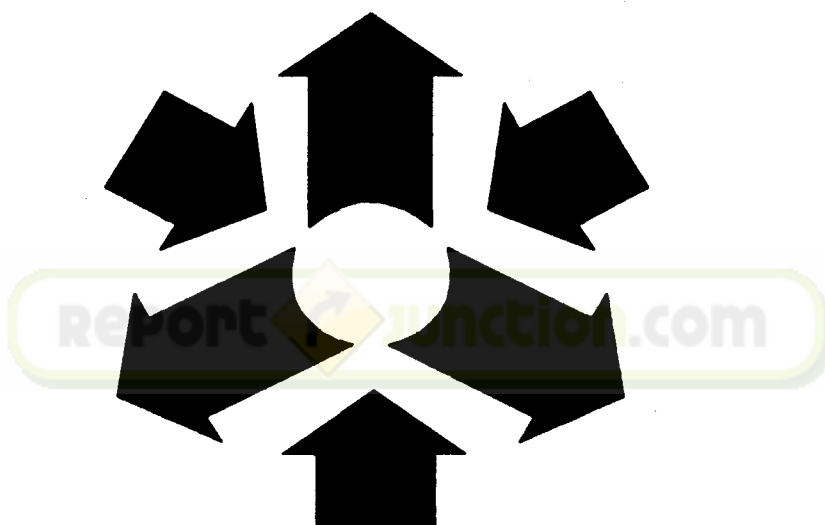
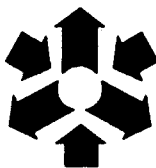


# **TRANSCHEM LIMITED**



**26TH ANNUAL REPORT 2002-2003**



## TRANSCHEM LIMITED

**BOARD OF DIRECTORS**

MR. RAJEN K. DESAI  
MR. L. N. BHAT  
DR. G. S. BHAT  
MR. UMESH M. SARAF  
MR. SHIVANAND G. HEGDE  
MR. GREGORY PEREIRA  
MR. A. KANNAN YADAV  
MR. RAJENDRA SHETTY

*Chairman**Executive Director**Executive Director (Pharma)**Executive Director**Executive Director***COMPANY SECRETARY**

MR. D. V. KULKARNI

**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**

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### **NOTICE**

**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on Monday, the 29th day of SEPTEMBER, 2003 at Hotel Royal Inn, Gokul Nagar, Thane (W) – 400 606 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 2003 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 Mr. Shivanand G. Hegde, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gregory Pereira, 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:**

5. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING AS A SPECIAL RESOLUTION :

**RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, the Article 137 of the Article of Association of the Company be and is hereby amended by substituting the word "Twelve" for the word "Nine".

By order of the Board of Directors  
For TRANSCHEM LIMITED

Place : THANE  
Date : 05th September, 2003

(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 shall remain closed from 22nd September 2003 to 30th September 2003. (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 is annexed hereto.

**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 :**

Pursuant to the Companies Act maximum number of Directors a Company may have without the approval of Central Government is twelve. Considering the expansion in the business of the Company and the requirement of Listing Agreement your Directors are of the view that the Board may be expanded. In view of this the limit of "nine" Directors in the Articles is a restrictive provision. Therefore it is considered desirable to increase the maximum limit of number of directors to "twelve" in the Articles of Association. The proposed resolution is intended for the purpose.

None of the Director is concerned or interested in the resolution.

Your Directors recommend the resolutions for your approval.

By order of the Board of Directors  
For TRANSCHEM LIMITED

Place : THANE

Date : 05th September, 2003

(RAJENDRA SHETTY)  
Director

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

To,  
Dear Members,

Your Directors are pleased to submit their Twenty Sixth Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March 2003.

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

	<b>Current year ended 31-03-2003</b>	<b>Previous year ended 31-03-2002</b>
Sales	4309.38	3304.11
Other Income	61.10	142.27
Gross Profit before Depreciation & Taxation	311.57	271.53
Depreciation	233.17	218.44
Provision for Tax	NIL	5.00
Net Profit after Depreciation & Taxation	78.40	48.09

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

**PHARMA DIVISION :**

The Pharma Division of your Company is continuing to progress. The research work undertaken by the Company has given positive results, accordingly Bulk Drug 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 Bulk Drug Producer.

