

Vashisti Detergents Limited



**15th Annual Report
2002-2003**

Vashisti Detergents Limited

BOARD OF DIRECTORS

M. K. Sharma	<i>Chairman</i>
D. S. Soman	
P. Asirvatham	
S. P. Mustafa	
V. Subramanian	<i>Managing Director</i>
P. Banerjee	w.e.f. 23.04.2003
U. Shah	w.e.f. 25.07.2003
R. K. Lal	upto 23.04.2003
V. Behal	upto 25.07.2003

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, Tal. 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.: 2288 1568, 2288 4527 • Fax : 2282 5484

Email : sharepro@bom7.vsnl.net.in

OR

M/s. Sharepro Services

Satam Industrial Estate,
3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400 099.

Tel.: 2821 5168, 2832 9828 • Fax : 2837 5646

15TH ANNUAL GENERAL MEETING

Day	:	Friday
Date	:	29 th August, 2003
Time	:	10.00 a.m.
Venue	:	Plot No. B-7, M.I.D.C., Lote Parshuram, Tal. 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 15th 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, Maharashtra State on Friday the 29th August, 2003 at 10.00 a.m. to transact the following business:

1. To receive and adopt the Profit & Loss Account for the period 1st April, 2002 to 31st March, 2003, the Balance Sheet as at 31st March, 2003 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. S. Soman, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. K. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration for the period April, 2003 to March, 2004.

SPECIAL BUSINESS :

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

"RESOLVED that, pursuant to Section 31, and other applicable provisions, if any, of the Companies Act, 1956, including any modification thereto or re-enactment thereof, for the time being in force, the existing Article 15 of the Articles of Association be altered by adding the following proviso at the end of the said Article 15 of the Articles of Association of the Company.

Provided however that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting."

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN 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 22nd August, 2003 to 29th August, 2003 (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. : 22881568/22884527
Fax : 22825484

M/s. Sharepro Services
Satam Indl. Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099.

Tel. : 28215168/28329828
Fax : 28375646

By Order of the Board of Directors
VASHISTI DETERGENTS LIMITED

M. K. SHARMA
CHAIRMAN

Mumbai, 25th July, 2003

Registered Office :

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

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5 :

The Company has listed its Equity Shares with the National Stock Exchange of India Ltd., Mumbai. As per the listing requirements, the following clause needs to be provided in the Articles of Association of the Company.

"That option or right to call of shares shall not be given to any person except with the sanction of the issuer in General Meetings."

The present Article 15 in the Articles of Association reads as follows :

"The Board may, from time to time, subject to the terms of which any shares may have been issued, and subject to the provision of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and

each members shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed."

In order to comply with the listing requirement, it is proposed to add the following proviso at the end of the said Articles of Association.

"Provided however that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting."

The Board commends the above resolution for the approval of members.

None of the Directors are concerned or in any way interested in this Resolution.

Vashisti Detergents Limited

DIRECTORS' REPORT

To,

The Members

- The Directors have pleasure in presenting their 15th Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2003.

PERFORMANCE OF THE COMPANY

- The performance of the Company during 2002-2003 is summarised below :

	2002-2003	2001-2002
	(Rs.Lakhs)	
Net Sales	2157	15465
Processing Income	2738	631
Other Income	329	46
Profit before Depreciation & Interest	929	1126
Profit before Tax	509	681
Provision for Income Tax	240	295
Profit after Tax	269	385
Balance brought forward from previous year	537	152
Balance carried to Balance Sheet	806	537

OPERATING RESULTS

- The net sales and other expenditure for the current year are not comparable with the previous year in view of the processing agreement with M/s. Hindustan Lever Ltd., effective 1st February, 2002. The current year's performance was impacted by drop in business volumes and also by the disruption in the Fatty Acid Plant due to a fire incident. Other income for the year represents treasury income from deployment of surplus funds [Rs. 157 lakhs], and an one time benefit arising out of early repayment of deferred sales tax liability (Rs. 46 lakhs) and the impact of reversal of old credit balance (Rs. 126 lakhs). The expenditure for the year includes the impact of assets written off amounting to Rs. 347 lakhs.

