

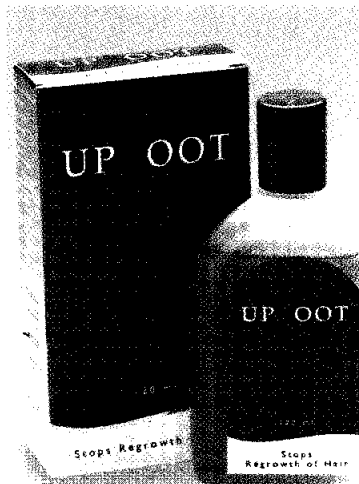


FEM CARE PHARMA LIMITED
16th Annual Report 2001 - 2002



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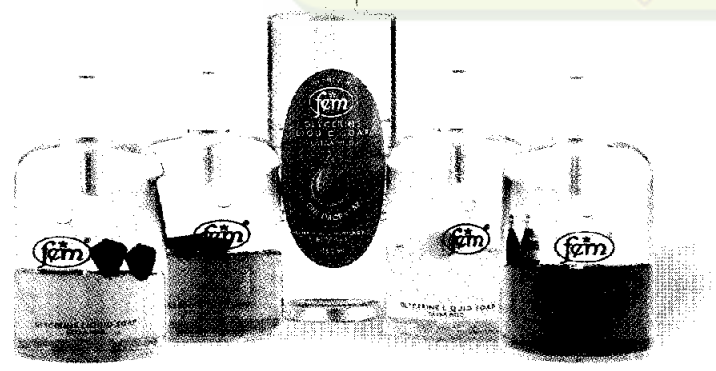
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FEM CARE PHARMA LIMITED

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
Mr. Samaresh Chakrabarti (w.e.f. 1.7.2002)

Company Secretary
Mr. S. H. Bhat

Key Managerial Personnel

Mr. S. H. Bhat
Company Secretary

Mr. A. L. Chaudhari
Chief Executive Officer (Chemicals Division)

Mr. D. Janardhanan
Chief Executive Officer (Pharma Mktg.)

Mr. H. V. Kolte
Chief Executive Officer (Works)

Mr. P. M. Sarma
Chief Executive Officer (IT Division)

Shareholders' Committee

Mr. Sunil H. Pophale, *Chairman & Managing Director*
Mrs. Sunita A. Ramnathkar, *Jt. Managing Director*
Mr. S. H. Bhat, *Company Secretary*

Audit Committee

Mr. V. D. Ajgaonkar, *Director & Chairman*
Mr. D. B. Khade, *Director*
Mr. Samaresh Chakrabarti, *Director*
Partner from M/s. KAV & Co.
Mr. Prasanna Rege, *Internal Auditor*
Mr. S. H. Bhat, *Company Secretary*

Remuneration Committee

Mr. D. B. Khade, *Director*
Mr. V. D. Ajgaonkar, *Director*
Mr. Samaresh Chakrabarti, *Director*

Registered Office

Plot No.D-55. Addl. Indl. Area
M.I.D.C., Ambad
Nashik 422 010
Tel : (0253) 804440 to 45
Fax : (0253) 383146
E-mail : femnasik@bom8.vsnl.net.in
Web site : <http://www.indiafemcare.com>

Bankers

The North Kanara GSB Co-op. Bank Ltd.
Girgaum, Mumbai

Central Bank of India, Satpur, Nashik

The United Western Bank Ltd., Nashik

Auditors

M/s. KAV & Co.,
Chartered Accountants,
313, Ahura Centre,
82, Mahakali Caves Road,
Andheri (E),
Mumbai 400 093.
Tel. 6954861/6951989

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 Sixteenth 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 Friday, 27th September, 2002, 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, 2002, 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. D. B. Khade, who retires by rotation under Article 137 of the Articles of Association and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass the following resolution, with or without modification.

RESOLVED that M/s. Walker, Chandok & Co, Chartered Accountants, be appointed as Statutory Auditors of the Company till conclusion of the next General Meeting, on such remuneration as may be decided by members in the General Meeting or by Board of Directors of the Company, if so described by members.

