



Bal Pharma Limited

BOARD OF DIRECTOR

Shailesh Siroya - Managing Director
 Shrenik D. Siroya - Wholetime Director
 Dr.S. Prasanna - Wholetime Director
 D.B. Siroya
 A.B. Siroya
 Dr.G.S.R. Subbarao

BANKERS : State Bank of Mysore
 Shamrao Vitthal Co-op. Bank Limited

AUDITORS : Messers. Ostawal & Jain
 Chartered Accountants
 BANGALORE

SHARE TRANSFER AGENTS : Karnataka Financial Services Limited
 # 29, Bowring Hospital Road
 BANGALORE - 560 001

REGISTERED OFFICE & FACTORY : # 21-22, Bommasandra Industrial Area
 (Formulation unit) Anekal Taluk
 BANGALORE - 562 158

R & D CENTRE : # 61/B, Bommasandra Industrial Area
 (Bulk Drug unit) BANGALORE - 562 158

PARENTERALS UNIT : Miaami Pharma & Chemicals
 Village Kenjal, Dist. Bhor, Maharashtra

CORPORATE OFFICE : Ravikiran Apartments
 # 12, Plain Street
 BANGALORE - 560 001



Bal Pharma Limited

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the company will be held at 61/B, Bommasandra Industrial Area, Anekal Taluk, Bangalore 562158 at 10.30 a.m. on Tuesday, the 19th September, 2000, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2000 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.A.B.Siroya who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider, and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT DR. G. S. R. Subbarao, who holds office upto the date of this meeting be and is hereby appointed as Director of the Company."

5. To consider, and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sec.31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :

- a. By deleting the existing Article 13 and by substituting the same with the following new Article 13 thereof :

'13. The Directors need not have any qualification shares.'

- b. By including the following new Article 26 :

'26. DEMATERILISATION OF SHARES.

Definitions : For the purpose of this Article : **"DEPOSITIES ACT"** means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"DEPOSITORY" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Security and Exchange Board of India Act, 1992.

"SEBI" means the Securities and Exchange Board of India.

"Security" means such security as may be specified by the Securities and Exchange Board of India from time to time.

"MEMBER" means the duly registered holder from time to time of the share of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

"PARTICIPANT" means a person registered as such under Section 121(1A) of the Securities and Exchange Board of India Act, 1992.

"REGISTERED OWNER" means a Depository whose name is entered as such in the record of the Company.

"BENEFICIAL OWNER" means a person whose name is recorded as such with a Depository.

"RECORD" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations issued by the Securities and Exchange Board of India, in relation to the Depositories Act.

"BYE-LAWS" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"REGULATIONS" means the regulations made by the SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meaning respectively assigned to them in that Act.

COMPANY TO RECOGNISE INTEREST IN DEMATERIALIZED SECURITIES UNDER DEPOSITORIES ACT :

Either the Company or the investor may exercise an option to issue deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification(s) thereto or reenactment thereof.

DEMATERILISATION/REMATERILISATION OF SECURITIES

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in depositories and/or offer its fresh securities in the dematerialized form pursuant to the depositories Act and the rules framed thereunder, if any.



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OPTION TO RECEIVE SECURITY CERTIFICATES OR HOLD SECURITIES WITH DEPOSITORY :

Every person subscribing to or holding Securities of the Company shall have the option to receive the Security Certificates or hold Securities with a Depository. Where a person opts to hold a security with a Depository, the Company shall intimate such Depository, the details of allotment of the Security, and on receipt of such information the Depository shall enter in its record the name of allottee as the beneficial owner of that Security.

SECURITIES IN FUNGIBLE FORM:

All Securities held by a Depository shall be dematerialised and be in fungible form. No Certificate shall be issued for the Securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER :

Except as ordered by a Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust equity, equitable contingent, future, partial interest other claim to or interest in respect of such share or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS :

Notwithstanding anything to the contrary contained in the Act or these articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

Save as otherwise provided above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the security held by it.

