Other Directorships : Nil
3. Name : Mr. A. Kannan Yadav  
Age : 39 years  
Qualification : B.Com.  
Experience : More than 10 years experience in the areas of Administration & Finance  
Other Directorships : M/s. Grandeur Corporation Limited  
M/s. Arangetam Trading Company Private Limited  
M/s. Aditya Investments & Communications Limited
4. Name : Mr. Rajendra Shetty  
Age : 26 years  
Qualification : B.Sc.  
Experience : Having experience in the area of Corporate Governance and Secretarial matters  
Other Directorships : Nil

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**TRANSCHEM LIMITED****DIRECTORS REPORT**

To,  
Dear Members,

Your Directors are pleased to submit their Twenty Fifth Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March, 2002.

**FINANCIAL RESULTS :****(Rs. in lacs)**

	<b>Current year ended 31/03/2002</b>	<b>Previous year ended 31/03/2001</b>
Sales	3,304.11	3,738.60
Other Income	142.27	11.76
Gross Profit / (Loss) before Depreciation & Taxation	271.53	(139.80)
Depreciation	218.44	208.78
Provision for Tax	5.00	NIL
Profit / (Loss) after Depreciation & Taxation	48.09	(348.58)

**OPERATION :** Division wise performance of your Company is as follows :

**PHARMA DIVISION :**

Anthelmintic business showed a satisfactory rise during the year. Your Company with increased emphasize on a regulatory practices is in advantageous position. The Company continues to be the largest anthelmintic producer.

Among the new products RAMIPRIL AND CLORSULON are holding promise for the future.

**MUSHROOM DIVISION :**

The prices of mushroom in the international market have crashed to minimum. We also faced severe competition in the international market due to removal of anti dumping duty that was imposed by USA on Mushroom from China. The prevailing prices are below the cost of production. In the circumstances your directors have decided to temporarily suspend the production of mushroom at the plant of Company. As and when the prices increase your Company shall commence the production of Mushroom.

**DIVIDEND :**

Your Directors have not recommended any dividend to the equity shareholders.

**PERSONNEL :**

There is no employee drawing salary exceeding or equal to the limit as prescribed in the provisions of 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 / OUTGO :**

The Information required under Section 217(1)(e) of the Companies Act, read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 in respect of Pharma Division of the Company is appended hereto and forms part of this report.

**DIRECTORS :**

Dr. G. S. Bhat & Mr. Umesh M. Saraf, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Bharat Merchant, Director has resigned from the office of Director effective 29/04/2002.

Mr. A. Kannan Yadav & Mr. Rajendra Shetty were appointed as Additional Director by the Board of Directors. Notices have been received from the shareholders proposing their candidature for the office of Director in the ensuing Annual General Meeting.

**25TH ANNUAL REPORT 2001-2002**

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**DEPOSITS :**

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

**INDUSTRIAL RELATIONS :**

The Industrial relations continued to be cordial throughout the year.

**CORPORATE GOVERNANCE :**

The Board has been committed to adopt, besides any obligations under relevant laws or regulations, relevant best practices for Corporate Governance. Further, the Directors have implemented all the requirements of Clause 49 of the Listing Agreement during previous financial year as per the Schedule of implementation as prescribed by the Stock Exchange.

**AUDIT COMMITTEE :**

Pursuant to the Companies (Amendment) Act, 2000, an audit committee was constituted by the Board of Directors in their meeting held on 30th January, 2001. Mr. Gregory Pereira, Mr. Rajen Desai and Mr. Kannan Yadav are the members of the said Audit Committee. All the three directors are Non executive ones and save Mr. Rajen Desai are independent directors. Mr. Gregory Pereira, an independent Non executive director is the Chairman of said committee. The Company Secretary shall act as Secretary of the Audit Committee.

**DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to Section 217(2AA) of the Companies (Amendment Act) 2000, the Directors of the Company state as under that :

- i) in the preparation of annual accounts, applicable Accounting Standards have been followed except as mentioned in the Note No. 18 (1) regarding non provision of unavailed leave liability, which as per consistent practice, is accounted for on cash basis.
- ii) the selected accounting policies are consistently applied 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 for that period except as mentioned in (i) above.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the Directors have prepared annual accounts on a going concern basis.