SPECIAL BUSINESS :

4. To appoint Mr. Samaresh Chakrabarti as Director, liable to retire by rotation under Article 137 of the Articles of Association.
5. To consider and if thought fit, to pass the following resolution, with or without modification, as a **Special Resolution**.

RESOLVED THAT pursuant to Article 145 and 146 of Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956, the reappointment of Mr. Sunil H. Pophale, Managing Director of the Company for a period of 5 years w.e.f. 1.12.2002, on following remuneration & perquisites, be and is hereby approved.

- a. Salary – upto Rs.6,60,000/- per annum including dearness and all other allowances, or such salary as may be fixed by the Board of Directors, within the overall limits laid down by Schedule XIII of the Companies Act, 1956, as may be amended from time to time.
 - b. Commission – 1% of the net profits of the Company subject to a ceiling of 50% of the salary or Rs.3,30,000/- per annum whichever is less.
 - c. Perquisites – Perquisites be allowed in addition to salary and / or commission or both, but perquisites shall be restricted to an amount equal to 50% of the annual salary or Rs.3,30,000/- per annum, whichever is less.
- or remuneration, as may be approved by Remuneration Committee constituted by Board of Directors of the Company.
6. To consider and if thought fit, to pass the following resolution, with or without modification, as a **Special Resolution**.

RESOLVED THAT pursuant to Article 145 and 146 of Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956, the reappointment of Mrs. Sunita A. Ramnathkar, Jt. Managing Director of the Company for a period of 5 years w.e.f. 1.12.2002, on following remuneration and perquisites be and is hereby approved.

- a. Salary – upto Rs.6,60,000/- per annum including dearness and all other allowances, or such salary as may be fixed by the Board of Directors, within the overall limits laid down by Schedule XIII of the Companies Act, 1956, as may be amended from time to time.

FEM CARE PHARMA LIMITED

- b. Commission – 1% of the net profits of the Company subject to a ceiling of 50% of the salary or Rs.3,30,000/- per annum whichever is less.
- c. *Perquisites – Perquisites be allowed in addition to salary and / or commission or both, but perquisites shall be restricted to an amount equal to 50% of the annual salary or Rs.3,30,000/- per annum, whichever is less.*
- or remuneration, as may be approved by Remuneration Committee constituted by Board of Directors of the Company.
7. To consider and if thought fit, to pass the following resolution, with or without modification, as a **Special Resolution**.

RESOLVED THAT, Mr. Samaresh Chakrabarti be paid a remuneration of Rs.2,50,000/- per annum or such revised remuneration as may be decided by Remuneration Committee and/or Board of Directors of the Company from time to time and be reimbursed expenses incurred for the purpose of business of the Company.

By Order of the Board

Registered Office :
D-55, Addl. Indl. Area, M.I.D.C.,
Ambad, Nashik 422 010
Date : 31st July, 2002

SHREEDHAR H. BHAT
Company Secretary

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 registered 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 24th September, 2002 to 26th September, 2002 (both days inclusive).
- c) Members are requested to inform the changes if any, in their registered address to the Company immediately and to bring their copy of the Annual Report and to submit Attendance Slip at the Annual General Meeting. As per SEBI guidelines, only one copy of Annual Report has been mailed for a family, having many investors with same address.
- d) Shareholders interested in trading in DEMAT mode may send their request and share certificates through Depository Participant, to the Company's Registered Office for doing the needful.
- e) The relative Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No. 4 to 7 are annexed hereto.

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

Item No. 4

Mr. Samaresh Chakrabarti was appointed Additional Director by the Board in their meeting held on 25th June, 2002, w.e.f. 1st July, 2002. He is a MBA and has long and rich experience in FMCG Companies such as Hindustan Lever Ltd., Reckitt & Benckiser (I) Ltd., J. L. Morrison Ltd. He was Managing Director of J. L. Morrison Ltd. upto 31.3.2002. His experience in FMCG business will help the Company's business to grow at faster rate.

