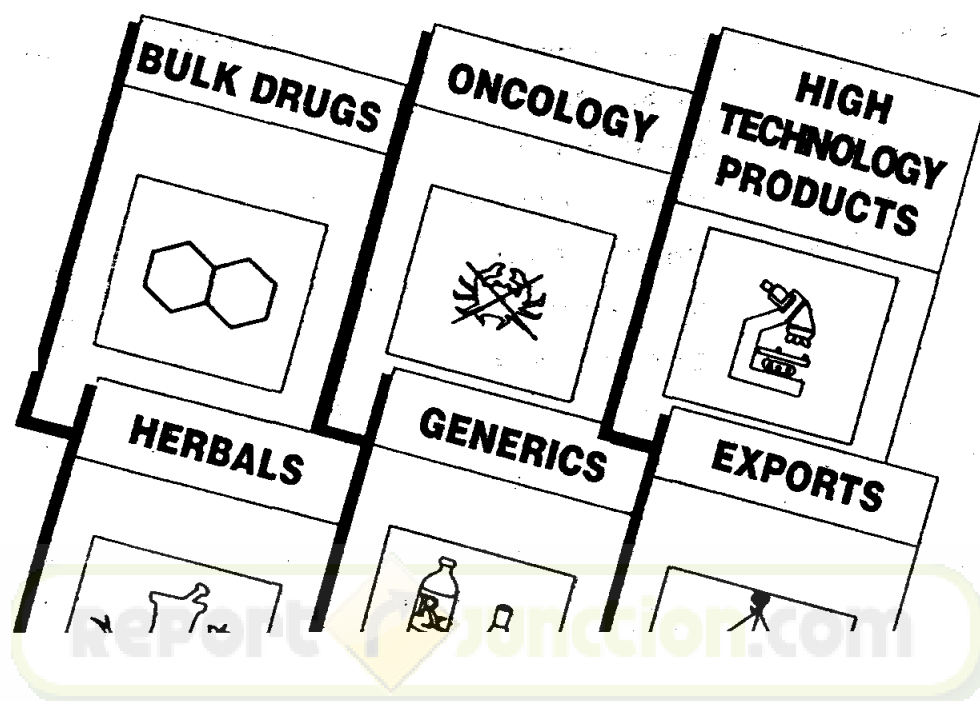




**BDH**  
INDUSTRIES LTD.

## Care, Quality and Reputation



Advanced Technology  
is the key to our continued Success

*Eleventh Annual Report 2000-2001*



## BDH INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Dr. G. G. Nair	Chairman
	:	Mrs. J. G. Nair	Managing Director
	:	Mr. S. C. Kachhara	Director
	:	Mrs. Karthika Nair	Director
	:	Mr. K. P. Prabhakar	Director
	:	Mrs. P. G. Menon	Director
	:	Mr. J. R. Nair	Director
	:	Dr. C. B. Hingorani	Director (Expired on 22/02/01)
	:	Dr. V. A. Padval	Director

FINANCE MANAGER &  
COMPANY SECRETARY : Mr. Kairav Trivedi

AUDITORS : L.K. Dangi & Co.  
Chartered Accountants  
Mumbai

BANKERS : Central Bank of India

REGISTERED OFFICE AND  
SHARE DEPARTMENT : Nair-Baug, Akurli Road  
Kandivli (East)  
Mumbai 400 101

SALES DEPOTS : Calicut  
Hyderabad

ELEVENTH ANNUAL GENERAL MEETING at Club Aquaria Enterprises, Devidas Road, Behind St. Lawrence School, LIC Colony, Borivli (W), Mumbai - 400 092. on Tuesday, the 18th September, 2001 at 11.30 a.m.



## NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of BDH INDUSTRIES LIMITED will be held at Club Aquaria Enterprises, Devidas Road, Behind St. Lawrence School, LIC Colony, Borivli - West, Mumbai - 400 092 on Tuesday, the 18th September, 2001 at 11.30 a.m to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and Auditors thereon.
2. To appoint a Director in place of Mr. S.C.Kachhara who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.P.Prabhakar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be fixed by the Board of Directors.

