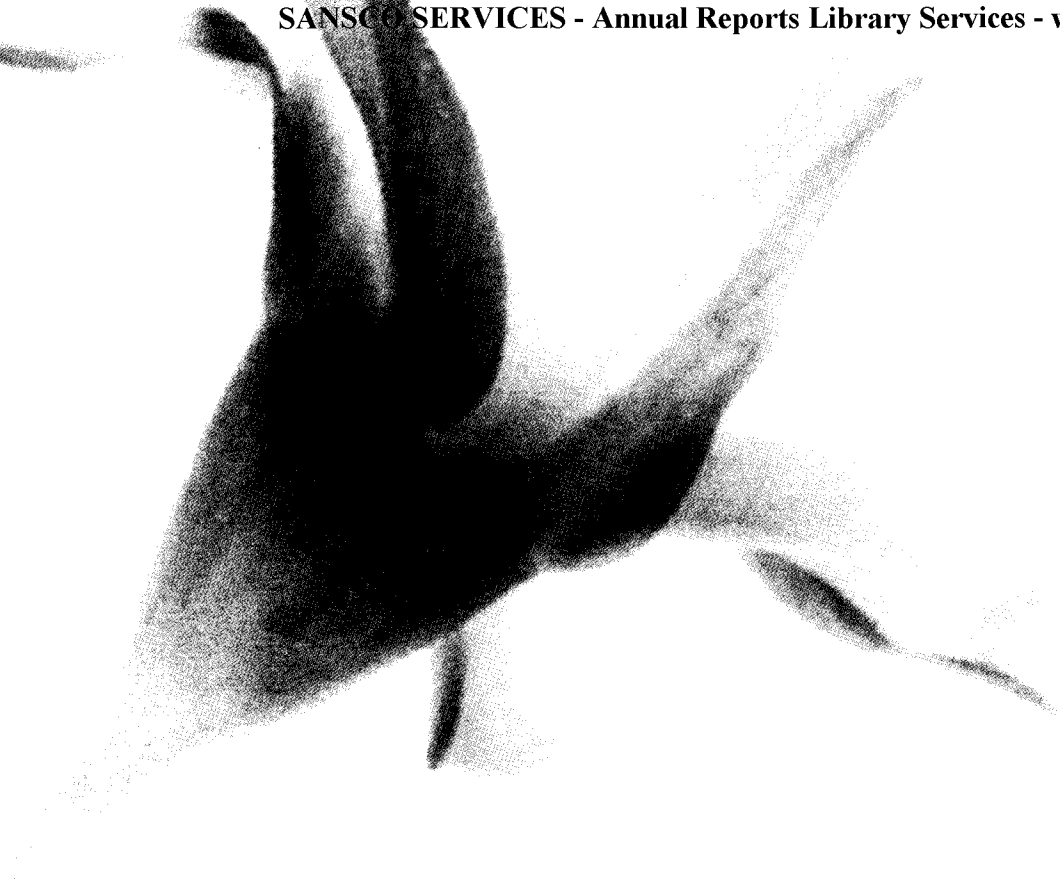


We understand your skin

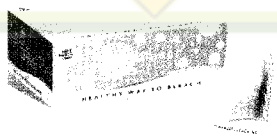


ANNUAL
REPORT

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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*
Mr. Dattatraya B. Khade
Mr. Vijay D. Ajgaonkar
Mr. Samaresh Chakrabarti
Mr. Murlidhar N. Chaini

Mr. S. H. Bhat, *Company Secretary*

Key Managerial Personnel

Mr. S. H. Bhat, *Company Secretary*

Mr. A. L. Chaudhari, *Chief Executive Officer (Chemical 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. : 022 - 2267 0030

CORPORATION BANK
Sahyadri Building, Ground Floor
Gole Colony, Nashik - 422 001
Tel. : 0253 - 257 9963

Auditors

BSR & Co.
KPMG House
Kamala Mills Compound
448, Senapati Bapat Marg
Lower Parel, Mumbai - 400 013
Tel. : 91 - 22 - 2491 3030 / 3131

Notice

Notice is hereby given that the Twentieth 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 Monday, 11th September, 2006, 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, 2006, 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 reelection.
3. To declare a dividend.
4. To consider and if thought fit, to pass the following resolution, with or without modification, as an *Ordinary Resolution*:

RESOLVED THAT M/s. BSR & Co., Chartered Accountants, be and are hereby appointed Auditors of the Company from the conclusion of the said Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration as may be fixed by members or board of directors, if so desired by members.

SPECIAL BUSINESS:

5. 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.1,10,000/- 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 subject to provisions of Companies Act, 1956 sanction of the company be accorded to payment of sitting fees of Rs.10,000/- to each Director for attending meeting of the Board.

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 other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the Board of Directors of the company and the Board be and is hereby authorized to grant loan of an amount not exceeding Rs.20.00 Crores to any person including directors, firm, body corporate or association of persons, in which any director or directors may be interested or not, as may be decided by Board of Directors of the company, notwithstanding the fact that such loan and advances together with loans, advances and all other investments made by the company will exceed sixty percent of the paid-up share capital and free reserves of the investing company, or 100% of its free resources.

