



# 25<sup>th</sup> Annual Report 2011-12

Your Preferred  
Partner in Quality  
Health Care



**Bal Pharma Limited**

**Board of Directors**

Mr. Shailesh Siroya	- Managing Director
Dr. S. Prasanna	- Whole-time Director
Mr. Shrenik Siroya	- Non-executive Director
Dr. G.S.R. Subba Rao	- Independent Director
Mr. Pramod Kumar. S	- Independent Director
Mr. Ajit Kumar	- Nominee Director

**Company Secretary**

Mr. V. Murali

**Registered Office**

# 21 & 22, Bommasandra Industrial Area,  
Hosur Road, Bangalore - 560 099.

**Corporate Office**

5th Floor, Lakshmi Narayan Complex,  
10/1, Palace Road, Bangalore - 560 052.

**Plant Locations****Unit I : Formulations**

# 21 & 22, Bommasandra Industrial Area,  
Hosur Road, Bangalore - 560 099.

**Unit II : R & D Centre & Bulk Drugs**

# 61/B, Bommasandra Industrial Area,  
Hosur Road, Bangalore - 560 099.

**Unit III : Parenterals**

# 732/735, Off. National Highway, No. 4,  
Village Kenjal, Dist. Bhore, Maharashtra - 412 217.

**Unit IV : Formulations plant at Uttarakhand**

Plot # 1,2,3 & 69, Sector 4, IIE-Pantnagar,  
Rudrapur, Udham Singh Nagar, Uttarakhand - 263 153.

**Bankers**

Canara Bank  
Punjab National Bank  
EXIM Bank

**Statutory Auditors**

M/s. TD Jain & DI Sakria

**Internal Auditors**

M/s. Manjunath S & Co.

**Cost Auditor**

Mr. M. R. Krishnamurthy

**Registrar & Share Transfer Agent**

TSR Darashaw Limited,  
# 6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

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## NOTICE

**NOTICE IS HEREBY GIVEN THAT** the 25<sup>th</sup> (Twenty Fifth) Annual General Meeting of the members of Bal Pharma Limited, will be held on Friday, 21<sup>st</sup> September 2012 at 4.00 P. M. at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the financial year ended as on that date and the Reports of the Directors and the Auditors thereon;
2. To appoint a Director in place of Dr. G.S.R Subba Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shernik Siroya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Messrs TD Jain & DI Sakaria (*erstwhile*, Messrs Ostawal & Jain), Chartered Accountants, (Registration No. 0024918 ) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as has fixed by the Board of Directors.

### SPECIAL BUSINESS:

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 95 and other applicable provisions of the Companies Act, 1956 and subject to Article 3 of the Articles of Association of the Company, 4,00,000 (Four Lakhs) Redeemable Preference Shares of ₹ 100/- (Rupees Hundred only) each in the Authorised Share Capital of the Company be and are hereby reclassified in to 40,00,000 (Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to comply with all the legal provisions and do all such ancillary acts and to take such steps and to do such acts, matters and things as they may deem proper and give/send such notices, directions as may be necessary for the purpose of giving effect to the above resolution.”

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special Resolution:**

“RESOLVED THAT pursuant to Section 16 and other applicable provisions if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the existing Clause V and by substituting the following new Clause V thereof:

V The Authorised Share Capital of the Company is ₹15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of ₹10/- (Rupees Ten only) each, with the powers to increase or decrease or reclassify and to vary, modify or abrogate any such rights, privileges or conditions in such manner as provided by resolution of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to comply with the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, matters and things as they may deem proper and give/send such notices, directions as may be necessary for the purpose of giving effect to the above resolution.”

7. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Article 5 of the Articles of Association of the Company be and is hereby amended as follows:

By deleting the existing Article 3 and by substituting the following new Article 3 thereof:

### CAPITAL

3 The Authorised Share Capital of the Company is ₹15,00,00,000/- (Rupees Fifteen crores only ) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of ₹10/- (Rupees ten only) each, with the powers to increase or decrease or reclassify and to vary, modify or abrogate any such rights, privileges or conditions in such manner as provided by resolution of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to comply with all the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, matters and things as they may deem proper and give/send such notices, directions as may be necessary for the purpose of giving effect to the above resolution.”



**8. To consider, and if thought fit, to pass with or without modifications, the following as a Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Section 81 (IA) and all other applicable provisions, if any, of the Companies Act, 1956, provisions of the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) and Guidelines and other applicable provisions including any statutory modification(s) or re-enactment thereof, for the time being in force, the provisions of the Memorandum and Articles of Association of the Company, the relevant Guidelines for Preferential Issue of the SEBI {Issue of Capital and Disclosure Requirements} Regulations, 2009, any other Guidelines or Regulations of SEBI, Listing Agreement entered into with the Stock Exchange(s), where the Shares of the Company are listed, and any other applicable laws/rules/regulations and subject to the consent/approval of any other authority / institution, consent of the Company be and is hereby accorded to create, offer, issue and allot up to 11,37,764 (Eleven Lakhs Thirty Seven Thousand Seven Hundred and Sixty Four only) Warrants on a preferential basis to the following Promoters and Promoters group as set out herein below (hereinafter referred to as “Warrants”) with each Warrant convertible into one Equity Share of the Company of nominal value of ₹ 10/- each at a premium of ₹ 11/- per Share so that the total number of Equity Shares to be issued by the Company upon conversion of the Warrants does not exceed 11,37,764 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the “Board” which shall be deemed to include any duly authorized Committee thereof) at the time of issue or allotment:

Sl. No.	Names of the Promoters	No. of Warrants
1.	Shailesh Siroya	6,00,000
2.	Anita Siroya	5,37,764
	<b>Total</b>	<b>11,37,764</b>

RESOLVED FURTHER THAT the “Relevant Date” in relation to the issue of Warrants in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be 21<sup>st</sup> August 2012, being 30 days prior to the date of passing of this resolution.

RESOLVED FURTHER THAT the aforementioned issue of Warrants shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the sole option of the Warrant holders) at any time but within a period of 18 months from the date of allotment of Warrants.
2. Each Warrant shall be convertible into one Equity Share of nominal value of ₹ 10/- each of the Company.
3. The Warrant holder(s) shall, on the date of allotment of Warrants, pay an amount equivalent to 25% of the total consideration per Warrant viz., ₹ 5.25/- per Warrant, each Warrant priced at ₹ 21/-.

4. The Warrant holder(s) shall, before the date of conversion of the Warrants into Equity Shares, pay the balance 75% viz., ₹ 15.75 per Warrant, of the balance consideration towards the subscription to each Equity Shares.
5. The amount referred to in (3) above shall be forfeited, if the option to convert in to the Shares is not exercised subject however, to the enabling powers being vested in the Board herein.
6. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI Guidelines, for corporate actions such as bonus issue, right issue, stock split, merger, de-merger, transfer of undertaking, sale of division or any such Capital or corporate restructuring.
7. The Equity Shares shall be under lock in for a period of three years and the lock in date commences from the date of conversion of Warrants into Equity Shares.
8. In the event of any of the Warrant holders not subscribing to all or any of the Equity Shares relating to the Warrants within the stipulated period viz., 18 months from the date of allotment of the Warrants, the Board shall, in its absolute discretion, offer such Shares to any other person(s) subject to the prevailing guidelines and in case such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse.

RESOLVED FURTHER THAT the Board of Directors be authorized to deal with any issue arising out of the proposed issue including powers to dispose off the Warrants not exercised in any manner whatsoever including powers to forfeit the application monies on account of the unexercised Warrants in the best interest of the Company.”

**9. To consider, and if thought fit, to pass with or without modification(s), the following as a Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Section 81 (IA) and all other applicable provisions, if any, of the Companies Act, 1956, provisions of the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) and Guidelines and other applicable provisions including any statutory modification(s) or re-enactment thereof, for the time being in force, the provisions of the Memorandum and Articles of Association of the Company, the relevant Guidelines for Preferential Issue of the SEBI {Issue of Capital and Disclosure Requirements} Regulations, 2009, any other Guidelines or Regulations of SEBI, Listing Agreement entered into with the Stock Exchange(s), where the Shares of the Company are listed, and any other applicable laws/rules/regulations and subject to the consent/approval of any other authority / institution, consent of the Company be and is hereby accorded to create, offer, issue and allot up to 11,60,984 (Eleven Lakhs Sixty Thousand Nine hundred and Eighty Four) Warrants on a preferential basis to the following strategic investors, as set out herein below (hereinafter referred to as “Warrants”) with each Warrant convertible into one Equity Share of the Company of nominal value of ₹ 10/-each at a premium





of ₹ 11/- per Share so that the total number of Equity Shares to be issued by the Company upon conversion of the Warrants does not exceed 11,60,984 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall be deemed to include any duly authorized Committee thereof) at the time of issue or allotment:

Sl. No.	Names of the proposed allottees	No. of Warrants
1	Ram Murthy	5,81,000
2	Prakash Chandra Jain	5,79,984
	<b>Total</b>	<b>11,60,984</b>

RESOLVED FURTHER THAT the "Relevant Date" in relation to the issue of Warrants in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be 21<sup>st</sup> August 2012, being 30 days prior to the date of passing of this resolution.

RESOLVED FURTHER THAT the aforementioned issue of Warrants shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the sole option of the Warrant holders) at any time within a period of 18 months from the date of allotment of Warrants.
2. Each Warrant shall be convertible into one Equity Share of nominal value of ₹ 10/- each of the Company.
3. The Warrant holder(s) shall, on the date of allotment of Warrants, pay an amount equivalent to 25% of the total consideration per Warrant viz., ₹ 5.25 per Warrant, each Warrant priced at ₹ 21/-.
4. The Warrant holder(s) shall, before the date of conversion of the Warrants into Equity Shares, pay the balance 75% viz., ₹ 15.75 per Warrant, of the balance consideration towards the subscription to each Equity Shares.
5. The amount referred to in (3) above shall be forfeited, if the option to convert in to the Shares is not exercised subject however, to the enabling powers being vested in the Board herein.
6. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI Guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, de-merger, transfer of undertaking, sale of division or any such Capital or corporate restructuring.
7. The Equity Shares shall be under lock in for a period of one year and the lock in date commences from the date of conversion of Warrants into Equity Shares.
8. In the event of any of the Warrant holders not subscribing to all or any of the Equity Shares relating to the Warrants within the stipulated period viz., 18 months from the date of allotment of the Warrants, the Board shall, in its absolute discretion, offer such Shares to any other person(s) subject to the prevailing guidelines and in case such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse.