### SPECIAL BUSINESS :

5. To consider, and, if thought fit, to pass with or without modification (s), the following resolution as "SPECIAL RESOLUTION".

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below.

- a. Articles of Association shall include the following definitions under the head "INTERPRETATIONS" at appropriate places :

"Beneficial Owner" shall mean beneficial owner as defined under clause (a) of sub-section (1) section 2 of the Depositories Act, 1996.

"Depository Act, 1996" shall include any statutory modification or re-enactment thereof for the time being in force.

"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996.

"Member" means the duly registered holder from time to time of the shares of the Company and includes subscribers of the Memorandum of the Company and every person whose name is entered as a beneficial owner in the records of the depository

"Record" includes the records maintained in the form of books or stored in a computer or in such other form or medium as may be determined by regulations made by the SEBI Board.

"Regulations" mean the regulations made by the SEBI Board.

"Security" mean such security as may be specified by the SEBI Board.

"Securities & Exchange Board of India" means securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act 1992 .

To introduce the following as the last paras to Article under the head "INTERPRETATIONS".

"Notwithstanding anything contained herein, The Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form."

"Words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in the Act".

- b. Article 12 of the Articles of Association, be substituted as follows :

"Register and Index of Members : The Company shall cause to be kept a Register and Index of Members in accordance with Section 150 and 151 of the Act, and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media. The Register and Index of Members of beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of members for the purpose of this Act. The Company shall have the power to keep in any State or country outside India, a branch

register of members resident in that state or country."

- c. After Article 12 of the Articles of Association, the following Article be inserted as Article 12A :

"Power to Company to dematerialise and rematerialise : The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/ or offer its fresh shares and debentures and other securities in dematerialised form pursuant to the Depositories Act, 1996 and the rules framed hereunder, if any."

- d. Article 13 of the Articles of Association, be substituted as follows :

"Shares to be numbered progressively and no share to be sub-divided: The shares in the capital be numbered progressively according to their several denominations provided however, that the provisions relating to progressive numbering shall not apply to the shares of the company which are dematerialised in future or issued in dematerialised form. Except in the manner herein before mentioned, no share be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished."

- e. In Article 15 of the Articles of Association, the following para be added at its end :

"Shares under control of Directors : Notwithstanding anything contained in the Act or these Articles, the Board of Directors are empowered without any prior sanction of the members to dematerialise and rematerialise the securities of the Company and issue/ allot fresh securities in dematerialised form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the provisions of the Depositories Act, 1996 and rules framed thereunder."

- f. After Article 23(c) of the Articles of Association, the following new sub-clauses shall be inserted :

"Share Certificate :

(d) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its securities, rematerialise its securities held in the depositories and/or to offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder if any.

(e) Notwithstanding anything contained in sub-section (1) of Section 113 of the Act, where the securities are dealt with in a Depository the Company shall intimate the details thereof to the Depository immediately on allotment of such securities as far as practicable. On receipt of such information the depository shall enter in its record the name of the allottee as a beneficial owner of the security.

(f) Every person subscribing to the securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is beneficial owner of the securities can at any time opt out of a depository if permitted by law, in respect of any security in the manner provided by the Depository Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

(g) All securities held by a depository shall be dematerialised and be in fungible form.

(h) Nothing contained in section 153, 153A, 153B, 187B, 187C and 372/372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(i) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a Depository. No certificate shall be issued for the securities held by a Depository."

- g. The First Para in Article 26 of the Articles of Association, be substituted by the following paras :

"Company not bound to recognise any interest in share other than that of registered holder or beneficial owner : Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in



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the record of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall however express or implied notice thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of a beneficial owner. Save as otherwise provided hereinabove, the Depository as registered owner shall not have any voting rights in respect of securities held by it, and the beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its securities held by a Depository.