Every person holding securities of the Company and whose name is entered as a Beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

REGISTER AND INDEX OF BENEFICIAL OWNERS :

The Company shall cause to be kept a Register and Index of Members with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including any form of electronic media. The Register and Index of Beneficial owners of Members for the purpose of this Act. The Company shall be power to keep in any State or Country outside India a branch Register of Members resident in that State or Country.

CANCELLATION OF CERTIFICATES UPON SURRENDER BY A PERSON :

Upon receipt of certificate of Securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

SERVICE OF DOCUMENTS :

Notwithstanding anything contained in the Act or these Articles, to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

ALLOTMENT OF SECURITIES :

Where the Securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

TRANSFER OF SECURITIES :

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. Nothing containing in these Articles shall apply to transfer of securities held in Depository.

DISTINCTIVE NUMBER OF SECURITIES HELD IN A DEPOSITORY :

The shares in the capital shall be numbered progressively according to their several denomination, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.



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PROVISIONS OF ARTICLES TO APPLY TO SHARES HELD IN DEPOSITORY :

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

DEPOSITORY TO FURNISH INFORMATION :

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

OPTION TO OPT OUT IN RESPECT OF ANY SUCH SECURITY:

If a beneficial owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of the intimation from a Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

OVERRIDING EFFECT OF THIS ARTICLE :

Provisions of this Article will have full effect and force notwithstanding anything to the contrary of inconsistent contained in any other Article of these presents".

6. To consider, and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 31, 109A, 109B and amendment of Section 58A of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association be and are hereby altered in the following manner to include the new Article 27 as hereunder :

'27. NOMINATION FACILITY

- (i) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall best in the event of his death.
- (ii) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall best in the event of death of all the joint holders.

- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares, in or debentures of the Company, where a nomination made in the prescribed manners purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the Shareholder or holder of debentures of, the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.

- (v) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.

- (a) to be registered himself as holder of the share or debenture, as the case may be : or

- (b) to make such transfer of the share or debenture, as the case may be as the deceased shareholder or debenture holder, as the case may be could have made.

- (vi) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elect and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

- (vii) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

- (viii) A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.



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Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the share or debentures, until the requirements of the notice have been complied with

- (ix) A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section."

By order of the Board
FOR BAL PHARMA LIMITED

Bangalore
28th July, 2000

SHAILESH SIROYA
Managing Director

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. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy in order to be effective, must be deposited at the Registered Office of the Company not less than 48 Hours before the commencement of the meeting.
3. The Share Transfer Books and Register of Members will remain closed from 15.09.2000 to 19.09.2000 (both days inclusive)
4. The Shareholders who are holding shares in identical orders of names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
5. The Shareholders/proxies are requested to produce at the entrance, the admission slip duly completed and signed for admission to the meeting hall.
6. Members are requested to intimate any changes in their addresses.
7. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item No.4 is annexed hereto.
8. The shares of the Company are enlisted on the Stock Exchange at Bangalore and Mumbai. Listing fee has been paid upto date.
9. Dividend if declared, will be paid on or before 28th October 2000, to those members whose names appear on the Company's Register of Members as on the date of the 13th AGM.
10. Members desirous of availing transportation facility to attend Annual General Meeting, are requested to communicate by

mail at least one week in advance and assemble not later than 2.15 P.M on 19.9.2000 at the Corporate Office in the city.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

Item No.4

Dr.G.S.R.Subbarao, is a Professor of Organic Chemistry at Indian Institute of Science, Bangalore, a premier educational institution in India. He had his initial education in Andhra Pradesh and had distinguished academic career. He had his higher studies in the UK and worked in the field of Steroids and Natural Products to obtain a Degree of Science. He worked in Australia in association with Sir Arthur Birch, and made several original contributions in the development of metal ammonia reduction and their application in organic synthesis. His articles have been published in well known scientific journals. On his return to India, he joined the Indian Institute of Science, Bangalore as Associate Professor in organic chemistry and later rose to the position of Professor and Chairman of the department. In recognition of his original contribution to the science of organic Chemistry, Prof.Subbarao was awarded the Bhatnagar award and a number of other awards.

