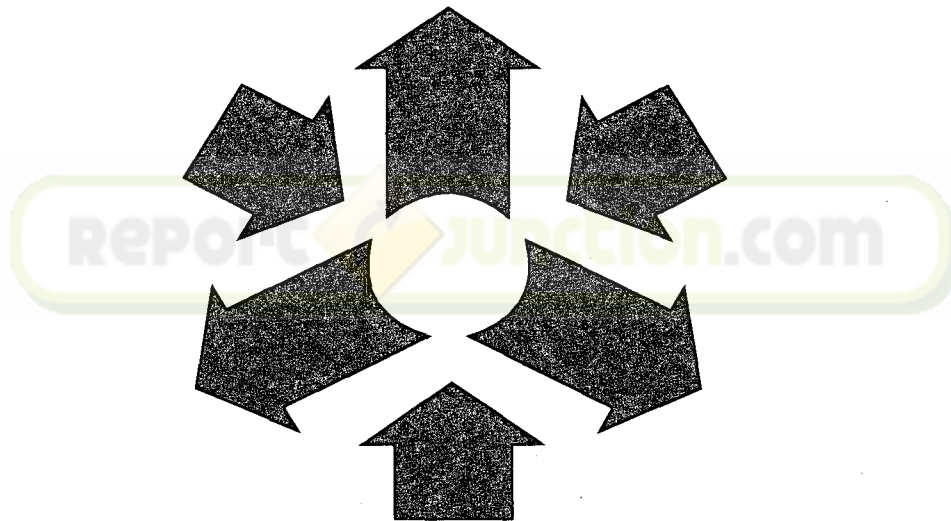
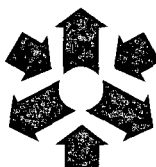


TRANSCHEM LIMITED



30TH ANNUAL REPORT 2006-2007



TRANSCHEM LIMITED

BOARD OF DIRECTORS: MR. RAJEN K. DESAI *Chairman*
DR. G. S. BHAT *Executive Director*
MR. UMESH SARAF *Executive Director*
MR. SHIVANAND G. HEGDE *Executive Director*
MR. HEMANT LAD
MRS. BINA SHAH
MR. NEERAV MERCHANT

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
UTI BANK

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,
Ambarnath, 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 Thirtieth Annual General Meeting of the members of **TRANSCHEM LIMITED** will be held on Saturday the 29th day of September, 2007 at Hotel Royal Inn, Gokul Nagar, Thane (W) – 400 601 at 10.00 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 2007 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 Mrs. Bina Shah, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a director in place of Mr. Neerav Merchant, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditor for the financial year 2007-08 and fix their remuneration. The retiring Auditors M/s. L.T. Jadav & Co. is eligible for re-appointment

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

PLACE : THANE
DATE : 28-07-2007

(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 24th September 2007 to 29th September 2007 (both days inclusive).

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

PLACE : THANE
DATE : 28-07-2007

(D. V. KULKARNI)
COMPANY SECRETARY

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:

Name	:	Mrs. Bina Shah
Age	:	38 years
Qualification	:	B.Com, ACS
Expertise	:	Expert in Corporate Law Matters and in Finance and Accounts
Other Directorship	:	1
 Name	 :	 Mr. Neerav B. Merchant
Age	:	22 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 Thirtieth Annual Report, together with the Audited Statement of Accounts of your Company for the financial year ended 31st March 2007.

FINANCIAL RESULTS :

(Rs. In lacs)

Particulars	Current year ended 31-03-2007	Previous year ended 31-03-2006
Income from Sales	7301.54	6014.60
Other Income	147.73	96.35
Gross Profit before Depreciation & Taxation	384.27	297.80
Depreciation	242.41	250.54
Provision for Tax/Adjustment	(7.47)	(18.26)
Profit after Depreciation & Taxation	149.34	65.54

OPERATION :

Raw materials prices ruled high most part of the year. Chinese albendazole coming into India was on rise. Company made application to Drug Controller of India to initiate action on substandard drug import.

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 :

There was no change in the constitution of Board of Directors of your Company during the year. Mrs. Bina Shah & Mr. Neerav Merchant, Directors, shall retire by rotation in the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

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.

TRANSCHEM LIMITED

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 Directors had selected such accounting policies and consistently applied them 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.
- (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 : 28-07-2007

(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	1341981	1311272
Total amount (Rs. in lacs)	67.58	49.35
Rate / Unit (Rs.)	5.04	3.76

(b) Own generation through Diesel Generator Set :

Unit	35093	24291
Unit per-litre of diesel oil	1.36	1.55
Cost / Units	27.33	22.41

2. COAL :

Quantity (tonnes)	NIL	NIL
Total Cost	NIL	NIL
Average rate	NIL	NIL

3. FURNACE OIL / L.D.O. :**(a) L.D.O.**

Quantity (litres)	10660	302478
Total amount (Rs. in lacs)	2.87	74.38
Rate / Litre	26.89	24.59

(b) FURNACE OIL :

Quantity (litres)	326018	7345
Total amount (Rs. in lacs)	47.77	1.18
Rate / Litre	14.65	16.04

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 :

