

12th Annual Report 1998 - 99

Report  Junction.com



Bal Pharma Limited

BOARD OF DIRECTORS : Mr. Shailesh Siroya - Managing Director
Mr. Shrenik D. Siroya - Wholetime Director
Dr. S. Prasanna - Wholetime Director
Mr. D.B. Siroya
Mr. A.B. Siroya

COMPANY SECRETARY : Mr. V. Srinivasan

BANKERS : State Bank of Mysore
Shamrao Vithal Co-op. Bank Limited

AUDITORS : Messers. Ostawal & Jain
Chartered Accountants
BANGALORE

SHARE TRANSFER AGENTS : Karnataka Financial Services Limited
29, Bowring Hospital Road
BANGALORE - 560 001

REGISTERED OFFICE & FACTORY : # 21-22, Bommasandra Industrial Area
(Formulation unit) Anekal Taluk
BANGALORE - 562 158

R & D CENTRE : # 61/B, Bommasandra Industrial Area
(Bulk Drug unit) BANGALORE - 562 158

PARENTERALS UNIT : Miaami Pharma & Chemicals
Village Kenjal, Dist. Bhore, Maharashtra

CORPORATE OFFICE : Ravikiran Apartments
12, Plain Street
BANGALORE - 560 001



Bal Pharma Limited

NOTICE

Notice is hereby given that Twelfth Annual General Meeting of the Members of Bal Pharma Limited will be held on Wednesday, the 22nd September, 1999 at 10.30 A. M. at the Registered Office of the Company at 21-22, Bommasandra Industrial Area, Anekal Taluk, BANGALORE 562158, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. D. B. Siroya, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. S. Prasanna, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

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 pursuant to Sections 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders be and is hereby accorded for the re-appointment of Mr. Shailesh Siroya as Managing Director of the Company for a period of 5 years commencing from 1.08.1999 on the following remuneration:

- | | |
|---|---|
| i) Salary | : Rs. 50,000 p.m. effective from 1.08.1999. |
| ii) Commission | : One percent of Net Profit. |
| iii) Perquisites | |
| a) Housing | : Provision of free furnished accommodation and in case no accommodation is provided HRA at 60% of the salary. |
| b) Medical Reimbursement | : Actuals or One month's salary p. a for self & family, whichever less. |
| c) Personal Accident Insurance | : Premium not exceeding Rs. 6,000 per annum. |
| d) Provident Fund, Superannuation, and Gratuity | : As per Company's Rules. |
| e) Club Fees | : Club fee subject to a maximum of 2 Clubs. |
| f) Motor Car | : Use of Company's Car for official purpose. The use of company's car for personal use to be billed by the Company. |
| g) Telephone & Fax | : Telephone facility at residence subject to the condition that personal long distance calls to be billed by the Company. |
| h) Earned Leave | : One Month's leave with full pay and allowance for every completed 11 months service. |

- | | |
|----------------------------|--|
| i) Encashment of Leave | : Leave accumulated and not availed of during his term may be allowed to be encashed at the end of his term. |
| j) Leave Travel Assistance | : One Month's Salary per year. |
| k) Entertainment Expenses | : Reimbursement of actual amount of entertainment expenses incurred wholly and exclusively in connection with the official work. |

6. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be increased from Rs. 8,00,00,000 divided into 65,00,000 Equity Shares of Rs. 10 each and 1,50,000 Redeemable Preference Shares of Rs. 100 each with or without warrants attached to it, to Rs. 10,00,00,000 divided into 65,00,000 Equity Shares of Rs. 10 each and 3,50,000 Redeemable Preference shares of Rs. 100 each with or without warrants attached to it.

7. To consider and if thought fit to pass, with or without modification(s) the following resolution as a Special Resolution.

"RESOLVED FURTHER THAT pursuant to section 16 of the Companies Act, 1956 and other applicable provisions, if any, the Memorandum of Association of the Company be amended by deleting the existing Clause V of the Memorandum of Association and by substituting in its place and stead the following Clause - V".

