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VASUNDHARA RASAYANS LIMITED

Annual Report 2003-04

BOARD OF DIRECTORS

Mr. M.P.AGRAWALL
Mr. BIMAL KUMAR KEDIA
Mrs. RENU AGRAWALL
Dr. J.K.LALLA
Mr. D.Y. SATHAYE
Mr. K.C.GUPTA
Mr. PAWAN KUMAR AGRAWALL
Mr. SHAIENDRA SINGHVI

MANAGING DIRECTOR
EXECUTIVE DIRECTOR

BANKERS

STATE BANK OF INDIA

AUDITORS

M/s. Agarwal Gupta Nokari &
Rustagi Associates
12, Waterloo Street
Calcutta - 700 069

REGISTERED OFFICE

612/613, Swapnalok Complex
92/93, S D ROAD
Secunderabad - 500 003.

FACTORY

C-104, MIDC Industrial Area
Mahad, (Dist. Raigad)
MAHARASHTRA.

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registrar Pvt.Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West)
Mumbai - 400 078.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Members of VASUNDHARA RASAYANS LIMITED will be held at the Lions Bhavan, 1-8-179, Lakhpat Building, Behind LIC, Near Paradise Circle, Secunderabad - 500 003 on Saturday, the 25th September, 2004 at 11.00 A.M. to transact the following business:

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. K. Kedia, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. J.K.Lalla, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold the Office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Shailendra Singhvi retiring at this Annual General Meeting, having been appointed as an additional Director, being eligible and offering himself for the appointment and in respect of whom the Company having received notice in writing under section 257 of the Companies Act 1956, from a member proposing his candidature, be and is hereby appointed as Director of the Company."

Date : 19.08.2004

REGISTERED OFFICE

612/613, Swapnalok Complex
92/93, S.D. Road
Secunderabad - 500 003
Andhra Pradesh.

BY ORDER OF THE
BOARD OF DIRECTORS

(MAHABIR PRASAD AGRAWALL)
MANAGING DIRECTOR

NOTE :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself and a proxy need not be a member of the Company. The proxies in order to be effective must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

2. The register of members and share transfer book of the Company will remain closed from 18th September 2004 and 25th September, 2004(both days inclusive).
3. Members are requested to :
 - i) Intimate change, if any, in their registered addresses at an early date.
 - ii) Quote Investor Registration No./Counter Receipt No./Regd.Folio No. in all their correspondence.
 - iii) Bring their copies of the Annual Reports and the Attendance Slips with them at the Annual General Meeting.
 - iv) Write to the Company's Registrars & Share Transfer Agents, M/s Intime Spectrum Registry Limited enclosing their share certificates for consolidation into one folio for better services, if they have more than one folio in identical order of name(s).

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

Item No. 5

The Board of Directors of the Company had appointed Mr. Shailendra Singhvi at their meeting held on 19th August, 2004, as Additional Director, liable to retire by rotation. Under section 262 of the Companies Act, 1956 read with Articles of Association of the Company, the above named Director holds office only till the date of the forthcoming Annual General Meeting.

Notice has been received from a Member as required under section 257 of the Companies Act, 1956 proposing Mr. Shailendra Singhvi as candidate for the office of the Director.

The Director appointment/reappointment may be deemed to be concerned or interested in the resolution.

Date : 19.08.2004

REGISTERED OFFICE :

612/613, Swapnalok Complex
92/93, S.D. Road
Secunderabad - 500 003
Andhra Pradesh.

BY ORDER OF THE
BOARD OF DIRECTORS

(MAHABIR PRASAD AGRAWALL)
MANAGING DIRECTOR

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Accounts of your Company for the year ended 31st March, 2004.