Hence, Board of Directors recommends the resolution for your approval as an **Ordinary Resolution**.

None of the Directors is interested in this resolution.

Item No. 5 and 6

Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar were appointed as Managing Director and Jt. Managing Director of the Company respectively for a period of 5 years from 1st December, 1992, by the Board of Directors of the Company in their meeting held on 6th November, 1992, which was subsequently approved in the Extra-Ordinary General Meeting held on 24th November, 1992, and reappointed from time to time upto 30th November, 2002. The said appointment will have to be renewed. The Board of Directors of the Company in their meeting held on 31st July, 2002, have approved reappointment of Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar as Managing Director and Jt. Managing Director of the Company respectively for a further period of 5 years from 1st December, 2002 to 30th November, 2007, subject to the approval of members of the Company, by a **Special Resolution**.

Important terms and conditions of their appointment are:

- i) Board of Directors and Remuneration Committee constituted by Board of Directors shall be entitled to fix and revise the remuneration of Mr. Sunil H. Pophale/Mrs. Sunita A. Ramnathkar within the ceiling as set out in the Schedule XIII of the Companies Act, 1956, as amended from time to time.
- ii) The Managing Director / Jt. Managing Director shall use his/her best endeavours to promote the progress and welfare of the Company and shall devote such time and attention as exigencies of the business of the Company may require.
- iii) The Managing Director / Jt. Managing Director shall not take up any other employment or be associated directly or indirectly, with any other business, occupation or professional activity, in any company wherein he does not have a shareholding or interest without the prior written approval of the Board of Directors, in that behalf.
- iv) The Managing Director / Jt. Managing Director shall not divulge any business or trade secrets of the Company.
- v) The aforesaid appointment shall be terminable by either party giving three months' notice in writing to the other or by the Company paying to the Managing Director / Jt. Managing Director three months' salary in lieu of notice.

Board of Directors recommends a remuneration of Rs.55,000/- each per month to both Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar. Besides salary, both will be entitled to:

- House Rent Allowance @ 20% of salary,
- Contribution to PF / FPF @ 12% of salary,
- Transport Allowance – Rs.800/- per month,
- Children Education Allowance – Rs.100/- per month per child,

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- Allowance to meet hostel expenditure of child – Rs.300 per month per child,
- Reimbursement of medical expenses for self and family at one month's salary per annum or 3 months' salary every 3 years.
- Leave Travel Assistance for self and family at one month's salary per annum or 2 months' salary once in 2 years,
- Gratuity @ 15 days salary per annum for each completed year of service,
- Leave encashment as per rules of Company.
- Club Fees of 2 clubs, not including admission fee & life membership fees.
- Personal Accident Insurance Premium upto a maximum of Rs.7500/- each per annum.
- Commission at 1% of net profits, subject to ceiling prescribed by Schedule XIII of The Companies Act, 1956.

Both are provided car with chauffeur, telephone at residence and mobile telephone. Personal long distance calls shall be recovered from both. Company reimburses their mediclaim insurance premium paid by each for their families. Company also reimburses expenses incurred by them for purpose of business of the Company.

The proposed remuneration will be in conformity with guidelines prescribed in Schedule XIII of the Companies Act, 1956 and other applicable provisions, and further subject to approval by Remuneration Committee constituted by Board of Directors, comprising of following Directors:

Mr. D. B. Khade

Mr. V. D. Ajgaonkar

Mr. Samaresh Chakrabarti

This Explanatory Statement may please be treated as an abstract of the terms of the contract and Memorandum u/s 302 of the Companies Act, 1956.

Board of Directors recommends both the resolutions for your approval as **special resolutions**.

Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar themselves and also as relatives of each other and Dr. H. V. Pophale, being relative of both, may be treated as interested in these resolutions.

