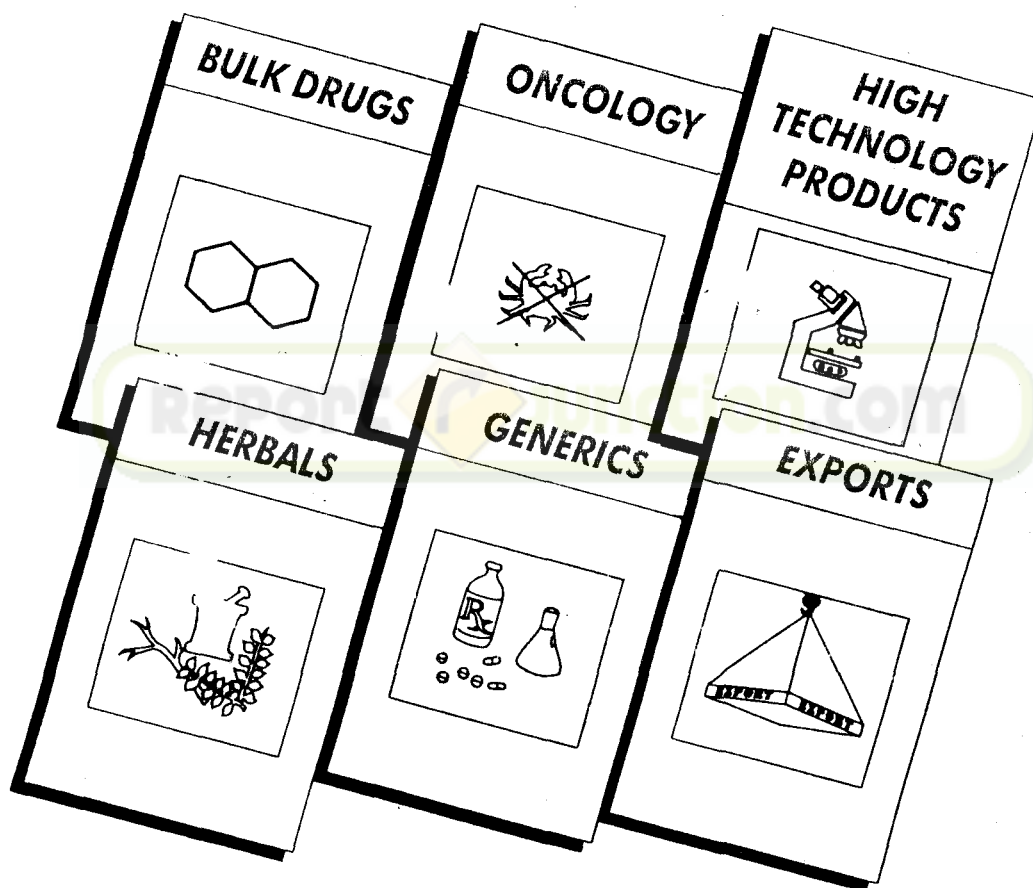




**BDH**  
INDUSTRIES LTD.

# Care, Quality and Reputation



**Advanced Technology  
is the key to our continued Success**

Thirteenth Annual Report 2002-2003



## **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. J. R. Nair** *Director*  
**Dr. V. A. Padval** *Director*

**COMPANY SECRETARY** : **Mr. G. S. Lodha**

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

**BANKERS** : **Central Bank of India**

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

**REGISTRARS & TRANSFER AGENT** : **Tata Share Registry Limited**  
Army & Navy Building  
148, Mahatma Gandhi Road, Fort,  
Mumbai - 400 001

**SALES DEPOTS** : Calicut

**THIRTEENTH ANNUAL GENERAL MEETING** at Club Aquaria Enterprises, Devidas Road, Behind St. Lawrence School, LIC Colony, Borivli (W), Mumbai - 400 092. on Thursday, the 25th September, 2003 at 3.00 p.m.



