

# VASHISTI

## DETERGENTS LIMITED

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**17<sup>th</sup>**  
**Annual Report**  
**2004-05**

# Vashisti Detergents Limited

## BOARD OF DIRECTORS

M. K. Sharma	<i>Chairman</i>
D. S. Soman	
P. Asirvatham	
R. Ragunath	<i>Managing Director</i>
S. P. Mustafa	
P. Banerjee	upto 27.07.2005
Dhaval Buch	w.e.f. 27.07.2005
U. Shah	

## BANKERS

Corporation Bank  
HDFC Bank

## AUDITORS

N. M. Rajji & Company

## COST AUDITORS

N. I. Mehta & Company

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## REGISTERED OFFICE AND 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 Share Transfer

**M/s. Sharepro Services (India) Pvt. Ltd.**  
912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
Mumbai - 400 021.  
Tel.: 2288 1568, 2284 4668 • Fax : 2282 5484  
Email : [shareproservices@vsnl.com](mailto:shareproservices@vsnl.com)

**OR** **M/s. Sharepro Services (India) Pvt. Ltd.**  
Satam Industrial Estate,  
3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (East), Mumbai - 400 099.  
Tel.: 2832 9828, 2834 8218 • Fax : 2837 5646  
Email : [shareproservices@vsnl.com](mailto:shareproservices@vsnl.com)

## Vashisti Detergents Limited

### NOTICE

NOTICE is hereby given that the 17<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 24<sup>th</sup> September, 2005 at 11.00 a.m. to transact the following business:

1. To receive and adopt the Profit and Loss Account for the period 1<sup>st</sup> April, 2004 to 31<sup>st</sup> March, 2005, the Balance Sheet as at 31<sup>st</sup> March, 2005 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. Asirvatham, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. U. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration for the period April 2005 to March 2006.

### 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) The Register of Members and the Share Transfer Books of the Company will remain closed from 17<sup>th</sup> September, 2005 to 26<sup>th</sup> September, 2005 (both days inclusive).
- c) 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.

- d) 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 (India) Pvt. Ltd.**

912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
Mumbai 400 021.

Tel. : 22881568/22844668  
Fax : 22825484

**OR M/s. Sharepro Services (India) Pvt. Ltd.**

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

Tel. : 28329828/28348218  
Fax : 28375646

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

**M. K. SHARMA**  
**CHAIRMAN**

Mumbai, 11<sup>th</sup> August, 2005

### Registered Office :

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

## 17th Annual Report 2004-05

### DIRECTORS' REPORT

To,

#### The Members

The Directors have pleasure in presenting their 17<sup>th</sup> Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2005.

#### 1. RESULTS

Your Company's performance during 2004-2005 is summarised below :

	2004-2005	(Rs. '000s) 2003-2004
Net Sales	49,212	228,089
Processing Income	160,996	252,630
Other Income	19,357	84,591
Expenditure	208,973	471,448
Profit before Depreciation & Interest	20,592	93,862
Profit before Tax	(14,716)	54,817
Provision for Income Tax	(7,135)	20,796
Profit / (Loss) after Tax	(7,581)	34,021
Exceptional Items (Net of Tax)	28,737	—
Balance brought forward from previous year	114,645	80,624
Balance carried to Balance Sheet	78,327	114,645

The current year's performance was severely impacted by the illegal strike by the workmen and the resultant lock-out of the factory causing operations to remain shut from 16<sup>th</sup> September, 2004 to 26<sup>th</sup> February, 2005.

Other income for the year represents treasury income from deployment of surplus funds Rs. 194 Lakhs (Rs. 239 Lakhs).

Exceptional items include the impact of compensation of Rs. 625 Lakhs paid to workmen under the Voluntary Retirement Scheme and write back of liabilities no longer required.

#### 2. 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.

#### 3. OPERATIONS AND PERFORMANCE HIGHLIGHTS

The illegal strike by the workmen and the resultant lock-out of the factory severely impacted the operations and orders were lost to competitors. The earlier Processing Agreement with M/s. Hindustan Lever Ltd. (HLL), to manufacture Detergents & Soap for the Brand Owners, expired in January 2005 and the same has been renewed initially for one more year during which time the demand profile as well as the VAT implications of the current sourcing arrangements shall be evaluated for further extensions/modifications. The lock-out period was gainfully utilised for asset care and other maintenance activities.

