

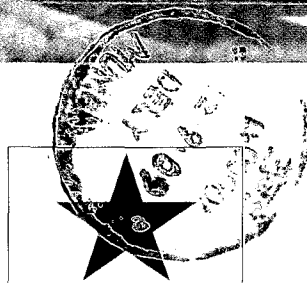
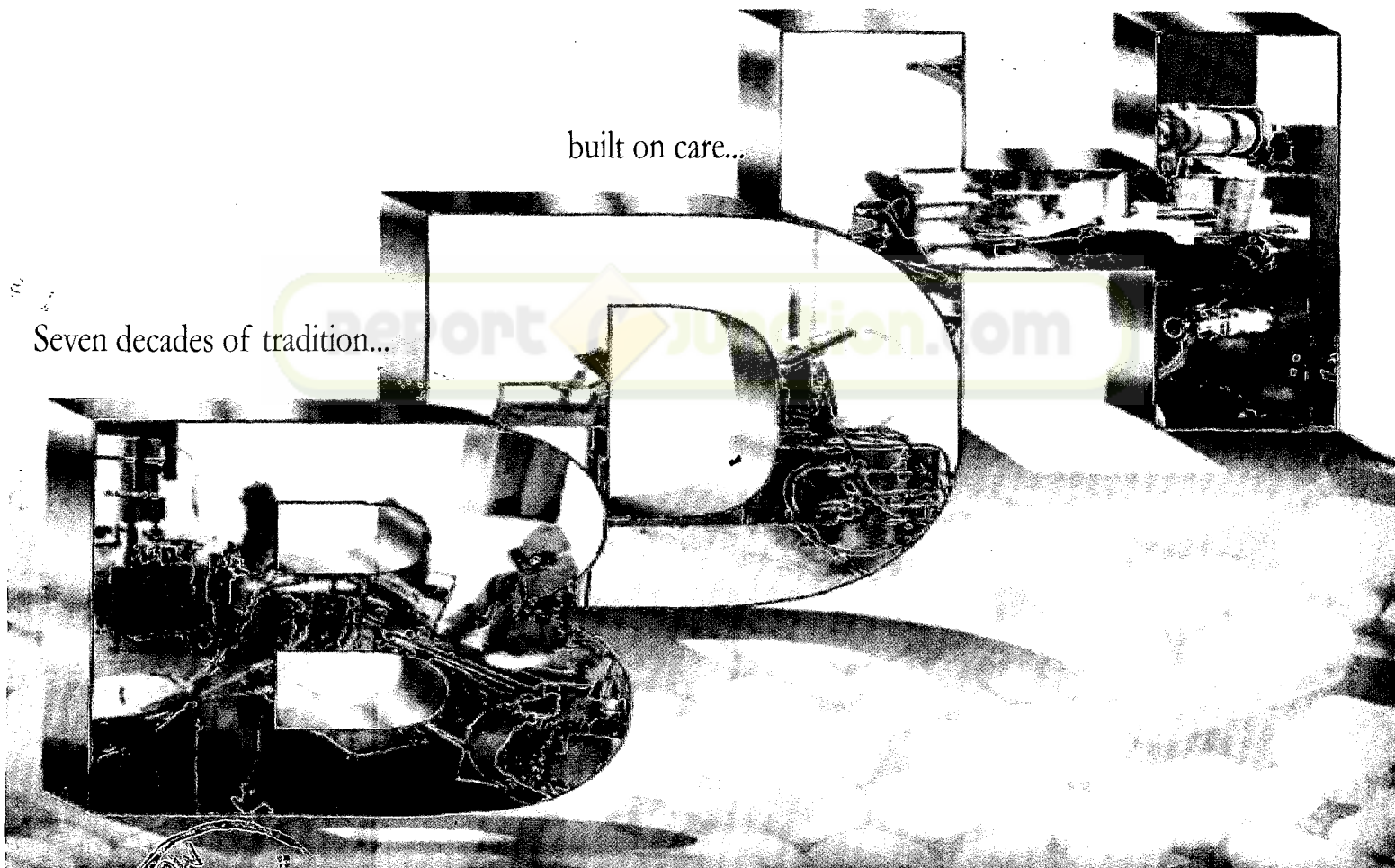
**BDH**  
***Industries Ltd.***