Item No.7

It is proposed by the Board of Directors to pay the remuneration of Rs.2,50,000/- per annum to Mr. Samaresh Chakrabarti for his specific contribution in the area of marketing of Personal Care products of the Company.

In addition, he will be reimbursed expenses incurred for the business of the Company and incidental expenses traveling, conveyance, etc.

This will be in addition to the sitting fees, which will be paid to him for attending the Board Meetings.

Board of Directors recommends both the resolutions for your approval as **special resolution**.

None of the Directors except Mr. Samaresh Chakrabarti himself, is interested in this resolution.

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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, 2002.

PERFORMANCE OF THE COMPANY

	Year ended 31st March, 2002 Rs. lakhs	Year ended 31st March, 2001 Rs. lakhs
Gross sales & other income	3262.85	2916.05
Profit/(loss) before depreciation	92.71	212.25
Less : depreciation/amortization	126.79	165.21
Profit before tax/(loss)	(34.08)	47.04
Less : Provision for taxation	—	2.00
Deferred tax benefit	182.93	—
Profit after tax / (loss)	(148.85)	45.04
Adjustment relating to earlier years	443.16	5.10
Add : Balance brought forward	7.76	42.82
Profit available for appropriation/(loss)	(286.55)	82.76
Add / (Less) : Transfer from / to debenture redemption reserve	25.00	(75.00)
Transfer from General Reserve	29.00	—
Profit / (loss) carried to Balance Sheet	(232.55)	7.76

RESPONSIBILITY STATEMENT

The Directors confirm:

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b. that they have selected such accounting policies and applied them consistently 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 or loss of the Company for that period;
- c. that they have 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.
- d. that they have prepared the annual accounts on a going concern basis.

FEM CARE PHARMA LIMITED

ACCOUNTING STANDARD COMPLIANCE :

The Institute of Chartered Accountants of India (ICAI) had from time to time, in the past, introduced many Accounting Standards for consistent application of accounting principles and transparent disclosures by corporate entities.

Company was not fully complying with or partially complying with the following Accounting Standards :

AS2 (Revised)	-	Valuation of Inventories
AS9	-	Revenue Recognition
AS10	-	Accounting for Fixed Assets
AS12	-	Accounting for Government grants
AS 16	-	Borrowing Costs

Besides, following Accounting Standards were made mandatory by I.C.A.I. for the accounting year commencing from 1st April, 2001:

AS17	-	Segment Reporting
AS18	-	Related Party Disclosures
AS21	-	Consolidated Financial Statements
AS22	-	Accounting for Taxes on Income

By opting for **total compliance of all mandatory Accounting Standards**, wherever applicable, company has decided to write off the following to the Profit & Loss Account during the year :

Nature of write off	Rs. Lakhs
Brand value decapitalisation	270.93
Deferred revenue expenditure	74.09
Revenue recognition (for dividends)	18.85
Stock valuation	77.11
Others	4.20
Total	<u>445.18</u>

THE STRENGTH OF THE INVISIBLE

The management feels that there is an intrinsic value, which can be assigned to the **brand "FEM"**. The benefits of all the deferred promotion and product launching expenses are accruing to the brand value year after year. The financial position of an enterprise is influenced by the economic resources it controls, its financial structure, liquidity and solvency, and its capacity to adapt to changes in the environment. It is becoming increasingly clear that intangible assets have a significant role in defining the growth of a FMCG company.

OPERATIONS

Your Company has achieved an increase in sales leading to a growth of 11.88 % in turnover (net of excise duty).

The Company's Pharma Division has achieved the sales of Rs.768 Lacs, resulting in a drop of 16% over previous year. The reduction in sales is due to conscious efforts to streamline all its pipeline inventory, introduction of single tier distribution system at some of its locations, manpower and territory restructuring etc.

Turnover of Chemical Division has recorded good increase to Rs.91.64 Lakhs as against Rs.54.54 Lakhs last year, with an increase of 68%.

PROSPECTS

1. Over The Counter (OTC) Products

The OTC part of our business has been encouraging in the last year. Our overall growth, although a little short