OPERATIONS

- Intense competition from other manufacturing units in the country coupled with the drop in the overall demand had an adverse effect in the volume offtake during the year. The steps taken in the last year by entering into a Processing Arrangement with HLL and the steps taken for converting the Detergent Cake Plant into Toilet Soap

manufacturing facility helped the Company to meet the peak seasonal demand especially in the first two quarters of the year. The demand for NSD Powders remained by and large steady. The operations in the Fatty Acid Plant were further streamlined and throughput was increased. In the third quarter there was a fire in the DFA Plant, which caused disruption in the business operations of the Company.

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.

SAFETY AND ENVIRONMENT

- There was continued excellence in the Safety standards in the factory through continuous training and control measures, which was reflected in the maintenance of the zero Lost Time Accident (LTA) status.

In recognition of completing 20 lakh man-hours without any Lost Time Accident (LTA) in 2001 your Company received a Silver Safety Award from its principals M/s. Hindustan Lever Ltd. The unit has completed 34 lakh man-hours without LTA as on 31st December, 2002, and applied for Gold Safety Award.

Consent for air, water, hazardous waste has been received from the Maharashtra Pollution Control Board for a period of 5 years.

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.

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PRODUCTIVITY

7. During the year the Company successfully geared up its manufacturing systems to handle frequent product changeovers and the speed of response to market demands to sustain its position as a preferred supplier to HLL.

In continuation of the TPM (Total Productive Maintenance) initiative, your Company is well on course to obtain the Level-I certification and your Company has already cleared the pre-audit.

PERSONNEL

8. 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. Cordial relations were maintained throughout the year. The current Long Term Settlement has expired in June, 2003.

FINANCE & ACCOUNTS

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

10. A report on the Corporate Governance Code along with a certificate from the auditors of the Company regarding the compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement as also the Management Discussion and Analysis Report are annexed to this Report.

DIRECTORS

11. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. D. S. Soman & Mr. M. K. Sharma retire by rotation and being eligible offer themselves for re-appointment.

Mr. R. K. Lal, Director submitted his resignation from the Board with effect from 23rd April, 2003 due to other engagements. The Board wishes to place on record its appreciation for the excellent leadership, expertise and immense contribution of Mr. R. K. Lal during his tenure as Director of the Company.

Mr. P. Banerjee was appointed as a Director with effect from 23rd April, 2003 in place of Mr. R. K. Lal, as per the provisions of Companies Act.

Mr. V. Behal, Director submitted his resignation from the Board with effect from 25th July, 2003 due to other engagements. The Board wishes to place on record its appreciation for the excellent leadership, expertise and immense contribution of Mr. V. Behal during his tenure as Director of the Company.

Mr. U. Shah was appointed as a Director with effect from 25th July, 2003 in place of Mr. V. Behal as per the provisions of Companies Act.

AUDITORS

12. M/s. N. M. Raiji & 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

13. Your Company continued to accord high priority to the conservation of energy. The absolute costs of energy decreased during the year mainly due to improved efficiencies in the Fatty Acid Plant and also the new arrangement whereby M/s. Hindustan Lever Limited shall provide the Furnace Oil along with other inputs.

TECHNOLOGY ABSORPTION

14. The Company has developed its own technology base at its factory. The Company has not imported any technology during the relevant period.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|-------------------------------|--------|
| 15. Foreign Exchange Earnings | - Nil |
| Foreign Exchange Outgo | - 0.39 |

By Order of the Board of Directors
VASHISTI DETERGENTS LIMITED

M. K. SHARMA
CHAIRMAN

Dated : 25th July, 2003

Registered Office :

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

Vashisti Detergents Limited**ANNEXURE TO THE DIRECTORS' REPORT**

Information as per Section 217 (2-A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2003.

