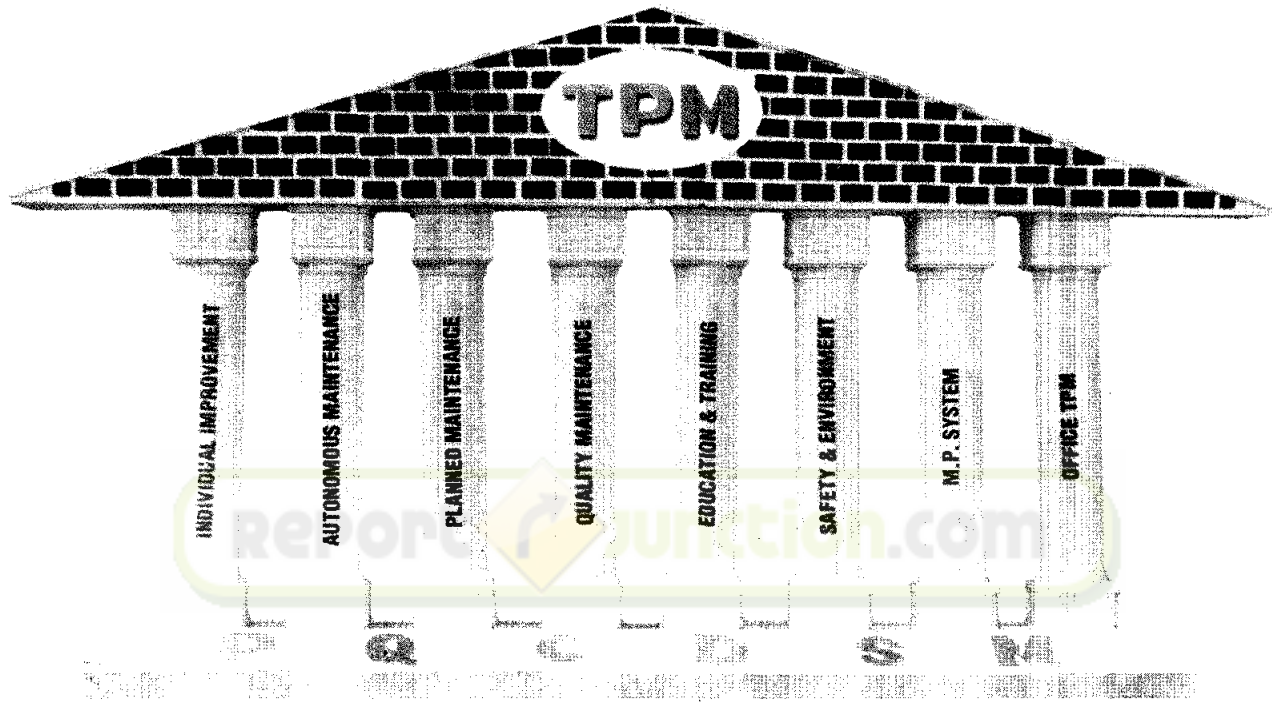


# Vachitti Detergents Limited

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## 13th Annual Report 2000-2001



## **Vashisti Detergents Limited**

### **BOARD OF DIRECTORS**

**M. K. Sharma**

*Chairman*

**D. S. Soman**

**P. Asirvatham**

**V. Behal**

**C. Mohinta**

*Managing Director* upto 30.11.2000

**U. Bhattacharya**

*Managing Director* w.e.f. 01.12.2000

**K. S. Srinivasa Murty**

**S. Ravindranath**

### **BANKERS**

**Corporation Bank**

### **AUDITORS**

**N. M. Raiji & Company**

### **COST AUDITORS**

**N. I. Mehta & Company**

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**REGISTERED OFFICE & FACTORY**

Plot No. B-7, M.I.D.C., Lote Parshuram, Taluka Khed,  
Dist. Ratnagiri, Pin 415 722, Maharashtra State

**REGISTRARS AND SHARE TRANSFER AGENTS****Address for Shares Transfer****M/s Sharepro Services**

912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
Mumbai - 400 021.  
Tel.: 288 1568, 288 1569 • Fax : 282 5484

**OR****M/s Sharepro Services**

Satam Industrial Estate,  
3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (East), Mumbai - 400 099.  
Tel.: 821 5168, 832 9828 • Fax : 837 5646

**13TH ANNUAL GENERAL MEETING**

Day : Saturday  
Date : 25<sup>th</sup> August, 2001  
Time : 10.00 a.m.  
Venue : Plot No. B-7,  
M.I.D.C., Lote Parshuram,  
Taluka Khed, Dist. Ratnagiri,  
Pin 415 722, Maharashtra State.

