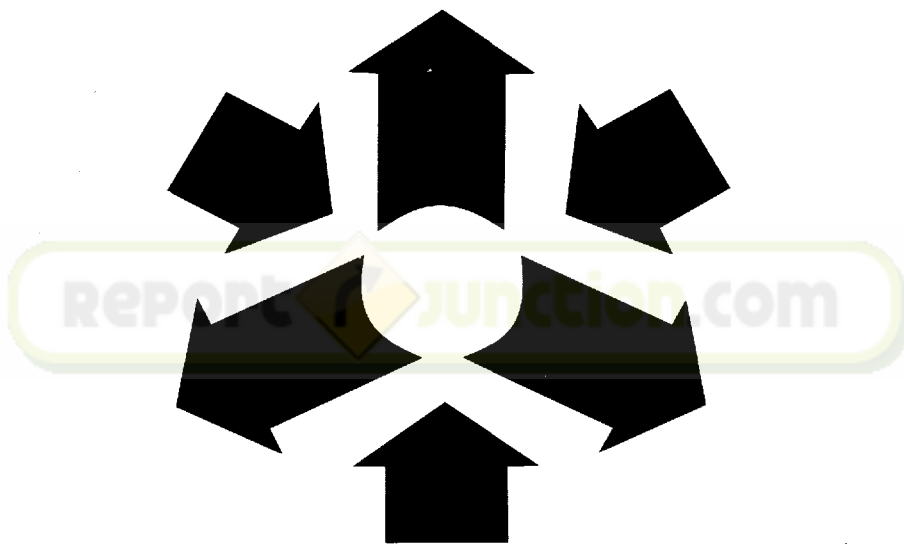


TRANSCHEM LIMITED



27TH ANNUAL REPORT 2003-2004



TRANSCHEM LIMITED

BOARD OF DIRECTORS:

MR. RAJEN K. DESAI
DR. G. S. BHAT
MR. UMESH SARAF
MR. SHIVANAND G. HEGDE
MR. GREGORY PEREIRA
MR. A. KANNAN YADAV
MR. UTPAL A. JOSHI

Chairman
Executive Director
Executive Director
Executive Director

COMPANY SECRETARY

MR. D. V. KULKARNI

AUDITORS

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

BANKERS

STATE BANK OF INDIA
CALYON BANK
HDFC BANK
UNION BANK OF INDIA

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, Dist, Pune – 410 506.

REGISTRAR & SHARE TRANSFER AGENT

M/s. Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka,
Mumbai – 400 059.

TRANSCHEM LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on Thursday, the 30th day of SEPTEMBER, 2004 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 2004 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. Rajen Desai, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. Kannan Yadav, 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 257 and other applicable provisions, if any, of the Companies Act 1956, Mr. Utpal Amit Joshi, 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 order of the Board of Directors
For **TRANSCHEM LIMITED**

PLACE: THANE.
DATE : 06.09.2004

(GREGORY PEREIRA)
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 27th September 2004 to 02nd October 2004. (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.

**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:

Mr. Utpal A. Joshi an Advocate by profession was co-opted by the Board of directors in their meeting held on 29.06.2004 as Additional Directors to the Board of the Company.

Pursuant to Section 260 of the Companies Act, 1956 he is vacating the office at the conclusion of ensuing Annual General Meeting. However pursuant to Section 257, Company has received notice from the shareholders for appointment of Mr. Utpal A. Joshi to the office of Director.

None of the Director other than Mr. Utpal A. Joshi 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 : 06.09.2004

(GREGORY PEREIRA)
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. Mr. Rajen Desai:

Name	:	Mr. Rajen K. Desai.
Age	:	54 years.
Qualification	:	B.Com.
Expertise	:	1 st generation industrialist.
Other Directorship	:	Nil.

2. Mr. A. Kannan Yadav:

Name	:	Mr. A. Kannan Yadav.
Age	:	41 years.
Qualification	:	B.Com.
Expertise	:	20 years in various capacities in the Industry.
Other Directorship	:	One.

3. Mr. Utpal A. Joshi:

Name	:	Mr. Utpal A. Joshi.
Age	:	27 years.
Qualification	:	B.Sc., L.L.B.
Expertise	:	Advocate at High Court, Mumbai.
Other Directorship	:	Nil.

TRANSCHEM LIMITED**DIRECTORS REPORT**

Dear Members,

Your Directors are pleased to submit their Twenty Seventh Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March 2004.

