



BDH
Industries Ltd.

Twenty First Annual Report 2010-2011

Seven decades of tradition...

built on care...

quality and reputation...



STAR EXPORT HOUSE



WHO-GMP Accreditation



ISO 9001:2008

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: Recent Achievements



BCCI
Good Corporate Citizen Award



FIEO
Niryat Shree Award



SPC
SPC Sri Lanka Merit Award



BDH INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Mrs. Jayashree Nair Mr. S. C. Kachhara Mrs. Karthika Nair Mr. A. V. Menon Dr. Dinesh Variar Mr. Bhagirath Singh Sihag	Chairperson & Managing Director Executive Director
COMPANY SECRETARY	:	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. Moses Road, Mahalaxmi, Mumbai - 400 011	

TWENTY FIRST ANNUAL GENERAL MEETING at Garden Court Banquets,
Bageecha Complex, Malad West, Mumbai 400 095 on Wednesday, 28th
September, 2011 at 3.00 p.m.

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of BDH INDUSTRIES LIMITED will be held on Wednesday, 28th September, 2011 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, 2011 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 declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. S. C. Kachhara, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Karthika Nair, who retires by rotation and being eligible offers herself for re-appointment.
5. 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.

FOR AND ON BEHALF OF THE BOARD

Jayashree Nair

Chairperson & Managing Director

Place : Mumbai.

Date : 29th July 2011

Registered Office :

Nair Baug, Akurli Road,

Kandivli (East), Mumbai - 400 101.

NOTES:

1. The relevant details of Directors seeking re-appointment under Item No. 3 and Item No. 4 of the notice pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange is annexed hereto.
2. 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.
3. The proxy form duly completed, stamped and signed should be deposited at the Registered Office of the Company at least Forty-Eight hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 22nd September, 2011 to Wednesday 28th September, 2011 (both days inclusive).
5. Shareholders are requested to intimate the Company the change, if any, in their Registered Address.
6. Members / Proxies are requested to bring duly filled Attendance Slip along with their copy of the Annual Report to the Annual General Meeting.
7. Corporate members are requested to send a duly certified copy of the board of directors' resolution / power of attorney authorizing their representative to attend and vote at the Annual General Meeting.
8. Members are requested to trade in the Equity Shares in the Dematerialized form only. The ISIN No. allotted for the Company's shares is INE278D01018.



9. Members having any questions on Accounts are requested to write their queries atleast ten days prior to the Annual General Meeting to the Company at its registered office address so as to enable the Management to keep the information ready at the meeting.

The Ministry of Company Affairs (MCA), wide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has clarified that a Company will be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, in case the documents like notices, annual reports etc. are sent to its Members in electronic form, subject to compliance with the conditions stated therein.

The Company in support of the Green Initiative of the MCA, proposes to send its notices, annual report etc. in electronic form to the Members. The Members who wish to receive the said documents in electronic form are requested to register / update their e-mail addresses as per the following -

- i) Members holding equity shares of the Company in the electronic form are requested to update / register their e-mail addresses with their respective depository participants.
- ii) Members holding equity shares in physical form are requested to update / register their e-mail addresses with the Company by sending a mail to investor.bdh@mtnl.net.in mentioning their name, folio number and number of shares held.

ANNEXURE

Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.

ITEM NO 3.

Mr. S. C. Kachhara, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. His qualifications are B.Com, LL.B (Gen.), FCA, MIIA (U.S.A). He is associated with the Company since 33 years and has been Director of the Company since 1990. His business experience comprises in the areas of finance, taxation and international business and overall business activities. He is not Director of any other Company.

ITEM NO 4.

Mrs. Karthika Nair, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. She is associated with the Company since 12 years and has been Director of the Company since 1999. Her qualifications are M.Sc and M.M.S in Marketing from University of Mumbai. She is not Director of any other Company.

DIRECTORS' REPORT

To,
THE MEMBERS,
BDH INDUSTRIES LIMITED.