1. YOUR COMPANY'S SUMMARISED FINANCIAL RESULTS ARE AS UNDER :

	(Rupees in thousands)	
	CURRENT YEAR ENDED 31.03.2004	PREVIOUS YEAR ENDED 31.3.2003
Turnover	66539	48113
Other Income	1329	1622
Gross Profit/(Loss) before interest, depreciation & taxation	11088	8055
Interest	1663	1990
Profit/(Loss) before depreciation & taxation	9425	6065
Depreciation	3853	3200
Profit/(Loss) before Taxation	5572	2865
Prior period Adjustments	232	—
Provision for Taxation (Including Provision for Deferred Tax Previous Year: 1934)	1911	982
Net Profit/(Loss) after Taxation	3429	1883

2. OPERATIONS

Turnover for the year at Rs 665.39 Lacs grew by 38.30% compared to Rs. 481.13 Lacs in the previous year. Growth was recorded in both business segments of domestic as well as export sales of the Company. Export Sales increased to 122.30 Lacs from 88.81 Lacs in the previous year and domestic sale increased to Rs. 543.09 Lacs from 392.33 Lacs in the previous year, thus registering a growth of 37.71% and 38.43% respectively.

The Company has doubled both of its operating profit after interest and depreciation as well as net profit after tax, which is reported at Rs. 55.72 Lacs and Rs. 34.29 Lacs respectively in comparison to Rs. 28.64 Lacs and Rs. 18.83 Lacs respectively in the previous year. Thus the Company has put up a very strong financial performance during the year under review due to tremendous efforts by the management. Reduction in the interest cost in spite of putting higher turnover has also contributed in the growth of the net profit earned by the Company.

3. DIVIDEND

In view of recognising the need to conserve resources for future growth, your Directors do not recommend any Dividend for the year under review.

4. FINANCIAL ACTIVITIES

In view of the increasing working capital requirement to meet with production and supply against orders in hand the Company has applied to its present Bankers to increase cash credit facility being availed by the Company from present level of Rs. 85.00 Lacs to Rs. 220.00 Lacs.

5. DIRECTORS

Mr. Bimal Kumar Kedia and Mr. J.K.Lalla retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Shailendra Singhvi has been inducted as additional Director on the Board of Directors of your Company to hold office upto this Annual General Meeting, having received the notice proposing his candidature as required under section 257 of the Companies Act, 1956, his appointment as Director of the Company is recommended.

6. AUDITORS

M/s Agarwal Gupta Nokari & Rustagi Associates, Chartered Accountants, Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting. The Auditors have furnished a certificate, under section 224(1) of the Companies Act, 1956, of their eligibility for reappointment, therefore Your Directors recommend M/s Agarwal Gupta Nokari & Rustagi Associates, Chartered Accountants for appointment as your Company's Statutory Auditors from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

7. CORPORATE GOVERNANCE

Your Company is committed to business integrity, high ethical values and professionalism in all its activities. As an essential part of this commitment, the Board of Directors support high standards in corporate governance. A separate report on Corporate Governance alongwith the certificate of the Auditors, M/s Agarwal, Gupta, Nokari & Rustagi Associates, confirming compliance of the conditions of corporate governance, as stipulated under clause 49 of Listing Agreements entered into with the Stock Exchanges is annexed.

8. DEPOSITS

During the year under review, your Company has not accepted any deposits.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO

Additional information on conservation of Energy, Technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure and forms part of this report.

10. PARTICULARS OF EMPLOYEES

None of the employees is drawing remuneration in excess of the ceiling laid down under the provision of Section 217 (2) (A) of the Companies Act, 1956 as amended read with the Companies (particulars of Employees) Rules, 1975.

11. DIRECTORS RESPONSIBILITY STATEMENT

In compliance of recently introduced Section 217 (2AA) in the Companies Act, 1956, your Directors state that:

- i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) That the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at 31st March, 2004 and of the Profit of the Company for the year ended on that date;
- iii) That proper and sufficient care has been taken 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;
- iv) That the Annual Accounts have been prepared on a going concern basis.

12. ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere thanks and gratitude to the State Bank of India for their continued assistance and co-operation, and the customers for their continued support and patronage.

For and on behalf of Board of Directors

M.P. AGRAWALL
MANAGING DIRECTOR

Place : Secunderabad

Date:19-08-2004

ANNEXURE TO THE DIRECTOR'S REPORT

Information under Section 217(i)(e) of Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Director's Report for the year ended 31st March, 2004.