Article 60 of the Articles of Association, be substituted as follows:

### "Register of Transfers:

- a. The Company shall maintain a Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
- b. Notwithstanding anything contained in the Act or these Articles, where securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or any such other means.
- c. Every Depository shall maintain a Register and an Index of beneficial owner provided in Sections 150, 151 and 152 of the Act.
- d. The Company shall not be required to maintain Register of Transfers for entering particulars of transfer and transmission of securities in dematerialised form."

Article 61 of the Articles of Association, be substituted as follows:

### "Form of Transfers:

- a. The instrument of Transfer of any share shall be in the prescribed format and in accordance with the requirements of Section 108 of the Act.
- b. The instrument of transfer duly stamped (if required to be stamped) and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transfer and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. Any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.
- c. Every Depository shall, on receipt of intimation from a participant, register the transfer of security in the name of the transferee.
- d. Nothing contained in Section 108 of the Act or the Articles which are inconsistent with the provisions of Depositories Act, 1996 shall apply to a transfer of shares effected by a transferor or transferee both of whom are entered as beneficial owners in the records of a depository.
- e. Notwithstanding anything contained in these Articles, in the case of transfer or transmission of securities where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply.

In Article 72, after the words "the transmission clause" the following words be added.

"Including the shares held in dematerialised form".

Article 192 (k) of the Articles of Association, be substituted as follows:

"Certain Powers of the Board: Subject to the provisions of

Section 292, 293(1), 295, 370, 372 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. Notwithstanding anything contained in the Act or these Articles, the Company can hold investment in the name of a Depository when such investments are in the form of securities held by the Company as a beneficial owner."

1. In Article 236 of the Articles of Association the following words be added at its end:

"Provided that where the securities are held in a depository, the records of the beneficial ownership may be served by such depositories on the company by means of electronic mode or by delivery of depository floppies or discs."

BY ORDER OF THE BOARD

DR.G.G.NAIR  
CHAIRMAN

Mumbai,  
Dated: 26th July, 2001

Registered Office:  
Nair Baug, Akurli Road,  
Kandivli (East), Mumbai - 400101

### 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 and the proxy need not be a member.
2. The instrument appointing a proxy in order to be effective must be received at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting.
3. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday, the 12th September, 2001 to Tuesday, the 18th September, 2001 (both days inclusive).
4. Shareholders are requested to intimate the Company the change, if any, in their Registered Address.
5. Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting.

### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

#### Item No.5 :-

Some of the provisions of the Articles of Association relating to the issue and holding of shares, transfer/ transmission and dealing in shares, etc are proposed to be amended to bring in line with the Depositories Act, 1996. This will enable the shareholders to deal in the shares of the Company in dematerialised form and also ensure compliance of Listing Agreement.

The Board of Directors has recommended the resolution for the approval of the members to be passed as a Special Resolution.

Copy of the Memorandum and Articles of Association incorporating the proposed amendments will be available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting and will also be available for inspection at the meeting.

None of the Directors of the Company is interested in the resolution.

BY ORDER OF THE BOARD

DR.G.G.NAIR  
CHAIRMAN

Mumbai,  
Dated: 26th July, 2001

Registered Office:  
Nair Baug, Akurli Road,  
Kandivli (East), Mumbai - 400101

**DIRECTORS' REPORT**

To,  
THE MEMBERS  
BDH INDUSTRIES LIMITED

Your Directors have pleasure in presenting Eleventh Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2001.

**FINANCIAL RESULTS**

	2000-2001	(Rs. in Lacs) 1999-2000
Turnover & Other Income	3022.84	1818.45
Profit before Interest and Depreciation	351.39	232.47
Less : Interest	192.12	179.13
Depreciation	48.67	38.84
Profit before tax	110.60	14.50
Less : Provision for Taxation	2.71	0.80
Net Profit After Tax	107.89	13.70
Add : Surplus Brought Forward from the previous year	192.40	231.82
Less : Provision for Gratuity in respect of earlier years	—	53.12
Less : Provision for Taxation in respect of earlier years	0.99	—
Amount available for appropriation	299.30	192.40
Appropriation to		
1. General Reserve	—	—
2. Balance carried forward to Balance Sheet	299.30	192.40

**REVIEW OF OPERATIONS :**

Turnover achieved during the year under review is Rs.3022.84 lakhs as compared to Rs.1818.45 lakhs in the previous year. Thrust on Export business, expansion of markets and penetration of existing overseas market has made it possible to reach this level in the first full year of operation after completion of modernisation and expansion project.

