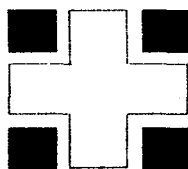


**TRANSMEDICA (INDIA) LIMITED**

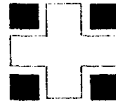
**SIXTEENTH ANNUAL REPORT**

**2002-2003**



## TRANSMEDICA (INDIA) LIMITED

<b>BOARD OF DIRECTORS</b> (As on September 3,2003)	T A RATHOD, <i>Chairman &amp; Managing Director</i> N S MANI S SANTHANARAMAN
<b>AUDITORS</b>	M.S. KRISHNASWAMI & RAJAN CHARTERED ACCOUNTANTS CHENNAI - 600 017.
<b>BANKERS</b>	INDIAN OVERSEAS BANK TEYNAMPET BRANCH CHENNAI - 600 018
<b>FACTORY</b>	<b>UNIT-I</b> NO-59 TO 65 SEDARAPET INDUSTRIAL ESTATE, SEDARAPET, PONDICHERRY - 605 111  <b>UNIT-II</b> VILLIANOOR ROAD, ARYAPALAYAM, VILLIANOOR COMMUNE, PONDICHERRY - 605 110
<b>REGISTERED OFFICE</b>	NO-6 (OLD NO. 20-D), VASAN STREET, T.NAGAR CHENNAI - 600 017.



## NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the company will be held on 29<sup>th</sup> September, 2003 at 3.00 P.M. At Bala Mandir German Hall, No-17 Prakasam Street (off. Habibullah Road), T.Nagar Chennai – 600 017 to transact the following business.

### ORDINARY BUSINESS:

1. To receive consider and adopt the audited Balance Sheet of the company as at 31<sup>st</sup> March 2003 and the Profit and Loss account for the year ended 31<sup>st</sup> March 2003 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr N S Mani who retires by rotation and is eligible for re-appointment
3. To appoint Auditors and fix their remuneration. The retiring auditors M/s. M.S. Krishnaswami & Rajan are eligible for re-appointment.

Regd Office: No.6 Vasan Street,  
T Nagar, Chennai 600 017.

By order of the Board

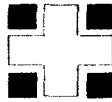
Chennai  
Date : 3<sup>rd</sup> September, 2003

**T A RATHOD**  
Chairman & Managing Director

Report Junction.com

### Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAYBE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
- 2) The Register of Members and the Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2003 to 29<sup>th</sup> September, 2003 (both days inclusive)
- 3) The members are requested to notify change in their addresses, if any, to the company quoting their folio numbers.
- 4) If members have any queries, they may kindly send them two days in advance to the company to help in providing all the possible information.
- 5) Members /Proxies should bring Attendance Slip and Annual Report for attending the meeting. The Annual Report will not be distributed at the meeting.



## TRANSMEDICA (INDIA) LIMITED

### DIRECTORS' REPORT

The Directors present the Sixteenth Annual Report together with the audited Balance Sheet of the company as at 31<sup>st</sup> March, 2003, the Profit and Loss Account for the Financial Year ending on that date, the Cash Flow Statement for the year ended that date and the Auditors Report thereon.

#### Financial Results

The financial results of the operations of the company are as follows:

	For the year ended 31.03.2003	(Rs.Lakhs) For the year ended 31.03.2002
Turnover	348.69	664.98
Materials	270.40	511.02
Human Resources	107.09	120.39
Other Expenses	108.24	207.75
Finance charges	393.37	251.38
Prior period, Extraordinary Item	175.96	393.39
Loss before depreciation	706.37	818.95
Depreciation	123.07	201.87
Net Loss	829.44	1020.82

#### Management Discussion and Analysis

##### Industry structure and Developments

The Industry is primarily capital intensive coupled with high operating costs arising out of high standards of hygiene requiring clearance under the Food and Drugs Act and quality clearance at the every stage of production. During the periods of growth, there is significant increase in margins arising out of higher turnover. The industry is also dependant on fixation of safety standards and on demand/supply of primary rawmaterials-Polypropylene, Polyethelene and appropriate size of needles. The industry is affected by government policies on import of rawmaterials, levy of indirect taxes and encouragement to primary health care. During the period of slump in the economy and due to stiff competition in the market, the contributions from the sale of the products are adversely affected. However, medical disposables being an essential product for hospitals and a necessity in health care, the demand and supply has been showing encouraging growth.

##### Opportunities and threats

The industry's main turnover is from the export of the products across the globe. However with the political and economic environment threats the industry's export are continuously challenged. With India joining the global arena, the export of the products can be maximized which would bring in higher inflow foreign currency to the country and establish good business relations with the global mainstream of business.

