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FEM CARE PHARMA LIMITED
14th Annual Report 1999-2000

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FEM CARE PHARMA LIMITED

Board of Directors

Mr. Sunil H. Pophale, *Chairman & Managing Director*
Mrs. Sunita A. Ramnathkar, *Joint Managing Director*
Dr. H. V. Pophale
Mr. D. B. Khade
Mr. V. D. Ajgaonkar

Company Secretary

Mr. S. H. Bhat

Management Team :

Mr. Bhat S. H.

Company Secretary

Mr. Chaudhari A. L.

Chief Executive Officer (Chemicals Division)

Mr. Janardhanan D.

Chief Executive Officer (Pharma Mktg.)

Mr. Kolte H. V.

Chief Executive Officer (Works)

Mr. Mohapatra R. K.

Chief Financial Officer

Mr. Sarma P. M.

Chief Executive Officer (IT Division)

Registered Office

D-55, Addl. Indl. Area, M.I.D.C, Ambad, Nashik 422 010

Tel : (0253) 381966/383739

Fax : (0253) 383146

E-mail : femnasik@bom8.vsnl.net.in

Web site : <http://www.indiafemcare.com>

Bankers

The North Kanara G.S.B. Co-op. Bank Ltd., Mumbai

IndusInd Bank Limited, Mumbai

Central Bank of India, Satpur, Nashik

HDFC Bank Ltd., Nashik

Auditors

M/s. Deshmukh & Kothekar

Chartered Accountants

Mumbai

Stock Exchanges where listing is done :

1. The Stock Exchange, P. J. Towers, Dalal Street, MUMBAI 400 023.

2. The Delhi Stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road, NEW DELHI 110 002.

3. The Stock Exchange, Kamdhenu Complex, Near Sahajanand College, Panjara Pole, AHMEDABAD 380 015.

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of **FEM CARE PHARMA LIMITED** will be held at Hotel Taj Residency, Plot No. 17, MIDC, Mumbai-Agra Road, Ambad, Nashik – 422 010 on Saturday, 30th September, 2000, at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay D. Ajgaonkar, who retires by rotation under Article 137 of the Articles of Association and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass the following resolution, with or without modification, as a *special resolution*.

RESOLVED THAT the following clause be inserted after clause III B 34E of Memorandum of Association of the Company.

34F To develop, purchase, sell, import or export or otherwise deal in computer software and hardware including programming systems, application oriented programs, and development of software based solutions relating to computer operations and data processing equipment of all kinds and to further carry on the business of consultants and consultancy in data processing, financial, technical, marketing, commercial or otherwise and research, education and training in the field of information technology.

5. To consider and if thought fit, to pass the following resolution, with or without modification, as a *special resolution*.

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), the Company be and is hereby authorized to invest upto Rs.3.50 crore to acquire shares of Mirasu Marketing Ltd. by subscription, purchase or otherwise, including shares already held in the said company, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestments or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

6. To consider and if thought fit, to pass the following resolution, with or without modification, as an *ordinary resolution*.

RESOLVED THAT pursuant to Section 370(1)(b), 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), in addition to the guarantees already given by the Company to secure the loans given by other persons, the Company be and is hereby authorized to give further guarantees, in connection with loans made by any other person to Mirasu Marketing Ltd. so that the

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aggregate of such guarantees for the Company at one point in time shall not exceed Rs.3.00 crores notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the aforesaid guarantees including issuance, modification, renewal, cancellation, deciding the exact timing, the amount and the other terms and conditions of each guarantee, subject to the limits specified above.

7. To consider and if thought fit, to pass the following resolution, with or without modification, as a *special resolution*.

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), the Company be and is hereby authorized to invest upto Rs.1.70 crore to acquire shares of Pentagon Mfg. & Mktg. Pvt. Ltd. by subscription, purchase, in cash or otherwise for any other consideration, including shares already held in the said company, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestments or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

8. To consider and if thought fit, to pass the following resolution, with or without modification, as a *special resolution*.

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), the Company be and is hereby authorized to invest upto Rs.40 Lakhs to acquire shares (equity, preference or otherwise) of company proposed to be registered/ incorporated as a subsidiary of this Company or otherwise, for carrying on Information Technology and related business by subscription, purchase or otherwise, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestments or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

By Order of the Board

Registered Office :
D-55, Addl. Indl. Area, M.I.D.C.,
Ambad, Nashik 422 010

SHREEDHAR H. BHAT
Company Secretary

July 24, 2000

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NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGD. OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) Register of Members and Transfer Book will remain closed from 19th September, 2000 to 22nd September, 2000 (both days inclusive).
- (c) Members who have multiple accounts in identical names or joint accounts in same order are requested to send all their share certificates to the Company, for consolidating all such shareholdings into one account. As per SEBI guidelines, only one copy of Annual Report has been mailed for a family, having many investors with same address.
- (d) Members are requested
- a. to inform the changes if any, in their registered address to the Company immediately.
 - b. to mail Nomination Form (Please see last page of Annual Report) to Company's Registered Office at Nashik.
 - c. to bring their copy of the Annual Report and Attendance Slip at the Annual General Meeting.
- (e) The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No. 4 to 8 above, are annexed hereto.

Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4 :

Talent from across the industry is now getting involved in start-ups in NET business. Internet is rewriting business rules in every field. The process of wealth creation has fundamentally changed.

I. T. is undoubtedly a sunrise industry in which Fem should have a presence.

Our business models for I. T. Education and providing Software Solutions are far superior to the existing ones prevalent in the market place.

Fem is in an ideal position to utilize its strengths of knowledge based employees, Marketing Savvy and All India Network to provide this business venture with a means of achieving high volume and high growth.

Hence, the Board of Directors recommends the resolution for your approval.

None of the Directors is interested in the resolution.

Item No. 5 :

Mirasu Marketing Ltd. is a 15 year old, profit making, distributing company which has offices in Mumbai, Delhi, Calcutta and Chennai and about 20 depots throughout the country. It has about 160 sales personnel and network of about 800 stockists. Mirasu directly service about 200,000 retail outlets and an additional 1,00,000 outlets are

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covered by the stockists network. Besides Fem's OTC ranges, Mirasu also distributes DOY soaps, SLEEK COLD WAX, FELIX Toothbrushes etc. The sales turnover for the year ended 31st March 2000 was about Rs. 34 crores. In order to project ourselves as a Single Stop Destination for any FMCG multinational company wanting to enter the Indian Market, it was necessary to acquire a Distribution Network. With our expertise, we are confident of increasing the profit margin. Our investment of Rs. 3.5 crores is likely to be recovered within 4 years.

Fem has acquired 60% of the stake and the balance 40% is held by its Directors.

Shareholders consent is required u/s 372A of the Companies Act, 1956.

Hence, the Board of Directors recommends the resolution for your approval.

Mr. Sunil H. Pophale / Mrs. Sunita A. Ramnathkar, being Directors of Mirasu Marketing Ltd. And Dr. H. V. Pophale, being relative of both, may be treated as interested in the resolution.

Item No. 6 :

Mirasu Marketing Ltd. is a trading Company and does not have major fixed assets. In order to improve Fem's profitability, it is necessary to reduce the borrowing levels. This can be done if the credit period to Mirasu is reduced from 60 days to 8 days. This will also cast responsibility on Mirasu to onward circulate stocks and collect monies. In case they do not collect money they would be required to borrow in order to match commitment to Fem. The efficiencies can be correctly evaluated.

Cash Management Scheme has been finalized and implemented at Mirasu. Corporation Bank through their network are expected to make Rs.70-80 Lacs of cash available in Mirasu's Central Account in Mumbai. The whole system is likely to improve the bottom line by Rs. 5-6 Lacs. Bank is insisting on corporate guarantee of Fem Care Pharma Ltd. for credit facilities to be extended by bank to Mirasu. Your Company has good standing in the funds market and a Corporate guarantee from Company will enable Mirasu Marketing Ltd. to tie up credit at competitive terms. This will ultimately benefit the Company, being holding Company and consequently shareholders.

Shareholders' consent is required u/s 370(1)(b) and 372A of the Companies Act, 1956.

Hence, the Board of Directors recommends the resolution for your approval.

Mr. Sunil H. Pophale/Mrs. Sunita A. Ramnathkar, being Directors of Mirasu Marketing Ltd. and Dr. H. V. Pophale, being relative of both, may be treated as interested in the resolution.

Item No. 7 :

With Barcode, a range of international wear for the Indian women, Fem is again set to create a category in the Indian women's wear market. So far in India, urban women's wear has been dominated by traditional clothing. Also there is no brand that has a national presence. On the other hand, Western wear has been restricted to a few designer labels that are out of reach for most Indian women.

Fem, thus, once more is the first to introduce a range of garments, which epitomizes the concept of intelligent design for working women. Barcode will provide the urban Indian woman a clothing option that is easy to wear, comfortable, easy to care for, and more important - has styles that are made to suit all Indian body frames.

This business requires huge long-term funds for Brand Building through media and campaigns. The business also requires initial high stocking levels through different franchisees.

Therefore, induction of a Venture Capitalist is more appropriate than straining Fem's resources and management attention.

Fem can off-load its stake to a Venture Capitalist and recover its investment.

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Fem has now decided to divest the brand "Barcode" to Pentagon Manufacturing & Marketing Pvt. Ltd. for a value of Rs.105.86 Lakhs. The consideration will be discharged by issue of equity or preference shares by that Company.

Shareholders' consent is required u/s 372 A of the Companies Act, 1956.

Hence, the Board of Directors recommends the resolution for your approval.

