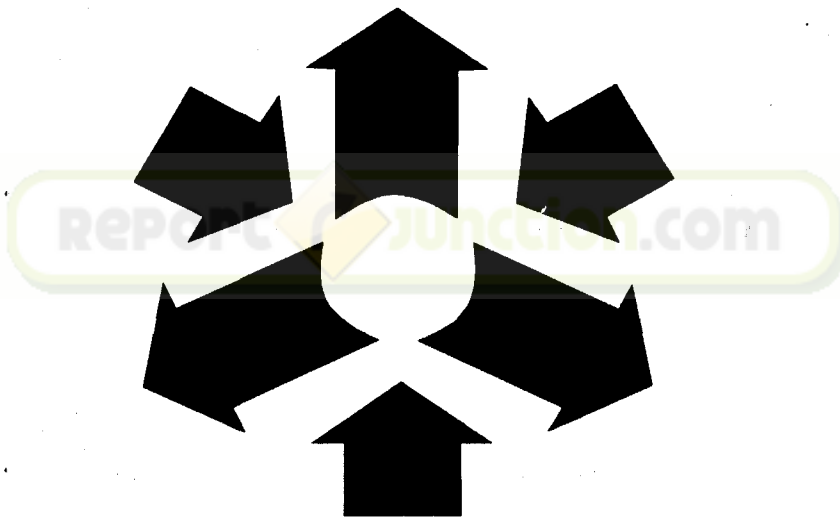


TRANSCHEM LIMITED



28TH ANNUAL REPORT 2004-2005



TRANSCHEM LIMITED

BOARD OF DIRECTORS:

MR. RAJEN K.DESAI
DR. G.S. BHAT
MR. UMESH SARAF
MR. SHIVANAND G. HEGDE
MR. HEMANT LAD
MRS. BINA SHAH
MR. NEERAV MERCHANT

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,
Ambemath, 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 Eighth Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on Wednesday the 21st day of December, 2005 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 2005 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. Umesh M. Saraf, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Dr. G. S. Bhat, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint Statutory Auditors and fix their remuneration. The retiring Auditors M/s. L.T. Jadav & Co. is eligible for re-appointment

SPECIAL BUSINESS:

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

5. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Hemant Lad, 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, Mrs. Bina Shah, 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 her candidature for the office of Director, be and is hereby appointed a Director of the Company.

7. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Neerav Merchant, 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.

8. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the re-appointment of Dr. Gopinath S. Bhat as Executive Director, for a period of five years w.e.f. 01.12.2004 on the remuneration and perquisites as approved by the Board of Directors in their meeting held on 30.11.2004, be and the same is hereby ratified and confirmed.

9. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the re-appointment of Mr. Umesh M. Saraf as Executive Director, for a period of five years w.e.f. 01.10.2005 on the remuneration and perquisites as approved by the Board of Directors in their meeting held on 27.09.2005, be and the same is hereby ratified and confirmed.

10. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 269, 309 read with Schedule XIII and other applicable provisions,

if any, of the Companies Act, 1956 the re-appointment of Mr. Shivanand G. Hegde as Executive Director, for a period of five years w.e.f. 01.10.2005 on the remuneration and perquisites as approved by the Board of Directors in their meeting held on 27.09.2005, be and the same is hereby ratified and confirmed.

11. AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 310 and other applicable provisions, if any, of the Companies Act, 1956 a sitting fees of Rs. 1500/- for attending each Board Meeting and/or Committee Meeting be paid to the Non-Executive Directors.

RESOLVED FURTHER THAT the payment of sitting fee made to the Non-Executive Directors since January 2005 be and is hereby ratified."

12. AS A SPECIAL RESOLUTION:

RESOLVED THAT subject to such consents, permissions or sanctions as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board of India (SEBI) and pursuant to section 61 and all other applicable provisions of the Companies Act, 1956 and Guidelines, Rules framed by SEBI in this regard, the Board of Directors of the Company be and is hereby authorised to seek voluntary Delisting of its Equity Shares from the Stock Exchange - Ahmedabad and Vadodara Stock Exchange Ltd., Vadodara and for that matter to apply to the said Stock Exchange(s) and/or any other concerned authority(ies) for Voluntary Delisting of the Equity Shares of the Company from the said Stock Exchange(s)

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise, with regard to the voluntary delisting of shares, as it may, in its best absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps in this regard, in order to comply with the legal and procedural formalities and further to authorise any of its Committee or Director(s) or officers of the Company to do all such acts deeds or things as may be necessary, to give effect to this resolution.