Your Directors have pleasure in presenting Twenty First Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS :

	(Rs. in Lakhs)	
Particulars	2010-2011	2009-2010
Sales (Gross)	3839.09	3039.98
Sales (Net)	3730.90	2959.69
Other Income	1.04	1.21
Total Income	3731.94	2960.90
Profit before Interest and Depreciation	270.02	256.50
Less : Interest	95.22	106.78
Depreciation	72.14	70.19
Profit before tax	102.66	79.53
Less : Provision for Taxation	31.72	24.57
Deferred Taxation	(6.70)	0.66
Net Profit After Tax	77.64	54.30
Add : Surplus Brought Forward from the previous year	672.42	618.12
Balance available for Appropriation	750.05	672.42
Less : Provision for Dividend	28.79	-
Less : Tax on Dividend	4.78	-
Balance carried forward to Balance Sheet	716.49	672.42

REVIEW OF OPERATIONS :

During the year 2010-11 Company achieved Sales (Net) of Rs. 3730.90 Lakhs as compared to Rs. 2959.69 Lakhs in the previous year registering growth by 26% over previous year.

The Operating Profit of the Company i.e. Profit before Interest and Depreciation has increased marginally from Rs. 256.50 lakhs in previous year to Rs. 270.02 lakhs in 2010-11. The Company earned Net Profit of Rs. 77.64 lakhs during the year as against Rs. 54.30 lakhs as in Previous year thereby showing growth of 43% in Net Profit after Tax.

After adding the surplus brought forward from previous year of Rs. 672.42 lakhs, Rs. 716.49 lakhs is carried to the Balance Sheet as surplus in Profit & Loss A/c.

DIVIDEND :

The Board of Directors recommend Dividend of Re. 0.50/- per equity share of Rs. 10/- each for the financial year ended 31st March, 2011.

The dividend on Equity Shares is subject to the approval of the shareholders at the Annual General Meeting. The total dividend payout including tax works out to 43% of the profits for the year. The dividend is free of tax in the hands of the shareholders.

SHARE LISTING :

The Company's shares continue to be listed at Bombay Stock Exchange. The Listing fee for the year 2011-2012 has been paid by the Company.

FUTURE PROSPECTS :

Your Company is accredited with WHO GMP Certificate for two years as per WHO Guidelines. ISO 9001-2008 Certificate from SGS United Kingdom Limited has been renewed.

The Company has taken up improvements in technology which will result in operating advantage and comply with guidelines relating to Good Manufacturing Practices. New technology shall offer improved growth opportunities for the Company.

We have been registering products with various countries. Also there are visits by various MOH (Ministry of Health) of various Governments as well as customers. Our manufacturing facilities are approved and monitored by regulatory authorities.

Pharma business has detailed procedure for registration and it takes nearly 6 months to 24 months for completing the registration and beginning of business. The gestation period is high due to various stages as per regulations of each country.

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 UPGRADATION:

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 of the Annual Report.

INSURANCE :

The properties and assets of your Company are adequately insured.

INDUSTRIAL RELATION :

Your Company continues to have cordial and harmonious relations with its employees.

PERSONNEL :

None of the Directors/Executives/Employees are drawing remuneration / salaries in excess of Rs. 60,00,000/- p.a. or Rs. 5,00,000/- 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 :

The regular R&D activities are carried out in-house to improve upon the existing process and development of new products. We also improve upon packaging and make products more patient friendly. 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 2011 and of the profit of the Company for the year ended 31st March 2011.

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, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

APPRECIATION :

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

Your Directors place on record their appreciation of the efficient services rendered by the employees of the Company at all levels and above all acknowledge with gratitude the continued co-operation of the shareholders.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai.
Date : 29th July, 2011

Jayashree Nair
Chairperson & Managing Director

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	2010-11	2009-10
1. Electricity		
a. Purchased		
Units (in kwh)	1209807	1110786
Total Amount (in Rs.)	8208034	8659570
Average Rate/Unit (Rs.)	6.78	7.80
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 (Litres)	84055	63320
Total Cost (Rs.)	3798303	2548187
Average Rate/Unit (Rs.per litre)	45.19	40.24

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:

i) 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.

ii) Benefits derived as a result of the above R & D:

New products are in the process of development and shall be added to strengthen the existing range.

iii) Future Plan of Action:

To work on additional products in NSAID range. Also modify/ design new products and improve drug delivery system on various products.

iv) Expenditure on R & D:

	(Rs.in lakhs)	
	2010-11	2009-10
a. Capital	21.62	13.08
b. Recurring	15.73	14.81
TOTAL	37.35	27.89
Total R & D Expenditure as a percentage of total revenue.	0.97%	0.92%

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 and cost effective modifications.