## Nineteenth Annual Report 2008-2009

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: Quality Policy**

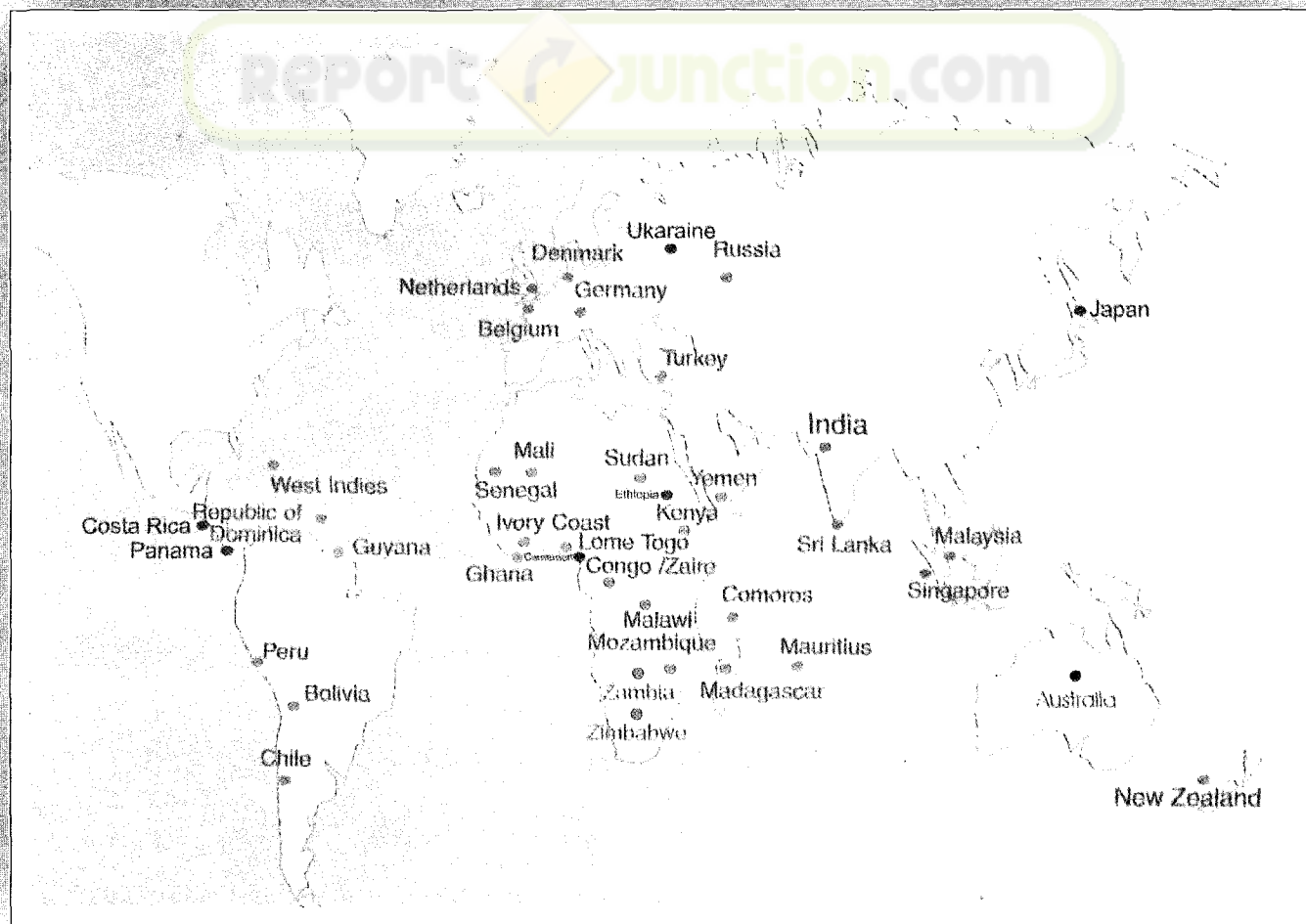
Our Vision is  
to care for Health and Quality of Life  
for Mankind-Globally.