Clause V : The Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores only) divided into 65,00,000 Equity Shares of Rs. 10/- each and 3,50,000 Redeemable preference Shares of Rs. 100 each with or without warrants attached, with powers to increase or reduce and to vary, modify or abrogate any such rights, privileges or conditions in such manner as provided by resolutions of the Company."

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended by deleting the existing Article 3 of of the Articles of Association and by substituting in its place and stead the following Clause 3".

"Article 3: The Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores only) divided into 65,00,000 Equity Shares of Rs. 10/- each and 3,50,000 Redeemable Preference Shares of Rs. 100/- each with or without warrants attached, with powers to increase or reduce and to vary, modify or abrogate any such rights, privileges or conditions in such manner as provided by resolutions of the Company.

9. To consider and , if thought fit, to pass, with or without modifications(s), the following resolutions as a Special Resolution:



Bal Pharma Limited

"RESOLVED THAT pursuant to Section 81 (1A) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to issue and offer preference shares on such terms and conditions as the Board may in its discretion deem fit, to members of the public through prospectus, by private placement to others, such as Foreign Institutional Investors, Mutual Funds, Financial Institutions, Banks, Companies, Body Corporates, NRIs, Overseas Corporate Bodies and any other entity."

"IT IS FURTHER RESOLVED THAT the Company do hereby authorise the Board of Directors (hereinafter referred to "the Board" which expression shall include duly constituted committee thereof) to issue redeemable preference and/or convertible preference shares with or without warrants attached to it, on such terms and conditions as the Board may determine from time to time and to such persons as the Board may determine whether such persons are members of the Company or not."

"RESOLVED FURTHER THAT for the purpose of giving effects to the above resolutions the Board be and it is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on behalf of the Company, to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may, in its absolute discretion deem fit".

By order of the Board
For **BAL PHARMA LIMITED**

Bangalore
28th August, 1999

(V. SRINIVASAN)
Company Secretary

Regd. Office : 21-22, Bommasandra Industrial Area,
Anekal Taluk, Bangalore-562158.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Share Transfer Books and Register of Members will remain closed from 16.09.1999 to 22.09.1999 (both days inclusive).
4. The shareholders who are holding shares in identical orders of names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
5. The Shareholders/ proxies are requested to produce at the entrance, the admission slip duly completed and signed for admission to the meeting hall.
6. Members are requested to intimate any changes in their addresses.
7. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item Nos. 5, 6 & 7 is annexed hereto.

8. The shares of the Company are enlisted on the stock exchanges at Bangalore, and Mumbai. Listing fee has been paid upto date.

ANNEXURE TO NOTICE :

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 5

Mr. Shailesh Siroya was reappointed as Managing Director effective from 1.8.1999 for a further period of 5 years by the Board in their meeting held on 30.07.1999 on remuneration as detailed in the notice.

Mr. Shailesh Siroya holds a Master's Degree in Business Administration from the University of Akron, Ohio, U. S. A. He is associated with the Company since 1992 and has been the Managing Director since 1.9.1994. The terms of remuneration as specified in the notice are placed before the members in the General Meeting for their approval and ratification.

The terms indicated in the notice may be treated as an agreement between the Company and Mr. Shailesh Siroya pursuant to section 302 of the Companies Act, 1956.

Mr. D. B. Siroya, Mr. Shrenik Siroya and Mr. Shailesh Siroya are deemed to be interested in item No. 5 of the notice.

ITEM NO. 6, 7 & 8

For increasing the Authorised Share Capital of the Company, it is necessary to amend the capital clauses of the Memorandum and Articles of Association. The resolutions indicated in item nos. 6, 7 & 8 are enabling provisions.

None of the Directors is concerned or interested in the Resolution, except as shareholders.

ITEM NO. 9

The Company wishes to raise funds through private placement with persons who may or may not be members, venture funding, banks, overseas corporate bodies, NRIs, to institutional investors/ foreign investors etc. The detailed terms and conditions, including whether the preference shares are with or without share warrants, will be determined by the Board of Directors as may be deemed to be in the best interest of the Company. The resolution is an enabling one which provides adequate flexibility and discretionary powers to Board of Directors to finalise the terms of issue on various matters.

The board recommends the resolution for approval of the members.