##### Segment-wise performance

The Company is in the business of manufacture and sale of medical equipment and mainly in disposable Syringes and as such there is only one reportable segment in terms of Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

##### Outlook

The export market has been growing slowly and steadily and inspite of the problems faced by the company, there has been marginal or negligible impact on the supply to the export markets of the company. As far as the domestic front the need of usage of disposable syringes has been gradually improving and the competitive rates have been stabilized and this would bring in good revenue to the company.

**Risks and concerns**

The main risk of labour strike for various demands and continuous non-cooperation by means slow going and non-performance etc. The product involves various processes, which are quality and safety oriented, and this creates higher concern to the company.

**Internal control systems**

There is an adequate internal control system in the company, commensurate with the size of the Company and nature of its business, for the purchase of plant and Machinery, equipment and other assets. In respect of the internal control system for the purchase of stores and raw materials including components and for the sale of Goods, the same is being continuously reviewed and strengthened

**Review of financial/operational Performance**

The operational performance is not significant as the company faced several problems of Labour and increase in material costs and return of products etc. The operational income has considerably reduced compared to the previous year, as the operations had not been to the required quantity effective from October'2002 onwards.

**Human Resources/Industrial relations**

The company this year also had strained relationship with the workers of the company and consequently affected the quantity and quality of the Products.

**Other matters**

There are no transactions during the year with parties/bodies listed in the register maintained under section 301 of the Companies Act, 1956. The management has also declared to the Board, parties in which they have a personal interest and there have not been any transactions during the year with such parties. Consequently, there is no possibility of Potential conflict with the interest of the company arising out of transactions entered into by the company with parties /bodies.

**Report on Corporate Governance:**

In terms of the listing agreement with the stock exchanges, the other matters required to be disclosed in the Annual Report of the company is given in Annexure I to this report. It may be noted that the requirements of Corporate Governance in terms of the Listing agreement with the stock exchanges became mandatory from financial year 2002-03 in respect of your Company. Your company intends to comply with the mandatory and non-mandatory requirements mentioned therein at the earliest. However, there are constraints –both financial and otherwise in immediate implementation of/compliance with the requirements. For example while the requirement for constituting an audit committee are three independent-non-executive directors, there are only two such directors in the Board. Consequently, the company has not been able to fulfill its obligations under clause 49 of the listing agreements with the stock exchanges and this failure, in so far as the mandatory requirements are concerned, have been reported upon by the Statutory Auditors in their Report attached. The management assures the shareholders that they would initiate action as soon as possible to comply with these requirements.

**Reference to the Board for Financial and Industrial Reconstruction (BIFR):**

The company made a reference to the Board for Industrial and Financial Reconstruction (BIFR) based on the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2002. The Hon'ble BIFR has registered the application made and the reference is pending. A number of clarifications were sought on the results for the year ended March 31, 2002, by the financial institutions and bank and these have been furnished. The management is hopeful of obtaining such reliefs and concessions as would ensure that the operations are restarted and enable the company to recoup past losses.

**Directors:**

Mr N S Mani aged around 60 years has been versatile in the manufacture of plastic products and also has got vast experience in the engineering field. He has the potential in solving the various issues relating to the industry. Hence the Board recommends his re-appointment as director of the company.

Particulars as per the Companies (Disclosure in the report of the Board of Directors) Rules, 1988 are enclosed as annexure II

### **Directors' Responsibility Statement:**

The Directors state:

- (i) that in the preparation of the accounts for the financial year period ended 31<sup>st</sup> March 2003 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) such accounting policies have been selected and applied consistently and judgments and estimates have been made that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the statute for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- (iv) the annual accounts for the year have been prepared on a "going concern" basis.

### **Fixed Deposits:**

The company has not received any fixed deposits from the public and there are no outstanding or overdue deposits in this respect

### **Auditors and their Report:**

The Boards clarifications to various comments of the Auditors in their report dated 3<sup>rd</sup> September 2003 are as under:

