

| | | | | |
|-----|-------------------------------------|-------------------------------------|-----|-------------------------------------|
| MD | <input checked="" type="checkbox"/> | | BKC | <input checked="" type="checkbox"/> |
| CS | NA | | DPY | NA |
| RO | <input checked="" type="checkbox"/> | | DIV | NA |
| TRA | NA | <input checked="" type="checkbox"/> | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | SHI | <input checked="" type="checkbox"/> |
| YE | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |

ANNUAL REPORT

1997-98

TRIOCHEM PRODUCTS LIMITED

TRIOCHEM PRODUCTS LIMITED

Board of Directors

Shri Ramu S. Deora

Shri Mahabirprasad S. Deora

Shri Ashok R. Daga

Shri Shyam Sunder Sharma

Shri Sunil S. Jhunjhunwala

Auditors :

M. J. Bhuwania & Co.

Bankers :

State Bank of India

Union Bank of India

Banque Indosuez

Registered Office :

Sambava Chambers, 4th Floor,
Sir P.M. Road,
Bombay - 400 001.

Factory :

105, MIDC Industrial Area,
Village Morivali,
Ambernath.
(Maharashtra).

TRIOCHEM PRODUCTS LIMITED

Regd. Office : Sambava Chambers, 4th Floor,
Sir P. M. Road, Mumbai-400 001.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the Registered Office of the Company at Sambava Chambers, 4th Floor, Sir P.M.Road, Mumbai-400 001 on Saturday, 5th September, 1998 at 3.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended 31st March, 1998 and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mahabirprasad S. Deora who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Ashok R. Daga who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

FOR AND ON BEHALF OF THE BOARD


RAMU S. DEORA
CHAIRMAN

MUMBAI

DATED : 29TH JUNE, 1998

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Register of Members of the Company will remain closed from Tuesday, the 1st September, 1998 to Saturday, the 5th September, 1998. (both days inclusive).



TRIOCHEM PRODUCTS LIMITED

Regd. Office : Sambava Chambers, 4th Floor,
Sir P.M.Road, Mumbai - 400 001.

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors present their Annual Report together with the Audited Accounts of the Company, for the year ended 31st March, 1998.

WORKING RESULTS :

| | <u>1997-98</u> | <u>1996-97</u> |
|---|----------------|----------------|
| | (Rs. in Lacs) | |
| SALES & OTHER INCOME | 517.66 | 1091.16 |
| Profit/(Loss) for the year before Depreciation | (80.27) | 25.82 |
| Less : Depreciation | 18.17 | 19.95 |
| Profit/(Loss) before Taxes | (98.44) | 5.87 |
| Less : Provision for Taxes | 0 | 2.50 |
| Profit/(Loss) after Tax for the year | (98.44) | 3.37 |
| Add Transferred from Investment Allowance utilised Reserve | 2.39 | 2.80 |
| Add Depreciation written back | 0 | 0.86 |
| Add Income Tax adj. for earlier year | 0 | 0.59 |
| Add : Profit/(Loss) carried forward from previous year. | 4.48 | 1.40 |
| | <u>(91.57)</u> | <u>9.02</u> |

APPROPRIATION :

| | | |
|--------------------------------------|----------------|-------------|
| Proposed Dividend | 0 | 3.67 |
| Additional Tax on Dividend | 0 | 0.37 |
| Transfer to General Reserve | 0 | 0.50 |
| Balance carried forward to next year | (91.57) | 4.48 |
| | <u>(91.57)</u> | <u>9.02</u> |

Contd..2

The total Sales and other income of the Company for the year under review are lower at Rs.517.66 Lacs as compared to 1091.16 Lacs for the previous year. There was Labour trouble since last year which compelled the Company during the financial year lock-out of Bulk Drugs Plant on 04/10/97 which affected the Production & Profitability of the Bulk Drugs Plant and formulation. Otherside, formulation plant could not get Bulk Drugs which further affected the production and profitability of the Company due to the continued overheads. As a result there is a loss of Rs.98.11 Lacs as compared to profit of Rs.3.37 Lacs for the previous year.

2. PRODUCTION :

1) PRODUCTION OF PARACETAMOL BULK DRUGS

| YEAR | UNIT | TOTAL * QTY. | CAPTIVE CONSUMPTION | ON JOB BASIS |
|---------|------|-----------------|------------------------|-----------------|
| 1997-98 | M.T. | 245.83 | 56.28 | 0.00 |
| 1996-97 | M.T. | 713.02 | 248.65 | 1.00 |
| 1995-96 | M.T. | 876.68 | 226.04 | 374.99 |
| 1994-95 | M.T. | 886.00 | 230.02 | 267.40 |

Note : Total Qty. includes Production for captive consumption & Production of Job Work basis.