Members are requested to bring their copy of the Annual Report  
at the time of attending the Annual General Meeting.

## Vashisti Detergents Limited

### NOTICE

NOTICE is hereby given that the 13<sup>th</sup> Annual General Meeting of Vashisti Detergents Limited will be held at Plot No. B-7, M.I.D.C., Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Pin 415 722 on Saturday the 25<sup>th</sup> August, 2001 at 10.00 a.m. to transact the following business:

1. To receive and adopt the Profit & Loss Account for the period 1<sup>st</sup> April, 2000 to 31<sup>st</sup> March, 2001, the Balance Sheet as at 31<sup>st</sup> March, 2001 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. S. S. Murty, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. Ravindranath, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration for the period April, 2001 to March, 2002.

### SPECIAL BUSINESS :

5. To appoint a Director in place of Mr. Uday Bhattacharya who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 1.12.2000 pursuant to Article No. 104 of the Articles of Association of the Company and who, under Section 260 of the Companies Act, holds office up to the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, the Company hereby approves the appointment of Mr. Uday Bhattacharya, as a Managing Director of the Company as defined in Section 2(24) of the Act, for a period of three years with effect from 1<sup>st</sup> December, 2000 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Directors, from time to time to alter and vary the said terms and conditions, in such manner as may be agreed upon between the Directors and Mr. Uday Bhattacharya in the best interest of the Company, but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time and permission of the Central Government if required:

Rs. 30,00,000/- per annum by way of salary, commission on profits, performance-linked incentive or bonus (hereinafter referred to as "remuneration") and perquisites like furnished accommodation, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical insurance, Company car for official duties,

telephone at residence (including payment for local calls and long distance official calls) etc., in accordance with the rules of the Company.

Provided however that:

- a) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.
- b) Company's contribution to Provident Fund and Superannuation Fund not exceeding 27% of the remuneration shall not be included in the computation of the above ceiling".

"RESOLVED FURTHER that the Board of Directors/ Remuneration Committee of Directors are authorised to fix the remuneration for the Managing Director within the overall limits as determined by the Board of Directors and approved by shareholders at General Meeting of the shareholders".

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

"RESOLVED that subject to the provisions of Sections 198, 269 & 309, Schedule XIII, other applicable provisions, if any, of the Companies Act, 1956, and the permission of the Central Government if required, the Managing Director / Wholetime Directors of the Company be paid w.e.f. 1<sup>st</sup> April, 2001 such remuneration as may be determined by the Board of Directors/Remuneration Committee of Directors from time to time within the maximum limits specified below:

Rs. 60,00,000/- per annum by way of salary, commission on profits, (hereinafter referred to as "remuneration") and perquisites like furnished accommodation, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical insurance, Company car for official duty, telephone at residence (including payment for local calls and long distance official calls) etc., in accordance with the rules of the Company.

Provided however that:

- a) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Provision for use of Company's car for official duty and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of limits for overall remuneration as aforesaid.

- b) Company's contribution to Provident Fund and Superannuation Fund not exceeding 27% of the remuneration shall not be included in the computation of the above ceiling".