We are committed to  
provide safe, effective and Quality Medicines  
at economical price and also to  
percolate value added services to  
the patients through our network worldwide.

We shall strive this  
by enhancing quality and efficacy of medicines  
through continued improvement in our  
design, manufacturing and processes.

Managing Director

## **BDH : Global Presence**



BDH INDUSTRIES LTD.



## BDH INDUSTRIES LIMITED

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

**COMPLIANCE OFFICER** : Ms. Nikita Phatak

**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

**NINETEENTH ANNUAL GENERAL MEETING** at Garden Court Banquets,  
Bageecha Complex, Malad (West), Mumbai - 400 095 on Friday,  
25th September, 2009 at 3.00 p.m.

**19th Annual Report 2008-2009****NOTICE**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of BDH INDUSTRIES LIMITED will be held on Friday, 25th September, 2009 at Garden Court Banquets, Bageecha Complex, Malad (West), Mumbai - 400 095 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, 2009 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. A. V. Menon, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Dinesh Variar, who retires by rotation and being eligible offers himself for re-appointment.
4. To reappoint 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.

FOR AND ON BEHALF OF THE BOARD

**Jayashree Nair**  
Chairperson & Managing Director

Place : Mumbai.

Date : 31st July 2009

**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 Friday 18th September, 2009 to Friday, 25th September 2009 (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.

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

**ITEM NO 2.**

Mr. A.V. Menon, Director retires by rotation and being eligible offers himself for re -appointment. His qualifications include B.A (Hons.), M.A. and LL.B. He is an Advocate of High Court. He is not a director in any other Public Limited Company.

**ITEM NO 3.**

Dr. Dinesh Variar, Director retires by rotation and being eligible offers himself for re-appointment. His qualifications include M.B.B.S. (Bom.). He is not a Director of any other Company.



## DIRECTORS' REPORT

To,  
THE MEMBERS,  
BDH INDUSTRIES LIMITED

Your Directors have pleasure in presenting Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

### FINANCIAL RESULTS :

	(Rs. in Lakhs)	
Particulars	2008-2009	2007-2008
Turnover (Gross) & Other Income	2439.34	1588.32
Profit before Interest and Depreciation	253.06	192.57
Less : Interest	142.16	124.63
Depreciation	68.32	64.49
Profit before tax	42.58	3.45
Less : Provision for Taxation	8.96	0.39
Provision for Fringe Benefit Tax	0.09	0.19
Net Profit After Tax	33.53	2.87
Add : Surplus Brought Forward from the previous year	583.55	584.02
Less : Deferred Taxation	(1.04)	3.34
Amount available for appropriation carried forward to Balance Sheet	618.12	583.55

### REVIEW OF OPERATIONS :

The turnover achieved by the Company during the year 2008-09 under review is Rs. 2340.61 Lakhs as compared to Rs. 1520.04 Lakhs in the previous year registering growth by 54%.

During the year under review, Operating Profit of the Company i.e. Profit before Interest and Depreciation has increased from Rs. 192.57 in previous year to Rs. 253.06 lakhs in 2008-09 thereby showing growth of 31.50%. The Net Profit earned by the Company has shown rise from Rs. 2.87 Lakhs as in Previous year to Rs. 33.53 Lakhs during the year.

After adding the surplus brought forward from previous year of Rs.583.55 lakhs, and adding decreased Deferred Tax Liability, Rs. 618.12 lakhs is carried to the Balance Sheet as surplus in Profit & Loss A/c.

### DIVIDEND :

The Company has to utilize the available resources to keep pace with the technical advancement and changing business environment. Therefore your Directors do not recommend any dividend for the financial year ended 31st March, 2009.

### SHARE LISTING :

The Company's shares continue to be listed at Bombay Stock Exchange. The Listing fee for the year 2009-2010 has been paid by the Company.

