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VASUNDHARA RASAYANS LIMITED

Annual Report 2004-05

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. SHAILENDRA SINGHVI

MANAGING DIRECTOR
EXECUTIVE DIRECTOR

BANKERS

STATE BANK OF INDIA

AUDITORS

M/s. Agarwal Gupta Nokari &
Rustagi Associates
12, Waterloo Street
KOLKATA - 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

CIL SECURITIES LTD
214 Raghava Ratna Towers
Chirag Ali Lane, Abids
HYDERABAD - 500001

VASUNDHARA RASAYANS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Members of VASUNDHARA RASAYANS LIMITED will be held at the Lions Bhavan, 1-8-179, Lakshpat Building, Behind LIC, Near Paradise Circle, Secunderabad - 500 003 on Saturday, the 10th September, 2005 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, 2005 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 Shri. Pawan Kumar Agrawal, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri. D Y Sathaye, 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.

Date : 21.06.2005

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

NOTES :

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 03.09.2005 and 10.09.2005 (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 CIL Securities 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).

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report and Audited Accounts of your Company for the year ended 31st March, 2005.

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

(Rupees in thousands)

	CURRENT YEAR ENDED 31.03.2005	PREVIOUS YEAR ENDED 31.3.2004
Turnover	60258	66539
Other Income	1516	1329
Gross Profit/(Loss) before interest, depreciation & taxation	3167	11088
Interest	1200	1663
Profit/(Loss) before depreciation & taxation	1967	9425
Depreciation	4005	3853
Profit/(Loss) before Taxation	(2038)	5572
Prior period Adjustments	—	232
Provision for Taxation (Including Provision for Deferred Tax Previous Year: 1934)	732	1911
Net Profit/(Loss) after Taxation	(1306)	3429

2. OPERATIONS

During the year under review the turnover of the Company has come down at Rs. 602.68 Lacs in comparison to the previous year's figure at Rs. 665.39 Lacs due to shortage of demand for its finish products in international and domestic market. No growth was recorded in the both segments of domestic as well as export sales.

The company has suffered operating loss after interest and deprecation as well as net loss after provision for income tax, which is reported at Rs 20.38 lacs & Rs 13.06 lacs respectively in comparison to profit of Rs 55.72 lacs and Rs 34.29 lacs respectively in the previous year. Thus the company has been trying hard to reduce the interest and other costs. In future after adopting all cost cutting measures and by improving its overall sales the company is hopeful of performing much better and improve its profitability accordingly.

3. DIVIDEND

In view of the loss earned during the year your Directors are unable to propose any dividend.

4. FINANCIAL ACTIVITIES

In view of Increasing working capital requirement to meet with the 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 120 lacs to Rs 220 lacs.

5. DIRECTORS

Shri Pawan Kumar Agrawal and Shri. DY Sathaye retire by rotation and being eligible, offer themselves for re-appointment.

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, 2005 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

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**M.P. AGRAWALL
MANAGING DIRECTOR**

Place : Secunderabad
Date : 21-06-2005

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, 2005.

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 : NIL

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 1,01,992/-

Earnings : Rs 96,44,059/-

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VASUNDHARA RASAYANS LIMITED

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 four are non-executive independent directors.

Directors' Attendance record and directorship

Sl. No.	Name of the Director	Promoter / Executive/ Independent/ Nominee	No. of Board meetings during the year		Attend once at the last AGM	No. of Director -ships of other Companies	Member/ Chairman of committees other than the Company
			Held	Attended			
1.	Shri MP Agrawal	P. & E.D.	14	14	No	11	-
2.	Shri BK Kedia	P. & E.D.	14	13	Yes	16	-
3.	Smt. Renu Agrawal	P & NED	14	12	No	3	-
4	Shri KC Gupta	N-EID	14	6	No	-	-
5.	Shri Pawan Kumar Agrawal	P.& NED	14	12	Yes	14	-
6.	Shri DY Sathaye	N-EID	14	2	No	-	-
7	Shri JK Lalla	N-EID	14	2	No	-	-
8	Shri Shailender Singhvi	N-NED	14	4	Yes	1	-

Details of Board Meetings:

During the financial year 2004-05, Thirteen (13) Board Meetings were conducted as under:

Sl.No.	Date of Board Meetings
1.	18.05.2004
2.	21.05.2004
3.	22.05.2004
4.	24.05.2004
5.	19.08.2004
6.	21.08.2004
7.	20.09.2004
8.	24.09.2004
9.	28.09.2004
10.	01.10.2004
11.	29.10.2004
12.	30.10.2004
13.	15.02.2005
14.	31.03.2005

REMUNERATION TO DIRECTORS:

Remuneration during the year 2004-2005

S.No.	Name of the Director	Salary & Perks (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	Total (Rs.)
1.	Shri MP Agrawall	2,16,000/-	-	-	2,16,000/-
2.	Shri BK Kedia	2,28,000/-	-	-	2,28,000/-
3.	Shri DY Sathaye	-	-	-	-
4.	Shri JK Lalla	-	-	-	-

Brief Profiles and other Directorships of Directors seeking re-appointment at the 18th Annual General Meeting :

Name of Director	Shri Pawan Kumar Agrawall	Shri DY Sathaye
Date of Birth	14.08.1957	12-11-1950
Date of Appointment	01.08.2003	02-12-1996
A brief Profile & nature of expertise in specific functional areas	A commerce and Law Graduate with more than 15 years of experience in pharmaceutical business.	BSC and MBA in Marketing and Finance Ex manager of SICOM(Financial Institution& currently engaged as Management consultant for various reputed companies

List of outside Directorship held	1. Fortune Constructions Pvt Ltd., 2. Kailash Ganga Constructions Pvt Ltd. 3. Walden Mgmt. Services Pvt Ltd. 4. Invecta Technologies Pvt Ltd. 5. Nipha Trade Comm. Pvt.Ltd 6. Keshav Priya Fin. Pvt.Ltd. 7. A.R.Pharmacare Pvt Ltd. 8. Sreepathi Pharmaceuticals Ltd. 9. Vasundhara Constructions Pvt. Ltd. 10. Shubham Telecom Pvt. Ltd. 11. Konzept Nirmaan Pvt. Ltd. 12. Universal Realtors Pvt. Ltd. 13. Ambience Resorts & Motels Pvt. Ltd. 15. Ambience Properties Ltd.	Nil
List of membership/ chairman-ship in the committees of other companies	Nil	Nil

3. Audit Committee:

The Audit Committee was constituted on 1st, August 2003 with the powers, terms of reference and role of the committee as per the requirements of the Clause 49 of the Listing Agreements with the Stock Exchanges. The Audit Committee also complies with the relevant provisions of the Companies Act, 1956.

Composition

The Audit Committee was constituted by the Board of Directors comprises four members all being non-executive directors and majority of them being independent. The representatives of the Internal Auditors and Statutory Auditors will be permanent invitees.

- Oversight of the company's financial reporting process and the disclosure of its 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 also approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Review with the management, external and internal auditors, the internal audit report and the report of the external auditors.
- Review of the adequacy and effectiveness of Internal Audit Function, the internal control system of the Company, compliance with the Company's policies and applicable laws and regulations.

The Audit Committee may also review such matters as considered appropriate to it or referred to it by the Board.