**13th Annual Report 2000-2001****NOTES :**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE HIS/HER STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 10<sup>th</sup> August, 2001 to 17<sup>th</sup> August, 2001 (both days inclusive).
- (d) Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Registrars to enable the Company to consolidate their holdings in one folio.
- (e) Members are requested to immediately notify any change in their addresses to the Company's Registrars and Share Transfer Agents given below :

**M/s. Sharepro Services** OR  
912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
Mumbai 400 021.  
Tel. : 288 1568, 288 1569  
Fax : 282 5484

**M/s. Sharepro Services**  
Satam Indl. Estate, 3rd Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (East),  
Mumbai 400 099.  
Tel. : 821 5168, 832 9828  
Fax : 837 5646

By Order of the Board of Directors  
**VASHISTI DETERGENTS LIMITED**

**UDAY BHATTACHARYA**  
**MANAGING DIRECTOR**

Mumbai, 20<sup>th</sup> July, 2001

**Registered Office :**

Plot No. B-7,  
M.I.D.C., Lote Parshuram,  
Tal. Khed, Dist. Ratnagiri,  
Pin 415 722, Maharashtra State.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NOS. 5 & 6 :**

Under the provisions of Section 269 of the Companies Act, 1956, the Company shall appoint a Managing Director or Wholetime Director or Manager.

Consequent upon the resignation of Mr. C. Mohinta, Managing Director, Mr. Uday Bhattacharya was appointed as Additional Director and the Managing Director of the Company pursuant to Article No. 104 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956. As per Section 260 of the Companies Act, 1956, Mr. Uday Bhattacharya, holds office upto the date of the 13<sup>th</sup> Annual General Meeting of the Company but is eligible for re-appointment. As required by Section 257 of the Act, a notice has been received from a member proposing Mr. Uday Bhattacharya as a candidate for the office of Wholetime Director.

Mr. Uday Bhattacharya holds a Bachelors Degree in Science and a B.Tech Degree from West Germany and brings with him more than 30 years of experience in the manufacturing sector, including 25 years in managerial positions at various factories of Hindustan Lever Ltd. The Board commends his appointment as the Managing Director of the Company.

Mr. Uday Bhattacharya is interested in the above Resolution concerning his appointment. No other Director of the Company is concerned or interested in this Resolution.

**ITEM NO. 7 :**

In order to attract, retain and reward talent, the Remuneration Committee / Board of Directors shall need to increase / revise the limit of remuneration of Wholetime/Managing Directors. This shall be done considering the inflationary trend, proposed business activities of the Company and also the amount of remuneration payable to other managerial personnel occupying similar positions in other comparable Companies. In order to enable the Board of Directors and the Remuneration Committee to fix, revise and vary the terms of the Wholetime/Managing Directors, this resolution is being proposed.

## Vashist Detergents Limited

### DIRECTORS' REPORT

To,

#### The Members

- The Directors hereby present their 13<sup>th</sup> Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31st March, 2001.

#### PERFORMANCE OF THE COMPANY

- The performance of the Company during 2000-2001 is summarised below :-

		(Rs.Lakhs)
	2000-2001	1999-2000
Turnover (Gross of excise)	27198	22565
Turnover (Net of excise)	21467	17912
Profit before Depreciation & Interest	1184	1160
Profit before Tax	669	593
Profit after Tax	612	551
Balance brought forward from previous year	(3452)	(3912)
Transfer to Share Premium Account	2355	-
Transfer from/to Debenture Redemption Reserve	637	(91)
Balance carried to Balance Sheet	152	(3452)

#### RESPONSIBILITY STATEMENT

- The Directors confirm:
  - 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;
  - that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
  - 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;
  - that they have prepared the annual accounts on a going concern basis.

#### OPERATIONS

- Your Company has posted a 20.53% increase in sales turnover in 2000-2001 as compared to the previous year. FMCG volumes at 86438 Ts have recorded a growth of 7% over the previous year.

The year saw immense pressure on conversion cost due to the impact of Long Term Wage settlement leading to an increase of about 47% in the staff cost alone. In spite of the pressure on costs, the profit before tax has grown by 13% over last year.

Other Income arising out of investment of surplus funds, amounting to Rs. 92 Lakhs has contributed significantly towards the net profit for the year. After making a provision for minimum alternative tax (MAT) of Rs. 57 Lakhs, the net profit after tax rose by 11% from Rs. 551 Lakhs in the last year to Rs. 612 Lakhs in the current year.