## NOTICE

NOTICE is hereby given that the Thirteenth 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-400092 on Thursday, the 25th September, 2003 at 3.00 p.m. to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 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 Dr. V. A. Padval, 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, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the said Act, the Company hereby approves re-appointment of Mrs. Jayashree G Nair as Managing Director of the Company for a further period of Five years with effect from 1st April, 2004 upon the terms and conditions including remuneration as are set out in the Draft Agreement to be entered into between the Company and Mrs. Jayashree G Nair submitted to this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement, so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mrs. Jayashree G Nair.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the salary and other allowances referred to in the said Draft Agreement shall be the minimum remuneration payable to the Managing Director."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the limits specified in Schedule XIII of the said Act, the Company hereby approves re-appointment of Mr. S. C. Kachhara, as Whole-time Director of the Company for a further period of Five years with effect from 1st April, 2004 upon the terms and conditions including remuneration as are set out in the Draft Agreement to be entered into between the Company and Mr. S. C. Kachhara submitted to this meeting which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement, so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. S. C. Kachhara."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the salary and other allowances referred to in the said Draft Agreement shall be the minimum remuneration payable to the Whole-time Director."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and

subject to the limits specified in Schedule XIII of the said Act, the Company hereby approves re-appointment of Mr. Jayakumar R Nair, as Whole-time Director of the Company for a further period of Five years with effect from 1st April, 2004 upon the terms and conditions including remuneration as are set out in the Draft Agreement to be entered into between the Company and Mr. Jayakumar R Nair submitted to this meeting which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement, so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Jayakumar R Nair."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year the salary and other allowances referred to in the said Draft Agreement shall be the minimum remuneration payable to the Whole-time Director."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

BY ORDER OF THE BOARD

DR. G. G. NAIR  
CHAIRMAN

Mumbai, July 30, 2003

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

### NOTE:

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 explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 18th September, 2003 to Thursday, the 25th September, 2003 (both days inclusive) .
5. Shareholders are requested to intimate the Company the change, if any, in their Registered Address.
6. Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting.

### EXPLANATORY STATEMENT

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

#### ITEM NO.5 :

Mrs. Jayashree G Nair, was appointed Managing Director of the Company for a period of Five years with effect from 1st April, 1999, which will expire on 31/3/2004.

Mrs. Jayashree G Nair has been associated with the Pharmaceutical Industry for more than 35 years and has been the Managing Director of the Company since inception. Under her guidance the Company has achieved international recognition in a bigger way and achieved many milestones.

In the interest of the Company, the Board of Directors recommend re-appointment of Mrs. Jayashree G Nair as the Managing Director of the Company for a further period of Five years with effect from 1st April, 2004 under the terms and conditions including remuneration payable as set out in the Draft Agreement to be entered into between Company and Mrs. Jayashree G Nair which, inter-alia, contains the following terms and conditions.

1. Period of Agreement : Five Years with effect from 1st April, 2004.
2. Remuneration :
  - (i) Salary : Rs.80000/- p.m. in the scale of Rs.80000 - Rs.120000. The annual increments which will be effective 1st April each year, will be decided by the Board.
  - (ii) Commission : 1 % of the net profit of the Company exclusive of salary.
3. Perquisites :  
In addition to the Salary and Commission payable, the Managing Director shall also be entitled to perquisites and allowances like

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accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, togetherwith reimbursement of expenses or allowances such as medical reimbursement for self and family, leave travel allowance for herself and family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Jayashree G Nair; such perquisites and allowances exclusive of contribution to Provident Fund, Superannuation/ Annuity Fund, Gratuity and leave salary.

Personal Accident Insurance: She shall be covered under the Company's Group Personal Accident Insurance Policy.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-Tax, Gratuity payable as per the rules of the Company and Encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

Provided that the remuneration paid to the Managing Director shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956.

4. Sitting Fees: Managing Director shall not be paid any remuneration for attending the meetings of the Board of Directors of the Company.
5. Minimum Remuneration : In the event of loss or inadequacy of Profits in any financial year the Company shall pay minimum remuneration to the Managing Director by way of Salary, Commission perquisite and allowances as specified above.

The Draft Agreement to be entered into between the Company and Mrs. Jayashree G Nair is available for inspection by Members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. at any working day of the Company.

Mrs. Jayashree G Nair, Managing Director, Dr. Gopakumar G Nair, Chairman, Mrs. Karthika Nair, Director being relatives as defined in Table 1A of the Section 6 of the Companies Act, 1956 are concerned and interested in Item.5 of this Notice.

This Explanatory Statement togetherwith the Notice is and should be treated as an abstract of the Draft Agreement to be entered into between the Company and Mrs. Jayashree G Nair pursuant to Section 302 of the Companies Act, 1956.

### ITEM NO.6

The Company appointed Mr.S.C.Kachhara as Whole-time Director for a period of Five years with effect from 1st April, 1999.