Apart from Dr. Subbarao himself, no other Director is interested or concerned in the resolution.

Item No.5

In order to provide for holding of securities in electronic mode and to effect transfers thereof, so as to be abreast with the latest in technology, it was thought fit by the Directors to given an OPTION to the Member/Shareholders to hold securities in de-materialised format. This would entail amendments to the Articles of Association of the Company. The Directors commend the resolution for approval.

None of the Directors is concerned or interested in the resolution.

Item No.6

To provide for nomination facility for effecting easy trasmission of shares in the event of exigencies, the Directors have recommended for an optional nomination facility in respect of the Company's Security.

The Directors may be deemed to be concerned or interested in the resolution to the extent of being Shareholder(s) of the Company.

By order of the Board
FOR BAL PHARMA LIMITED

Bangalore
28th July, 2000

SHAILESH SIROYA
Managing Director



Bal Pharma Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 13th Annual Report along with the Audited Accounts of the Company for the year ended 31st March 2000.

FINANCIAL RESULTS :

		Rs. in Lakhs
	31.03.2000	31.03.99
Total Income	3071.16	2526.75
Profit Before Tax	120.37	68.90
Profit After Tax	108.20	62.18

OPERATIONS :

The upward trend in the growth of Sales is continuing. The total income of the company increased by 20% during the year. The domestic turnover increased by 11.79% and the export turnover increased by 47%. The company has added more products to the list of products already exported. As a result of the excellent team work put in at all levels, the profit before tax rose by 74%. Your Company is pursuing an aggressive strategy of expanding the product range and market coverage.

FORMULATIONS :

The Company in its ethical division has added further product range Zanolid, Aziwin Dry Syrup, Meloxi, Ocium-M and Progit - MPS. The development department is working on a number of other products which will add to the list in due course. The sales of the formulations during the year was 35% of the total turnover. The field marketing team has been strengthened further and superstockists have been appointed in various new states. This product group is expected to contribute, in the near future upto 50% of the total sales.

The Generic division which was started a couple of years back has grown steadily and during the year, the division has contributed a turnover of Rs.4.85 Crores which is 16% of the total turnover. The product range in this division is also enlarged by adding 15 new products. Further direct stockists and agents have been appointed throughout the country. This division is expected to contribute substantially to the volume of the products in the years to come.

BULK DRUGS :

There has been a marked improvement in the operations of the division. The prime bulk drug of the company viz. Gliclazide has been in good demand and a total of 1278 kgs has been sold during the year including exports. Despite the dumping of this product by China, the growth during the year is more than 100% over the

previous year. Besides, a new bulk drug known as Amiloride and an intermediate known as Sertralone have been successfully produced and sold. The encouraging market response for the bulk drugs is continuing in the current year as well.

RESEARCH AND DEVELOPMENT :

The highly competent technical team, working in the R & D Centre has successfully produced two new products viz. Amiloride and Sertralone during the year. These products have been received well in the export market. Work on a number of other products is progressing at the R & D Centre and is at various stages of development. These efforts are expected to add the product range various high potential products in the next few years. In view of the importance of R & D to the future growth of the company, further investments are planned to be made during the current year.

PARENTERALS :

As a result of the focussed marketing strategy the production and the sales of this unit have continued to increase. The contribution to the sales from this division is 22% of the total turnover. This included the income derived from loan licence operations.

EXPORTS :

The total exports during the year was Rs.6.80 Crores which has shown an increase of over 40% over previous year. This is primarily due to enlargement of the overseas market. The significant growth in export is also due to the export of bulkdrugs to the tune of Rs.52 Lakhs and parenterals of Rs.34 Lakhs. In view of the encouraging demand for your Company's products, your Company has taken steps to concentrate on expanding the exports further. A number of applications for registration of the Company's products in various countries have been submitted. As a result of these efforts your company expects to increase its export sales substantially in the current year and the years to come.