Sr. No.	Name	Age	Qualification	Date of Employment	Remuneration Received	Experience	Last Employment
1.	V. Subramanian *	42	B.Tech from IIT Madras	01.06.2002	22,76,247	19	Hindustan Lever Ltd.
2.	U. Bhattacharya **	60	B.Sc., B.Tech	01.12.2000	5,20,682	38	Hindustan Lever Ltd.

* w.e.f. 1st June, 2002, Mr. V. Subramanian was appointed as Managing Director.

** Employed for only part of the year upto 31st May, 2002.

Remuneration received includes salary, allowances, taxable value of perquisites and Company's Contribution to Provident Fund. Remuneration excludes provisions 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 is related to any Director of the Company.

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CORPORATE GOVERNANCE DISCLOSURE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Vashisti Detergents Ltd. (VDL), 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.

2. BOARD OF DIRECTORS

The Board of Directors comprises of Mr. M. K. Sharma, Mr. D. S. Soman, Mr. P. Asirvatham, Mr. S. P. Mustafa, Mr. P. Banerjee & Mr. U. Shah, all non-executive independent Directors of the Company with Mr. M. K. Sharma as its Non-Executive Chairman and Mr. V. Subramanian as the Managing Director.

A. CONSTITUTION OF THE BOARD AS ON 31ST MARCH 2003.

Name of Director	Category	Number of Directorships in other Public Limited Companies as on 31 st March, 2003		Number of Committee positions in other Public Limited Companies as on 31 st March, 2003	
		Chairman	Member	Chairman	Member
M. K. Sharma	C, NED	—	8	—	3
D. S. Soman	NED	—	3	1	4
P. Asirvatham	NED	—	3	1	4
U. Bhattacharya	MD *	—	—	—	—
V. Subramanian	MD **	—	—	—	—
S. P. Mustafa	NED	—	4	—	1
R. K. Lal	NED #	—	1	—	—
V. Behal	NED ##	—	12	—	—

C = Chairman, MD = Managing Director, NED = Non-Executive Director. * Resigned w.e.f. 1st June, 2002. ** w.e.f. 1st June, 2002, Mr. V. Subramanian was appointed as the Managing Director. # Mr. P. Banerjee was appointed as Director in place of Mr. R. K. Lal w.e.f. 23rd April, 2003. ## Mr. U. Shah was appointed as Director in place of Mr. V. Behal w.e.f. 25th July, 2003.

B. BOARD PROCEDURE

A detailed agenda folder is sent to each Director in advance of Board and Committee meetings. To enable the Board discharge its responsibilities effectively, the Managing Director briefs the Board at every meeting on the overall Company performance. A detailed functional report is also placed at every Board Meeting.

The functions performed by the Board include reviews of :

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit Committee and other Committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

C. ATTENDANCE RECORD OF THE DIRECTORS AT MEETINGS OF THE BOARD AND OF THE MEMBERS

During the year 2002 - 2003 the Board met four times on the following dates, namely 22nd April, 2002, 10th July, 2002, 16th October, 2002 & 20th January, 2003. The last Annual General meeting was held on 19th July, 2002. The attendance record of the Directors is as under :

Name of Director	Category	Board Meetings	Last AGM
M. K. Sharma	C, NED	3	—
D. S. Soman	NED	4	Yes
P. Asirvatham	NED	3	Yes
V. Behal	NED	—	—
U. Bhattacharya	MD *	1	—
V. Subramanian	MD **	3	Yes
R. K. Lal	NED	3	Yes
S. P. Mustafa	NED	4	—

C = Chairman, MD = Managing Director, NED = Non-Executive Director.

* Resigned w.e.f. 1st June, 2002.

** w.e.f. 1st June, 2002, Mr. V. Subramanian was appointed as the Managing Director