

BDH
Industries Ltd.

Eighteenth Annual Report 2007-2008

quality and reputation...

built on care...

Seven decades of tradition...



STAR EXPORT HOUSE



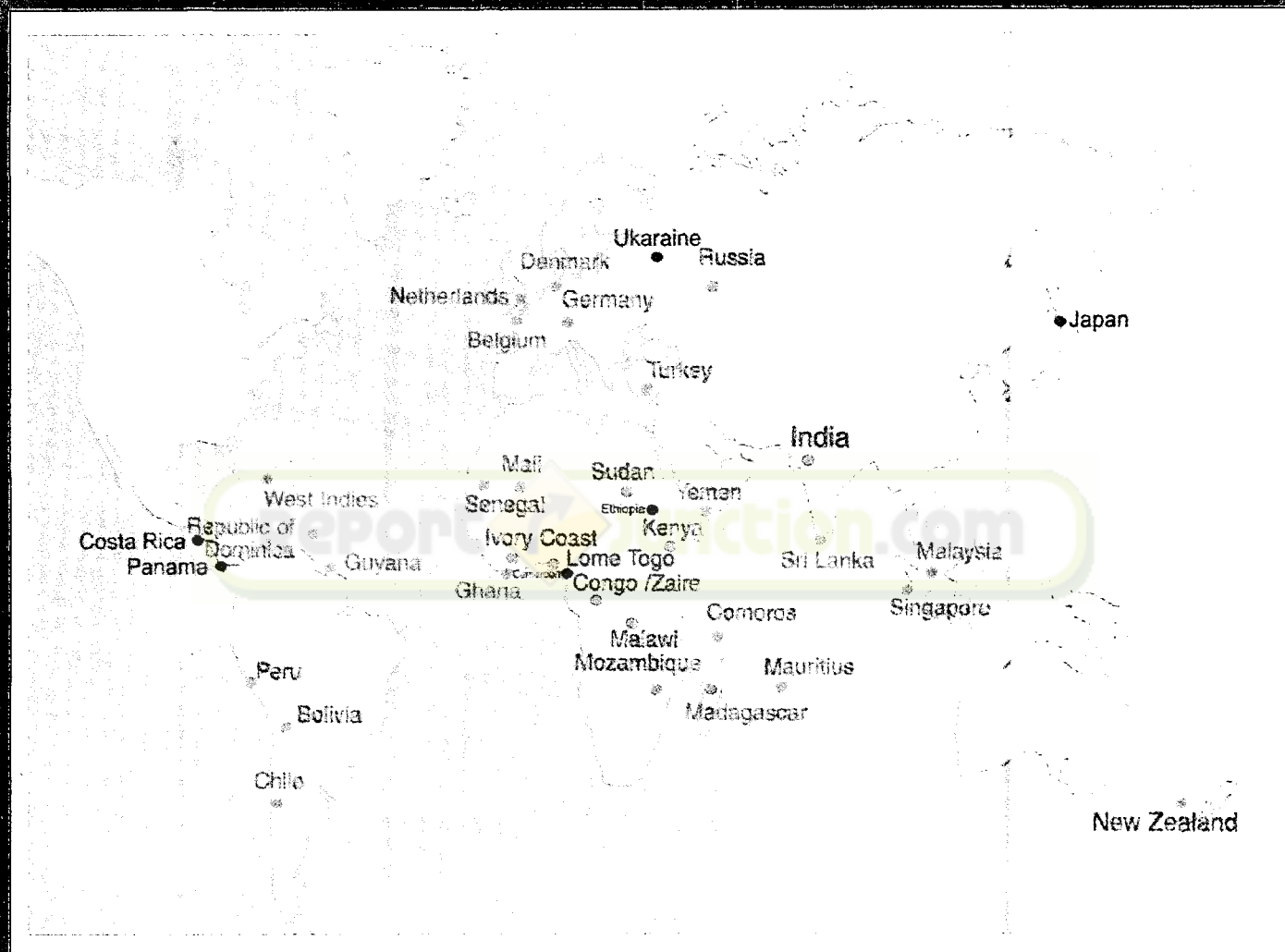
WHO-GMP Accreditation



ISO 9001:2000

Pharmaceutical Company engaged in Health Care World wide

• BDH : Global Presence





BDH INDUSTRIES LIMITED

| | | |
|----------------------------|----------------------------------|---|
| BOARD OF DIRECTORS: | Mrs. Jayashree Nair | <i>Chairperson & Managing Director</i> |
| | Mr. S. C. Kachhara | <i>Executive Director</i> |
| | Mrs. Karthika Nair | <i>Non Executive Director</i> |
| | Mr. A. V. Menon | <i>Non Executive & Independent Director</i> |
| | Mr. Dinesh Variar | <i>Non Executive & Independent Director</i> |
| | Mr. Bhagirath Singh Sihag | <i>Non Executive & Independent Director</i> |

COMPLIANCE OFFICER : **Ms. Vidhi .V. Doshi**

AUDITOR : **M/s L. J. Kothari & Co.**
Chartered Accountants
Mumbai.

BANKER : **Central Bank of India**

REGISTERED OFFICE : Nair Baug, Akurli Road,
Kandivli (East),
Mumbai – 400 101.

REGISTRARS & TRANSFER AGENT : **TSR DARASHAW LIMITED**
6-10, Haji Moosa, Patrawala Industrial Estate,
20, Dr. E. Mose Road, Mahalaxmi,
Mumbai – 400 011.

EIGHTEENTH ANNUAL GENERAL MEETING at Garden Court Banquets,
Bageecha Complex, Marve Road, Malad (West) Mumbai-400 064 On Friday,
the 26th September, 2008 at 3.00 p.m.

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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of BDH INDUSTRIES LIMITED will be held on Friday, the 26th September, 2008 at Garden Court Banquets, Bageecha Complex, Marve Road, Malad (West) Mumbai-400 064 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, 2008 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 Mrs. Karthika Nair, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Statutory Auditors of the company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at 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 time being in force) and subject to limit specified in Schedule XIII to the said Act, the Company hereby approves the re-appointment of Mrs. Jayashree Nair as Managing Director of the Company for a further period of Five years with effect from 1st April, 2009 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 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 