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MIRASU



ANNUAL REPORT

2006-2007

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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 (upto 31.8.2007)*

Mr. M. Vaishnawa, *Company Secretary (from 1.9.2007)*

Key Managerial Personnel

Mr. S. H. Bhat, *Company Secretary (upto 31.8.2007)*

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)*

Mr. M. Vaishnawa, *Company Secretary & Head - Finance (from 1.9.2007)*

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

STANDARD CHARTERED BANK

364, 365, Shrirang House,

J M Road, Shivaji Nagar,

Pune 411 005

Tel: 020-25530377/56021748

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 Twentyfirst 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, 28th September, 2007, 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, 2007, 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. Samaresh Chakrabarti, 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 reappointed 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. Samaresh Chakrabarti be paid a commission of Rs.2,10,000/- per annum or such revised commission 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 an *ordinary resolution*.
RESOLVED THAT incorporation of a subsidiary company by name Fem Mitchell Cosmetics LLC in USA is hereby approved.
7. To consider and if thought fit, to pass the following resolution, with or without modification, as a *special resolution*:
RESOLVED THAT consent of the company be accorded to contribution of equity share capital of US \$ 10,00,000 and loan of US \$ 4,00,000 to Fem Mitchell Cosmetics LLC and approved u/s 372 A of Companies Act, 1956.
8. To consider and if thought fit, to pass the following resolution, with or without modification, as a *special resolution*:
RESOLVED THAT pursuant to the provisions of section 81 (1A) (a) and other applicable provisions of the Companies Act, 1956, and Memorandum of Association and Articles of Association of Company, the Board of Directors of the Company, be and is hereby authorized to issue the unissued share capital of the Company, either as equity or preference shares, cumulative, redeemable convertible or otherwise, at par or at a premium, as fully paid up shares, either to existing shareholders or to the public or to both, or by private placement, or to acquire equity shareholding of subsidiary company, viz Mirasu Marketing Ltd., from its promoters / directors, as the Board may deem fit, at appropriate time, in future, subject to such consents from regulatory authorities under the Companies Act, 1956 and any other law, as may be necessary,

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9. 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 3 years w.e.f. 1.12.2007, on following remuneration & perquisites, be and is hereby approved.

- a. Salary – upto Rs.24,00,000/- per annum including all 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 as per section 198 & 349 of Companies Act 1956.
- 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.12,00,000/- per annum, whichever is less.

or such remuneration, as may be approved by Remuneration Committee and by Board of Directors of the Company.

10. 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 3 years w.e.f. 1.12.2007, on following remuneration and perquisites be and is hereby approved.

- a. Salary – upto Rs.24,00,000/- per annum including all 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 as per Section 198 & 349 of Companies Act, 1956.
- 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.12,00,000/- per annum, whichever is less.

or such remuneration, as may be approved by Remuneration Committee and by Board of Directors of the Company.

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

RESOLVED THAT the consent of the company be and is hereby accorded under section 293 (1)(a) of the Companies Act, 1956, to the Board of Directors of the company for mortgaging / charging in favor of Standard Chartered Bank, London or Mumbai or Pune branch or trustees nominated by Standard Chartered Bank, all the immovable properties of the company located at Gat No.204, Wadivarhe to Dharnapata Road, At Post – Wadivarhe, Tal : Igatpuri, Dist: Nashik 422 403, to secure ECB of JPY equivalent to USD 3.0 million from that bank together with interest and other charges and expenses payable by company to bank in terms of loan agreement entered into between company and bank.



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

RESOLVED THAT in modification of the resolution passed by the Company pursuant to the provisions of Section 293(1) (d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing for the purpose of the Company's business any sum or sums of money notwithstanding that the moneys to be so borrowed together with moneys already borrowed by the Company, if any, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of the moneys to be so borrowed by the Board together with moneys already borrowed shall not exceed Rs. 50 crores (Rupees Fifty crores) outstanding at any one time.

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

RESOLVED THAT pursuant to the provisions of section 372A of the Companies Act, 1956, authority be and is hereby accorded to a guarantee agreement to be executed by the Company under its common seal, terms of which will be discussed, negotiated and finalized by Managing Director and Jt. Managing Director jointly on behalf of M/s. Fem Care Pharma Ltd. for repayment of borrowing of sums not exceeding Rs. 15.00 crores (with interest) by M/s. Mirasu Marketing Ltd., from any bank or financial institution for the purpose of acquiring property for use in business of that company.

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

RESOLVED THAT subject to such consents under Companies Act, 1956 and other laws and compliances of applicable regulations as may be necessary, consent of members u/s 293(1) (a) of Companies Act, 1956, is hereby granted to demerger of Chemical business of the company including disposal or otherwise transfer of immovable properties and fixed and other assets to a new entity to be registered / incorporated for the purpose.

By Order of the Board

Registered Office:
D-55, Addl. Indl. Area, M.I.D.C.
Ambad, Nashik 422 010
Date: July 27, 2007

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 26th September, 2007 to 28th September, 2007 (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 15 are annexed hereto.
- (f) Shareholders are requested to verify their records and if Dividend Warrants for 2004-05 (interim & final) and 2005-06 are not encashed, or not received by them, **to claim from the company immediately.**

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

Item No. 5

- (a) A brief resume of the director;

Mr. Samaresh Chakrabarti is a Chemical Engineer from Jadavpur University. He worked in Hindustan Levers Ltd., Reckitt Benckiser (India) Ltd. His last job for 3 years has been as Managing Director of J. L. Morison (I) Ltd., Bombay, which runs the business of world famous skin care brand "Nivea".