PROSPECTS :

The continuous growth that your Company has achieved in the last few years as a result of the marketing and research activities has brightened the prospects of substantial increase in the turnover and the profits of the company in the current year and the years to come.

DIVIDEND :

In view of the satisfactory results during the year ended 31.3.2000, your Board of Directors have recommended a dividend payment of 7.5% on the Equity Share Capital of the Company.



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DIRECTORS :

During the year Dr. G.S. R. Subbarao, an eminent scholar in Chemistry was appointed as Director on the Board. Your Board of Directors recommends his appointment at the ensuing Annual General Meeting.

Mr. A.B. Siroya retires by rotation and being eligible and offers himself for reappointment.

PARTICULARS OF EMPLOYEES :

A statement of particulars of employees as required under section 217 (2A) of the Companies Act, 1956 is annexed and forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 217 (1)(e) of the Companies Act, 1956 are set out in the annexure forming part of the report.

PERSONNEL :

The Board wishes to acknowledge the contribution of all the employees to the growth achieved by your Company during the year.

PUBLIC DEPOSITS :

As on date of the report the Company has not accepted any public deposit.

AUDITORS :

Messrs. OSTAWAL & JAIN, CHARTERED ACCOUNTANTS. Auditors, retire at the Annual General Meeting and are eligible for reappointment.

Y2K COMPLIANCE :

As a result of the necessary steps taken, the Company did not experience any difficulty or any problem in this area.

ACKNOWLEDGMENTS :

The Directors place on record their appreciation for the cooperation and guidance provided by State Bank of Mysore and The Shamrao Vithal Co-Operative Bank Ltd. and other banks and Financial Institutions, members of the medical profession, customers, suppliers and other Business Associates. The Directors express their gratitude to all share holders of the Company for the confidence reposed in the Management.

For and on behalf of the Board of Directors

DR. S. PRASANNA
Director

SHAILESH SIROYA
Managing Director

Bangalore
28th July, 2000



Bal Pharma Limited

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

1999-2000 1998-99

A. POWER AND FUEL CONSUMPTION

1. ELECTRICITY

(a) Purchased

Unit (Kwhr)	11.77.390	11.49.466
Total Amount (Rs.)	53.41.267	53.43.499
Rate/Unit (Rs.)	4.54	4.65

(b) Own Generation

(i) Through Diesel Generator

Unit ('000 Kwh) lakhs	67.333	49.036
Unit per ltr of diesel	3.09	3.89
Cost/Unit (Rs.)	4.23	3.15

2. OTHER/INTERNAL GENERATION

Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

Standards* 1999-2000(+) 1998-99(+)
(if any)

- (i) Electricity
- (ii) Furnace Oil
- (iii) Coal
- (iv) Others

* Owing to the range of products manufactured and the ever changing product mix, it has not been possible to establish standards relating to consumption of energy per unit of production.

(+) For the same reasons and as per the Records and Books, maintained by the company, under the Companies Act, 1956, the company is not in a position to furnish the required information in the prescribed format for the current year and the previous year.

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. RESEARCH AND DEVELOPMENT (R & D)

- | | |
|---|---|
| (a) Specific areas in which R & D is carried out by the Company | : Development of Bulk Drugs and Intermediates as import substitution. To develop new Bulk drugs |
| (b) Benefits derived as a result of above R & D | : One more bulk drug has been produced and exported by the Company. |
| (c) Future Plan of Action | : To continue development of process for more Bulk Drugs & Formulation. |
| (d) Expenditure on R & D | : |
| i) Capital | Rs. Nil |
| ii) Recurring | Rs. 17.37 lakhs during the year |
| iii) Total | Rs. 17.37 lakhs |
| iv) Total R & D expenditure as a percentage of total turnover | 0.58% |