between the Board of Directors and Mrs. Jayashree 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 minimum remuneration payable to 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 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 time being in force) and subject to limit specified in Schedule XIII to the said Act, the Company hereby approves the re-appointment of Mr. S.C. Kachhara as Executive Director of the Company for a further period of Five years with effect from 1st April, 2009 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 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 minimum remuneration payable to Executive 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."

FOR AND ON BEHALF OF THE BOARD

Jayashree Nair
Chairperson & Managing Director

Place : Mumbai.
Date : 30th July 2008

Registered Office :

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

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy in order to be effective should be duly completed, stamped and signed and 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 Saturday, 20th September, 2008 to Friday, 26th September, 2008 (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 and duly signed Attendance Sheet along with them at the Annual General Meeting.
6. Corporate members intending to send their Authorised Representative are requested to send a duly certified copy of the Board resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. Members are requested to trade in the Equity Shares in the Dematerialized form only.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**ITEM NO. 5:**

Mrs. Jayashree Nair, was appointed Managing Director of the Company for a period of Five years with effect from 1st April, 2004 which will expire on 31st March, 2009.

Mrs. Jayashree Nair has been associated with the Pharmaceutical Industry for more than 45 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 Company, the Board of Directors recommended re-appointment of Mrs. Jayashree Nair as the Managing Director of the Company for a further period of 5 years with effect from 1st April, 2009 under the terms and conditions including remuneration payable as set out in the Draft Agreement to be entered into between Company and Mrs. Jayashree Nair which, inter-alia, contents the following terms and conditions.