Mr.S.C.Kachhara has been associated with the Company for 25 years. Under his guidance the Company's operations have expanded horizontally over the globe and he has contributed significantly to the growth of the Company to the present level..

In the interest of the Company, the Board of Directors recommend re-appointment of Mr.S.C. Kachhara as Whole-time Director of the Company with effect from 1st April, 2004 under the terms and conditions including remuneration as set out in the Draft Agreement to be entered into between the Company and Mr.S.C.Kachhara.

The Draft Agreement of Mr.S.C.Kachhara, Whole-time Director, inter-alia contains the following main terms and conditions:-

- 1) Period of Agreement : Five years with effect from 1st April, 2004.
- 2) Remuneration : Salary: Rs.80000/- p.m. in the scale of Rs.80000 - Rs.120000.

The annual increments which will be effective 1st April each year, will be decided by the Board and will be merit based and take into account the Company's performance.

- 3) Perquisites : In addition to the Salary , Mr. S.C. Kachhara shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; togetherwith reimbursement of expenses or allowances such as medical reimbursement for self and family, leave travel allowance for himself and family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. S. C. Kachhara ; such perquisites and allowances exclusive of contribution to Provident Fund, Superannuation/ Annuity Fund, Gratuity and leave salary, will each year be subject to a maximum of 20% of his annual salary.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

4. Personal Accident Insurance : The Whole-time Director shall be covered under the Group Personal Accident Policy taken by the Company.

5. Car and Telephone at Residence: The Company shall provide a car to him for use on Company's business only. The Telephone bill of telephones at the residence for the purpose of business shall only be reimbursed by the Company to the Whole-time Director.

Mr. S.C.Kachhara being Whole-time Director of the Company is concerned and interested in the proposed resolution.

### ITEM NO.7

The Company appointed Mr.Jayakumar R Nair as Whole-time Director for a period of Five years with effect from 1st April, 1999.

Mr.Jayakumar R Nair has been associated with the Company for 25 years.

In the interest of the Company, the Board of Directors recommend re-appointment of Mr.Jayakumar R Nair as Whole-time Director of the Company with effect from 1st April, 2004 under the terms and conditions including remuneration as set out in the Draft Agreement to be entered into between the Company and Mr.Jayakumar R Nair.

The Draft Agreement of Mr.Jayakumar R. Nair, Whole-time Director, inter-alia contains the following main terms and conditions:-

1. Period of Agreement : Five years with effect from 1st April, 2004.
2. Remuneration : Salary: Rs.30000/- p.m. in the scale of Rs.30000 - Rs.42000.

The annual increments which will be effective 1st April each year, will be decided by the Board and will be merit based and take into account the Company's performance.

3. Perquisites : In addition to the Salary, Mr.Jayakumar R Nair shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; togetherwith reimbursement of expenses or allowances such as medical reimbursement for self and family, leave travel allowance for himself and family and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Jayakumar R Nair such perquisites and allowances exclusive of contribution to Provident Fund, Superannuation/ Annuity Fund, Gratuity and leave salary, will each year be subject to a maximum of 20% of his annual salary.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

4. Personal Accident Insurance : The Whole-time Director shall be covered under the Group Personal Accident Policy taken by the Company.
5. Car and Telephone at Residence : The Company shall reimburse Petrol Expenses and maintenance charges for the car provided by the Company for Company's business purpose only. The telephone bill of telephone at the residence for the purpose of business shall only be reimbursed by the Company to the Whole-time Director.

Mr. Jayakumar R. Nair being Whole-time Director of the Company is concerned and interested in the proposed resolution.

Apart from the above, each of the Whole-time Directors shall be eligible to Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund upto the tax exempted limit. Gratuity at the rate not exceeding half a months salary for each completed year of service and encashment of leave at the end of the tenure as per the rules of the Company.

Provided that the remuneration payable to the Whole-time Directors shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956.

The Whole-time Directors shall not be paid any remuneration for attending the meetings of the Board of Directors of the Company.

Minimum Remuneration : In the event of loss or inadequacy of Profits in any financial year, the Company shall pay minimum remuneration to each of the Whole-time Directors by way of salary and perquisite and allowances as specified above respectively.

The Draft Agreements to be entered into between the Company and each of the Whole-time Directors are available for inspection by Members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. at any working day of the Company.

This Explanatory Statement togetherwith the Notice is and should be treated as an abstract of the Draft Agreements to be entered into between the Company and respective Whole-time Directors pursuant to Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD

DR. G. G. NAIR  
CHAIRMAN

Mumbai, July 30, 2003

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





## DIRECTORS' REPORT

To,  
THE MEMBERS  
BDH INDUSTRIES LIMITED

Your Directors have pleasure in presenting Thirteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2003.