#### 4. PROPOSAL FOR MERGER WITH HINDUSTAN LEVER LIMITED (HLL)

On 11<sup>th</sup> August, 2005, the Board of your Company considered a proposal for amalgamation of the Company with HLL and approved the same. HLL apart from being a significant shareholder with 32.9% of your Company's equity also avails of the production facilities of your Company on a conversion / processing contract basis.

M/s. S. B. Billimoria & Co. Chartered Accountants were appointed as valuers jointly by the two Companies. M/s. S.B. Billimoria & Co. were assisted in this assignment by their former Managing Partner Shri Y. H. Malegam. The valuers have recommended a share exchange ratio of 1 equity share of Re. 1/- each of HLL for every 10 shares of Rs. 10/- each of your Company. The proposed share exchange ratio has been arrived at by adoption of a combination of three methodologies with appropriate weightage. These are

- Profit Earning Capitalisation value (income approach),
- Market price for the shares of the two Companies from January 31, 2005 to July 29, 2005 on the Bombay Stock Exchange (market approach), and
- Underlying Asset Values of the two Companies (underlying asset approach).

These were given weightage of 40%, 40%, and 20% respectively.

Your Company got this valuation report reviewed by it merchant bankers ICICI Securities Limited while HLL got the same reviewed by Lazard India Private Limited. Both the merchant bankers vide their respective letters dated 8<sup>th</sup> August, 2005, have confirmed the valuation made by the said valuers and the proposed share exchange ratio of 1 (one) share of HLL of Re. 1/- each for every 10 (ten) shares of Rs. 10/- each of VDL, as fair and reasonable.

The Board of HLL also met on 11<sup>th</sup> August, 2005 and approved of the proposed scheme of amalgamation and the proposed share exchange ratio. Necessary steps will now be taken to seek orders of Hon'ble High court at Bombay, to convene meetings of the members, creditors to progress the proposal further.

The Board of your Company believes that the proposal is in the best interest of its shareholders.

## Vashisti Detergents Limited

### 5. SAFETY AND ENVIRONMENT

During the year your Company maintained its "zero liquid effluent discharge" status by recycling the entire quantity of treated effluent in process cooling and gardening.

### 6. PERSONNEL

During the year the new wage settlement was signed with the Recognised Union on 11<sup>th</sup> September, 2004. However following the illegal strike by the workmen arising out of an inter union rivalry, a lock-out had to be declared and the factory remained shut from 16<sup>th</sup> September, 2004 to 26<sup>th</sup> February, 2005. After protracted discussions and assurances, the factory was re-opened and the new productivity norms have been implemented. Apart from the above, the industrial relations during the year under review remained cordial.

The Board wishes to place on record its appreciation to all employees of your Company for their sustained effort in ensuring that safety is maintained and operations are resumed at the earliest.

### 7. PRODUCTIVITY

The Long Term Settlement (LTS) with the workmen outlines improvements in work practices such as running handover, improved attendance, increase in productivity norms through flexibility across plants and linking incentives to the Capacity Utilisation Index (CUI).

### 8. FINANCE AND ACCOUNTS

The Company's surplus funds were judiciously utilised in financial instruments taking into view the safety and reasonableness of returns. In the context of falling interest rate environment, your Company optimized the return on investments by deployment of cash surplus in a balanced portfolio of safe and liquid debt market instruments. The returns earned were higher than market benchmarks.

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 Auditors of the Company for Soaps and Detergents.

### 9. CORPORATE GOVERNANCE

A report on the Corporate Governance Code alongwith a certificate from the auditors of your Company regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement for the year under review are annexed to this Report.

### 10. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and your Company's Articles of Association, Mr. P. Asirvatham and Mr. U. Shah retire by rotation and being eligible offer themselves for re-appointment. Mr. R. Ragunath was appointed as "Managing Director" in the 16<sup>th</sup> Annual General Meeting and the application made to the Central Government is pending for approval.

Mr. P. Banerjee, Director, submitted his resignation from the Board w.e.f. 27.07.2005 due to other engagements. The Board wishes to place on record its appreciation for the immense contribution during his tenure. Mr. D. Buch was appointed as a Director from 27.07.2005 in place of Mr. P. Banerjee as per the provisions of the Companies Act, 1956.

### 11. AUDITORS

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.

### 12. INFORMATION UNDER SECTION 217 (1)(g)

#### CONSERVATION OF ENERGY

Your Company continued to accord high priority to conservation of energy.