1. Period of Agreement : Five years with effect from 1st April, 2009
2. Remuneration :
 - (i) Salary: Rs 1,20,000/- p.m in the scale of Rs 1,20,000-Rs 1,80,000.
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 accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with re-imbursement of expenses or allowances such as medical re-imbursement for self and family, leave travel allowance for herself and family and such other perquisites and allowance in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Jayashree 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 computation of limits for the remuneration or perquisites aforesaid.

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

4. Sitting Fees: Managing Director shall not be paid any Remuneration for attending the meeting 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, commissions, perquisites and allowances as specified above.

The Draft Agreement to be entered into between the Company and Mrs. Jayashree Nair is available by members of the Company at its registered office between 11.00 am to 1.00 p.m at any working day of the Company.

Mrs. Jayashree Nair, Managing Director, Mrs. Karthika Nair, Director being relative as defined in Table 1A of the Section 6 of the Companies Act, 1956 are concerned and interested in Item No 5 of the Notice.

This Explanatory Statement together with notice is and should be treated as an abstract of Draft Agreement to be entered into between Company and Mrs. Jayashree Nair pursuant to section 302 of Companies Act, 1956

ITEM NO 6:

The Company appointed Mr. S.C Kachhara as Wholetime Director for a period of Five years with effect from 1st April, 2004, which will expired on 31st March, 2009.

Mr. S.C. Kachhara has been associated with the Company for past 30 years. Under his guidance the Company's operation have expanded horizontally over the globe and he has contributed significantly towards the Growth of Company to the present level.

In the interest of Company, the Board of Directors recommended re - appointment of Mr. S.C. Kachhara as the Executive Director of the Company for a further period of 5 years with effect from 1st April, 2009 under the terms and conditions including remuneration payable as set out in the Draft Agreement to be entered into between Company and Mr. S.C. Kachhara which, inter-alia, contents the following terms and conditions.

1. Period of Agreement : Five years with effect from 1st April, 2009
2. Remuneration :
Salary: Rs 1,20,000/- p.m in the scale of Rs 1,20,000-Rs 1,80,000.

3. Perquisites :

In addition to the Salary, the Executive Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; together with re-imbursement of expenses or allowances such as medical re-imbursement for self and family, leave travel allowance for himself and family and such other perquisites and allowance 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 maximum of 20% of his annual salary.

For 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 Executive Director shall be covered under the Company's Group Personal Accident Insurance Policy.

5. Car and Telephone at Residence: The Company shall provide a car to him for use of Company business only. The Telephone Bills of Telephones at the Resident for the purpose of business shall only be reimbursed by the Company to the Executive Director

Mr. S.C Kachhara being Executive Director of Company is concerned and interested in proposed Resolution.

The Draft Agreement to be entered into between the Company and Mr. S.C Kachhara is available by members of the Company at its registered office between 11.00 am to 1.00 p.m at any working day of the Company.

This Explanatory Statement together with notice is and should be treated as an abstract of Draft Agreement to be entered into between Company and Mr. S.C Kachhara.

Particulars of Directors seeking Appointment / Reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

ITEM NO 2.

Mr. S.C. Kachhara, Director retires by rotation and being eligible offers himself for re -appointment. His qualifications are B.com, LL.B (Gen), FCA, MIA (U.S.A). He is associated with the Company since 30 years and has been the Director of the Company since, 1990. His experience comprises in the areas of finance, taxation and International Business and allied Business activities. He is not a Director of any other Company.

ITEM NO 3.

Mrs. Karthika Nair, Director retires by rotation and being eligible offers herself for re-appointment. Her qualifications are M.Sc and M.M.S in marketing from Bombay University. She is not a Director of any other Company.

ITEM NO 5.

Mrs. Jayashree Nair, was appointed Managing Director of the Company for a period of Five years with effect from 1st April, 2004 which will expire on 31st March, 2009.

Mrs. Jayashree Nair has been associated with the Pharmaceutical Industry for more than 45 years and has been the Managing Director of the Company since inception. She is not a Director of any other Company.