- (i) The Management is confident of obtaining financial relief, assistance and concessions that the banks / financial institutions would extend including additional working capital limits under a rehabilitation scheme to be sanctioned by BIFR and thereby ensuring the company's viability. Further, there has merely been a suspension of operations and once the rehabilitation scheme is sanctioned by BIFR, the management is confident of resuming normal operations. Accordingly, it has been thought fit to prepare the financial statements on a going concern basis as made out in the Director's Responsibility statement under Section 217 (2AA) of the Act.
- (ii) Reference is invited to clause (iii) of the Director's Responsibility statement under Section 217 (2AA) of the Act. Proper and sufficient care has been taken for safeguarding the assets of the company including inventory and fixed assets. The Management has made available inventory related records maintained by employees in support of the same. Consequently, the fixed assets and stocks as reflected in these financial statements are physically available at the factory and of good quality, although the same remains inaccessible in view of the strained industrial relations.
- (iii) The Company can get an extension of the licence period and avail the benefits accrued in these financial statements. It has therefore been thought prudent to continue the accrual of export benefits, in terms of the accounting policy consistently followed by the company. The company has been able to fulfil its export obligations over the years. With the present order book for exports, the management is confident of fulfilling the export obligations and accordingly the same is to be construed as contingent liability only.
- (iv) Out of the total dues of Provident Fund (PF) Rs.7.71 Lakhs, Employees State Insurance (ESI) Rs.4.61 Lakhs, sales tax dues of Rs.0.53 Lakhs, and Income Tax deducted at source of Rs.0.85 Lakhs major portion has already been cleared and steps have been initiated to settle the balance arrears.

The Auditors M.S. Krishnaswami & Rajan, Chennai retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

### **Acknowledgement:**

The Directors acknowledge with gratitude and wish to place on record their appreciation on co-operation extended by Central Government, State Government authorities, Bankers Indian Overseas Bank, Financial Institutions IDBI, IFCI, ICICI, Customers, Dealers, Shareholders and the Company look forward for their continued support and co-operation.

For and behalf of the Board

3<sup>rd</sup> September, 2003.

Chennai

**T.A. RATHOD**  
Chairman & Managing Director

**Annexure –I Report on Corporate Governance**

The Company has complied with certain of the mandatory requirements on corporate governance laid down by the Stock Exchanges.

**Mandatory compliance requirements****1.Board of Directors:**

a) Composition: Board of directors consists of the following directors as on March 31,2003 categorized as indicated and details of memberships of Directors in other Boards and Board Committees is given below:

Name of the Director	Category of Director	Membership as on 31.3.03 in Other Boards	Membership as on 31.03.03 in other Board committees
Mr. T A Rathod	Chairman and Managing Director	Nil	Nil
Mr. N S Mani	Independent and Non-executive	Nil	Nil
Mr. S Santhanaraman	Independent and Non- executive	Encore Logistics Ltd	Nil

b) Except for the sitting fees paid to the non-executive directors as detailed in clause herein, there does not exist any pecuniary relationship or transaction between the company and the non-executive directors.

c) Board Meetings: The meetings of the Board of Directors are scheduled well in advance. During the year under report the Board met 5 times on 29.06.2002, 30.07.2002, 16.09.2002, 30.11.2002 and 31.01.2003. All the directors attended the above said meetings.

d) The last Annual General Meeting was held on 16<sup>th</sup> September 2002 and all the directors attended the said Annual general Meeting.

**e) Details of Director seeking reappointment**

Mr. N S Mani aged around 60 years has been versatile in the manufacture of plastic products and also has the vast experience in the engineering field. He has the potential in solving the various issues relating to the industry.

**2.Audit Committee**

a) As per SEBI guidelines and Clause 49 of the Listing Agreement, the audit committee should have at least 3 members, all being non-executive, with majority of them being independent and at least one director having financial and accounting knowledge. The Company at present has only 3 directors of which 2 are independent and non-executive directors. Consequently, the audit committee is comprised entirely of independent and non-executive directors-Mr. S Santhanaraman, a Chartered Accountant, is the chairman of the committee and Mr N S Mani is the other member. Mr.S.Santhanaraman was present at the Annual General Meeting of the Company held on September 16,2002 to provide any clarifications on matters relating to audit.

Further, the guidelines require the company Secretary to act as the secretary to the committee. A Company Secretary could not be appointed due to the stringent financial crisis the company is facing. Necessary steps will be initiated to comply with the increase in number of non-executive directors in the audit committee and for appointment of a company secretary, once the said financial situation improves and normality in operations is restored.

b) During the year under report the committee met 3 times on 30.07.2002, 30.11.2002 and 31.01.2003. Mr. S Santhanaraman and Mr. N S Mani The above said members attended all the meetings. Mr. N.Srinivasan, Vice President attended all the meetings of the committee as an invitee.

The audit committee held discussions with the statutory auditors on their observations relating to annual audit of the company accounts of the year ended March 31, 2002 and half year ended September 30, 2002.

### 3. Remuneration Committee

The remuneration committee consists entirely of independent and non-executive directors. Mr. NS Mani is the Chairman and Mr. Santhanaraman is the other member.

The Committee met once on 31.01.2003 and the above said members were present at the meeting.

The remuneration policy of the company is:

For Managing Director – The total remuneration subject to shareholders approval consist of a fixed component (viz., salary, allowances, contribution to provident fund, gratuity and perquisites) and a variable component linked to performance of the company consisting of commission.