#### TECHNOLOGY ABSORPTION

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

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings	- Nil
Foreign Exchange Outgo	- Nil

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

**M. K. SHARMA**  
CHAIRMAN

Dated : 11<sup>th</sup> August, 2005

#### Registered Office :

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

## 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 31<sup>st</sup> March, 2005.

Rs. '000s

Sr. No.	Name	Age	Qualification	Date of Employment	Remuneration Received*	Experience	Last Employment
1.	Mr. R. Ragunath	54	Bachelors Degree in Mech. Engg.	01.02.2004	4,209	26	Hindustan Lever Ltd.

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. The nature of employment is contractual for employees. Other terms and conditions are as per Company rules. None of the employees are related to any Director of the Company.

\* Subject to approval of Central Government.

## 17th Annual Report 2004-05

### 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 and Mr. U. Shah all Non-Executive Independent Directors of the Company with Mr. M. K. Sharma as its Non-Executive Chairman and Mr. R. Ragunath as the Managing Director.

#### A. CONSTITUTION OF THE BOARD AS ON 31<sup>ST</sup> MARCH 2005

Name of Director	Category	Number of Directorships in other Public Limited Companies as on 31 <sup>st</sup> March, 2005		Number of Committee Positions in other Public Limited Companies as on 31 <sup>st</sup> March, 2005	
		Chairman	Member	Chairman	Member
Mr. M. K. Sharma	C,NED	-	8	-	7
Mr. D. S. Soman	NED	-	2	2	3
Mr. P. Asirvatham	NED	-	2	1	1
Mr. R. Ragunath	MD	-	-	-	-
Mr. S. P. Mustafa	NED	-	4	-	2
Mr. P. Banerjee	NED	-	-	-	-
Mr. U. Shah	NED	-	3	-	2

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

#### 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 :

- Annual operating plans, budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other committees of the Board.
- 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.
- Show cause, demand, prosecution notices and penalty notices that are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- 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.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- 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.
- Sale of material nature of investments, subsidiaries, assets, which are not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 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 2004-2005 the Board met four times on the following dates, namely 28<sup>th</sup> April, 2004, 26<sup>th</sup> July, 2004, 25<sup>th</sup> October, 2004 and 14<sup>th</sup> January, 2005. The last Annual General Meeting was held on 27<sup>th</sup> August, 2004.

The attendance record of the Directors is as under :

Name of Director	Category	Board Meetings	Last AGM
Mr. M. K. Sharma	C,NED	3	Yes
Mr. D. S. Soman	NED	4	Yes
Mr. P. Asirvatham	NED	4	No
Mr. P. Banerjee	NED	2	No
Mr. R. Ragunath	MD	4	Yes
Mr. U. Shah	NED	3	No
Mr. S. P. Mustafa	NED	3	Yes

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

#### D. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transaction or relationships between Vashisti Detergents Limited and its Directors for the year ended 31<sup>st</sup> March, 2005.



## Vashisti Detergents Limited

### E. REMUNERATION OF DIRECTORS : SITTING FEES, SALARY, PERQUISITES AND COMMISSION

Remuneration paid or payable to Directors during 2004-05.

Rs. '000s

Name of Director	Relationship with other Directors	Sitting Fees	Commission on Profits	Salary & Allowances	Contribution to PF & Super Annuation Fund	Perquisites	Total
Mr. M. K. Sharma	None	—	—	—	—	—	—
Mr. D. S. Soman	None	45	—	—	—	—	45
Mr. R. Ragunath	None	—	—	3,542	368	299	4,209
Mr. P. Asirvatham	None	45	—	—	—	—	45
Mr. S. P. Mustafa	None	—	—	—	—	—	—
Mr. B. Banerjee	None	—	—	—	—	—	—
Mr. U. Shah	None	—	—	—	—	—	—

### F. COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE

The Audit Committee of VDL performs the following functions :

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- recommending the appointment and removal of external auditor, fixation of audit fee and approval of payment of any other services;
- reviewing with the management the annual financial statement before submission to the Board;
- reviewing with the management external and internal auditors, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function;
- discussing with internal auditors any significant finding and follow up on such issues;
- reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature and then reporting such matters to the Board;
- discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern;
- reviewing the Company's financial and risk management policies and;
- examining reasons for substantial default in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.

The Audit Committee comprises of Mr. D. S. Soman, Mr. P. Asirvatham and Mr. S. P. Mustafa all Non-Executive 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.

