



**BDH**  
Industries Ltd.

## Twenty Second Annual Report 2011-2012

*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.

*Care*



*Quality*



*Reputation*

## **BDH : Commitment**

*Health Care \* Mankind \* Worldwide*

- Wide Range of Products in several Therapeutical Applications
- Products at Economical Rates with value Added Services
- Assist ROW - MOH / DHS at Affordable Rates
- Strengthen International NGOs at Reasonable Rates
- Global Reach - Exporting to more than 30 countries



## **BDH INDUSTRIES LIMITED**

<b>BOARD OF DIRECTORS</b>	:	<b>Mrs. Jayashree Nair</b> <b>Mr. S. C. Kachhara</b> <b>Mrs. Karthika Nair</b> <b>Mr. A. V. Menon</b> <b>Dr. Dinesh Variar</b> <b>Mr. Bhagirath Singh Sihag</b>	<b>Chairperson &amp; Managing Director</b> <b>Executive Director</b>
<b>COMPANY SECRETARY</b>	:	<b>Ms. Nikita Phatak</b>	
<b>AUDITOR</b>	:	<b>M/s. L. J. Kothari &amp; Co.</b> Chartered Accountants Mumbai.	
<b>BANKER</b>	:	<b>Central Bank of India</b>	
<b>REGISTERED OFFICE</b>	:	Nair Baug, Akurli Road, Kandivli (East), Mumbai – 400 101.	
<b>REGISTRARS &amp; TRANSFER AGENT</b>	:	<b>TSR DARASHAW LIMITED</b> 6-10, Haji Moosa, Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011	

**TWENTY SECOND ANNUAL GENERAL MEETING at Swagath Bageecha,  
Bageecha Complex, Marve Road, Malad West, Mumbai 400 095 on Friday,  
28th September, 2012 at 3.00 p.m.**



## 22nd Annual Report 2011-2012

### NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of BDH INDUSTRIES LIMITED will be held on Friday, 28th September, 2012 at Swagath Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai - 400095 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, 2012 and the Statement of Profit and Loss 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, 2012.
3. To appoint a Director in place of Mr. A. V. Menon, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Dinesh Variar, who retires by rotation and being eligible offers himself 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 : 30th July 2012

#### Registered Office :

Nair Baug, Akurli Road,

Kandivli (East), Mumbai - 400 101.

#### NOTES:

1. The relevant details of persons seeking re-appointment as Director 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 Saturday, 22nd September, 2012 to Friday, 28th September, 2012 (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 at least 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.
10. Your Company is concerned about the environment. Towards this end, the Company supports the 'Green Initiative' of Ministry of Corporate Affairs under which service of Annual Report can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders. To support this green initiative of Government, members who would like to receive Annual Report in electronic mode are requested to do so by sending a request to Company's Registrar and Share Transfer Agent, mentioning therein their folio number and email address to which Annual Report can be sent.

#### ANNEXURE

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

#### ITEM NO 3.

Mr. A.V. Menon, Director retires by rotation at the ensuing Annual General Meeting 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 Director of any other Public Limited Company.

#### ITEM NO 4.

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





## DIRECTORS' REPORT

To,  
THE MEMBERS,  
BDH INDUSTRIES LIMITED.

Your Directors have pleasure in presenting Twenty Second Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS :

	(₹ in Lakhs)	
Particulars	2011-2012	2010-2011
Sales (Gross)	4165.64	3840.05
Sales (Net)	4015.04	3731.86
Other Income	13.92	0.08
Total Income	4028.96	3731.94
Profit before Interest and Depreciation	349.95	270.02
Less : Interest	93.02	95.22
Depreciation	96.17	72.14
Profit before tax	160.76	102.66
Less : Provision for Taxation	60.47	31.72
Deferred Taxation	(8.31)	(6.70)
Net Profit After Tax	108.60	77.64
Add : Surplus Brought Forward from the previous year	716.49	672.42
Balance available for Appropriation	825.09	750.06
Less : Transfer to General Reserve	5.43	---
Less : Provision for Dividend	34.54	28.79
Less : Tax on Dividend	5.60	4.78
Less : Provisions no longer required	(0.11)	---
Balance carried forward to Balance Sheet	779.63	716.49

### REVIEW OF OPERATIONS :

During the year 2011-12 Company achieved Sales (Net) of ₹ 4015.04 Lakhs as compared to ₹ 3731.86 Lakhs in the previous year registering growth by 8% over previous year.

The Operating Profit of the Company i.e. Profit before Interest and Depreciation has increased from ₹ 270.02 lakhs in previous year to ₹ 349.95 lakhs in 2011-12. The Company earned Net Profit of ₹ 108.60 lakhs during the year against ₹ 77.64 lakhs as in previous year thereby showing growth of 40% in Net Profit after Tax.

After adding the surplus brought forward from previous year of ₹ 716.49 lakhs, ₹ 779.63 lakhs is carried to the Balance Sheet as surplus in Profit & Loss A/c.

### DIVIDEND :

Your Directors are pleased to recommend dividend of ₹ 0.60/- per equity share of ₹ 10/- each (previous year ₹ 0.50/- per share) for financial year ended 31st March, 2012. The dividend on Equity Shares is subject to the approval of the shareholders at the Annual General Meeting. The total cash outflow on account of dividend payment, including distribution tax will be ₹ 40.14 lakhs. The dividend is tax free in the hands of shareholders.

### SHARE LISTING :

The Equity shares of the Company are listed on Bombay Stock Exchange. The Listing fee for year 2012-2013 has been paid by the Company.