For Non-executive Directors – Sitting fees within the limits prescribed under the Companies Act, 1956 in addition to reimbursement of out of pocket and incidental expenses incurred for attending such meetings.

The details of remuneration paid/payable to the directors for the year 2002-03 are:

Managing director: Fixed component – Salary and perquisites – The managing director has waived the salary and other eligible perquisites for the financial year 2002-03 due to financial constraints faced by the company. (Refer Note 3 of Notes to the Accounts).

Non-executive directors – Sitting fees (excluding reimbursement of out of pocket expenses) to Mr. N S Mani Rs5, 000. and Mr. S. Santhanaraman Rs5,000 and Mr. S Kalyanam Rs.1,000

### 4. Shareholders/Investors grievance committee

The shareholders/Investors grievance committee consists of all the directors of the Company. Mr. N S Mani non – executive director is the chairman of the committee and Mr. T A Rathod is the compliance officer in this regard.

During the year 3 complaint letters were received from the shareholders and all these were dealt with satisfactorily. As on March 31, 2003, there were no Equity shares pending for transfer.

### 5. General body meetings

Details of location and time of holding the last three Annual general meetings (AGM)

Year	Location	Date and Time
13 th AGM – 1999 - 2000	Bala mandir German Hall 17, Prakasam Street, T.Nagar, Chennai 600 017.	November 24,2000 10.00 a.m
14 th AGM – 2000 – 2001	Bala mandir German Hall 17, Prakasam Street, T.Nagar, Chennai 600 017.	September 28,2001 3.30 p.m.
15 th AGM – 2001 - 2002	Bala mandir German Hall 17, Prakasam Street, T.Nagar, Chennai 600 017.	September 16, 2002 11.30 a.m.

Some special resolutions were approved at the above meetings. There has been no use of postal ballot so far.

### 6. Disclosures

No transactions of material nature has been entered into by the Company with its promoters, directors or the management, their subsidiaries or relatives etc., that may have a potential conflict with the interest of the Company. The particulars of transactions between the company and its related parties as per the Accounting Standard is set out in the Note 4 (p) of the Notes to the Accounts. However, these transactions are not likely to have any conflict with the company's interest.

There has been no instance of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the stock exchanges or SEBI or any other statutory authority on such matters.

### 7. Means of Communication

The half yearly and quarterly results are published in the English and Vernacular Newspapers viz., News Today and Malaaisudar.

8. General shareholder information

The sixteenth annual general meeting of the company will be held on - 29<sup>th</sup> day of September 2003 at Bala Mandir, German Hall, 17, Prakasam Street, T.Nagar, Chennai 600 017.

Financial calendar

Annual general meeting	29 <sup>th</sup> September 2003
Un audited results for the quarter ending June 30, 2003	4 <sup>th</sup> September, 2003
Audited results for the half year ending September 30, 2003	Last week of Nov 2003
Unaudited results for the quarter ending December 31, 2003	Last week of January 2004
Audited results for the year ending March 31, 2004	June 2004

Book closure date – From 22<sup>nd</sup> September 2003 to 29<sup>th</sup> September 2003 (both days inclusive)

Dividend payment date - Not applicable

Listing of Equity shares – Madras, Mumbai and Cochin.

The listing fees has not been paid to all the stock exchanges

Stock market data: There has been no trading of the company's shares after 28<sup>th</sup> March 2000.

Distribution of shareholding as on March 31, 2003

No. of shares	Shareholders		No. of shares	
	Number	%	Number	%
Up to 500	4337	87.38	11,70,500	6.23
501-1000	426	8.58	3,37,800	1.80
1001-2000	99	1.99	1,60,050	0.85
2001-3000	34	0.69	85,600	0.46
3001-4000	9	0.18	31,850	0.17
4001-5000	20	0.40	96,000	0.51
5001 -10000	19	0.38	1,28,600	0.69
10001 & above	20	0.40	1,67,54,600	89.29
Total	4964	100.00	1,87,65,000	100.00

Pattern of shareholding

Sl. No.	Category	No. of Holders	No. of shares	%
1	Promoter	1	62,53,900	33.32
2	Associates	1	90,55,200	48.25
3	Resident individuals	4955	23,17,641	12.34
4	Non-Resident Indians	1	1,32,359	0.71
5	Corporate Bodies / Financial Institutions	6	10,05,900	5.36
	Total	4964	1,87,65,000	100.00

Plant Locations

Pondy unit 1 B59-B65, Sedarapet Industrial Estate, Pondicherry-605111

Pondy unit 2 R.S.No.127/3, Ariyalayam, Villanoor Commune, Pondicherry 605110

Registrar and Transfer Agents : NIL

Address for correspondence

No.6, Vasam Street, T Nagar, Chennai 600 017