The Committee held four meetings during the year 2004-05 on the following dates – 28<sup>th</sup> April, 2004, 26<sup>th</sup> July, 2004, 25<sup>th</sup> October, 2004 and 14<sup>th</sup> January, 2005. The attendance at the meetings was as under :

Name of Director	Attendance Particulars
Mr. D. S. Soman	4
Mr. P. Asirvatham	4
Mr. S. P. Mustafa	2

#### REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. P. Asirvatham, Mr. P. Banerjee and Mr. D. S. Soman all being Non-Executive Independent Directors with Mr. D. S. Soman as its Chairman. The Committee, inter alia, deals with all elements of remuneration of all Wholtime Directors, service contracts, notice period, severance payments, stock options etc.

The Committee held one meeting during the year 2004-05 on 28<sup>th</sup> April, 2004. The attendance at the meeting was as under :

Name of Director	Attendance Particulars
Mr. D. S. Soman	1
Mr. P. Asirvatham	1
Mr. P. Banerjee	1

#### SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Company has a Shareholder / Investor Grievance Committee comprising of Mr. R. Ragunath, Mr. M. K. Sharma and Mr. P. Banerjee, with Mr. M. K. Sharma, the Independent Non-Wholtime Director as its Chairman. This Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

No. of investor queries / complaints received in the year 2004-2005	Pending at the end of the year	No. of pending share transfers
760	Nil	Nil

The Committee held 34 meetings during the financial year 2004-05, the attendance at the meetings was as under :

Name of Director	Attendance Particulars
Mr. M. K. Sharma	34
Mr. R. Ragunath	34
Mr. P. Banerjee	34

The Committee inter alia approves the issue of duplicate certificates and reviews all matters connected with the securities transfer. The Committee also looks into redressing of Shareholders / Investors complaints like transfer of shares, non-receipt of balance sheet etc., The Committee oversees the performance of the Registrars and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

## 17th Annual Report 2004-05

### 3. MANAGEMENT

#### A. THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Annual Report has a detailed chapter on Management Discussion and Analysis.

#### B. DISCLOSURES BY MANAGEMENT TO THE BOARD

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

### 4. SHAREHOLDER INFORMATION

#### A. DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

According to the Articles of Association of Vashisti Detergents Limited, not less than two-third of the total number of Directors shall be persons whose period of office is liable to termination by retirement by rotation. Mr. P. Asirvatham and Mr. U. Shah are retiring by rotation and being eligible, offer themselves for re-appointment.

Given below are the abbreviated resumes of the Directors of Vashisti Detergents Limited.

- **Mr. M. K. Sharma** (57) is the Chairman of Vashisti Detergents Limited. After graduating in Political Science, he completed his L.L.B. from the University of Lucknow. He then went on to do a Post-graduate Diploma in Personnel Management from the Department of Business Management, Delhi University, and a Diploma in Labour Law from the Indian Law Institute, Delhi. After working for six years with the DCM Group, Mr. M. K. Sharma joined Hindustan Lever and is currently the Vice Chairman of M/s. Hindustan Lever Ltd. Mr. M. K. Sharma has been the Chairman since 8<sup>th</sup> September, 1998.
- **Mr. R. Raghunath** (54) holds a Bachelors Degree in Mechanical Engineering and brings with him more than 25 years of service in Managerial positions in various factories of Hindustan Lever Ltd. in India and also in an overseas assignment of about 4 years with Lever Brothers (Bangladesh) Limited from 1997 to 2001. He was appointed as the Managing Director w.e.f. 1<sup>st</sup> February, 2004.
- **Mr. D. S. Soman** (75) joined the Indian Police Service in 1953 after obtaining a Masters Degree in Economics and Political Science from Poona University. He held various assignments in service, the most notable being Police Adviser to the Government of Bhutan and Deputy Director of the Intelligence Bureau, Government of India. He was also sent on deputation to the State Trading Corporation of India Ltd. He was Commissioner of Police, Greater Bombay from 1985 to 1987 and retired as the Director General of Police in 1988. He has been a Director of the Company since June, 1997.
- **Mr. P. Asirvatham** (56) B.Sc., CA, is the Financial Expert in the Board. He was working with M/s. Hindustan Lever Ltd., in various capacities and retired as Group Treasurer and Head-Mergers & Acquisitions. Currently he is heading a private consultancy. He was inducted in the Board of Vashisti Detergents Ltd., in January, 1999. He is retiring by rotation in the forth coming Annual General Meeting and offers himself for re-appointment.
- **Mr. S. P. Mustafa** (56) BA, FCA (Eng & Wales), is working with Hindustan Lever Ltd., as the Group Treasurer and Head-Mergers & Acquisitions. He was inducted in the Board of Vashisti Detergents Ltd., in October, 2001.
- **Mr. P. Banerjee** (46) Chemical Engineer is working with Hindustan Lever Ltd., as Technical Controller, Detergents. He was appointed as a Director w.e.f. 23<sup>rd</sup> April, 2003.
- **Mr. U. Shah** (43), B.E, MMS, is working with Hindustan Lever Ltd., as Commercial Controller, Detergents. He was appointed as a Director w.e.f. 25<sup>th</sup> July, 2003. He is retiring by rotation in the forth coming Annual General Meeting and offers himself for re-appointment.