## 22nd Annual Report 2011-2012

### **FUTURE PROSPECTS :**

Your Company is accredited with WHO GMP Certificate. The Company has received ISO 9001-2008 Certificate from SGS United Kingdom Limited.

The implementation of modern technology in the production processes shall yield better results. Consistent efforts are made to introduce technology upgradation and comply with guidelines relating to Good Manufacturing Practices.

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 monitored and approved 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 of operation by every country in their own way.

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 and forms part of the Annual Report.

### **INSURANCE :**

The properties and assets of your Company are adequately insured.

### **INDUSTRIAL RELATION :**

The Company has maintained cordial and harmonious relations with all employees.

### **PERSONNEL :**

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

### **COST AUDIT :**

M/s. Ketki D. Visariya & Co., Cost Accountants is being appointed as the Cost Auditors to conduct audit of cost records of Company for financial year ended 31st March, 2012.

### **ENVIRONMENT, HEALTH & SAFETY :**

Our manufacturing facility remains compliant with applicable environmental regulations. Our facility has achieved certification such as ISO 9001:2008. The Company organizes various health related medical check-up programs for employees. The Company has taken initiatives to enhance safety standards at its manufacturing facility and office premises.

### **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 R&D 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.

**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 2012 and of the profit of the Company for the year ended 31st March 2012.

To the best of 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 per the listing agreement with the stock exchange, the Company has complied with the requirements of Corporate Governance. A report on Corporate Governance together with a certificate from Statutory Auditor forms part of this 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. The Auditors Report read with the notes to financial statements are self-explanatory.

**APPRECIATION :**

Your Directors thank Central Bank of India, Food & Drugs Control Administration, Director General of Foreign Trade and other Government authorities for their continued support to the Company.

Your Directors place on record their sincere appreciation for the dedicated service rendered by the employees of the Company at all levels and above all acknowledge with gratitude the co-operation of the shareholders.

FOR AND ON BEHALF OF THE BOARD

**Jayashree Nair**

*Chairperson & Managing Director*

Place : Mumbai.

Date : 30th July, 2012

**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	2011-12	2010-11
<b>1. Electricity</b>		
a. Purchased		
Units (in kwh)	1318578	1209807
Total Amount (in ₹)	9166632	8208034
Average Rate/Unit (₹)	6.95	6.78
b. Own Generation		
Through Diesel Generators	---	---
Through Steam Turbine/Generators	---	---
<b>2. Coal (specify quality and where used)</b>	---	---
<b>3. Furnace Oil</b>	---	---
<b>4. Others</b>		
a. L.D. Oil		
Quantity (Litres)	74500	84055
Total Cost (₹)	4006802	3798303
Average Rate/Unit (₹ per litre)	53.78	45.19

##### 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, Trichology and Rheumatoid Arthritis formulations.

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

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

##### iii) 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.

##### iv) Expenditure on R & D:

	(₹ in lakhs)	
	2011-2012	2010-2011
a. Capital	5.52	21.62
b. Recurring	16.26	15.73
<b>TOTAL</b>	<b>21.78</b>	<b>37.35</b>
Total R & D Expenditure as a percentage of total revenue.	0.52%	0.97%

#### 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 ₹ 2098.31 lakhs as against outgo of ₹ 885.73 lakhs.

FOR AND ON BEHALF OF THE BOARD

**Jayashree Nair**

*Chairperson & Managing Director*

Place : Mumbai.

Date : 30th July, 2012

##### Registered 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 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. The Company emphasizes on good Corporate Governance and believes in maintaining ethical conduct in all its activities.

### 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
2.	Mr. S. C. Kachhara	Executive Director
3.	Mrs. Karthika Nair	Non-Executive Director
4.	Mr. A. V. Menon	Independent Director
5.	Dr. Dinesh Variar	Independent Director
6.	Mr. Bhagirath Singh Sihag	Independent Director

#### b) Board Meetings

During the financial year 2011-2012, Five Board Meetings were held on 27th April 2011, 29th July 2011, 28th September 2011, 10th November 2011 and 3rd February 2012.

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

At Board Meeting following the Audit Committee meeting, the 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 the Statutory Compliances.

The Board Meetings are governed by a structured agenda. The Board Meetings are held at regular intervals at registered office of the Company. The Company Secretary in consultation with the Chairperson, drafts and finalizes the agenda of the Board Meeting. All Agenda items are 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 Members of the Board are at liberty to bring up any matter for discussions at the Board Meetings. 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	---	2 #
2.	Mr. S. C. Kachhara	5	Yes	---	2
3.	Mrs. Karthika Nair	5	Yes	---	2 #
4.	Mr. A.V. Menon	5	Yes	---	1 #
5.	Dr. Dinesh Variar	5	Yes	---	1
6.	Mr. Bhagirath Singh Sihag	5	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, 2012 are given below :-

Name	Position	Salary ₹	Commission ₹	Contribution to PF & other Funds (₹)	Perquisites ₹
Mrs. Jayashree Nair	Chairperson & Managing Director	18,00,000	---	3,02,538	2,70,000
Mr. S. C. Kachhara	Executive Director	18,00,000	---	3,02,538	2,70,000

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 2011-12 are as follows :-

Sr. No.	Name of Director	Sitting Fees paid - ₹
1.	Mrs. Karthika Nair	20,000/-
2.	Mr. A.V. Menon	20,000/-
3.	Dr. Dinesh Variar	20,000/-
4.	Mr. Bhagirath Singh Sihag	20,000/-