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

PLACE : THANE
DATE: 29TH OCTOBER 2005.

(D. V. KULKARNI)
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 and Share Transfer books of the Company shall remain closed from 12th December 2005 to 17th December 2005. (Both days inclusive) for the purpose of Annual General Meeting.
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 special businesses specified in the notice pursuant to section 173(2) of the Companies Act, 1956.

ITEM NO. 5:

Mr. Hemant Lad, a Bachelor in Commerce, was co-opted by the Board of Directors in their meeting held on 29.10.2004 as an Additional Director to the Board of the Company.

TRANSCHEM LIMITED

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 a notice from a shareholder proposing his candidature for appointment to the office of Director.

None of the Director other than Mr. Hemant Lad is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

ITEM NO. 6:

Mrs. Bina Shah an Associate Member of the Institute of Company Secretaries of India was co-opted by the Board of Directors in their meeting held on 31.01.2005 as Additional Director to the Board of the Company.

Pursuant to Section 260 of the Companies Act, 1956 she is vacating the office at the conclusion of ensuing Annual General Meeting. However pursuant to Section 257 Company has received a notice from a shareholder proposing the candidature of Mrs. Bina Shah for appointment to the office of Director.

None of the Director other than Mrs. Bina Shah is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

ITEM NO. 7:

Mr. Neerav Merchant, who is pursuing Management Studies, was co-opted by the Board of Directors in their meeting held on 31.01.2005 as Additional Director 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 a notice from a shareholder proposing the candidature of Mr. Neerav Merchant for appointment to the office of Director.

None of the Director other than Mr. Neerav Merchant is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

ITEM NO. 8, 9 & 10:

The Board of Directors of your Company has re appointed following directors as Executive Directors on the terms and conditions relating to remuneration and perquisites as specified below:

Name of Director	Salary
Dr. G. S. Bhat	Not to Exceed 50,000/- p.m.
Mr. Umesh M. Saraf	Not to Exceed 80,000/- p.m.
Mr. S.G. Hegde	Not to Exceed 85,000/- p.m.

The annual increment which will be effective from 1st April each year be decided by the Board and Remuneration Committee and will be merit-based and take into account the Company's performance.

Perquisites: In addition to their salary following perquisites are also admissible to the said Directors.

- (a) House Rent Allowance subject to maximum of 50% of the Basic Salary of respective Director
- (b) Reimbursement of medical expenses incurred by the respective Director and his family subject to maximum of one month salary in a financial year.
- (c) Exgratia payment as per the rules of the Company, applicable to other employees as well, not exceeding 25% per annum salary of the respective Director.
- (d) Use of office car for official purpose. Directors shall be entitled for reimbursement of petrol and other costs incurred for maintenance of car for an amount not exceeding their basic salary monthly on an average basis.
- (e) Company's Contribution towards Provident Fund for an amount not exceeding the limits as specified in Income Tax Act, 1961.

- (f) Gratuity at the rate of one half month's salary for each completed year of services.
- (g) Leave on full remuneration as per the rules of the Company. In case leave not availed of by the respective Director, they shall be entitled to encash the same at the end of their tenure.

NATURE OF DUTIES: The Executive Director(s) shall, subject to the supervision and control of the Board of Director, be perform such duties as may, from time to time, be entrusted to them.

None of the Director other than the individual named in the resolutions is concerned or interested in the resolutions.

Yours Directors recommend the resolutions for your approval.

ITEM NO.11:

Pursuant to the Listing Agreement Company is having optimum composition of Executive/ Non-Executive and Independent Directors on the Board of the Company. While Executive Directors are drawing their salaries no payment was made to Non-Executive Directors prior to January 2005. To retain the qualified and experienced professionals as Directors, Board decided to reimburse them by way of sitting fees. Accordingly since January 2005 a sitting fees of Rs. 1500/- is being paid to Non-Executive Directors for attending Board and Committee meetings. As a matter of good corporate practice the proposal is placed before you for your consent and approval.

All the Non-Executive Directors may be considered as interested in the resolution.

Your Directors recommend the resolution for your approval.