None of the Directors is concerned or interested in the Resolution, except as shareholders.

By order of the Board
For **BAL PHARMA LIMITED**

Bangalore
28th August, 1999

(V. SRINIVASAN)
Company Secretary



Bal Pharma Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 12th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 1999.

FINANCIAL RESULTS :

	Rs. Lakhs	
	31.03.99	31.03.98
Sales	2489.67	1831.23
Other Income	37.08	41.54
Profit before Tax, Interest	68.90	40.27
Profit After Tax	62.18	36.21

OPERATIONS :

During the year, the Turnover of the Company has increased by 36%. Sales of Ethical Formulations and Generic Products in the domestic market have shown considerable improvement. The sustained efforts put in by the Export Team have resulted in higher exports at Rs. 562.98 lakhs compared to Rs. 205.61 lakhs last year. Despite severe competition, and low margins, your Company was able to earn a profit before tax of Rs. 68.90 lakhs. Your Company is continuing to take suitable steps for countering competition and better product management to increase profitability. The investment in the Bulk Drugs unit and the Parenterals Unit have increased the cost of borrowing.

FORMULATIONS :

The product range of the Company has been further increased by introduction of a few more products such as Diabend M, Diamet M. This Division has contributed about 29% of the Company's turnover. With a new Marketing Team the entire strategy will undergo a revolutionary change. The Company is planning to focus its attention in select therapeutic applications. Better customer rapport is being planned through extensive contacts.

The Company plans to double its sales in the Generics Division by expanding the product range and also by extending the areas of operations. Attractive sales promotion schemes are being introduced in order to boost the sales.

BULK DRUGS :

The Bulk Drugs unit produced and sold 592 Kgs of Gliclazide which is an anti-diabetic bulk drug. Demand for this bulk drug is quite encouraging. However, the margin in this drug is adversely affected by the dumping of Chinese products in India. Your

Company produces this product with an intermediate imported from China. But the same country also produces and dumps the bulk drug at very low prices. Your Company has taken steps to counter this situation.

RESEARCH AND DEVELOPMENT :

Technical experts working at the R & D Centre have undertaken development of a number of products which have good commercial market. The R & D efforts in the development of Amiloride, which has diuretic application, have proved to be successful. This will be marketed during the current year. A number of other projects on the anvil are expected to contribute substantially in the near future.

PARENTERALS :

The manufacturing unit of the Company located near Pune, has achieved success in increasing the capacity utilization. The capacity utilization of the Small Volume machine is almost full and that of the Large Volume is also substantially higher.

PROSPECTS :

The upward trend both in turnover and profits is expected to be maintained and improved upon. The Company expects to achieve much better results in the ensuing year. The export markets have been enlarged and this is expected to increase the exports turnover substantially. The Division is expected to post healthy growth. The Parenterals unit has received GMP Certificate for the small volume products and this is expected to help the Company to enter the International Market more aggressively.

DIVIDEND :

With a view to stabilizing the operations following the investments in the Bulk Drugs unit and Parenterals Unit, your Directors have considered it to be prudent not to recommend dividend for the year under review.

DIRECTORS :

Mr. D. B. Siroya and Dr. S. Prasanna retire by rotation and being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES :

A statement of particulars of employees, as required under Section 217(2 A) of the Companies Act, 1956, is annexed and forms part of this report.



Bal Pharma Limited

DIRECTORS' REPORT (Contd...)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

The particulars in respect of conservation of energy , technology absorption and foreign exchange earnings and outgo , as required under section 217 (1)(e) of the Companies Act, 1956 are setout in the annexure forming part of the report.

PERSONNEL :

The Board wishes to acknowledge the contribution of all the employees to the growth achieved by your company during the year.

PUBLIC DEPOSITS :

As on date of the report the Company has not accepted any public deposit.

AUDITORS :

Messers OSTAWAL & JAIN , CHARTERED ACCOUNTANT, the Company's Auditors, retire at the Annual General Meeting and are eligible for reappointment.

Y2K COMPLIANCE :

After reviewing the impact of Y2K problems, so far as it relates to the business and operations of the Company, the Company has taken necessary steps with software and hardware vendors in respect of products supplied by them to comply with Y2K requirements.

