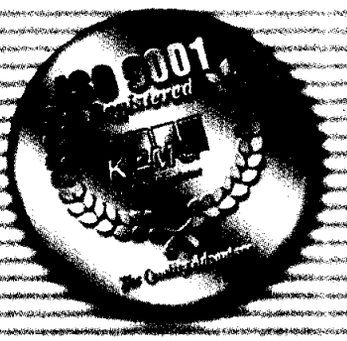
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B.H. PHARMA LTD.

Annual Report

2001

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Bal Pharma Limited

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INFORMATION TO SHAREHOLDERS

1.	Annual General Meeting	:	Date	: 22.09.2001
			Time	: 1430 Hrs
			Venue	: Registered Office at 21-22 Bommasandra Industrial Area, Anekal Taluk **BANGALORE - 562 158**
			Transport	: Members desirous of availing transportation facility to attend AGM are requested to communicate to Company Secretary by mail/ e-mail/ fax at least one week in advance and assemble not later than 1300 hrs at the Corporate Office of the Company.
2.	Book Closure	:	18.09.2001 to 22.09.2001 (both days inclusive)	
3.	Dividend	:	Dividend, if declared will be paid on or before 21st October, 2001 to those members whose names appear in the Company's Register of Members as on the date of the AGM	
4.	Company's Equity Shares are listed at	:	Stock Exchange, Mumbai. Stock Exchange, Bangalore.	
5.	Listing Fee	:	Paid upto date	
6.	Scrip Code	:	Stock Exchange, Mumbai - 24824 Stock Exchange, Bangalore - BALPHARMA	
7.	Dematerialisation	:	As mandated by SEBI, the equity shares of the Company have been included in the list of compulsory trading in dematerialisation form with effect from 16.03.2001. The Company has signed an agreement with the National Securities Depository Limited and Central Depository Services (India) Limited and the ISIN Number allotted to the Equity Shares of the Company is INE083D01012.	
8.	Compliance Officer	:	K. MAHADEVAN Company Secretary Tel: 080-2866353/ 2899177/ 2860394/ 2861488 Fax: 080-2867734/ 2860742 E-mail: balpharm@blr.vsnl.net.in	

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Bal Pharma Limited

BOARD OF DIRECTORS	:	Shailesh D Siroya - Managing Director Shrenik D. Siroya - Wholetime Director Dr. S.Prasanna - Wholetime Director D.B.Siroya - Director A.B.Siroya - Director Dr. G.S.R.Subbarao - Director
COMPANY SECRETARY	:	K.Mahadevan
BANKERS	:	Canara Bank The Shamrao Vithal Co-op. Bank Limited State Bank of Mysore
AUDITORS	:	Ostawal & Jain, Chartered Accountants, 430, Avenue Road, Pathi Market, 2nd Floor, Bangalore - 560 002 Tel: 080-2213346 / 2211899
REGISTRAR & SHARE TRANSFER AGENTS	:	**1. Physical Segment:** Canbank Computer Services Limited, R&T Centre, Hotel Broadway Complex, 19, K.G.Road, Bangalore - 560 009 Tel: 080-2872461 / 2872462 **2. Demat Segment:** Tata Share Registry Limited, Complex: Army & Navy Building, 148, Mahatma Gandhi Road, Fort, Mumbai: 400 001 Tel: 022-2873871
REGISTERED OFFICE & FACTORY (Formulation unit)	:	21-22, Bommasandra Industrial Area, Anekal Taluk, Bangalore - 562 158
R & D CENTRE (Bulk Drug unit)	:	61/B, Bommasandra Industrial Area, Anekal Taluk, Bangalore - 562 158
PARENTERALS UNIT	:	Miaami Pharma & Chemicals Village Kenjal, Dist. Bhor, Maharashtra
CORPORATE OFFICE	:	Ravikiran Apartments 12, Plain Street Bangalore - 560 001 Tel: 080-2866353 / 2899177 / 2860394 / 2861488 Fax: 080-2867734 / 2860742 E-mail: balpharm@blr.vsnl.net.in

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Company will be held at the Registered Office of the Company at 21-22, Bommasandra Industrial Area, Anekal Taluk, Bangalore 562 158, at 14.30 hours on Saturday, the 22nd September 2001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2001 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon;