2) PRODUCTION OF PARACETAMOL FORMULATION OUT OF OUR OWN PARACETAMOL, PURCHASED AND ON JOB BASIS

| YEAR | UNIT | TOTAL * QTY. | ON JOB BASIS |
|---------|----------|-----------------|-----------------|
| 1997-98 | MILLIONS | 179.31 | 76.40 |
| 1996-97 | MILLIONS | 390.15 | 33.25 |
| 1995-96 | MILLIONS | 534.92 | 25.50 |
| 1994-95 | MILLIONS | 842.83 | 159.35 |

Note : Total Qty. includes Production on Job Work basis.

3. PRODUCTION OF PARACETAMOL D.C.GRADE OUT OF OUR OWN PARACETAMOL, PURCHASED AND ON JOB BASIS

| YEAR | UNIT | TOTAL * QTY. | ON JOB BASIS |
|---------|------|-----------------|-----------------|
| 1997-98 | KGS. | 61800.00 | 37900.00 |
| 1996-97 | KGS. | 104000.00 | 0.00 |
| 1995-96 | KGS. | 91850.00 | 0.00 |
| 1994-95 | KGS. | 38050.00 | 26950.00 |

Note : Total Qty. includes Production on Job Work basis.

Contd...3

PRODUCTION ANALYSIS (CAPACITY WISE)

1) PARACETAMOL BULK DRUGS

| YEAR | UNIT | CAPACITY | PRODUCTION QUANTITY | CAPACITY UTILISED |
|---------|------|----------|------------------------|----------------------|
| 1997-98 | M.T. | 1200.00 | 245.83 | 20.49% |
| 1996-97 | M.T. | 1200.00 | 713.02 | 59.42% |
| 1995-96 | M.T. | 900.00 | 876.68 | 97.41% |
| 1994-95 | M.T. | 900.00 | 886.00 | 98.44% |

2) PARACETAMOL FORMULATION

| YEAR | UNIT | CAPACITY | PRODUCTION QUANTITY | CAPACITY UTILISED |
|---------|----------|----------|------------------------|----------------------|
| 1997-98 | MILLIONS | 1200.00 | 179.31 | 14.94% |
| 1996-97 | MILLIONS | 1200.00 | 390.15 | 32.51% |
| 1995-96 | MILLIONS | 1200.00 | 534.92 | 44.58% |
| 1994-95 | MILLIONS | 1200.00 | 842.83 | 70.24% |

PRODUCTION ANALYSIS (1994-95 V/S 1997-98)

| YEAR | PARACETAMOL BULK DRUGS | PARACETAMOL FORMULATION |
|--|---------------------------|----------------------------|
| | QUANTITY (IN M.T.) | QUANTITY (IN MILLIONS) |
| 1997-98 | 245.83 | 179.31 |
| 1994-95 | 886.00 | 842.83 |
| % OF PRODUCTION 1997-98 V/S 1994-95 | 27.75% | 21.27% |

This is clear from the above analysis that the production of Paracetamol Bulk Drugs has been reduced substantially as compared to 886.00 M.T. in 1994-95 to 245.83 M.T. in 1997-98. Similar way the production of Tablets against 843.00 Millions in 1994-95 reduced to 179.31 Millions in 1997-98.

The main reason for the decline of production of Bulk Drugs, Formulation and profitability are due to the un-lawful, un-reasonable, un-justified, illegal activities of the Union, who adopted unfair Labour Practices due to which for the first time, since we started the Factory we have made substantial Financial losses during the year, inspite of increasing the production capacity by up-grading the process and automisation of the Plant.

Contd..4

Since July 1996 after all concerned in the Factory including Security Staff, Watch and Ward and Supervisory Staffs are forced to become the members of the Workmen's Union. They have adopted "Slow-Down" tactics of Production and damaged the costly equipments, Machineries etc. and also deteriorated the quality and yield of Paracetamol. Therefore, it become completely impossible to maintain the Law and Order and discipline in the Factory premises due to which the Management were compelled to suspend the Production of Bulk Drugs Plant of Paracetamol from 4.10.97 and then Lock-out. On the other side, fixed overheads have continued which put the Company into great Financial losses during the year.