Mr. Sunil H. Pophale / Mrs. Sunita A. Ramnathkar, being shareholders of Pentagon Mfg. & Mktg. Pvt. Ltd., and Dr. Hari V. Pophale being relative of both shareholders, may be treated as interested in the resolution.

Item No. 8 :

Fem Care Pharma will be incorporating / registering a separate Company to carry on the business in Information Technology related areas, as and when the business may develop and reach optimum / economical size. Separate Company will be able to operate in a focused manner with total autonomy. This will also help in availing tax concessions, which may be available to I T Sector in years to come.

The expenses already incurred will be converted as equity contribution at an appropriate time. Besides, this Company may have to advance loans from time to time for smooth operations of proposed Company. This is expected to yield long-term benefits. For equity investment as well as loans and advances, shareholders mandate under section 372A is required.

Hence, Board of Directors recommends the resolution for your approval.

None of the Directors is interested in this resolution, except as Directors of this Company and as shareholders.



FEM CARE PHARMA LIMITED

Directors' Report

To the Members of

FEM CARE PHARMA LIMITED

ACCOUNTS

The Directors have pleasure in presenting the Annual Report and audited Accounts for the year ended 31st March, 2000.

PERFORMANCE OF THE COMPANY

	Year ended 31st March, 2000 Rs. Lakhs	Year ended 31st March, 1999 Rs. Lakhs
Gross Sales & Other Income	2865.07	2239.32
Profit before Depreciation	112.08	129.26
<i>Less</i> : Depreciation	80.94	52.47
PROFIT BEFORE TAX	31.14	76.79
<i>Less</i> : Provision for Taxation	4.65	7.00
PROFIT AFTER TAX	26.49	69.79
<i>Add</i> : Balance brought forward	91.33	71.84
PROFIT AVAILABLE FOR APPROPRIATION	117.82	141.63
<i>Less</i> : Transfer to General Reserve	—	4.00
Transfer to Debenture Redemption Reserve	75.00	—
Proposed Dividend	—	42.09
Dividend Tax	—	4.21
PROFIT CARRIED TO BALANCE SHEET	42.82	91.33

OPERATIONS

Your Company has achieved a quantitative increase in sales volume of all products leading to a growth of 26.28 % in turnover. Sales of Pharmaceutical products doubled during the year.

PROSPECTS :

1. OTC:

The Company improved its Bleach quality and today has the best product compared to offering by competitors anywhere in the world.

Our Promotional Strategies are being targeted to create demand for our products in the Rural and Semi Urban Markets.

We are undertaking an extensive PR exercise to communicate with the customer on a regular basis. This will enhance the image of the Company.

This year the Company shall penetrate the Hair Remover market with focused ad campaigns and superior product profile.

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We also plan to introduce a separate range of products through Network Marketing, which will be an extension of our Core Business.

Cost cutting measures in materials will be employed to increase the contribution on sales. We intend to focus our attention on Exports to the Middle East and Far Eastern Countries. We are also investigating the possibility of foreign tie-ups to introduce World Class Products through Fem's Network in India.

2. Pharmaceuticals :

The Company achieved a Sales of Rs.7.15 Crores for the year 1999-2000, thus consolidating the company's image as a serious player in the Pharmaceutical Industry.

Newly operated states U.P, Bihar, M.P and Rajasthan have created a strong awareness for Fem in the potential North Indian Markets. The sales from these states reflect the Medical fraternity's trust and faith in the company's pharmaceutical products.

The unique Skinnovation range like Femcinol-A, Fembesol, Fembesol-MF, Aloederm-B for Burns and Etifem for Osteoporosis were well received and could be major contributors in the future. These products are surely the millenium products because of the global awareness of these disorders and demand for such products. Our company is sure to benefit immensely from these new products in the coming years.

This year the company has decided to consolidate its operation in the present states, so as to create a strong base for future. The company has drawn out an ambitious plan to ensure quantum leap in sales.

3. Chemical Division:

Chemical Division has established name Indian market for orthoesters intermediates namely trimethyl ortho propionate and trimethyl ortho valerate. These intermediates are served to almost all steroid manufacturers in India. These intermediates are now being exported to Malaysia and Singapore.

New intermediates being developed for export are N N Dimethyl formamide, dimethyl acetal and 4-Hydroxy Coumarine.

DIVIDEND

The Directors have transferred a sum of Rs. 75.00 Lakhs (1998-99 : Rs. NIL) to Debenture Redemption Reserve. Board of Directors has decided to plough back the profits.

Unclaimed dividend for 1996, 1997, 1998 and 1999 at year-end has been disclosed under Current Liabilities.

FIXED DEPOSITS

The Company has not accepted "deposits" from the Public during the year under review.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to Absorption of Research and Development, as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is furnished in Annexure I and forms part of Directors' Report.

CONSERVATION OF ENERGY

Energy conservation continues to receive Management's attention.

Disclosure of particulars required to be made pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is furnished in Annexure I and forms part of the Directors' Report.