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

RESOLVED that subject to sanction of Central Government u/s 295 of Companies Act, 1956, consent be and is hereby accorded to the lending of a sum of Rs.100 Lakhs to Mr. Sunil H. Pophale, Managing Director of the company for purchase of land and/or accommodation on such terms and conditions as prescribed by Central



Fem Care Pharma Limited

Government or Board of Directors, if not prescribed by Central Government, and further consent u/s 372 A is also accorded.

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

RESOLVED that subject to sanction of Central Government u/s 295 of Companies Act, 1956, consent be and is hereby accorded to the lending of a sum of Rs.100 Lakhs to Mrs. Sunita A. Ramnathkar, Jt. Managing Director of the company for purchase of land and / or accommodation on such terms and conditions as prescribed by Central Government or Board of Directors, if not prescribed by Central Government, and further consent u/s 372 A is also accorded.

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

RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 (including any modification or re-enactment thereof) and other applicable provisions, if any, and subject to approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities, the Authorised Share Capital of the Company comprising of 70,00,000 (Seventy Lakhs) equity shares of the face value of Rs.10/- each aggregating to Rs.7,00,00,000/- (Rupees Seven Crore only) be and is hereby sub-divided into 7,00,00,000 (Seven Crore) equity shares of the face value of Rs.1/- each, with effect from the 'Record Date' to be determined by the Board of Directors (hereinafter referred to as "the Board" which expression shall be deemed to include any duly authorized committee thereof).

RESOLVED FURTHER THAT the issued, subscribed and fully paid-up Equity Share Capital of the Company, comprising of 3008100 equity shares of the face value of Rs.10/- each aggregating to Rs.3,00,81,000/- (Rupees Three Crore Eighty One Thousand only) be subdivided into 3008100 equity shares of the face value Rs.1/- each, as on the Record Date that may be fixed by the Board.

RESOLVED FURTHER THAT the Board be and is hereby severally authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein vested in them to give effect to the above.

11. To consider and if thought fit, to pass the following resolution, with or without modification, as an *Ordinary Resolution*:

RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following new Clause V:

V. Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crore only) divided into 7,00,00,000 (Seven Crore) equity shares of Rs.1/- (Rupee One) each with a power to the Board of Directors of the Company to increase or reduce such capital and to divide the capital of the Company for the time being into several classes therein and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and as may be thought expedient.

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

RESOLVED THAT pursuant to Section 31 of the Companies act, 1956 and the provisions of other statues as applicable, the Articles of Association of the Company be and are hereby altered by deleting the existing Article 4 and substituting in place thereof the following as Article 3:



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4. The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crore only) divided into 7,00,00,000 (Seven Crore) equity shares of Rs.1/- (Rupee One) each with the power to the Board of Directors of the Company to increase or reduce the capital and to divide the capital of the Company for the time being into several classes therein and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and as may be thought expedient.

The Company shall be entitled to dematerialize its shares, pursuant to the Depositories Act, 1996 and to offer its shares, for subscription in a dematerialized form.

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

RESOLVED THAT subject to provisions of Section 294 (AA) of Companies Act, 1956, consent of the company is hereby granted to appointment of Mirasu Marketing Ltd. as Sole Selling Agent for some of the Company's products and on such terms and conditions as may be decided by the Board of Directors.

RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to appoint and/or terminate Sole Selling Agency to any other party for any of Company's products or category of products.

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 : 24th July, 2006

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 8th September, 2006 to 11th September, 2006 (both days inclusive).
- (c) Members are requested to **inform the changes if any**, in their registered address and bank account details 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 at Nashik 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. 5 to 8 are annexed hereto.
- (f) Unclaimed Dividend for F. Y. 1998-99 will be deposited with Investor Protection and Education Fund in **October, 2006**. Shareholders are requested to verify their records and if Dividend Warrant is not encashed, or not received by them, to **claim from the company immediately**.



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

Item No. 5

(a) A brief resume of the director;

Mr. Vijay D. Ajgaonkar is a postgraduate in Commerce (M.Com) and law graduate (LL.B.) both from Bombay University. He has done CAIIB also. He had earlier served SBI Capital Markets Ltd. and Times Guaranty Financials Ltd.

(b) Nature of his expertise in specific functional areas;

Mr. Vijay Ajgaonkar has many years of rich and vast experience in Merchant Banking and Corporate Financing. He is an active Financial Consultant. He was, in the past, on the Board of many financial and investment companies.

(c) Names of companies in which the person also holds the directorship and the membership of Committees of the Board; and Directorships:

a) Fem Exports Ltd. b) Flexo Film Wraps (India) Ltd.