### FUTURE PROSPECTS :

There is economic slowdown all over and across the globe. Every sector is affected and witnessing the recessionary impact.

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 and it takes nearly 1 month to 2 years for completing the registration and beginning 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:

Pursuant to 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 particulars of energy conservation, technology absorption and foreign exchange earnings and outgo are appended hereto as Annexure I and forms part the Annual Report.

### INSURANCE :

The properties and assets of your Company are adequately insured.



## 19th Annual Report 2008-2009

### INDUSTRIAL RELATION:

The Company continues to have cordial and harmonious relations with its employees. The agreement with workers is finalized and shall be valid until 30th November, 2011.

### 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. A.V. Menon, 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.

Dr. Dinesh Variar, 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.

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 2009 and of the profit of the Company for the year ended 31st March 2009.

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, Auditors of the Company, retire and are eligible for re-appointment. 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 observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

### 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 : 31st July, 2009

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



## 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	2008-2009	2007-2008
1. Electricity		
a. Purchased		
Units (in kwh)	993070	818588
Total Amount (in Rs.)	8335290	6842480
Average Rate/Unit (Rs.)	8.39	8.35
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)	53190	45361
Total Cost (Rs.)	2287959	1387287
Average Rate/Unit (Rs.per-liter)	43.01	30.58

## 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 &amp; Development:

- Specific areas in which R & D carried out by the Company:  
Development of Products and Processes in the areas of Dermatology and Trichology formulations.
- Benefits derived as a result of the above R & D:  
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 system on various products.
- Expenditure on R & D:

	(Rs.in lakhs)	
	2008-2009	2007-2008
a. Capital	NIL	NIL
b. Recurring	11.38	10.18
<b>TOTAL</b>	<b>11.38</b>	<b>10.18</b>
Total R & D Expenditure as a percentage of total revenue.	0.47%	0.64%

## 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.

## 3. Technology imported during the last 5 years:

No technology has been imported.

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Sr. No.	Particulars	(Rs. in Lakhs)	
		2008-2009	2007-2008
1.	Foreign Exchange Earned	1070.06	823.64
2.	C.I.F Value of Imports	299.53	166.91
3.	Foreign Travel	3.88	2.02
4.	Commission on Exports	25.41	14.54

FOR AND ON BEHALF OF THE BOARD

Jayashree Nair

Chairperson & Managing Director.

Place : Mumbai.  
Date : 31st July, 2009.

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Industry Status

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.

The recent slowdown and recession set-in, has affected business segment in totality and have more disturbing effects on smaller companies. Government has taken initiatives through Ministry of Commerce, Reserve Bank of India and also various other departments, by assisting industries to help government in economic revival. Several measures have been taken up, keeping present slowdown in mind so as to assist industry and minimize impact on business of such slowdown.

## 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.

Amid economic downturn impacting companies worldwide, high credibility with the export and domestic market your company is able to insulate itself from the impact.

## Outlook on Risks, Concerns &amp; 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.

The recession following meltdown has created uncertainty in business environment which has further increased due to extreme volatility in foreign exchange rates as well as commodity prices, all these have put business on tenuous.

## Performance Review

The company exports a wide range of formulations to several countries including Sri Lanka, Singapore, Kenya, Yemen, Germany, West Indies, Netherlands, Japan, Sudan, Papua New Guinea, Mozambique, Bolivia, Malaysia, Niger, Ghana, Zambia, Australia, Nigeria etc. During the financial year 2008-09, the Domestic Sales of the company increased by 88.94% and Export Sales increased by 27.49% as compared to previous year. As a result, there has been increase as compared to previous year in profit after tax in the year 2008-09.

In the financial year 2008-09, the company achieved Domestic Sales of Rs.1273.46 lakhs, as compared to the Rs. 674.02 lakhs in the financial year 2007-08. The Export Sales of the company in the financial year 2008-09 increased to Rs.1164.30 lakhs, as compared to Export Sales of Rs. 913.27 lakhs in the financial year 2007-08. The profit after tax in financial year 2008-09 improved to Rs.33.54 lakhs as compared to Rs. 2.87 lakhs in financial year 2007-08.

