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***VASUNDHARA RASAYANS LIMITED***

**Annual Report 2006-07**

## **BOARD OF DIRECTORS**

Mr. PRAKASH CHAND JAIN

Mr. SANJAY KUMAR JAIN

Mr. SUNIL KUMAR JAIN

Mr. RAJESH POKERNA

Mr. RAJESH KUMAR JAIN

Mr. PRAVIN P. MAJMUMDAR

Mr. RAJIV PRITIDAS KAKODKAR

Dr. PARAG ASHOK SHARMA

MANAGING DIRECTOR

EXECUTIVE DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

## **BANKERS**

STATE BANK OF INDIA

DADAR BRANCH, MUMBAI.

## **AUDITORS**

M/s. Agarwal Gupta Nokari &

Rustagi Associates

12, Waterloo Street

KOLKATA - 700 069

## **REGISTERED OFFICE**

SHED NO.42, PHASE II, IDA,

MALLAPUR,

HYDERABAD - 500 076.

## **FACTORY**

C-104, MIDC Industrial Area

Mahad, (Dist. Raigad)

MAHARASHTRA.

## **REGISTRAR & SHARE TRANSFER AGENT**

CIL SECURITIES LTD

214, Raghavaratna Towers

Chirag Ali Lane, Abids

HYDERABAD-500 001.

**NOTICE**

NOTICE IS HEREBY GIVEN THAT the 20<sup>th</sup> 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 29<sup>th</sup> day of September, 2007 at 1:00 P.M. to transact the following business:

**AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Shri Sunil Kumar Jain who retire by rotation, and is eligible for reappointment.
3. To appoint Director in place of Shri Rajesh Pokerna who retire by rotation, and is eligible for reappointment.
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.

**BY ORDER OF THE  
BOARD OF DIRECTORS**

**(PRAKASH CHAND JAIN)  
MANAGING DIRECTOR**

**REGISTERED OFFICE:**

Shed No.42, Phase II, IDA,  
Mallapur,  
Hyderabad - 500 076,  
Andhra Pradesh.

Dated this 1<sup>st</sup> day of September, 2007

**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 26.09.2007 to 29.09.2007 (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 Ltd., 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 20<sup>th</sup> Annual Report and Audited Accounts of your Company for the year ended 31st March 2007.

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

(Rupees in thousands)

	<b>CURRENT YEAR ENDED 31.03.2007</b>	<b>PREVIOUS YEAR ENDED 31.3.2006</b>
Turnover	68821	79410
Other Income	448	96
Gross Profit/(Loss) before interest, depreciation & taxation	2806	7133
Interest	1827	1716
Profit before Depreciation & taxation	979	5417
Depreciation	4614	4381
Profit/(Loss) before Taxation	(3635)	1036
Prior period Adjustments	—	—
Provision for Taxation (Including Provision for Deferred Tax Previous Year)	(34)	185
Deferred tax	1021	617
Net Profit after Taxation	(2648)	234

**2. OPERATIONS**

During the year under review the turnover of the Company Rs. 688.21 Lakhs in comparison to the previous year's figure at Rs. 794.10. Lakhs

The company has achieved operating profit after interest and deprecation as well as net profit after provision for income tax, which is reported at Rs (36.35) lacs & Rs (26.48) lacs respectively in comparison to profit of Rs 10.36 lacs and Rs 2.34 lacs respectively in the previous year. The reduction in production and sales are due to the fact that the plant could not be operated at its rated capacity through out the year due to the modernization and installation of capital equipment which was necessary to improve the productivity and sales and to reduce the operating cost. With the above measures the Company is hopeful to perform better and improve its profitability

**3. DIVIDEND**

Your Directors are unable to propose any dividend during the year.

#### 4. FINANCIAL ACTIVITIES

Even though the company needs more working capital to meet with the production and supply against orders in hand, the company is managing with its present level of Rs 120 lacs.

#### 5. DIRECTORS

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company Shri. Sunil Kumar Jain & Shri Rajesh Pokerna, Directors, retires by rotation at the ensuing Annual General Meeting of your Company and being eligible, offer himself 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 along with 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

A

N

D

##### 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 judgments 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, 2007 and of the loss 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 safe guarding 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**

**PRAKASH CHAND JAIN  
MANAGING DIRECTOR**

**Place :** Secunderabad

**Date :-** 1<sup>st</sup> day of September, 2007

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## 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, 2007.