Particulars of Directorships of other Companies and Memberships of other Committees have been disclosed in para 2A above.

#### B. MEANS OF COMMUNICATION

The Company publishes its quarterly, half yearly and annual results in the Indian Express (English), Loksatta (Marathi) and local newspaper Dainik Sagar, Chiplun.

#### C. INVESTOR GRIEVANCES

As mentioned earlier, the Company has a duly constituted Shareholder / Investors Grievances Committee for redressing shareholders and investor complaints. The status of compliance is reported to the Board of Directors through the minutes of the Committee Meeting of the Shareholders / Investors Grievances Committee. Mr. B. R. Gouniyal, Company Secretary is the Compliance Officer.

#### D. SHARE TRANSFER

Shares sent for transfer in physical form are registered by the Registrars and Share Transfer Agents within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks.

All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

#### E. DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS

There were no instances of non-compliance of any matter mentioned above.

#### F. GENERAL BODY MEETINGS

The 14<sup>th</sup> and 15<sup>th</sup> Annual General Meetings of the Company were held at the Registered Office of the Company at Plot No. B-7, M.I.D.C., Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Pin 415 722, Maharashtra State, at 10.00 a.m. on 19<sup>th</sup> July, 2002 and 29<sup>th</sup> August, 2003 respectively and the 16<sup>th</sup> Annual General Meeting of the Company was held at Hotel Gateway Riverview, Dhamandivi, Tal - Khed, Dist. Ratnagiri, Maharashtra State, at 10.00 a.m. on 27<sup>th</sup> August, 2004.

**Note :** No Postal Ballots were used / invited for voting at these meetings in respect of special resolution passed. The Company shall comply with the requirements relating to Postal Ballot as and when required.



## Vashisti Detergents Limited

**Financial Calendar :**

 Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

Results	For the year ended 31 <sup>st</sup> March, 2005 were announced on	For the year ending 31 <sup>st</sup> March, 2006 will be announced by
- First Quarter	26 <sup>th</sup> July, 2004	31 <sup>st</sup> July, 2005
- Half Year	25 <sup>th</sup> October, 2004	31 <sup>st</sup> October, 2005
- Third Quarter	14 <sup>th</sup> January, 2005	31 <sup>st</sup> January, 2006
- Fourth Quarter & Annual	26 <sup>th</sup> April, 2005	30 <sup>th</sup> April, 2006

**Dividend Date :**

Not applicable

**Listing on Stock Exchange :**

The Company's Equity Shares are listed on "The Stock Exchange, Mumbai" as well as "National Stock Exchange of India Ltd." The Stock Code are as under :

**Name of the Stock Exchange :**

 The Stock Exchange, Mumbai  
National Stock Exchange

**Stock Code**

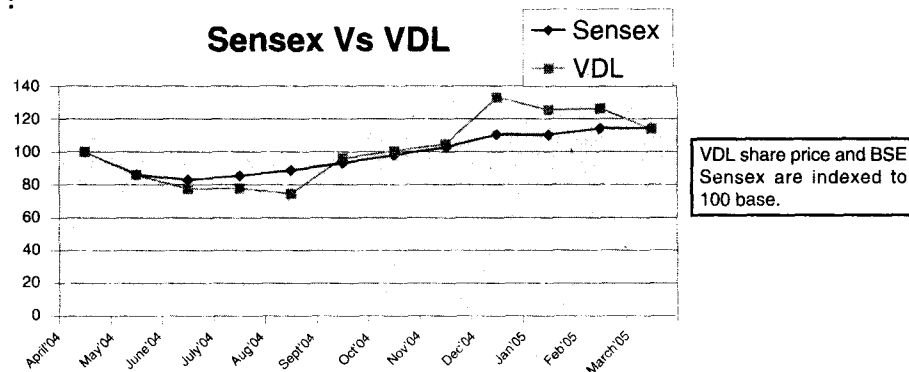
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TATAVASHIS

The ISIN Number of Vashisti Detergents Limited (or demat number) on both NSDL and the CSDL is INE330A1013

**Stock Data :**

 Monthly share price data and volumes for the year ended 31<sup>st</sup> March, 2005.