ITEM NO.12:

The members are aware that equity shares of the Company are listed with the Bombay Stock Exchange Limited, Mumbai, The Stock Exchange - Ahmedabad and Vadodara Stock Exchange Ltd., Vadodara. Whereas Bombay Stock Exchange Limited being Stock Exchange having nation wide trading terminals. It is proposed that the Company shall seek voluntary de-listing of its Equity Shares from Ahmedabad and Vadodara Stock Exchanges on account of the following reasons:

1. There is no trading of the Equity Shares of the Company at the said Stock Exchanges.
2. The voluntary Delisting will reduce paper work, as it would not be required to deal with these Stock Exchanges after de-listing.

The Company's Equity Shares are one of the scripts, which the Securities & Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all investors.

Further by de-listing Company is going to save on account of listing fee, required to be paid to these Stock Exchanges without any threat of liquidity to the investors of the Company.

In line with SEBI (Delisting of Securities) Guidelines, 2003 and approval from any other authority, if any, requisite approval of members is being sought by a Special Resolution for enabling voluntary de-listing of its Securities from the said Stock exchanges.

The proposed de-listing of the Equity Shares of the Company from Ahmedabad and Vadodara Stock Exchanges, as and when the same takes place, will not adversely affect the investors. The Company's Equity Shares will continue to be listed at the Bombay Stock Exchange Limited, Mumbai. The de-listing will take place after all approvals, permissions and sanctions, if any, are received. The exact date on which de-listing will take effect will suitably be notified at that time.

Yours Directors recommend the Special Resolution for your approval.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

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

PLACE : THANE
DATE: 29TH OCTOBER 2005.

(D. V. KULKARNI)
COMPANY SECRETARY

TRANSCHEM LIMITED**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. Umesh M. Saraf:

Name	:	Mr. Umesh M. Saraf.
Age	:	44 years.
Qualification	:	B.Sc., Diploma in System Management
Expertise	:	Worked with reputed concerns and having Experience of about two decade in International Marketing.
Other Directorship	:	NIL

2. Dr. G. S. Bhat:

Name	:	Dr. G. S. Bhat.
Age	:	58 years.
Qualification	:	M.Sc., Ph.D, D.M.S.
Expertise	:	More than 3 decades in various capacities in the industry
Other Directorship	:	NIL.

3 Mr. Shivanand G Hegde:

Name	:	Mr. Shivanand G Hegde.
Age	:	44 years.
Qualification	:	M.Sc (Organic Chemistry)
Expertise	:	Worked with reputed Pharmaceuticle companies and having experience of about 20 years in Bulk Drugs/Fine Chemicals
Other Directorship	:	NIL.

4. Mr. Hemant Lad:

Name	:	Mr. Hemant Lad.
Age	:	43 years.
Qualification	:	B.Com.
Expertise	:	Having expertise in Finance
Other Directorship	:	NIL

5. Mrs. Bina Shah:

Name	:	Mrs. Bina Shah.
Age	:	36 years.
Qualification	:	B.Com, ACS
Expertise	:	Expert in Corporate Law Matters and in Finance and Accounts.
Other Directorship	:	1

6. Mr. Neerav B. Merchant:

Name	:	Mr. Neerav B. Merchant.
Age	:	20 years.
Qualification	:	International Baccalaureate (IB) from New Zealand, presently pursuing Law course.
Expertise	:	Having Exposure in legal matters.
Other Directorship	:	NIL

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to submit their Twenty Eighth Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March 2005.

FINANCIAL RESULTS:

Particulars	(Rs. In lacs)	
	Current year ended 31.03.2005	Previous year ended 31.03.2004
Income from Sales	4968.77	4279.01
Other Income	654.76	62.89
Gross Profit before Depreciation & Taxation	760.11	357.91
Depreciation	236.41	251.09
Provision for Tax	41.00	NIL
Profit after Depreciation & Taxation	482.70	106.82

OPERATION:

Transchem Limited which is originally a pharmaceutical company has diversified its activities towards production and processing of mushrooms.

The Pharmaceutical division of your company is having its plant at Ambernath, District Thane that continues to be in the API segment. The year saw a steep rise in the oil prices world over which in turn increased the chemicals and intermediates pieces.

Your Company took several steps to counter the price increase; these measures are surely expected to reflect into better numbers in the coming years.

Your Company increased its hold on the anthelmintic and veterinary market by enhanced work in R&D in this Therapeutic Segment and moving to more regulatory areas for marketing. Company also improved its DMF preparation and submission as more and more customers are requiring these documentation. Your directors feel this trend will benefit your Company from these as the buyer using our DMF has to be buy from your Company only. Your Company also participated in the CPhI at Brussels and found the response very encouraging. The exhibition also opens the door for better prospects as prospective buyers from several countries visit the fair and taken a note of your Company's capability.