In difficult times the performance of your company is satisfactory.

## Internal Control Systems &amp; Adequacy

The company has 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.

## 19th Annual Report 2008-2009

## 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 shareholders 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 to facilitate effective management and control of business.

## BOARD OF DIRECTORS

## a) Composition

The composition of the Board of Directors of the company is in conformity with the Clause 49 of the Listing Agreement. The present Board of Directors of your Company comprises of a Chairperson & Managing Director, one Executive Director, one Non-Executive Director and three Independent Directors.

The present composition of the Board is as follows:

Sr. No.	Name of Directors	Designation	Category
1.	Mrs. Jayashree Nair	Chairperson & Managing Director	Whole-time
2.	Mr. S. C. Kachhara	Executive Director	Whole-time
3.	Mrs. Karthika Nair	Director	Non-Executive
4.	Mr. A. V. Menon	Director	Non-Executive & Independent
5.	Dr. Dinesh Variar	Director	Non-Executive & Independent
6.	Mr. Bhagirath Singh Sihag	Director	Non-Executive & Independent

## b) Board Meetings

During the Financial year 2008-09, Five Board Meetings were held on 30th April 2008, 30th July 2008, 26th September 2008, 24th October 2008 and 29th January 2009.

All operational and statutorily required information was placed before the Board. All significant events were also reported to the Board.

At the Board Meeting following the Audit Committee meeting, the Asst. Company Secretary makes a report confirming statutory compliances for the said quarter of Listing Agreement. Also, at such meetings the Managing Director confirms to the Board of all Statutory Compliances.

The Asst. Company Secretary, in consultation with the Chairperson, drafts the agenda of the meeting. Agenda papers backed by relevant details and comprehensive background information are circulated to all the Directors, well in advance of the date of the Board Meeting to enable the Board of Directors to take appropriate decisions. The Managing Director, at the Board Meeting keeps the Board apprised of the overall performance of the Company.

Sr. No.	Name of Directors	Attendance at Board Meetings	Attendance at Last AGM	No. of Directorships of other Companies(*)	No. of memberships of Board Sub-Committees
1.	Mrs. Jayashree Nair	5	Yes	—	1
2.	Mr. S. C. Kachhara	5	Yes	—	1
3.	Mrs. Karthika Nair	5	Yes	—	1 #
4.	Mr. A.V. Menon	5	Yes	—	1 #
5.	Dr. Dinesh Variar	5	Yes	—	1
6.	Mr. Bhagirath Singh Sihag	3	Yes	3	1

\* Excluding Private Limited Companies, Foreign Companies and Companies constituted under Section 25 of the Companies Act, 1956.

# Including Chairmanship of one Committee.

## c) Remuneration of Directors

i) The remuneration paid to the Chairperson & Managing Director and Executive Director is within the ceiling as per the resolution approved by the shareholders. Details of remuneration paid to the Chairperson & Managing Director and Executive Director for the year ended 31st March, 2009 are given below:

Name	Position	Salary Rs.	Commission Rs.	Contribution to PF & other Funds (Rs.)	Perquisites Rs.
Mrs. Jayashree Nair	Chairperson & Managing Director	9,60,000	—	1,15,200	1,44,000
Mr. S. C. Kachhara	Executive Director	9,60,000	—	1,15,200	1,44,000

ii) Payments to Non Executive Directors:

The remuneration to Non Executive Directors consists only of sitting fees for attending Board Meetings of the Company. Except sitting fees, no other payment is made to Non- Executive Directors.

The details of amount paid as Sitting Fees to the Non-Executive Directors during the year 2008-09 are as follows :-

Sr. No.	Name of Director	Sitting Fees paid - Rs.
1.	Mrs. Karthika Nair	Rs. 10,000/-
2.	Mr. A.V. Menon	Rs. 10,000/-
3.	Dr. Dinesh Variar	Rs. 10,000/-
4.	Mr. Bhagirath Singh Sihag	Rs. 6,000/-