





17th Annual Report 2002-2003

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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 (Upto 26th April, 2003)
Mr. Dattatraya B. Khade
Mr. Vijay D. Ajgaonkar
Mr. Samaresh Chakrabarti (w.e.f. 1.7.2002)
Mr. Murlidhar N. Chaini (w.e.f. 1.7.2003)

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)

Bankers

CORPORATION BANK

Industrial Finance Branch

Bharat House, No.104, Ground Floor

B. S. Marg, Fort

Mumbai-400 023

Tel. : 22670030

CORPORATION BANK

Ground Floor

Sahyadri Building

Gole Colony, Nashik-422 001

Tel. : 2579963

Auditors

M/s. Walker, Chandio & Co

313, Ahura Centre

82, Mahakali Caves Road

Andheri (E), Mumbai-400 093.

Tel. : 5695 4861 / 5695 1989

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Notice

Notice is hereby given that the Seventeenth 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 Thursday, 25th September, 2003, 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, 2003, 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 elect a Director in place of Mr. Vijay D. Ajgaonkar, who retires under Article 137 of the Articles of Association and being eligible, offers himself for reappointment.
3. To reappoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To elect Mr. Murlidhar N. Chaini as Director, liable to retire 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, Mr. Murlidhar N. Chaini be paid a remuneration of Rs.1,50,000/- 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.

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

RESOLVED THAT payment of performance linked variable incentive according to the scheme of the company, based on incremental economic value addition to the business and other relevant factors, to Mr. Sunil H. Pophale, Managing Director, as may be decided by Remuneration Committee and Board of Directors of the company, is sanctioned and such payment be made from 1.4.2003 at quarterly intervals, as done to other employees 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 payment of performance linked variable incentive according to the scheme of the company, based on incremental economic value addition to the business and other relevant factors, to Mrs. Sunita A. Ramnathkar, Jt. Managing Director, as may be decided by Remuneration Committee and Board of Directors of the company, is sanctioned and such payment be made from 1.4.2003 at quarterly intervals, as done to other employees of the company.

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

RESOLVED THAT Mr. Vijay D. Ajgaonkar be paid a remuneration of Rs.1,50,000/- per annum w.e.f. 1.4.2003, 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

SHREEDHAR H. BHAT
Company Secretary

Date : 31st July, 2003

FEM CARE PHARMA LIMITED

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 23rd September, 2003 to 25th September, 2003 (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 8 are annexed hereto.



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

Item No. 4

Mr. Murlidhar N. Chaini was appointed Additional Director by the Board in their meeting held on 31st July, 2003, w.e.f. 1st July, 2003. He has over 30 years' experience in a giant corporate house of international repute and is President of Maharashtra Economic Development Council for 2003-04. He is director of Reliance Patalganga Power Ltd. and Reliance Assam Petrochemicals Ltd., and President-Corporate Affairs, Reliance Industries Ltd. Hence, Board of Directors recommends the resolution for your approval as an *Ordinary Resolution*.

None of the Directors except Mr. Murlidhar N. Chaini himself, is interested in this resolution.

Item No. 5

It is proposed by the Board of Directors to pay a remuneration of Rs.1,50,000/- per annum to Mr. Murlidhar N. Chaini for his specific contribution in the area of corporate management. In addition, he will be reimbursed expenses incurred for the business of the Company and incidental expenses such as traveling, conveyance, etc and be paid sitting fees for attending the Board Meetings. He holds directorships in Reliance Patalganga Power Ltd. and Reliance Assam Petrochemicals Ltd. and President-Corporate Affairs, Reliance Industries Ltd. Board of Directors recommends the resolution for your approval as *special resolution*.

None of the Directors except Mr. Murlidhar N. Chaini himself, is interested in this resolution.

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Item No. 6 and 7

Company has introduced performance linked variable incentive to select employees w.e.f. 1.4.2003. The scheme envisages payment of incentive based on incremental economic value addition as compared to proceeding year and will be paid at quarterly intervals to select employees. Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar, being whole-time Managing Director and Joint Managing Director, respectively, will be paid incentive, subject to sanction of members of the company and further subject to approval by Remuneration Committee and Board of Directors.

Directors recommend this resolution for your sanction. None of the directors except Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar, themselves and being relatives of each other, are interested in these *special resolutions*.

Item No.8

It is proposed by the Board of Directors to pay a remuneration of Rs.1,50,000/- per annum w.e.f. 1.4.2003 to Mr. Vijay D. Ajgaonkar for his specific contribution in the area of corporate management. In addition, he will be reimbursed expenses incurred for the business of the Company and incidental expenses such as traveling, conveyance, etc and be paid sitting fees for attending the Board Meetings. He holds directorship in Weldon Finvest Pvt. Ltd. and is Chairman of Audit Committee, Remuneration Committee and Shareholders Committee, constituted by the Board. Board of Directors recommends the resolution for your approval as *special resolution*.

None of the Directors except Mr. Vijay D. Ajgaonkar himself, is interested in this resolution.