FINANCIAL RESULTS:

Particulars	(Rs. in lacs)	
	Current year ended 31.03.2004	Previous year ended 31.03.2003
Sales	4279.01	4309.38
Other Income	62.89	61.10
Gross Profit before Depreciation & Taxation	357.91	311.57
Depreciation	251.09	233.17
Provision for Tax	NIL	NIL
Profit after Depreciation & Taxation	106.82	78.40

OPERATION:

Transchem Limited consists of two divisions. A Pharmaceutical division situated at Ambernath and an Agri division at Bebadohol Village adjacent to the new Mumbai-Pune Expressway. The Company board's decision to de-merger the Company into two separate divisions not only brings several advantages in terms of operational and financial efficiency but also enhances shareholder value. The Company having settled the bank loan through a one-time settlement is now free to go ahead with its de-merger plans.

The Pharmaceutical Division has been profitable for the last several years and is in sound financial shape. It is responsible for making Transchem a first tier global pharmaceutical Company. It is in a niche Anthelmintic market and specializes in veterinary products. It is accredited by WHO for GMP and trusted as a quality conscious Manufacturer-Exporter of APIs and intermediates. It supplies top quality products to leading multinationals in over 65 countries across the world's major economies. It has forayed into manufacture-export of human use APIs as well as finished dosage formulations. It has high potential products under development and is well poised to double its current production.

The Agri division will be named *Transagri Biotech Ltd.* The division is preparing for cultivation and extraction of high-yielding medicinal plants and herbs where current demand far exceeds the supply and growth is unprecedented going forward. It has already successfully completed the necessary trials on a pilot scale. The biotech facilities can also be put to use going forward. Also with the government giving increased stress and incentive to the agricultural sector and its affiliated fields the Agri Division is well placed to take the initiative and capitalize on the current scenario.

With both the divisions having very different and distinct areas of operation, products and management, it is prudent to de-merge the two. Through core concentration and increased efficiency the Company can accelerate growth and gear up for new developments and emerging opportunities.

**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. Rajen Desai & Mr. A. Kannan Yadav, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Utpal A. Joshi was appointed as Additional Director by the Board of Directors. A Notice has been received from the shareholders proposing his candidature for the office of Director in the ensuing Annual General Meeting. Mr. Rajendra Shetty, an Independent Director resigned during the year.

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 Company is regular in filing and submitting reports on Corporate Governance to the Stock Exchange wherein it is listed and has fully implemented all the requirements of Clause 49 of the Listing Agreement.

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 Audit Committee is of three Non-Executive Directors out of them two are Independent Directors. Mr. Gregory Pereira, an independent Non Executive Director is the Chairman of said committee. The Company Secretary used to 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:

TRANSCHEM LIMITED

- 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 2004.
- 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 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.

Report

Junction

By order of the Board of Directors
For TRANSCHEM LIMITED

PLACE: THANE.
DATE : 06.09.2004.

(RAJEN K. DESAI)
CHAIRMAN

**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
1. ELECTRICITY:		
(a) Purchase		
Consumed Unit	1122504	1034228
Total amount (Rs.in lacs)	45.41	42.91
Rate/Unit (Rs.)	4.05	4.15
(b) Own generation through Diesel		
Generator Set:		
Unit	18965	16730
Unit per-litre of diesel oil	1.94	2.06
Cost/Units	13.84	6.67
2. COAL:		
Quantity (tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL
3. FURNACE OIL/L.D.O.:		
Quantity (litres)	249432	233698
Total amount (Rs.in lacs)	48.03	37.28
Rate/Litre	19.26	22.02
4. OTHER/INTERNAL GENERATION:		
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 | : | Development work on Perindopril and Febental carried out. |
| 2. Benefits derived as a result of above R & D | : | Company is manufacturing Nitroxynil for international market. |
| 3. Future plan of Action | : | Company is planning to carry on developmental activity in products like Cymazole and Azamethiophos. |
| 4. Expenditure on R & D | : | |
| (a) Capital | : | Rs. 3897677 |
| (b) Recurring | : | Rs. 7521484 |
| | | Rs. 11419161 |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- | | | |
|--|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Process of Nitroxynil 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 is marketing Nitroxynil. |
| 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 |

**FORM C**

Foreign exchange earning & outgo:

(Rs. in lacs)

(a) Earning	2727.08
(b) Outgo	467.02

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

PLACE: THANE.

(RAJEN K. DESAI)

DATE : 06.09.2004.

CHAIRMAN

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