#### MANUFACTURING

- During the year, the Toilet Soaps & Detergent Powders Plant exceeded last year's production volumes. The capacity utilisation of the Fatty Acid plant was increased by reviving the Splitting operation in the manufacture of DFA, which is the captive source for Toilet Soap Production. However there was a decline in production of Detergent Bars due to sluggish demand resulting in lower capacity utilisation of the Sulphonation Plant which provides captive source for LABSA, the key ingredient in detergents.

During the year new milestones were achieved in all the areas of productivity and energy conservation thus maintaining the Company's competitive advantage.

The Company has successfully geared up its manufacturing systems to handle frequent product changeovers and speed of response to market demands. This will go a long way in sustaining its position as a preferred supplier.

In continuation of the decision to roll out TPM (Total Productive Maintenance), which is a time tested Japanese technique, your Company successfully organised the "Kick-Off" function which marks the beginning of the TPM initiative across all Sections in the factory.

#### SAFETY AND ENVIRONMENT

- During the year the Company maintained its "zero liquid effluent discharge" status by recycling the entire quantity of treated effluent in process cooling and gardening. The Company also took up additional areas for greening to improve environment standards.

Safety standards in the factory improved further through investments, training and control measures which was reflected in the sharp improvement in the safety statistics and the achievement of zero Lost Time Accident (LTA) for the first time during the year.



## 13th Annual Report 2000-2001

### PERSONNEL

7. Cordial relations were maintained throughout the year. The Board wishes to place on record its appreciation to all employees of the Company for their sustained effort in improving capacity utilisation and operational efficiencies.

### FINANCE & ACCOUNTS

8. During the year, the entire outstanding 14% Non-Convertible Debentures of Rs. 1045 lakhs were repaid before its normal redemption date and thus your Company was able to retire a high cost debt.

Pursuant to the resolution adopted by the members at the last AGM held on 12<sup>th</sup> August, 2000 and the approval of the Honourable High Court of Mumbai, the accumulated carried forward loss of Rs. 2355 lakhs from the Profit & Loss Account was transferred to the Share Premium Account.

During the year, the Preliminary Expenses, Right Issue Expenses & Debenture Issue Expenses of Rs. 212 Lakhs were transferred to the Share Premium Account in accordance with Section 78 of the Companies Act, 1956.

The Company's surplus funds are being judiciously utilised in financial instruments taking into view, the safety and reasonableness of returns.

During the year, the accumulated carried forward losses have been fully wiped out. However as a matter of prudence, the Board of Directors do not recommend Dividend for the year.

Pursuant to the directions of the Department of Company Affairs, Govt. of India, your Company has appointed M/s N. I. Mehta & Co., Cost Accountants as the Cost Auditor of the Company for Soaps and Detergents.

### CORPORATE GOVERNANCE

9. Your Company has been practicing the principles of good corporate governance over the years.

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

#### Composition of Board of Directors

The existing Board has a mix of Wholtime and Non-Wholtime Independent Directors who bring a wide range of skills and experience to the Board.

#### Responsibilities

The Board has a formal schedule of matters reserved for its consideration and decision which includes reviewing corporate performance, ensuring adequate availability of financial resources and reporting to shareholders. During the year under review, the Board met six times. Board members ensure that their other responsibilities do not materially impact their responsibilities as a Director of the Company.

The six Board meetings during the year were held on 17<sup>th</sup> April, 2000, 21<sup>st</sup> June, 2000, 14<sup>th</sup> July, 2000, 23<sup>rd</sup> October, 2000, 27<sup>th</sup> November, 2000 and 23<sup>rd</sup> January, 2001.

### Board Committees

To enable better and more focussed attention on the affairs of the Company, the Board delegates particular matters to committees of the Board set for the purpose. The three core committees which have been constituted during the course of the year are (I) Audit Committee (II) Remuneration Committee and (III) Shareholder and Investor Grievances Committee.

#### Audit Committee

The Audit Committee comprises of Mr. D.S. Soman, Mr. P. Asirvatham and Mr. V. Behal, all Non-Wholtime Independent Directors of the Company with Mr. D.S. Soman as its Chairman. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and listing agreement.