Memberships / Chairmanships of committees of the Board:

Fem Care Pharma Ltd.:

- a) Audit Committee, Chairman
- b) Remuneration Committee, Chairman
- c) Shareholders' Committee, Chairman

(d) Shareholding of non-executive director – 500 equity shares of Rs.10/- each fully paid up.

(e) It is proposed by the Board of Directors to pay a remuneration of Rs.1,10,000/- per annum to Mr. Vijay D. Ajgaonkar for his specific contribution in the area of financial matters, counseling, guidance on financial compliances and 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 and Audit Committee Meetings. Board of Directors recommends the resolution for your approval as *special resolution*, and approve payment of remuneration to Mr. V. D. Ajgaonkar.

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 independent directors:

Mr. Dattatraya B. Khade

Mr. Samaresh Chakrabarti

Mr. Vijay D. Ajgaonkar

None of the Directors except Mr. Vijay D. Ajgaonkar himself, is interested in this resolution. He will not be participating in discussions or voting in Meeting of Remuneration Committee or Board of Directors on this item of Agenda.



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Item No. 6:

Payment of sitting fees of Rs.10,000/- to Directors requires shareholders consent. Wholtime directors are not paid any sitting fees. Independent directors are also paid sitting fees of Rs.1500/- for attending meetings of Audit Committee.

Item No. 7:

Company has been earning good profits during last year and Directors have also decided to plough back profits, and to follow conservative dividend payout policy. As a consequence, company is likely to have cash surplus from time to time. Section 372 A requires that shareholders consent by special resolution is necessary to loan sums exceeding 60% of paid up share capital and free reserves or 100% of free reserves, whichever is lower. Therefore, consent is sought from members to exceed the limit and to delegate authority to Board of Directors, to advance or loan surplus available with company to any person including directors, firms, body corporate, association of persons, whether related party or not and whether interested or not, on such terms and conditions as Board of Directors may consider appropriate and deem fit.

Special resolution was passed by members in Annual General Meeting on 30.9.2005 u/s 372 A of Companies Act, 1956 for investments to exceed 60% of paid up capital and free reserves, subject to a maximum of Rs.20.00 crores. Identical special resolution under section 372A is being proposed for consent of shareholders, as required for compliance of provisions of Companies Act, 1956, for grant of loans and advances in excess of this limit and hence, this resolution is proposed.

The directors of the company are interested in the resolution, to the extent of loan/advance, which may be granted to any of them in future.

Item No. 8:

Company has applied to Central Government for approval of loan of Rs.100 Lakhs to Mr. Sunil H. Pophale, Managing Director for acquiring land / accommodation. Shareholders consent u/s 295 and sanction u/s 372 A is required.

Item No. 9:

Company has applied to Central Government for approval of loan of Rs.100 Lakhs to Mrs. Sunita A. Ramnathkar, Jt. Managing Director for acquiring land / accommodation. Shareholders consent u/s 295 and sanction u/s 372 A is required.

Item No. 10, 11 & 12:

Company's shares were quoted at a highest of Rs.464/- and around Rs.400/- for a long time during the year. To enable small investors to acquire shares and carry on trading, splitting of shares was considered by Board of Directors and placed for your approval. This will improve liquidity for company's shares.

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. (BSE) and are actively traded. In order to improve the liquidity of the Equity Shares with higher floating stock in absolute numbers and to make the Equity Shares more affordable to the investors, the Board of Directors of the Company, at its meeting held on July 24, 2006, has recommended sub-division of the face value of equity shares of the Company from Rs.10/- each into 10 shares of the face value of Rs.1/- each.

Consequent to the above sub-division it is necessary to alter the Capital Clause of the Memorandum and Articles of Association of the Company.

The Ordinary Resolution in Item No.10 and Special Resolution in Item No. 11 seeks to make corresponding amendments in Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company to give effect to the sub-division of shares which is proposed in the Ordinary Resolution mentioned in Item No. 9.

The Board of Directors is of the opinion that the aforesaid sub-division of the face value of Equity Shares, is in the best interest of the Company and the investors and hence recommends the passing of the above resolutions.



Fem Care Pharma Limited

A copy of the Memorandum and Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company from 11.00 a.m. to 4.00 p.m. on any working day upto the date of the Annual General Meeting.

The Directors of the Company may be deemed to be concerned or interested in the resolutions at item 9, 10 & 11 only to the extent of their respective shareholding, if any, in the Company to the same extent as that of every other member of the company.

Item No. 13

Section 294 AA of Companies Act requires company to obtain Central Government permission for appointment of Sole Selling Agent and such appointment also requires shareholders sanction by special resolution.

Mr. Sunil H. Pophale, Chairman & Managing Director, Mrs. Sunita A. Ramnathkar, Jt. Managing Director, Mr. M. N. Chaini, Director or on the Board of Directors this company as well as Mirasu Marketing Ltd., Subsidiary Company. Besides, Mr. Sunil H. Pophale, Chairman & Managing Director, Mrs. Sunita A. Ramnathkar, Jt. Managing Director are also shareholders in that company. To that extent, the above 3 directors are interested in above resolution.