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 2003.

PERFORMANCE OF THE COMPANY

	Year ended 31st March, 2003 Rs. lakhs	Year ended 31st March, 2002 Rs. lakhs
Gross sales & other income	3507.74	3262.85
Profit / (Loss) before depreciation	200.93	92.71
Less : Depreciation / Amortization	80.17	126.79
Profit before Tax / (Loss)	120.76	(34.08)
Less : Provision for Taxation	6.00	—
Deferred Tax (Expense) / Benefits	(155.78)	182.93
Profit after Tax / (Loss)	(41.02)	148.85
Adjustment relating to earlier years	(4.76)	443.16
Add: Balance brought forward	(297.70)	7.76
Profit available for Appropriation / (Loss)		(286.55)
Less : Transfer from debenture redemption reserve	—	25.00
Deferred Tax Liability	—	(65.14)
Transfer from General Reserve	—	29.00
Loss carried to Balance Sheet	(343.48)	(297.70)

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.

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ACCOUNTING STANDARDS 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 Accounting Standards - AS2 (Revised) - Valuation of Inventories. Besides, Accounting Standard 21 - Consolidated Financial Statement was made mandatory by I.C.A.I. for the accounting year commencing from April 1, 2003. Company has opted for total compliance of all mandatory Accounting Standards, wherever applicable.

OPERATIONS

Your Company has achieved an increase in sales, leading to a growth of 7.76 % in turnover (net of central excise duty).

The Company's Pharma Division has achieved sales of Rs.636.10 Lacs, resulting in a drop of 17.15% 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, and territory restructuring etc.

Turnover of Chemical Division has recorded good increase to Rs.97.44 Lakhs as against Rs.91.65 Lakhs last year, with an increase of 6.32%.

Company retired high cost cash credit facilities and now has availed foreign currency loan of Rs.372 Lakhs. Total reduction in secured debt has been Rs.540 Lakhs from a level of Rs.1257.30 Lakhs in April, 2002. Company will save over Rs.100 Lakhs during 2003-04 on financial charges.

PROSPECTS

Personal Care / Over The Counter (OTC) Products:

Personal Care Products Division has targeted a sale of Rs.30.00 crores this year against Rs.26.70 crores last year, an increase of 12%. Division has achieved a record sale of Rs.8.93 crores in first quarter of this year, and is well ahead of target.

Pharmaceuticals:

Pharma Division recorded a sale of Rs.169.02 Lakhs during first quarter as against Rs.152.08 Lakhs during first quarter of last year, recording a moderate increase of 11%. Division has targeted a sale of Rs.950.00 Lakhs against Rs.636.10 Lakhs last year.

Chemical Division:

Chemical Division has recorded sales of Rs.38.82 Lacs during first quarter and has targeted sales of Rs.150.00 Lakhs. Company is regularly exporting Trimethyl ortho propionate and Trimethyl ortho valerate. New product such as Indole-3-carboxylic acid is being developed for export market.

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

FEM CARE PHARMA LIMITED

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were Rs.22.90 Lakhs, as against Rs.19.94 Lakhs last year. Export business, handled by Company's subsidiary, Fem Exports Pvt. Ltd. was Rs.158.74 Lakhs during the year, as against Rs.51.89 Lakhs last year, recording a sales of over 3 times of earlier year.

Details of foreign exchange earned are given under 'Additional Information'. Exploration and development of international markets, especially GCC Countries, continues to engage the management's attention.

PERSONNEL

The Board of Directors wishes to record its appreciation of all employees of the Company for their wholehearted efforts and contribution in the growth of the Company during the year.

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is not given as none of the employees is in receipt of remuneration in excess of prescribed limits.

DIRECTORS

Dr. H. V. Pophale resigned on grounds of health and Board of Directors records its appreciation of his services to the Company during his long association with the Company.

Mr. V. D. Ajgaonkar, Director retires by rotation, under Article 137 of the Articles of Association of the Company, and is eligible for re-election. Board of Directors appointed Mr. Murlidhar N. Chaini as Additional Director w.e.f. 1.7.2003 till conclusion of this Annual General Meeting. You are requested to consider their re-election, and sanction payment of remuneration of Rs.1,50,000/- each per annum, to both directors.

AUDITOR'S REPORT AND AUDITORS

Comments by Auditors have been dealt with in Notes to the Accounts (Schedule 25) and do not need further explanation by the Board. The Auditors, Walker, Chandiook & Co., Chartered Accountants, Mumbai, retire, at the conclusion of this General Meeting and are eligible for reappointment. You are requested to re-appoint the auditors.

ACKNOWLEDGMENTS

We express our grateful thanks to Government, government agencies and to our bankers, Corporation Bank, Industrial Finance Branch, Fort, Mumbai and Nashik Branch and Industrial Development Bank of India, Mumbai for their support and look forward to their continued association with the Company.

On behalf of the
Board of Directors

Place : Mumbai
Date : 31st July, 2003

SUNIL H. POPHALE
Chairman & Managing Director