A. CONSERVATION OF ENERGY

The basic engineering design of the Plant is based on optimum consumption and provision has been made to conserve energy to the maximum possible extent which would reduce the liability on energy bills.

B. TECHNOLOGY ABSORPTION**i) RESEARCH AND DEVELOPMENT**

1. Specific areas in which R&D carried out by the Company:

Improvement and upgradation in quality, productivity and process efficiency, Development of new applications for utilisation of our products and development of new products.

2. Benefits derived as a result of the above R&D:

Improvement in quality of products, production efficiency and wider application of products manufactured by the Company.

3. R & D Expenditure:

- | | | |
|--------------------------|---|------------|
| a) Capital | : | NIL |
| b) Recurring expenditure | : | Rs. 2204/- |

4. Future plan of action:

Improvement in quality of products and process, production efficiency, better product mix, reduction in power and fuel consumption and wider application of the products manufactured by the Company.

ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INTIMATION

For the Company's existing product line there is no technical collaboration.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

Outgo : Rs.1,99,535/-	Earnings : Rs.1,22,29,911/-
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CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Code of Corporate Governance :

Vasundhara Rasayans Limited is committed to business integrity and high ethical values. The Company firmly believes in good corporate governance as implementation of the principles of Corporate Governance would encourage the process of collective thinking and bring about professionalisation of corporate management. It would also partially decentralise the responsibility of decision-making. All stakeholders, including shareholders, employees, creditors, customers, suppliers, Government and public at large will benefit by the transparency in and professionalisation of corporate management.

As reported in the last report, Your Company has implemented all mandatory requirements on Corporate Governance.

2. Board of Directors :

Composition of the Board

The total strength of the Board is eight, out of which, four are executive - promoter directors and three are non-executive independent directors. To comply with the proportion recommended by Clause 49 of the Listing Agreement, the Company has since appointed one more independent director as an additional director in its Board Meeting held on 19.08.2004.

Directors' Attendance record and directorship

Sl. No.	Name of the Director	Promoter/ Executive/ Independent Nominee	No. of Board meetings during the year		Attendance at the last AGM	No. of Director ships of others Companies	Member Chairman of committees other than the company
			Held	Attended			
1	Shri MP Agrawal	P. & E.D.	7	5	Yes	9	-
2	Shri BK Kedia	P. & E.D.	7	6	Yes	10	-
3	Smt. Renu-Agrawal	P & NED	7	7	No	3	-
4	Shri KC Gupta	N-EID	7	3	No		-
5	Shri Pawan Kumar Agrawal	P.& NED	7	5	Y	11	-
6	Shri DY Sathaye	N-EID	7	1	No		-
7	Shri JK Lalla	N-EID	7	1	No		-

Details of Board Meetings :

During the financial year 2003-04, seven Board Meetings were conducted as under: .

Sl.No.	Date of Board Meetings
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1.	30-04-03
2.	01-08-03
3.	18-08-03
4.	21-10-03
5.	30-01-04
6.	25-03-04
7.	31-03-04

REMUNERATION TO DIRECTORS:

Remuneration during the year 2003-2004

Sl. No.	Name of the Director	Salary & Perks(Rs.)	Commission(Rs.)	Sitting fees(Rs.)	Total(Rs.)
1.	Shri MP Agrawal	216000	-	-	216000
2.	Shri BK Kedia	80000	-	-	80000
3.	Shri DY Sathaye	-	-	2500	2500
4.	Shri JK Lalla	-	-	2500	2500

Brief Profiles and other Directorships of Directors seeking re-appointment at the 17th Annual General Meeting:

Name of Director	Shri Bimal Kumar Kedia	Shri JK Lalla
Date of Birth	2nd August, 1956	12th December 1939
Date of Appointment	05-03-1987	25-03-1992
A brief Profile & nature of expertise in specific functional areas	More than 20 years experience in pharmaceutical and construction business.	An M. Pharma & Ph.D, a renowned scholar in various Pharmaceutical Research and Publications and Specialist in pharmaceutical Technology, Quality Assurance and Herbal standardization with more than 35 years of experience in providing consultancy to various Boards, Councils, Government Tribunals, Corporations, Pharmaceutical Industry units, having membership in various professional bodies.