### 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 up gradation in quality, productivity and process efficiency, Development of new applications for utilization 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.Nil/-

Earnings: Rs.31639644/-

## 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.

### 2. Board of Directors:

#### Composition of the Board

The total strength of the Board is eight.

#### 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 other Companies.	Member/ Chairman of committees other than the Company.
			Held	Attended			
1	Shri.Prakash Chand Jain	C & M.D.	16	16	Yes	4	-
2	Shri.Sanjay Kumar Jain	E.DIRECTOR	16	15	No	2	-
3	Shri.Sunil Kumar Jain	DIRECTOR	16	16	Yes	3	-
4	Shri.Rajesh Pokerna	DIRECTOR	16	14	Yes	3	-
5	Shri.Rajesh Kumar Jain	DIRECTOR	16	3	No	2	-
6	Shri.PravinPMajmumdar	DIRECTOR	16	5	Yes	-	-
7	Shri. Rajiv Pritidas Kakodkar	DIRECTOR	16	2	No	-	-
8	Dr. Parag Ashok Sharma	DIRECTOR	16	3	No	-	-



**Details of Board Meetings:**

During the financial year 2006-2007(16) Board Meetings were conducted as under:

<b><u>S.No.</u></b>	<b><u>Date of Board Meetings</u></b>
1.	26.04.2006
2.	28.04.2006
3.	15.05.2006
4.	18.05.2006
5.	30.05.2006
6.	01.07.2006
7.	28.07.2006
8.	31.07.2006
9.	23.08.2006
10.	12.09.2006
11.	29.09.2006
12.	30.09.2006
13.	30.10.2006
14.	09.12.2006
15.	29.01.2007
16.	06.03.2007

**Details of Directors being appointed and re-appointed**

Mr. Sunil Kumar Jain & Shri Rajesh Pokerna retires by rotation and being eligible offer himself for re-appointment.

**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 reconstituted by the Board of Directors comprising of the members followed by Shri. Prakash Chand Jain, Shri.Sunil Kumar Jain and Shri.Rajesh Pokerna on 07.10.2005. 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.

- d) Review with the management, external and internal auditors, the internal audit report and the report of the external auditors.
- e) 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.

#### **Details of Audit Committee Meetings:**

During the financial year 2006-07 the Audit Committee has met 3 (three) times. The dates on which the Audit Committee meeting was held are 30.10.2006, 09.12.2006 and 06.03.2007. The attendance of the Members at these meetings is as follows:

<u>Name of the Director</u>	<u>No. Of Meetings</u>	<u>No. Of Meetings attended</u>
1. Prakash Chand Jain	3	3
2. Sunil Kumar Jain	3	3
3. Rajesh Pokerna	3	3

The minutes of the Audit Committee Meetings are duly noted by the Board at the Board Meetings.

#### **4. Remuneration Committee**

The Remuneration committee was constituted during the financial year 2003-04 to take the responsibility of reviewing, recommending the directors' remuneration based on their individual performances. The Committee also sees to determine remuneration policy of the Company.

##### **Composition**

The Remuneration Committee was reconstituted on 07.10.2005 with Shri Sunil Kumar Jain as Chairman, Shri.Rajesh Pokerna and Shri.Sanjay Kumar Jain as other members.

##### **Attendance**

During the year 2006-07 the Remuneration Committee met once on 06.03.2007 all the Committee members were present at the meeting.

The minutes of the Remuneration Committee Meeting are duly noted by the Board at the Board Meetings.

#### **5. Share Transfer & Shareholders'/Investors' Grievances Committee**

The Company is having a "Shareholders'/Investors' Grievances Committee" in line with the amended listing agreement. The Committee is responsible for all matters concerning the share transfers, transmission, issue of duplicate share certificates and attending to the grievances of the shareholders.

The Committee oversees the performance of M/s CIL Securities Limited, the Registrar and share transfer Agents of the Company and recommends measures to improve the level of investor related services. Though the power to approve share transfers/ transmission are delegated to the Registrars and share transfer Agent, all the share transfers/transmission cases approved by the Registrar are reported to the Committee. The Committee also keeps a close watch on disposal status of all complaints/grievances of shareholders. The Company has not received any complaints from its shareholders during the year.