Research and Development (R&D) :

- | | | | |
|----|--|---|---|
| 1. | Specific areas in which R & D carried out by the Company | : | Company continued to pursue research and development activities |
| 2. | Benefits derived as a result of above R & D | : | New products are being pursued to withstand the market pressure of high raw materials price |
| 3. | Future plan of Action | : | Company looking for more profitable molecules for R & D |
| 4. | Expenditure on R & D | : | (Rs. in lacs) |
| | (a) Capital | : | Rs. 11.40 |
| | (b) Recurring | : | Rs. <u>132.66</u> |
| | | : | Rs. <u>144.06</u> |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | | | |
|----|--|---|---|
| 1. | Efforts, in brief, made towards Technology absorption, adaptation and innovation | : | Process of s-methoprene standardized on pilot scale |
| 2. | Benefits derived as a result of the above e.g. product improvement, cost reduction, product development, import substitution, etc. | : | Company is a large Vet API produced in the country |
| 3. | The Company has not used any imported technology. | | |

FORM C

Foreign exchange earning & outgo :

		(Rs. in lacs)
(a)	Earning	: 4313.07
(b)	Outgo	: 1395.72

By order of the Board of Directors
For **TRANSCHEM LIMITED**Place : THANE
Date : 28-07-2007(RAJEN K. DESAI)
Chairman

MANAGEMENT DISCUSSION & ANALYSIS**MACRO VIEW :**

The bulk API business is facing some crucial hurdles like never before. Chinese bulk API is being offered at very low prices. The dollar is becoming weak and rupee strong day by day. Due to various reasons the attrition rate is on the rise. Retaining talent is difficult and expensive.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

Developments Animal health API business has become very price sensitive. China is dumping APIs into Indian and world market like never before. Chinese organization get a lot of support from their government. In buying countries the regulatory bodies have made the rules stringent so to upkeep the sites is more expensive.

OPPORTUNITIES & THREATS :

The majority of the sales of the Company come from export. The export to regulatory market has to comply with a series of compliances. The plants are visited by the customers, who expect the Company to invest in GMP requirements. On a rough study management has to invest lot of money to make the plant to upgrade its facility. In such case Company may have to borrow large sums. Additionally once the capital expenditure is incurred, the site will have to spend money to maintain the upgradation.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE :

The company operates in only one segment viz. Active Pharmaceuticals ingredients within the broad category of pharmaceuticals hence no information provided. The mushroom division which operated on a 100% EOU is non operational for several years. The Company is exploring various options to run the facilities commercially.

OUTLOOK :

With the dollar becoming weak, oil and raw materials prices ruling high sending serious negative signals to the Company. The domestic market being highly price conscious. The market also asking increased credit which is again adverse to the bottom line.

RISKS & CONCERNS :

Rising prices of raw materials and weak dollar have given telling blows to our product segment. Chinese competition is also hitting hard. With a burden to spend on large capital expenditure to remain in business, Company is forced to think of other options.

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 inter-action with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

The Company believes that its systems and actions must be dovetailed for enhancing corporate performance and maximizing shareholders 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 sitting fees do not have any other material pecuniary relationship or transactions with the Company.

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

Sr. No.	NAME OF DIRECTOR	CATEGORY OF DIRECTORSHIP	NUMBER OF OTHER DIRECTORSHIPS (*)
1	Mr. Rajen K. Desai, Chairman	Promoter, Non-Executive	1
2	Dr. G. S. Bhat	Executive Director	NIL
3	Mr. Umesh Saraf	Executive Director	NIL
4	Mr. Shivanand Hegde	Executive Director	NIL
5	Mr. Hemant Lad	Independent, Non-Executive	NIL
6	Mrs. Bina Shah	Independent, Non-Executive	1
7	Mr. Neerav Merchant	Independent, Non-Executive	NIL

Excludes Directorships in Indian Private Limited Companies, membership of managing committees of various bodies.

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

During the financial year ended 31st March 2007, five Board Meetings were held on 29th April 2006, 31st July 2006, 7th September 2006, 30th October 2006, & 31st January 2007. The attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) is as under:

Sr. No.	NAME OF DIRECTOR	Number of Board Meeting Attended	Attendance at last AGM held on 30-09-06
1	Mr. Rajen K. Desai	4	Present
2	Mr. Shivanand Hegde	5	Absent
3	Mr. Umesh Saraf	5	Present
4	Dr. G.S. Bhat	5	Present
5	Mr. Hemant Lad	5	Absent
6	Mrs. Bina Shah	5	Present
7	Mr. Neerav Merchant	4	Absent

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 to auditors for other services.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirement concerning financial statements.
- Reviewing the adequacy of internal control systems and its 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 to ensure suitable follow-ups thereon.

COMPOSITION OF AUDIT COMMITTEE :

The Audit Committee comprises of three Non-Executive Directors, majority of them being Independent Directors. The head of finance & Accounts and the representative of the Statutory Auditors are permanent invitees to the Audit Committee. The Company Secretary is the Secretary to the Committee. Mrs. Bina Shah the present Chairperson of the Committee is a Non-Executive Independent Director having expertise in accounting and financial matters.