### FINANCIAL RESULTS

(Rs. in Lakhs)

	2002-2003	2001-2002
Turnover & Other Income	2089.98	2347.83
Profit before Interest and Depreciation	303.64	325.18
Less : Interest	175.73	182.56
Depreciation	52.79	50.94
Profit before tax	75.12	91.68
Less : Provision for Taxation	5.53	2.91
Net Profit After Tax	69.59	88.77
Add : Surplus Brought Forward from the previous year	332.22	263.44
Less : Deferred Taxation	11.39	19.99
Less : Provision for Taxation in respect of earlier years	-	-
Amount available for appropriation	390.42	332.22
<b>Appropriation to</b>		
1. General Reserve	-	-
2. Balance carried forward to Balance Sheet	390.42	332.22

### REVIEW OF OPERATIONS :

Turnover registered during the year under review is Rs.2089.98 lakhs as compared to Rs.2347.83 lakhs in the previous year.

There was perceptible slowdown in the Indian pharmaceutical market in 2002-03 hence the performance and profitability of the company has been affected.

The Operating Profit before interest and depreciation during the year under review is Rs.303.64 lakhs as compared to Rs.325.18 lakhs during the previous year.

The Profit after tax for the year is Rs.69.59 lakhs as against Rs.88.77 lakhs during the previous year. After adding the surplus brought forward from previous year of Rs.332.22 lakhs, Rs.390.42 lakhs is carried forward to the Balance Sheet as surplus in Profit & Loss A/c.

### WHO - GMP CERTIFICATION :-

The company has been accredited with WHO-GMP Certificates.

We have been accredited with 142 certificates upto June'03 including 18 products relating to Injectables. We have also initiated the process of registration of various products in overseas market. This will help the Company in strengthening the presence in the Export market.

### DIVIDEND :

In view of judicious utilisation of available resources and need to

reduce the interest cost and enhance Working Capital, the Profit earned will be retained, therefore your Directors do not recommend any dividend.

### SHARE CAPITAL :

The Company's shares are listed at Mumbai, Ahmedabad and Madras Stock Exchanges, the Listing Fees for the year 2003-2004 has been paid by the Company.

### FUTURE PROSPECTS :

The prospects of the pharmaceutical business is closely linked to industrial pick up in the world and the Governments initiatives on boosting the Export sector. Improvement in overall economic scenario is expected to provide stimulus to pharma business also.

Pressure on margins would be arrested by introduction of new variants, new products apart from continuous efforts in cost reduction.

### 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 UPGRADEATION:

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 :

The company continued to have cordial and harmonious relations with its employees.

### 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 and is a key thrust area for us. Research and development activities backed by constant market surveys is enabling your company to develop different products.

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

### BOARD OF DIRECTORS :

Mr. S. C. Kachhara and Dr.V.A.Padval, 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

## 13th Annual Report 2002-2003

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2003 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 :**

The Audit Committee was set up by the Board of Directors in 2001 pursuant to provisions of Section 292A of the Companies (Amendment) Act, 2000. During the financial year 2002-03, three meetings were held, one of which was before the finalisation of accounts. The dates on which the said meetings were held are as follows :-

19th Oct, 2002      29th April, 2003      29th July, 2003

The Constitution of the Committee and the attendance of each member of the Committee is given below :

Name	Designation	Non Executive / Independent	Committee Meetings Attended
Dr. G.G. Nair	Director	Non Executive	3
Dr. V.A. Padval	Director	Independent	3
Mr. J.R. Nair	Director	Executive	3

Note : The members of the Audit Committee elect a chairman from amongst themselves at every meeting.

**CORPORATE GOVERNANCE :**

A report on Corporate Governance along with the Auditors' Certificate regarding the compliance of the mandatory requirements, is separately given in the Annual Report.