2. To declare dividend;

3. To appoint a Director in place of Mr. D.B.Siroya who retires by rotation and being eligible, offers himself for re-appointment;

4. To appoint a Director in place of Mr. A.B.Siroya who retires by rotation and being eligible, offers himself for re-appointment;

5. To appoint Auditors and authorise the Board to fix their remuneration;

By order of the Board
For **BAL PHARMA LIMITED**

Bangalore
30th July 2001

K.Mahadevan
Company Secretary

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 18.9.2001 to 22.9.2001 (both days inclusive);

4. The Shareholders who are holding shares in identical order 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. Dividend if declared, will be paid on or before 21st October 2001, to those members whose names appear on the Company's Register of Members as on the date of 14th AGM;

9. Members desirous of availing transportation facility to attend Annual General Meeting are requested to communicate to Company Secretary by mail/e-mail/fax at least one week in advance and assemble not later than 1300 hrs at the Corporate Office of the Company.

By order of the Board
For **BAL PHARMA LIMITED**

Bangalore
30th July, 2001

K.Mahadevan
Company Secretary

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 14th Annual Report along with the Audited Accounts of the Company for the year ended 31st March 2001:

FINANCIAL RESULTS :

		Rs. Lakhs
	31.03.2001	31.03.2000
Total Income	**3780.32**	*3074.99*
Profit Before Tax	**152.11**	120.37
Profit After Tax	**142.69**	108.20

OPERATIONS :

Your Company has continued its aggressive growth in sales. Sales have increased by 23.9% over the previous year. While domestic turnover has increased by 21%, the export sales have shown an increase of 33.6%. The Profit After Tax has increased by 31.88%. The Company intends to maintain its aggressive growth in the years to come.

FORMULATIONS :

As a part of the expansion of the product range, your Company has introduced Cardiac Specialties products. To market these products, a new Division named "SERVETUS' has started functioning during the year. The Company has added new products to its portfolio to enhance its presence in the market and market share. In the Ethical field also, the Company has added a number of new products to the portfolio to enhance its market presence and share. Sales of the Ethical formulations accounted for 30% of the total turnover. Distribution arrangements all over the country have been restructured with the appointments of New Stockists at many places particularly in the North.

The Generic Division has been growing aggressively. During the year under review, the sales turnover was Rs. 7.2 crores which is 19.5% of the total turnover, and this performance reflects an increase by 48% over the previous year. The product range in this segment has also been enlarged and new institutional buyers have been added.

BULK DRUGS :

'Bulk Drugs' continues to be one of the thrust areas of your Company. The Company has added a new bulk drug 'Zolpidic Acid' to its portfolio and, for the first time, the said drug was exported to Eastern Europe. The production and sales of bulk drugs during the year 31.3.2001 have increased yielding a turnover of Rs.3.72 crores. However, the Company is facing severe competition by the continued heavy dumping by China. Effective steps are being taken to counter this competition.

RESEARCH AND DEVELOPMENT :

Appreciating its strategic importance, your Company's R&D efforts in developing new molecules are continuing. The R & D team of your Company has been working hard and has been successful in generating new products for the market. The team is engaged in as many as 12 projects which are at different stages of research and these have high potential export value. To give further thrust, your Company has identified exclusive areas of developments on R&D and is collaborating with other institutions in India and abroad.

PARENTERALS :

There is a quantitative jump in the production and sales of parenterals. During the year under review, the parenterals unit has given a production of Rs.8.63 crores both for domestic and export market. In the small volume sector, the unit has achieved a near full capacity utilization. Due to the improvement in the market realization of large volume products, the utilization in this sector has also increased substantially.

EXPORTS :

As a consequence of the continued aggressive marketing efforts, the Company has made substantial progress in the export sector. The export turnover increased to Rs. 9.09 crores from Rs. 6.8 crores of last year. The Company has added both bulk drugs as well as parenteral products to its exports portfolio. New markets such as Yemen, Russia, Hungary and Zimbabwe have been added.

PROSPECTS :

Despite the general economic recession in the country, the pharma industry compared to other industries has been doing well. With its specific strategic plans, focused R & D efforts, result oriented market thrust and committed and dedicated work force, the Board is confident that your Company will continue to grow from year to year.