3. Technology imported during the last 5 years:

No technology has been imported.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange earnings were Rs. 1457.35 lakhs as against outgo of Rs. 877.97 lakhs.

FOR AND ON BEHALF OF THE BOARD

Jayashree Nair

Chairperson & Managing Director

Place : Mumbai.

Date : 29th July, 2011

Registered Office :

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Status

The pharmaceutical industry is experiencing a challenging business environment due to regulatory controls on products, requirement of continuous improvement in manufacturing facilities and price control regime, the rising cost of research and high amounts of continued investments in updating facilities with ever 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 financial year 2010-11 marked a resurgence in growth post the financial crisis. The pharmaceutical industry in India retains its position of strength as the pharmacy capital of the world. In the financial year 2010-11, the Indian pharmaceutical industry grew more than 14 per cent. During the year, the industry also witnessed amalgamations, mergers and consolidations in the industry.

Outlook on Opportunities

The business environment will continue to remain challenging characterized by intense competition, margin pressures and regulatory interventions. These features pose many challenges and opportunities to companies operating in this environment. Growth in emerging markets like Latin America, East European countries and China is higher and driven by increasing domestic consumptions on the back of high economic growth, strengthening of healthcare infrastructure and greater healthcare awareness. Indian companies have been increasingly focusing on global markets with a view to expand their geographical reach. India has become a desired destination for outsourcing because of its strong research capabilities and low level of labour & other costs incurred in manufacturing as compared to International companies, this 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 will open up new product lines.

Our Company has multi product manufacturing capabilities with an established market presence 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.

Outlook on Risks, Concerns & Threats

The worldwide pharmaceutical market is divided into highly regulated, semi-regulated and rest of the world market. Every company has to comply with a broad range of regulatory controls, price controls and compliance related issues. Other key risks faced by the Company include a rise in cost of raw materials, manufacturing expenses and significant changes in economic environment whereas prices of finished products are being controlled more and more.

The Indian market is highly dynamic and competitive and it is believed that market competition will ensure that drug prices are within the reach of the common man. Drug prices today in India continue to be the lowest in the world even when compared to neighbouring countries like Bangladesh, Pakistan, etc. 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.

Our proactive approach has been instrumental in overcoming the threats in the past and allowed us to maintain consistent growth performance yet contract manufacturing has its own inherent threat.

Performance Review

The Company exports a wide range of formulations to several continents - Asia, Africa, Latin America and Caribbean countries. During the financial year 2010-11, Export Sales increased by 14.77% and Domestic Sales of the Company increased by 36% as compared to previous year. As a result, there has been increase in profit after tax in the year 2010-11 as compared to previous year by 43%.

In the financial year 2010-11, the Company achieved Domestic Sales of Rs. 2276.12 lakhs, as compared to the Rs. 1678.21 lakhs in the financial year 2009-10. The Export Sales of the Company in the financial year 2010-11 increased to Rs.1562.97 lakhs as compared to Export Sales of Rs. 1361.77 lakhs in the financial year 2009-10. The profit after tax in financial year 2010-11 improved to Rs. 77.64 lakhs as compared to Rs. 54.30 lakhs in financial year 2009-10.

Internal Control Systems & Adequacy

The Company has internal control procedures commensurate with its size and nature of business. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures and ensure optimum use and protection of resources and compliance with the policies and procedures. The Company endeavors to review and update these as an ongoing practice. The Company has a well defined system of management reporting and periodic review of business to ensure timely decision-making.

Human Resources

Your Company recognizes the critical importance of its human capital. 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. The Company has a Reward and Recognition Programme.