The above analysis of Production are revealing the true facts, how the profitability and production have declined after joining the Union of Workmen by the Supervisory Staffs, Watch and Ward and Security Staffs and Maintenance Dept. etc. since July 1996.

However, the Company's products are well accepted in "Exports" from last two decades and are in great Demand. Therefore once the Labour problem will be over, the future of the Company is very bright, since they do not have any problem in marketing its products.

3. DIVIDEND :

Since there is a loss of Rs.98.44 Lacs during the year. Because of inadequate profits, the director are unable to declare the dividend during the year.

4. DIRECTORS :

- i) Shri Mahavirprasad Sitaram Deora who retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.
- ii) Shri Ashok R. Daga who retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

5. PARTICULARS OF EMPLOYEES :

As required by the provisions of Sections 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended), the names and other particulars of the Employees who were in receipt of remuneration of not less than Rs.300000/- during the Financial Year under review or Rs.25000/- per month are given below:



Contd..5

| Sr. No. | Name of the Employees & Designation | Age | Date of Joining | Qualifi- cation | Gross Remune- ration | Last Emplo- yment |
|---------|---|-----|-----------------|-----------------|----------------------|-------------------|
| A) | <u>Employed for the whole of the year :</u> | | | | | |
| | | N | O | N | E | |
| B) | <u>Employed for a part of the year :</u> | | | | | |
| | | N | O | N | E | |

6. COMPANY'S (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 :

As required U/S 217 (1) (e) of the Companies Act, 1956 and the Rules made therein the concerned particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo are given in the Annexure 'A' attached hereto which forms a part of this Directors' Report.

7. AUDITORS :

M/S. M.L.BHUWANIA & Co., Statutory Auditors of the Company hold Office until the conclusion of the forthcoming Annual General Meeting and, being, eligible offer themselves for re-appointment. The Directors recommend them for re-appointment and to fix their remuneration.

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMRAI
DATE : 29TH JUNE, 1998


DIRECTOR



ANNEXURE 'A'

STATEMENT OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

I. CONSERVATION OF ENERGY :

i) Energy Conservation measures taken :

Strict Vigilance observed and constant monitoring of usage of energy and educating on the need to conserve energy.

ii) Additional Investments and Proposals being implemented for Energy and educating on the need to conserve energy: NIL.

iii) Impact of the measure at (i) and (ii) above for the reduction of energy consumption and consequent impact on the cost of production of the goods.

It is difficult to assess the definite impact of the measure as the total energy cost forms a small constituent of the overall production costs.

iv) Total energy consumption and energy consumption per unit of production as prescribed in Form A:

A) Power and Fuel Consumption:

| | <u>1997-98</u> | <u>1996-97</u> |
|----------------------------|----------------|----------------|
| 1) Electricity : | | |
| a) Purchased : | | |
| Units (In Lacs) | 6.50 | 12.87 |
| Total Amount (Rs. in Lacs) | 28.11 | 45.66 |
| Rate Per Unit (Rs.) | 4.32 | 3.55 |

b) Own Generation :

Not applicable since the Company does not have any Diesel Generator or Steam Turbine/Generator.

Contd...2



| | <u>1997-98</u> | <u>1996-97</u> |
|------------------------------|----------------|----------------|
| 2) <u>Furnace Oil</u> : | | |
| Quantity (in Tonnes) | 300.00 | 710.00 |
| Total amount (Rs. in Lacs) | 21.10 | 48.24 |
| Average Rate (Rs. per Tonne) | 7035.00 | 6794.00 |
| 3) Other/Internal generation | NIL | NIL |

B) Consumption per unit of Production :

| | Standards | 1997-98 | 1996-97 |
|--------------------------|-----------|---------|---------|
| 1) Electricity - Units | | | |
| Paracetamol - per kg. | 1.60 | 2.48 | 1.71 |
| Tablets Per 1000 Tablets | N.A. | 0.22 | 0.16 |
| 2) Furnace Oil - Kgs | | | |
| Paracetamol - per Kg. | 0.90 | 1.22 | 1.00 |

C) Reason for variation :

Electricity consumption has been increased from 1.71 Units per kg of Paracetamol to 2.48 units per Kg. due to lower production in 1997-98 as compared to the previous year.

II. TECHNOLOGY ABSORPTION :

i) Efforts made in Technology Absorption as per Form B :

Indegenous Technology alone is used and continuous efforts are being made to improve the same.

There are no other particulars which are specifically required to be mentioned as per Form B :

Contd..3