DIVIDEND :

In view of the satisfactory results during the year ended 31.3.2001, your Board of Directors have recommended a dividend of 10% on the Equity Share Capital of the Company, as against 7.5% in the previous year.

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DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to confirm :

(i) that in preparing the Annual Accounts, all applicable accounting standards have been followed;

(ii) that the accounting policies adopted are consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss Account of the Company for the financial year;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities, if any;

(iv) that the Directors have prepared the Annual Accounts on "going concern" basis;

CORPORATE GOVERNANCE:

The Board of Directors at its meeting held on 28.4.2001 has constituted Audit Committee in terms of Section 292A of the Companies Act, 1956. The Members of the Audit Committee are Mr. Shailesh D. Siroya, Mr. D.B. Siroya, and Dr. G.S.R. Subba Rao. The committee meets periodically for the purposes envisaged under Companies Act, 1956.

Corporate Governance in terms of Listing Agreement has to be implemented by financial year 2002 - 2003. Your Company would be taking all required steps for implementation of the Corporate Governance provisions of the Listing Agreement.

DIRECTORS:

Mr. D.B. Siroya and Mr. A.B.Siroya retire by rotation and being eligible, offer themselves for re-appointment.

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:

Details relating to the Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgoings are given in Annexure I forming part of the Directors' Report as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

PERSONNEL:

The Board acknowledges 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:

Messers Ostawal & Jain, Chartered Accountants, Auditors of the Company, retire at the Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGMENTS:

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

For and on behalf of the Board of Directors

DR. S.PRASANNA Director

SHAILESH .D. SIROYA Managing Director

Bangalore
30th July 2001

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ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

SL NO	PARTICULARS	2000-2001	1999-2000
A.	**POWER AND FUEL CONSUMPTION**		
1.	**ELECTRICITY**		
(a)	Purchased		
	Unit (Kwhr)	**13,86,552**	11,77,390
	Total Amount (Rs.)	**58,58,377**	53,41,267
	Rate/Unit (Rs.)	**4.22**	4.54
(b)	Own Generation		
(i)	Through Diesel Generator		
	Unit ('000 Kwh) lakhs	**67,612**	67,333
	Unit per ltr of diesel	**3.01**	3.09
	Cost/Unit (Rs.)	**5.39**	4.23

2.	**OTHER/INTERNAL GENERATION**		
	Quantity	**Nil**	Nil
	Total Cost	**Nil**	Nil
	Rate/Unit	**Nil**	Nil
B.	**CONSUMPTION PER UNIT OF PRODUCTION**		
	Standards* (if any)	**2000-2001**(+)	1999-200(+)
	(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	:	Another 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. 24.14 lakhs during the year
iii)	Total		Rs. 24.14 lakhs
iv)	Total R & D expenditure as a percentage of total turnover		0.65%
2.	**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**		
(A) 1)	Efforts in brief made towards technology absorption, adaptation and innovation.	:	Continuous efforts are under way to improve quality and yield and add more products.
2)	Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution, etc.,	:	Cost saving & improvement in yield, product development and Increased turnover.

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3. IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING THE LAST 5 YEARS FROM THE FINANCIAL YEAR), FOLLOWING INFORMATION MAY BE FURNISHED :

(a)	Technology imported	:	Nil
(b)	*Year of import*	:	*Nil*
(c)	Has the technology been fully absorbed	:	Nil
(d)	If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action:	:	Not applicable

4. *TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO*

			2000-2001 Rs.	1999-2000 Rs.
Total Foreign Exchange Earnings		:	**80,465,859**	63,295,514
Total Foreign Exchange Outgo		:		
a)	Raw Material		**24,321,120**	17,989,086
b)	Other Foreign currency payment:			
	(i) Travelling Expenses		**596,391**	736,040
	(ii) Export Promotion Expenses		**Nil**	Nil
	(iii) Others		**336,556**	316,242

ANNEXURE - II

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975:

Sl. No.	Name & Designation	Qualification	Age	Gross Remuneration	Date of commencement	Total Experience	Last Employment
1.	Shailesh D Siroya * Managing Director	M.B.A	36	5,30,160	1.08.94	9 Yrs	Business

Note: * For part of the year (six months)

For and on behalf of the Board

DR. S. PRASANNA *Director*

SHAILESH D. SIROYA *Managing Director*

Bangalore
30th July 2001

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