As for the Mushroom Division, the Company is in the process of paying of bank loan according to the settlement plan agreed with the consortium of banks. Your Company has honoured all the payments committed to the banks during the year. The Company is studying more viable options available that it can undertake after all the loan payments are completed during the next financial year (2005-2006).

DIVIDEND:

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

DEMERGER PLAN OF THE COMPANY:

The Board of your Company has discussed and decided to demerge the Pharma and Mushroom divisions of the company. Accordingly a feasible study of the same is being carrying on by the professionals. Board is waiting for the outcome of the said study. Only on the basis of that study the final decision would be taken.

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

TRANSCHEM LIMITED

Mr. Hemant Lad, Mrs. Bina Shah & Mr. Neerav Merchant were appointed as Additional Directors by the Board of Directors. Notices have been received from the shareholders proposing their candidature for the office of Directors in the ensuing Annual General Meeting.

Dr. G. S. Bhat, Mr. Umesh M. Saraf & Mr. S. G. Hegde, Executive Directors, whose tenure of appointment was concluded during the year, were re-appointed as Executive Directors by the Board as per the recommendation of the remuneration committee.

Mr. Kannan Yadav, Mr. Utpal Joshi and Mr. Gregory Pereira resigned from the office of Director 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 compliance reports on Corporate Governance to the Stock Exchanges wherein it is listed and has fully implemented all the requirements of Clause 49 of the Listing Agreement.

AUDIT COMMITTEE:

Pursuant to the Companies Act, 1956 and Clause 49 of the Listing agreement Board of Directors has constituted an audit Committee. The present constitution of Audit Committee is of three Non-Executive Directors. Mrs. Bina Shah, an Associate member of Institute of Company Secretary is an expert in the financial matter. Mr. Hemant Lad and Mr. Rajen Desai, are holding Bachelor Degree in Commerce, have financial literacy. Mrs Bina Shah a Non-Executive Independent Director is the Chairperson of the 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 Director 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 judgments 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 2005.
- (iii) the Directors had 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 ongoing 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. Yours Directors also commend the contribution made by the employees.

By order of the Board of Directors
For TRANSCHEM LIMITED

PLACE : THANE
DATE: 29.10.2005.

(RAJEN DESAI)
CHAIRMAN

ANNEXURE
FOR PHARMA DIVISION
FORM A
(See Rule 2)

Form for disclosure of particulars with respect to conservation of Energy

A. POWER AND FUEL CONSUMPTION:	Current Year	Previous Year
1. ELECTRICITY:		
(a) Purchase		
Consumed Unit	1240224	1122504
Total amount (Rs. in lacs)	45.88	45.41
Rate/Unit (Rs.)	3.70	4.05
(b) Own generation through Diesel Generator Set:		
Unit	13900	18965
Unit per-litre of diesel oil	1.40	1.94
Costs/Unit (Rs.)	22.78	13.84
2. COAL:	NIL	NIL
3. FURNANCE OIL/L.D.O.:		
Quantity (litres)	275856	249432
Total amount (Rs. in lacs)	63.46	48.03
Rate/litre (Rs.)	23.01	19.28
4. OTHER/INTERNAL GENERATION:	NIL	NIL

FORM B
(See Rule 2)

Form of disclosure of particulars with respect to absorption:

Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company	:	Development of Butaphosphan, Nitroscanate, Acepromazine, Cymiazole carried out.
2. Benefits derived as a result of above R&D	:	Company wants to expand its product mix in a planned manner.
3. Future plan of Action	:	Company is planning to carry on developmental activity in products like Cymalzole and Azamethiophos.
4. Expenditure on R&D (In Rs.)	:	
(a) Capital		Rs. 0.00
(b) Recurring		Rs. <u>97,85,349.08</u>
		Rs. <u>97,85,349.08</u>

TECHNOLOGY ABSORPTION, ADAPTION 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's product mix becoming larger, it is the largest Vet. API producer in the Country.
3. The Company has not used any imported technology.		

FORM C

Foreign exchange earning & outgo:

(a) Earning	:	(Rs. in lacs) 2342.45
(b) Outgo	:	647.06

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

PLACE : THANE
DATE: 29.10.2005.

(RAJEN DESAI)
CHAIRMAN