**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, July 30, 2003

**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	2002-2003	2001-2002
1 Electricity		
a. Purchased		
Units (in kwh)	860920	860900
Total Amount (in Rs.)	4841680	4450809
Average Rate/Unit (Rs.)	5.62	5.17
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 (Litres)	43000	40000
Total Cost (Rs.)	911436	779264
Average Rate/Unit (Rs. per litre)	21.20	19.48

**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 & Development**

i) Specific areas in which R & D carried out by the Company :

Development of Products and Processes in the areas of Injectables, Formulations and Oncology.

ii) 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.

iii) 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.

iv) Expenditure on R & D :

(Rs. in lakhs)

	2002-2003	2001-2002
a. Capital	-	-
b. Recurring	5.54	4.34
<b>TOTAL</b>	<b>5.54</b>	<b>4.34</b>
C. Total R & D Expenditure as a percentage of total revenue.	0.27%	0.18%

**2. Technology Absorption, Adaptation and Innovation :**

1. Efforts in brief made towards Technology Absorption, Adaptation and Innovations :

Updated manufacturing process and Quality assessment techniques are being used.

2. Benefits derived as a result of the above efforts :

Improvement in Product Profile, quality, cost effective modifications and informative.

3. Technology imported during the last 5 years :

No new technology has been imported.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rs. in lakhs)

	2002-2003	2001-2002
i. Foreign Exchange Earned	1626.26	1684.07
ii. C.I.F Value of Imports	351.79	352.25
iii. Foreign Travel	6.33	3.61
iv. Commission on Exports	37.85	44.58
v. Registration Charges & Tender Charges	2.35	1.86

FOR AND ON BEHALF OF THE BOARD

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

Mumbai, July 30, 2003

**Regd. Office :**

Nair Baug, Akurli Road,  
Kandivli (East), Mumbai - 400 101



## CORPORATE GOVERNANCE REPORT

Your Company has complied in all material respects with the features of Corporate Governance Code as per Clause 49 of the Listing agreement with the Stock Exchanges.

A report on the implementation of the Corporate Governance Code of the Listing agreement by the Company is furnished below.

### CORPORATE PHILOSOPHY

Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders. Fairness, transparency, accountability and responsibility are the essential elements of Corporate Governance to which your Company continues to remain committed.

### BOARD OF DIRECTORS

#### a) Composition

The Board of Directors of your Company comprise of a Chairman, Managing Director, 3 Whole time Director and a Professional Director.

#### b) Board Meetings

4 meetings of the Board of Directors were held on the following dates.

29/07/02, 21/10/02, 23/01/03 & 29/04/03. All operational and statutorily required information were placed before the Board. All significant events were also reported to the Board.

The Company Secretary, in consultation with the Chairman, drafts the agenda of the meeting. Agenda papers alongwith relevant details are circulated to all Directors, well in advance of the date of the Board Meeting.

Name of Directors	Attendance at Board Meetings	Attendance at Last AGM	No. of Directorships of other Companies	No. of memberships of Board Sub- Committees
Dr.G.G.Nair	4	Yes	1	1
Mrs.J.G.Nair	4	Yes	-	1
Mr.S.C.Kachhara	4	Yes	-	1
Mrs.Karthika Nair	4	Yes	-	1
Mr.J.R.Nair	3	Yes	-	1
Dr.V.A.Padval	3	Yes	2	1

#### c) Remuneration of Directors

The remuneration paid to the Managing Director and Whole time Directors are within the ceiling as per the resolution approved by the shareholders. Details of remuneration paid to the Managing Director and Whole time Directors during the year ended 31/03/2003 is :

Name	Position	Salary	Commission Rs.	Contribution to PF & other Funds (Rs.)	Perquisites Rs.
Mrs.J.G.Nair	Managing Director	480000	54000	57600	96000
Mr.S.C.Kachhara	Whole-time Director	600000	-	72000	115367
Mr.J.R.Nair	Whole-time Director	264000	-	31680	52800
Mrs. Karthika Nair	Whole-time Director	240000	-	28800	24000

The Sitting Fees paid to the Non-Executive Directors is as under :-

Name	Sitting Fees
Dr. G.G.Nair	2000/-
Dr.V.A.Padval	2000/-

### BOARD COMMITTEES :-

#### a) Audit Committee

The Audit Committee comprises of the following members :-

Dr.G.G.Nair  
Mr.J.R.Nair  
Dr.V.A.Padval

Dr.G.G.Nair is an eminent personality in Pharma Industry, Mr.J.R.Nair has extensive experience in Marketing and Dr.V.A.Padval is well known name in Pharmaceuticals.

Three meetings of the Audit Committee of the Board of Directors were held during the year 2002-03 on

19th October, 2002

29th April, 2003

29th July, 2003

The Audit Committee meetings were attended by all the Audit Committee members and the concerned partner of the Statutory Auditors attended. The Company Secretary also attended the Audit Committee Meetings.