STOCK DATA	BSE			NSE		
Year 2004-2005	High	Low	Volumes	High	Low	Volumes
Month	(Rs.)	(Rs.)	(Nos.)	(Rs.)	(Rs.)	(Nos.)
April, 2004	13.50	10.60	553,685	12.80	10.50	1,115,129
May, 2004	12.00	8.73	546,145	11.90	9.00	1,086,690
June, 2004	10.39	8.30	374,158	10.35	8.35	1,024,122
July, 2004	10.26	8.50	365,813	10.40	8.70	821,308
August, 2004	10.40	7.61	440,892	10.50	9.00	1,013,196
September, 2004	13.20	9.93	2,901,556	14.00	9.90	4,280,988
October, 2004	13.25	11.00	1,319,040	13.40	10.15	1,398,884
November, 2004	14.45	10.83	2,342,963	14.50	11.00	3,365,815
December, 2004	19.85	12.18	8,657,860	19.90	12.00	15,890,048
January, 2005	17.60	12.65	1,728,519	17.30	12.80	3,557,885
February, 2005	17.25	13.20	2,183,344	17.20	13.60	4,736,078
March, 2005	16.47	11.00	1,363,495	14.45	11.15	1,855,939

**Stock performance :**


## 17th Annual Report 2004-05

### Distribution of shareholding by ownership as on 31<sup>st</sup> March, 2005 :

Srl.	Category	No. of Shares	Shareholding %
1	Foreign Holdings	1,176,549	2.29%
2	Govt./Financial Institutions	2,354,700	4.58%
3	Hindustan Lever Ltd.	16,904,140	32.90%
4	Bodies Corporates	3,573,493	6.95%
5	Top Holders (100 Shareholders)	2,759,697	5.37%
6	Mutual Funds	15,700	0.03%
7	Others	24,601,861	47.88%
	<b>Total</b>	<b>51,386,140</b>	<b>100.00%</b>

### Distribution of shareholding by size as on 31<sup>st</sup> March, 2005 :

Range of shares (1)	Shareholders		Share Amount	
	Number (2)	% to Total (3)	In Rupees (4)	% to Total (5)
Less than 5,000	68,126	88.69	109,589,280	21.33
5,001 - 10,000	4,620	6.02	40,016,500	7.79
10,001 - 20,000	2,137	2.78	34,134,760	6.64
20,001 - 30,000	696	0.91	18,200,470	3.54
30,001 - 40,000	297	0.39	10,925,330	2.12
40,001 - 50,000	333	0.43	15,977,410	3.11
50,001 - 100,000	379	0.49	28,207,700	5.49
100,001 and above	225	0.29	256,809,950	49.98
<b>Total</b>	<b>76,813</b>	<b>100.00</b>	<b>5,13,861,400</b>	<b>100.00</b>

### Shares held in Physical and Dematerialisation form :

As on 31<sup>st</sup> March, 2005, 54.23% (2,78,67,432 number of shares) of shares were held in dematerialised form and rest (45.77%) in physical form (2,35,18,708 number of shares).

### Outstanding GDRs / ADRs / Warrants or Convertible Instruments :

Not applicable.

### Address for Correspondence :

**Registrars and Share Transfer Agents** (For Share Transfer and related queries) :

**M/s. Sharepro Services (India) Pvt. Ltd.**, Satam Industrial Estate, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.

Tel. : (022) 2821 5168, 2834 8218, 2832 9828 • Fax : (022) 2837 5646 • Email : shareproservices@vsnl.com

**Company** (for general assistance) :

**Vashisti Detergents Limited, Regd. Office** : Plot No. B-7, M.I.D.C., Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Pin 415 722, Maharashtra State.

Tel. : (02356) 272093, 272324, 272318, 272320

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an Annexure to the Directors' Report.

## ANNEXURE TO THE DIRECTORS' REPORT

### Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

#### TO THE MEMBERS OF VASHISTI DETERGENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Vashisti Detergents Limited, for the year ended on 31<sup>st</sup> March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2005, the Registrars of the Company have certified that as at 31<sup>st</sup> March, 2005, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For N. M. Rajji & Co.,**  
Chartered Accountants

**M. N. Thakkar**  
Partner

Membership No. 8873

Place : Mumbai  
Dated : 26<sup>th</sup> April, 2005