**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 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

Place : THANE  
Date : 05th October, 2002

(RAJEN K. DESAI)  
Chairman

**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	1124348	1147718
Total amount (Rs. in lacs)	47.53	48.89
Rate / Unit (Rs.)	4.23	4.26
(b) Own generation through Diesel Generator Set :		
Unit	21073	34300
Unit per-litre of diesel oil	2.90	2.38
Cost / Units	6.82	4.64
<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)	316601	355229
Total amount (Rs. in lacs)	53.36	53.78
Rate / Litre	16.85	15.52
<b>4. OTHER / INTERNAL GENERATION :</b>		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit	NIL	NIL

**25TH ANNUAL REPORT 2001-2002****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 | :   | Development work was carried out on Ramipril and carried out it on pilot plant.                           |
| 2. | Benefits derived as a result of above R & D              | :   | Company is one of the largest producer and exporter of Anthelmintic range of bulk drugs.                  |
| 3. | Future plan of action                                    | :   | Company is planning to carry on developmental activity in products like Penndopril/Febantel and Varapamil |
| 4. | Expenditure on R & D                                     | :   |   |
|    | (a) Capital  | Rs. | NIL   |
|    | (b) Recurring  | Rs. | <u>NIL</u>  |
|    |  |     | <u>NIL</u>  |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

- |    |   |   |   |
|----|---|---|---|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation  | : | Process of Ramipril is commercialized on the plant. |
| 2. | Benefits derived as a result of the above e.g. product improvement, cost reduction, product development, import substitution, etc.                            | : | Company marketed Clorsulon Internationally          |
| 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 : | : | Not Applicable                                      |
|    | (a) Technology imported   |   | NIL   |
|    | (b) Year of import  |   | NIL   |
|    | (c) Has technology been fully absorbed ?  |   | NIL   |
|    | (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action   |   | NIL   |



**TRANSCHEM LIMITED****FORM C**

Foreign exchange earning &amp; outgo :

		(Rs. in lacs)
(a)	Earning	: 1978.46
(b)	Outgo	: 682.46

By order of the Board of Directors  
For TRANSCHEM LIMITED

(RAJEN K. DESAI)  
Chairman

**CORPORATE GOVERNANCE REPORT**

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below :

**A. MANDATORY REQUIREMENTS :****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and assist the top management of the Company in the efficient conduct of its business internally and externally, including its inter-action with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

The Company believes that its system and actions must be dovetailed for enhancing corporate performance and maximizing shareholder value in the long term.

**2. BOARD OF DIRECTORS :****COMPOSITION AND CATEGORY :**

- 1 Promoter, Non-Executive Directors
- 3 Executive Directors
- 3 Independent, Non-Executive Directors

Independent Directors are Directors, who apart from receiving Directors' remuneration do not have any other material pecuniary relationship or transactions with the Company.

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member/Chairman are as under :

**25TH ANNUAL REPORT 2001-2002**

Sr. No.	Name of Director	Category of Directorship	Number of other Directorships (i)
1.	Mr. Rajan K. Desai Chairman	Promoter, Non-Executive	1
2.	Mr. Aditya R. Desai (ii)	Promoter, Non-Executive	2
3.	Mr. Bharat Merchant (iii)	Independent, Non-Executive	NIL
4.	Dr. G.S. Bhat	Executive Director	NIL
5.	Mr. Umesh Saraf	Executive Director	NIL
6.	Mr. Shivananad Hegde	Executive Director	NIL
7.	Mr. Gregory Pereira	Independent, Non-Executive	2
8.	Mr. Kannan A. Yadav (iv)	Independent, Non-Executive	3
9.	Mr. Mukesh Garach (v)	Independent, Non-Executive	NIL
10.	Mr. Rajendra Shetty (vi)	Independent, Non-Executive	NIL

- (i) Excludes Directorships in Indian Private Limited Companies, membership of Managing Committees of various bodies.
- (ii) Ceased to be Director of the Company with effect from 30/10/2001.
- (iii) Ceased to be Director of the Company with effect from 29/04/2002.
- (iv) Appointed as Additional Director of the Company with effect from 29/04/2002.
- (v) Ceased to be Director of the Company with effect from 30/01/2002.
- (vi) Appointed as Additional Director of the Company with effect from 30/01/2002.

**ATTENDANCE OF EACH OF DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING :**

During the financial year ended 31st March, 2002, six Board Meetings, were held on 30th April 2001, 11th June 2001, 30th July 2001, 3rd September 2001, 30th October 2001 and 30th January 2002. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under :

Sr. No.	Name of the Director	No. of Board Meetings Attended	Attendance at last AGM held on 29/09/2001
1.	Mr. Rajan K. Desai	5	Present
2.	Mr. Aditya R. Desai	3	Present
3.	Mr. Bharat Merchant	6	Absent
4.	Dr. G.S. Bhat	6	Present
5.	Mr. Umesh Saraf	5	Absent
6.	Mr. Shivananad Hegde	6	Present
7.	Mr. Gregory Pereira	6	Present
8.	Mr. Kannan A. Yadav (*)	NIL	Not Applicable
9.	Mr. Mukesh Garach	4	Absent
10.	Mr. Rajendra Shetty (*)	1	Not Applicable

\* Appointed as Directors of the Company during the year.

**3. AUDIT COMMITTEE :**

**BROAD TERMS OF REFERENCE :**

The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.