The Operating Profit before interest and depreciation during the year has increased to Rs.351.39 lacs as compared to Rs.232.47 lacs during the previous year. This amounts to increase of 51.15% over previous year.

The Profit after tax for the year has increased to Rs.107.89 lacs as against Rs.13.70 lacs during the previous year. After adding the surplus brought forward from previous year of Rs.192.40 lacs, Rs.299.30 lacs is carried forward to the Balance Sheet as surplus in Profit & Loss A/c.

**DIVIDEND :**

The Company had taken FCNR(B) Term Loan for its expansion and modernisation Project. During the first full year of operation Company has repaid Rs.152.21 Lacs of Term Loan.

In view of scheduled repayment of Term Loan and requirement of Working Capital for sustaining business your Directors recommend not to declare any dividend.

**SHARE CAPITAL :**

The Company's shares are listed at Mumbai, Ahmedabad and Madras Stock Exchanges, the Listing Fees for the year 2001-2002 has been paid by the Company.

**FUTURE PROSPECTS**

The Company is struggling hard to perform better under changing condition of business and increasing global competition. Expansion of market is mid term investment and has strain on present working. Your Director are hopeful of over coming these aspects and improve performance.

**FIXED DEPOSIT :**

The Company has not invited any deposits from the Public within the meaning of Section 58-A of the Companies Act, 1956 during the year under review.

**CONSERVATION OF ENERGY AND TECHNOLOGY UPGRADATION:**

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies ' (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding the Conservation of energy, technology absorption and Foreign Exchange Earnings/ outgo is appended hereto as Annexure I of this Report.

**INSURANCE :**

The properties and assets of your Company are adequately insured.

**INDUSTRIAL RELATION :**

Your Directors record harmonious and cordial Industrial relationship prevailing in the organisation.



*11th Annual Report 2000-2001***PERSONNEL :**

None of the Directors/ Employees are drawing remuneration/ salaries in excess of the amounts specified under sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975), thus no separate disclosure is required.

**RESEARCH AND DEVELOPMENT :**

Research and Development is basic requirement of Pharma business.

Your Company continues to lay emphasis on inhouse development of new products, change in process improved formulations with slow release/ time release etc.

We also strengthen our need for Research and Development by taking co-operation from various research institutes.

**BOARD OF DIRECTORS :**

Dr.C.B.Hingorani, Director of the Company since 1994 passed away on 22nd February, 2001. Company records his valuable contribution during Directorship.

Mr.S.C.Kachhara and Mr. K.P.Prabhakar, Directors are retiring by rotation at the forthcoming Annual General Meeting being eligible, offer themselves for re-appointment. Accordingly, the Board recommends their re-appointment.

**DIRECTOR'S RESPONSIBILITY STATEMENT :**

Pursuant to section 217 (2AA) of the Companies Act, 2000 the Directors confirm that :

- i. 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.
- ii. 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 the state of affairs of the Company as at March 31, 2001 and of the profit of the Company for the said period.
- iii. to the best of their knowledge and information, they have taken proper and sufficient care for 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. they have prepared the accounts on a going concern basis.

**AUDIT COMMITTEE :**

Pursuant to the provisions of the Section 292A of the Companies (Amendment) Act, 2000 an Audit Committee has been formed by the Board of Directors of the Company comprising of the following Directors,

- i. Dr.G.G.Nair - Director.
- ii. Dr.V.A.Padval - Director.
- iii. Mr.K.P.Prabhakar - Whole-time Director.