No significant costs/risks are foreseen on this account.

ACKNOWLEDGMENTS :

The Directors place on record their appreciation for the cooperation and guidance provided by the State Bank of Mysore, the Shamrao Vithal Cooperative Bank Ltd, and other banks and Financial Institutions, members of the medical profession, customers and other Business Associates. The Directors express their gratitude to all shareholders of the Company for the confidence reposed in the Management.

For and on behalf of the Board of Directors

Bangalore
30th July, 1999

DR. P. PRASANNA
Director

SHAILESH SIROYA
Managing Director

Report  junction.com



Bal Pharma Limited

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

SL NO PARTICULARS	1998-99	1997-98	B. CONSUMPTION PER UNIT OF PRODUCTION	Standards* 1998-99(+) 1997-98(+) (if any)
A. POWER AND FUEL CONSUMPTION				
1. ELECTRICITY			(i) Electricity (ii) Furnace Oil (iii) Coal (iv) Others	
(a) Purchased				
Unit (Kwhr)	11,49,466	9,01,258		
Total Amount (Rs.)	53,43,499	38,30,077		
Rate/Unit (Rs.)	4.65	4.25		
(b) Own Generation				
(i) Through Diesel Generator				
Unit ('000 Kwh) lakhs	49,036	36,097		
Unit per ltr of diesel	3.89	3.36		
Cost/Unit (Rs.)	3.15	3.34		
2. OTHER/INTERNAL GENERATION				
Quantity	Nil	Nil		
Total Cost	Nil	Nil		
Rate/Unit	Nil	Nil		

* Owing to the range of products manufactured and the ever changing product mix, it has not been possible to establish standards relating to consumption of energy per unit of production.

(+) For the same reasons and as per the Records and Books, maintained by the company, under the Companies Act, 1956, the company is not in a position to furnish the required information in the prescribed format for the current year and the previous year.

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. RESEARCH AND DEVELOPMENT (R & D)

(a) Specific areas in which R & D is carried out by the Company	:	Development of Bulk Drugs and Intermediates as import substitution. To develop new Bulk drugs
(b) Benefits derived as a result of above R & D	:	A new bulk drug imported till now has been produced in India by the Company.
(c) Future Plan of Action	:	To continue development of process for more Bulk Drugs & Formulation.
(d) Expenditure on R & D	:	
i) Capital		Rs. 123.51 lakhs
ii) Recurring		Rs. 37.46 lakhs
iii) Total		Rs. 160.97 lakhs
iv) Total R & D expenditure as a percentage of total turnover		6.4%

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(A) 1) Efforts in brief made towards technology absorption, adaptation and innovation.	:	Continuous efforts are under way to improve quality and yield.
2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	:	Cost saving & improvement in yield, product development



Bal Pharma Limited

ANNEXURE TO DIRECTORS' REPORT (Contd...)

3. IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING THE LAST 5 YEARS FROM THE FINANCIAL YEAR) FOLLOWING INFORMATION MAY BE FURNISHED :

(a) Technology imported	:	Nil
(b) Year of import	:	Nil
(c) Has the technology been fully absorbed	:	Nil
(d) If not fully absorbed, areas where this has not taken place, reason therefor and future plan of action	:	Not applicable

4. TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

	1998-99	1997-98
Total Foreign Exchange Earnings	36,377,783	19,338,977
Total Foreign Exchange Outgo		
a) Raw Material	19,110,824	18,261,520
b) Other Foreign currency payment:		
(i) Travelling Expenses	452,599	268,513
(ii) Export Promotion Expenses	Nil	Nil
(iii) Others	181,717	83,182

ANNEXURE - II

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975:

Sl. No.	Name & Designation	Qualification	Age	Gross Remuneration	Date of commencement	Total Experience	Last Employment
1.	Shailesh D Siroya Managing Director	M.B.A	33	7,68,000	1.08.94	7 Yrs	Business

For and on Behalf of the Board

Bangalore
30th July, 1999DR. S. PRASANNA
DirectorSHAILESH SIROYA
Managing Director