ITEM NO 6.

The Company appointed Mr. S.C Kachhara as Executive Director for a period of Five years with effect from 1st April, 2004, which will expire on 31st March, 2009.

Mr. S.C. Kachhara has been associated with the Company for past 30 years. Under his guidance the Company's operation have expanded horizontally over the globe and he has contributed significantly towards the Growth of Company to the present level.

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DIRECTORS' REPORT

To,
THE MEMBERS,
BDH INDUSTRIES LIMITED.

Your Directors have pleasure in presenting Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

(Rs. in Lakhs)

| Particulars | 2007-2008 | 2006-2007 |
|---|-----------|-----------|
| Turnover (Gross) & Other Income | 1588.32 | 2136.58 |
| Profit before Interest and Depreciation | 192.57 | 238.07 |
| Less: Interest | 124.63 | 113.45 |
| Depreciation | 64.49 | 60.88 |
| Profit before tax | 3.45 | 63.74 |
| Less: Provision for Taxation | 0.39 | 17.27 |
| Provision for Fringe Benefit Tax | 0.19 | 0.20 |
| Net Profit After Tax | 2.87 | 46.27 |
| Add: Surplus Brought Forward from the previous year | 584.02 | 536.67 |
| Less: Deferred Taxation | 3.34 | (1.08) |
| Less: Provision for Taxation in respect of earlier years | | |
| Amount available for appropriation carried forward to Balance Sheet | 583.55 | 584.02 |

REVIEW OF OPERATIONS:

The turnover achieved by the company during the year under review was Rs. 1520.04 Lakhs as compared to Rs. 2056.25 Lakhs in the previous year. Sales of the company in the year 2007-08 were declined in comparison with the Sales of preceding Year.

The reduction in turnover was mainly due to renovation and upgradation of existing unit hindering production and dispatches.

During the year under review, Operating Profit of the company i.e. Profit before Interest and Depreciation are increased from 11.14 % to 12.12 % of Turnover of the company. Whereas due to increase in the rate of Interest and Depreciation and decline in production and turnover, Net Profit earned by the company is reduced to Rs. 2.87 Lakhs as against 46.27 Lakhs in Previous year.

After adding the surplus brought forward from previous year of Rs.584.02 lakhs, and deducting increased Deferred Tax Liability Rs. 583.55 lakhs is carried to the Balance Sheet as surplus in Profit & Loss A/c.

DIVIDEND:

In view of inadequate profit for the year, also ongoing, upgradation of equipments to keep pace with changing business environment, resource requirement of the company has increased considerably. In view of the requirement of resources, the profit earned is required to be retained, therefore, your Directors do not recommend any Dividend for the year ended 31st March, 2008.

SHARE LISTING:

The Company's shares continue to be listed at Bombay Stock Exchange. The Listing fee for the year 2008-2009, has been paid by the Company.

FUTURE PROSPECTS:

The company has upgraded its manufacturing facilities and meets the required standards. Your Company has been accredited with WHO GMP Certificate during the year. This will strengthen existing operations and open new opportunities for the company.

We are going for expanding our business by penetrating into various overseas markets. We have been registering products with various overseas countries. Also there are visits by various MOH (Ministry of Health) of various Governments as well as customers.

Pharma business has detailed procedure for registration etc. and it takes nearly 3 months to 2 years for completing the registration and generation of business.

The medicines are marketed at the lowest prices in the world at the same time high standard is maintained. Being in pharma sector, inspite of limitations the future growth in business is expected in Domestic as well as Export markets.

FIXED DEPOSIT:

The Company has not invited / accepted any deposits from the Public within the meaning of Section 58A 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 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/Executives/Employees are drawing remuneration / salaries in excess of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- per month if employed for the part of the year and thus no separate disclosure is required to be made under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

RESEARCH AND DEVELOPMENT :

R&D infrastructure and qualified and experienced manpower are two key ingredients for pharmaceutical research. 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 are envisaged as an area where your Company needs additional resources including human and financial strengthening.