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

He brings nearly 40 years rich experience in FMCG sector, and on all aspects of cosmetics business, especially marketing. Board has nominated him on Audit Committee and Remuneration Committee.

- (c) Names of companies in which the person also holds the directorship: None

Memberships / Chairmanships of committees of the Board:

Fem Care Pharma Ltd.:

- i) Audit Committee - Member
- ii) Remuneration Committee - Member

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

It is proposed by the Board of Directors to pay a remuneration of Rs.2,10,000/- per annum to Mr. Samaresh Chakrabarti for his specific contribution in the area of marketing matters, counseling, guidance on 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 commission to Mr. Samaresh Chakrabarti, at monthly / quarterly intervals at its discretion.

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. Vijay D. Ajgaonkar

Mr. Dattatraya B. Khade



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None of the Directors except Mr. Samaresh Chakrabarti 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.

Item No. 6:

Company will like to incorporate subsidiary company, Fem Mitchell Cosmetics LLC in USA, to acquire technical knowhow of Mitchell brand products in personal care segment and expand its market reach in North America. Shareholders consent by *ordinary resolution* is required.

This will affect interest of all present and future shareholders.

Item No. 7:

Company will like to contribute US \$ 10,00,000 to equity by acquiring minority interest and will advance US \$ 4,00,000 to Fem Mitchell Cosmetics LLC for acquiring technical knowhow of Mitchell brand products in personal care segment and expand its market reach in North America. This requires sanction of members by *special resolution* u/s 372 A of Companies Act, 1956. This will affect interest of all shareholders.

Item No. 8:

Members of the company had authorized Board of Directors u/s 81 (A) to issue unissued share capital at their sole discretion. The Board of Directors feel it appropriate to issue Equity shares to shareholders of Mirasu Marketing Ltd., to acquire balance of 40% of equity holding of that company at a valuation to be done by auditors of that company and further, if accepted by Board of Directors of this company. Therefore, the enabling resolution passed by members earlier in AGM on 30th September, 2005, is once again placed for consideration and approval by the members, as a *special resolution*.

All the directors are interested, as shareholders of the Company, to the extent of their individual shareholdings. Mr. Sunil H. Pophale and Mrs. Sunita A. Ramnathkar, being holders of 40% shareholding in Mirasu Marketing Ltd., and holders of 68.05% shareholding in this company, are interested in this resolution individually as well as relative of each other. These shares, when issued will rank pari passu with existing shares and thus, affect interest of all present and future shareholders.

Item No. 9 & 10:

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, 2007. The Board of Directors of the Company in their meeting held on 28th July, 2005, 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 3 years from 1st December, 2005 to 30th November, 2008. Members of the Company had approved appointment and sanctioned remuneration by a *special resolution* in AGM held on 11.9.2006. The said appointment will have to be renewed.

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Now it is proposed to reappoint them for a period of 3 years upto 30.11.2010, on following important terms and conditions:

- 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 per section 198/349 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 Fem 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.2,00,000/- 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, from 1.4.2007
- Unfurnished accommodation will be provided by Company to Mr. Sunil H. Pophale at Mumbai,
- Contribution to PF / FPF @ 12% of salary,
- Transport Allowance – Rs.800/- per month,
- Children Education Allowance – Rs.100/- and 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, subject to a maximum of Rs. 3,50,000/- each
- 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. 15,000/- each per annum,
- Commission at 1% of net profits, computed as per section 198 / 349 of Companies Act, 1956, from 1.4.2007

Both are provided car with chauffeur, telephone at residence, internet connection 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 independent directors:

Mr. Dattatraya B. Khade

Mr. Vijay 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.

Additional information as required by Schedule XIII is furnished:

I. GENERAL INFORMATION (common to both directors)

1. Nature of industry

Company operates in FMCG, Pharmaceutical and Chemical sector. Company is manufactures and markets personal care products, fabric care products, pharmaceutical formulations and chemical intermediates.

2. Date or expected date of commencement of commercial production

Company's plant at Nashik had commenced commercial production on 13th February 1993, and expansion project at Manakpur, H.P had commenced commercial production on 10th April 2006. EOU commenced commercial production at Nashik on 17th July 2006. Chemical Plant is under commissioning and expected to commence commercial production by September 2007.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. - Not applicable

4. Financial performance based on given indicators

Company has earned profit after tax of Rs.12.59 crores (Rs.5.70 crores in 2005-06). EPS of Rs.41.86 (Rs.18.94 - 2005-06) recorded a rise of 121%.

5. Export performance and net foreign exchange earnings

FOB Value of exports Rs. 2.97 crores (Rs.2.06 crores – 2005-06), and recorded a rise of 44% over last year.

6. Foreign investments or collaborators, if any.

Company has invested USD Rs.65,000/- in its wholly owned U.S. subsidiary, Jaqueline Inc. and has also advanced USD 65,000/- to this subsidiary.

Company does not have any foreign collaboration.

II. INFORMATION ABOUT THE APPOINTEES:

1. Background details :

Mr. Sunil H. Pophale -