#### Remuneration Committee

The Remuneration Committee comprises of Mr. P. Asirvatham, Mr. K. S. S. Murty, Mr. D. S. Soman, all Non-Executive Independent Directors with Mr. D. S. Soman as its Chairman. The Committee, inter-alia, will deal with all elements of remuneration of all Wholtime Directors/Managing Director, service contracts notice period, severance payments, stock options etc.

#### Shareholder / Investor Grievance Committee

The Company already has a share transfer Committee comprising of Mr. M. K. Sharma, Mr. Uday Bhattacharya, and Mr. K. S. S. Murty with Mr. M. K. Sharma the independent Non-Wholtime Director as its Chairman. This Committee has been renamed as Shareholder / Investor Grievance Committee and shall be vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

The Company will commence reporting of compliance with clause 49 of the listing agreement, which has been made mandatory with effect from April 1, 2002, for the accounting year ending 31.3.2002.

### DIRECTORS

10. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. K. S. S. Murty and Mr. S. Ravindranath retire by rotation and being eligible offer themselves for re-appointment. During the year, Mr. C. Mohinta, Managing Director submitted his resignation from the Board with effect from 1<sup>st</sup> December, 2000 due to his taking up a new assignment outside the Company. The Board wishes to place on record its appreciation of the excellent leadership, expertise and immense contribution of Mr. C. Mohinta during his tenure as "Managing Director" of the Company.

## Vashisti Detergents Limited

Mr. Uday Bhattacharya was appointed as an Additional Director and also as "Managing Director" with effect from 1<sup>st</sup> December, 2000 in place of Mr. C. Mohinta. As per the provisions of Companies Act, Mr. Uday Bhattacharya holds office up to the date of the 13<sup>th</sup> Annual General Meeting. Notice has been received pursuant to Section 257 of the Companies Act, 1956, together with necessary deposit proposing his candidature for the office of "Director".

### AUDITORS

11. M/s. N.M. Rajji & Co., Chartered Accountants, retire and being eligible under Section 224(1) of the Companies Act, 1956, offer themselves for re-appointment.

### INFORMATION UNDER SECTION 217 (1) (e)

#### CONSERVATION OF ENERGY

12. Your Company continued to accord high priority to the conservation of energy. While the absolute costs of energy increased during the year mainly due to higher fuel costs, the specific consumption levels showed significant reduction.

### TECHNOLOGY ABSORPTION

13. The Company has developed its own technology base at its factory. The Company has not imported any technology in relevant period.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

14. Foreign Exchange Earnings - Nil  
Foreign Exchange Outgo - Rs. 2608.04 Lakhs

By Order of the Board of Directors  
**VASHISTI DETERGENTS LIMITED**

**UDAY BHATTACHARYA**  
MANAGING DIRECTOR

Mumbai, 20<sup>th</sup> July, 2001

#### Registered Office :

Plot No. B-7,  
M.I.D.C., Lote Parshuram,  
Tal. Khed, Dist. Ratnagiri,  
Pin 415 722, Maharashtra State.

## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217-(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2001.

Sr. No.	Name	Age	Qualification	Date of Employment	Remuneration Received	Experience	Last Employment
1.	Bhattacharya Uday*	58	B.Sc, B.Tech	01.12.2000	828639	35	Hindustan Lever Ltd.
2.	Mohinta Chandan*	50	B.E. Mech	05.07.1996	2135433	27	Hindustan Lever Ltd.
3.	Dantes Suhas*	43	B.Com., BGL, CS, ICWA	01.07.1997	439299	23	Hindustan Lever Ltd.
4.	Venugopal Kurup	56	B.Com., Cert. Course Foreman	01.10.1996	1655276	36	Hindustan Lever Ltd.

\* Employed for only part of the year

Remuneration received includes salary, allowances, taxable value of perquisites and Company's contribution to Provident Fund. Remuneration excludes provision for/contribution to pension, gratuity, leave encashment and special awards. Nature of employment is contractual for employees. Other terms and conditions as per Company rules. None of these employees are related to any Director of the Company.