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

BOARD OF DIRECTORS :

Mr. S. C. Kachhara, Director of the company, retires by rotation at the forthcoming Annual General Meeting, being eligible and offers himself for re-appointment. Accordingly, the Board recommends his re-appointment.

Mrs. Karthika Nair, Director of the company, retires by rotation at the forthcoming Annual General Meeting, being eligible and offers herself for re-appointment. Accordingly, the Board recommends her re-appointment.

Brief resume of the Directors being reappointed is provided in the notice convening the Annual General Meeting of the company as required by Clause 49 of the Listing Agreement.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

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.

Such accounting policies have been selected and consistently applied and judgments and estimates have been made 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 2008 and of the profit of the Company for the year ended 31st March 2008.

To the best of their knowledge and information, proper and sufficient care has been taken 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.

The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

As required under Clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance alongwith the Auditors' Certificate regarding the compliance of the mandatory requirements is separately given in the Annual Report.

AUDITORS AND AUDITORS' REPORT :

M/s. L. J. Kothari & Co., Chartered Accountants, existing Statutory Auditors of the Company retire at the ensuing Annual General Meeting. They have expressed / notified their willingness to continue to act as Statutory Auditor.

M/s L. J. Kothari & Co. submitted the eligibility certificate as per the provision of section 224 (1B) of the Companies Act, 1956 to the effect that appointment if made in the next Annual General Meeting, will be within the prescribed limits.

Members are requested to appoint them as Auditors of the company.

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

Jayashree Nair
Chairperson & Managing Director

Place : Mumbai.

Date : 30th July 2007.

Registered. Office:

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

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ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies

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

I. CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION :

| Particulars | 2007-2008 | 2006-2007 |
|---|-----------|-----------|
| 1. Electricity | | |
| a. Purchased | | |
| Units (in kwh) | 818588 | 759894 |
| Total Amount (in Rs.) | 6842480 | 4261640 |
| Average Rate/Unit (Rs.) | 8.35 | 5.61 |
| b. Own Generation | | |
| Through Diesel Generators | — | — |
| Through Steam Turbine/Generators | — | — |
| 2. Coal (specify quality and where used) | — | — |
| 3. Furnace Oil | — | — |
| 4. Others | | |
| a. L.D. Oil | | |
| Quantity (Liters) | 45361 | 54800 |
| Total Cost (Rs.) | 1387287 | 1684418 |
| Average Rate/Unit (Rs.per liter) | 30.58 | 30.74 |

B. CONSUMPTION PER K.G. OF PRODUCTION:

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

II. TECHNOLOGY ABSORPTION

1. Research & Development:

- Specific areas in which R & D carried out by the Company:
Development of Products and Processes in the areas of Dermatology and rheumatoid arthritis formulations continue to be in focus.
- Benefits derived as a result of the above R & D:
Introduction of rheumatoid arthritis formulations in tablets and injectable doses. Meeting the higher Standards and better Quality Products. Creams and Lotions have been developed in Dermatology segment. New products are in the process of development and being added in the existing range.
- Future Plan of Action:
To Work on additional products in NSAID products. Also modify/ Design new products and improve drug delivery.
- Expenditure on R & D:

| | 2007-2008 | (Rs.in lakhs) 2006-2007 |
|---|--------------|----------------------------|
| a. Capital | NIL | NIL |
| b. Recurring | 10.18 | 7.90 |
| TOTAL | 10.18 | 7.90 |
| Total R & D Expenditure as a percentage of total revenue. | 0.64% | 0.37% |

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 and cost effective modifications.
- Technology imported during the last 5 years:
No technology has been imported.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

| Sr. No. | Particulars | 2007-2008 | (Rs. in Lakhs) 2006-2007 |
|---------|-------------------------|-----------|-----------------------------|
| 1. | Foreign Exchange Earned | 823.64 | 883.57 |
| 2. | C.I.F Value of Imports | 166.91 | 905.12 |
| 3. | Foreign Travel | 2.02 | 1.08 |
| 4. | Commission on Exports | 14.54 | 52.45 |

FOR AND ON BEHALF OF THE BOARD

Jayashree Nair
Chairperson & Managing Director

Place : Mumbai.
Date : 30th July 2007.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Developments

The pharmaceutical industry is characterised by regulatory controls that include controls on products, manufacturing facilities and price, besides high amounts of continued investments in updating facilities with changing high standards.