**MUSHROOM DIVISION :**

The prices of mushroom in the international market have crashed to minimum. Company 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 :**

Mr. Shivanand G. Hegde & Mr. Gregory Pereira, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. L. N. Bhat was appointed as Additional Director by the Board of Directors and was also appointed Executive Director. Being additional Director he is going to vacate the office at the conclusion of ensuing Annual General Meeting.

**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 fully implemented all the requirements of Clause 49 of the Listing Agreement well within the schedule 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 Jan' 2001. The present constitution of the audit committee is of three non-executive Directors, out of them two are Independent Directors. Mr. Gregory Perelra, an Independent Non executive director is the Chairman of said committee. The Company Secretary acts 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.
- (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 for the year ended 31st March 2003.
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision 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 for 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 September, 2003

(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) Purchased :		
Consumed Unit	1034228	1124348
Total amount (Rs. in lacs)	42.91	47.53
Rate / Unit (Rs.)	4.15	4.23
(b) Own generation through Diesel :		
Generator Set :		
Unit	16730	21073
Unit per-litre of diesel oil	2.06	2.90
Cost / Units	6.67	6.82
<b>2. COAL :</b>	NIL	NIL
<b>3. FURNACE OIL / L.D.O. :</b>		
Quantity (litres)	233698	316601
Total amount (Rs. in lacs)	37.28	53.36
Rate / Litre	22.02	16.85
<b>4. OTHER / INTERNAL GENERATION :</b>	NIL	NIL

**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 on Perindopril and Febental carried out.
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 from India.
3. Future plan of Action	:	Company is planning to carry on developmental activity in products like Diclazuril and Niroxynil.
4. Expenditure on R & D	:	
(a) Capital	Rs.	NIL
(b) Recurring	Rs.	4352818.26
		4352818.26

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Process of Closantel 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. : NIL
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
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action NIL

**FORM C****Foreign exchange earning & outgo :**

		(Rs. in lacs)
(a)	Earning	: 2799.30
(b)	Outgo	: 629.55

By order of the Board of Directors  
For TRANSCHEM LIMITED

(RAJEN K. DESAI)  
Chairman



**TRANSCHEM LIMITED****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 interaction 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
- 4 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 :

Sr. No.	Name of Director	Category of Directorship	Number of other Directorships (I)
1.	Mr. Rajen K. Desai Chairman	Promoter, Non-Executive	1
2.	Mr. L. N. Bhat (II)	Executive-Director	1
3.	Dr. G.S. Bhat	Executive Director	NIL
4.	Mr. Umesh Saraf	Executive Director	NIL
5.	Mr. Shivanand Hegde	Executive Director	NIL
6.	Mr. Gregory Pereira	Independent, Non-Executive	1
7.	Mr. Kannan A. Yadav	Independent, Non-Executive	2
8.	Mr. Rajendra Shetty	Independent, Non-Executive	NIL

(I) Excludes Directorships in Indian Private Limited Companies, membership of Managing Committees of various bodies.

(II) Appointed as Additional Director & Executive Director of the Company with effect from 01.03.2003.

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

During the financial year ended 31st March 2003, six Board Meetings were held on 29th April 2002, 30th July 2002, 5th October 2002, 30th October 2002, 30th January 2003 & 22nd February 2003. 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 30/10/2002
1.	Mr. Rajen K. Desai	6	Present
2.	Mr. L. N. Bhat (*)	NIL	Not Applicable
3.	Dr. G. S. Bhat	6	Absent
4.	Mr. Umesh Saraf	5	Absent
5.	Mr. Shivanand Hegde	6	Absent
6.	Mr. Gregory Pereira	6	Present
7.	Mr. Kannan A. Yadav	5	Present
8.	Mr. Rajendra Shetty	6	Present

Appointed Director 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.

The terms of reference of the Audit Committee include the following :

- reviewing the Company's financial reporting process and the disclosure of its financial information.
- recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment for other services.
- reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial and risk management policies.
- reviewing the reports furnished by the statutory auditors and ensure suitable follow-ups thereon.

#### **COMPOSITION :**

The Audit Committee of the Company comprises of three Directors, of which, one is Promoter, Non-Executive Director and two are Independent, Non-Executive Directors. All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is a Non-Executive, Independent Director nominated by the Board. The Statutory Auditors and the Executives in the Finance Department are invitees to the Meetings. The Company Secretary acts as the Secretary to the Committee.

The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meetings.