**CORPORATE GOVERNANCE :**

The code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) is required to be implemented by your Company in terms of the Listing Agreement/s with the Stock Exchange/s by March 31, 2003 i.e. during the Financial Year 2002-2003.

The Management is in the process of initiating steps in ensuring proper compliance of these Provisions.

**AUDITORS AND AUDITORS' REPORT :**

L. K. Dangi & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Certificate of eligibility of appointment u/s 224(1B) of the Companies Act, 1956 has been submitted by them. Accordingly, your Directors recommend re-appointment of Auditors.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and, therefore do not call for any further comments.

**APPRECIATION :**

Your Directors acknowledge with gratitude the co-operation and assistance given by, Central Bank of India, Food & Drugs Control Administration, Director General of Foreign Trade and other Government authorities during the year under review.

Your Directors also wish to place on record their sincere appreciation for the devoted services rendered by the employees and above all acknowledge with gratitude the continued co-operation of the shareholders.

FOR AND ON BEHALF OF THE BOARD

**DR. G.G. NAIR**  
CHAIRMAN

Mumbai,  
Dated : 26th July, 2001

**Regd. Office :**  
Nair Baug, Akurli Road,  
Kandivli (East), Mumbai - 400 101



## ANNEXURE I TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 :

## CONSERVATION OF ENERGY :

## A. POWER AND FUEL CONSUMPTION :

Particulars	2000-2001	1999-2000
1 Electricity		
a. Purchased		
Units (in kwh)	1206040	766480
Total Amount (in Rs.)	4457841	3271806
Average Rate/Unit (Rs.)	3.70	4.27
b. Own Generation		
i. Through Diesel Generators	-	-
ii. Through Steam Turbine/Generators	-	-
2 Coal (specify quality and where used)	-	-
3 Furnace Oil	-	-
4 Others	-	-
L.D. Oil		
Quantity (Liters)	35000	23000
Total Cost (Rs.)	658250	287760
Average Rate/Unit (Rs. per liter)	18.81	12.51

## B. CONSUMPTION PER KG OF PRODUCTION

Since the company is manufacturing several varieties of formulations in different batches and pack sizes, it is not practical to apportion the electricity consumption and cost thereof to each unit of production.

## TECHNOLOGY ABSORPTION

## 1. Research &amp; Development

- Specific areas in which R & D carried out by the Company :  
Development of Products and Processes in the areas of Injectables, Formulations and Oncology.
- Benefits derived as a result of the above R & D :  
Introduction of Oncology formulations in tablets and injectables doses. Meeting the higher standards of our Export Customers.
- Future Plan of Action :  
Work on WHO-GMP remodelling will continue as an ongoing programme. Injectable range of products continue to be of future interest.
- Expenditure on R & D :

	2000-2001	(Rs. in lacs) 1999-2000
a. Capital	2.14	-
b. Recurring	5.04	11.17
TOTAL	7.18	11.17
C. Total R & D Expenditure as a percentage of total revenue.	0.24%	0.61%

## 2. Technology Absorption, Adaptation and Innovation :

- Efforts in brief made towards Technology Absorption, Adaptation and Innovations :  
Updated manufacturing process and Quality assessment techniques are being used.
- Benefits derived as a result of the above efforts :  
Improvement in Product Profile, quality, cost effective modifications and informative.
- Technology imported during the last 5 years :  
No new technology has been imported.

## FOREIGN EXCHANGE EARNINGS AND OUTGO :

	2000-2001	(Rs. in lacs) 1999-2000
i. Foreign Exchange Earned	2181.25	853.49
ii. C.I.F Value of Imports	667.03	169.60
iii. Foreign Travel	13.24	4.41
iv. Commission on Exports	55.46	22.86
v. Registration Charges & Tender Charges	0.20	0.26

FOR AND ON BEHALF OF THE BOARD

DR. G.G. NAIR  
CHAIRMAN

Mumbai,  
Dated : 26th July, 2001

Regd. Office :  
Nair Baug, Akurli Road,  
Kandivli (East), Mumbai - 400 101