The Indian pharmaceutical industry is having on the one hand opportunities in the developed markets, while on the other, the domestic market is becoming increasingly competitive. The recent regulatory changes have lead the Indian Pharmaceutical industry towards exploring newer avenues of drug discovery & development, thus requiring higher capital investment in the pharmaceutical industry in coming time.

The increased focus on reducing healthcare costs in developed markets, has also generated sales opportunities for Indian drug manufacturers with approved facilities and sound knowledge of patent and regulatory issues.

Indian pharmaceutical companies are tapping into the large opportunities that exist in the global pharmaceutical market by revamping its strategies to suit the new regime.

Outlook on Opportunities

The highly competitive nature of the domestic pharmaceutical market requires low cost manufacturing discipline. This being key strength in this industry. India has become a desired destination for outsourcing. Due to its strong research capabilities and low level of labour & other costs incurred in manufacturing as compared to international companies gives more opportunities. Indian Pharma companies with quality manufacturing facilities can also cash in on potential opportunities in the field of contract manufacturing. Besides, the impending expiry of significant drug patents.

Our company has multi product manufacturing capabilities with an established market presence for Seven decades and a reasonable number of the company's products are registered in Overseas Countries, enabling the company to export the same to a wider geographical market. We have a strong manufacturing base that can produce a range of products. The company also has a high credibility with the export markets.

Outlook on Risks, Concerns & Threats

The Indian pharmaceutical industry operates in a dynamic environment, with significant events such as product development, patent expiry and regulatory changes often impacting competitors.

Having come to terms in respect of the new regulatory systems, the challenges ahead for the Indian pharmaceutical industry lie in not only increasing the sales in existing areas, but the development of new products.

Even though low cost manufacturing capability is a strength for Indian pharmaceutical companies, it is also vital for those targeting exports to regulated markets to maintain systems and processes that ensure product quality, thus increasing the investment requirement of the company.

Maintaining a profitable product pipeline, keeping in view the manufacturing complexities and competitive pressures, remains a challenge.

Performance Review

The company exports a wide range of formulations to several countries including Sri Lanka, Singapore, Kenya, Yemen, Germany, Chile, Caribbean Countries, Netherland, Japan, Sudan etc. During the financial year 2007-08, Sales of the company declined as compared to that of the previous year due to renovation and modernization of existing unit, equipments, machineries etc.

In the financial year 2007-08, the company achieved Domestic Sales of Rs.674.02 lacs, as compared to Rs. 1162.21 lacs in the financial year 2006-07. The Export Sales of the company in the financial year 2007-08 reduced to Rs.913.27 lacs, as compared to Export Sales of Rs. 972.81 lacs in the financial year 2006-07. Operating Profit of the company i.e. Profit before Interest and Depreciation are increased from 11.14 % to 12.12% of Turnover of the company. However due to increase in the rate of Interest and Depreciation, Net Profit after tax earned by the company is reduced to Rs. 2.87 Lakhs as against 46.27 Lakhs in Previous year.

Internal Control Systems & Adequacy

The company is in the process of updating its internal control procedures commensurate with its size and nature of business. The internal control systems provide for policies, guidelines, authorisations and approval procedures and ensure optimum use and protection of resources and compliance with the policies and procedures. The company endeavors to update these as an ongoing practice.

Human Resources

The company recruits, develops and employs suitably qualified, capable and experienced persons, as per requirement. The company has good labour relations and peaceful long association.