RESOLVED FURTHER THAT the Board of Directors be authorized to deal with any issues arising out of the proposed preferential issue including powers to dispose off the Warrants not exercised in any manner whatsoever including powers to forfeit the application monies on account of the unexercised Warrants in the best interest of the Company."

**10. To consider, and if thought fit, to pass with or without modification(s), the following as a Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money in any manner from time to time with or without securities and upon such terms and conditions as may deem fit notwithstanding that monies already borrowed by the Company (apart from the temporary loans if any obtained from the companies bankers in ordinary course of business) may exceed the aggregate of the paid up capital and free reserves of the company subject however to the condition that such borrowings at any point of time shall not exceed ₹ 250 crores.

**11. To consider, and if thought fit, to pass with or without modification(s), the following as a Special Resolution.**

"RESOLVED THAT subject to the Provisions of Section 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956 and subject to the applicable Clauses of the Memorandum and Articles of the Articles of Association of the Company, and subject to the approval of the Central Government through the Ministry of Corporate Affairs, remuneration of Mr. Shailesh Siroya, Managing Director be enhanced from the existing ₹ 3.50 Lakhs (Rupees Three Lakhs and Fifty Thousand only) per month to ₹ 5 Lakhs (Rupees Five Lakhs only) per month inclusive of salary and perquisites but exclusive of the following for the period of 2 years with effect from 01.08.2012 for the residual period of his appointment:

1. Contribution to Provident Fund, Superannuation fund or Annuity Fund to the extent they either singly or put together, are not taxable under Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half months salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

FURTHER RESOLVED THAT as recommended by the Remuneration Committee and the Board of Directors, approval of the Central Government be obtained for this revision in the remuneration."

By order of the Board

Bangalore  
10th August, 2012

**V. Murali**  
Company Secretary



## ANNEXURE TO THE NOTICE:

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

#### Item Nos. 5, 6 & 7

After careful consideration and conclusion that there would be no usage in the foreseeable future, your Board has recommended reclassification of Preference Share Capital in to Equity Share Capital in the Authorized Share Capital of the Company.

At present, the Authorized Share Capital of the Company is ₹ 15 crores divided into 1,10,00,000 Equity Shares of ₹ 10/- each and 4,00,000 Redeemable Preference Shares of ₹ 100/- each. The Company has plans for further expansions/investment in its business and explores other avenues of expansion, modernization and diversification. Further, the Company also considers issue of the Equity Shares on a preferential basis to part finance its ongoing and further expansion and modernization projects and for this purpose, it needs to increase the Authorised Share Capital of the Company. With the changed economic and corporate scenario, it would be difficult to enthruse any interest in any person to invest in Preference Shares and hence your Board has felt that the Redeemable Preference Shares will not be utilized in the foreseeable future. Considering various criteria, your Board recommends that the said un issued Authorised Capital of ₹ 4,00,00,000 divided in to 4,00,000 Redeemable Preference Shares of ₹ 100/- (One Hundred only) each be reclassified as 40,00,000 (Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each in terms of the powers vested under the Companies Act, 1956 and the Articles of Association.

For reclassification in Authorised Share Capital, approval of shareholders is necessary. The Resolutions at Item No. 5, 6 and 7 seek to effect this reclassification of the Authorized Share Capital and the consequential alteration in the Memorandum of Association and Articles of Association of the Company.

The Board recommends passing of these resolutions in the interest of the Company.

None of the Director is concerned or interested in these resolutions except to the extent of their Share holdings, if any.

#### Item Nos. 8 & 9

Your Company has been growing steadily and has crossed a revenue of ₹ 140 crores. The Director's have carefully worked out the needs and after discussions and careful study, your Board has proposed to issue Warrants partly to the Promoters and partly to Strategic Investors. Your Directors have decided after due consultation to opt for an optimised mix of Debt and Equity.

Accordingly, apart from the Promoters intent to infuse further funds, talks were held with certain Strategic Investors and Warrants as per

details furnished in the respective Resolutions are being proposed to be issued as follows:

- 11,37,764 Warrants to Promoters / Promoters Group
- 11,60,984 Warrants to Strategic Investors.

Your approvals are sought in terms of Section 81(IA) of the Companies Act, 1956 for the resolutions 8 and 9.

Considering the above, the Board has recommended these Resolutions for your consideration and approval.

#### Objects of the Issue:

To part fund the ongoing expansion programmes, new initiatives on expansion and to augment the working capital requirements.

#### Intention of Promoters/Directors/ Key management personnel to subscribe to the offer:

Promoters and persons belonging to Promoters' Group intend to subscribe to 11,37,764 Warrants under Resolution No. 8.

#### Shareholding pattern before and after the offer proposed at Resolution Nos. 8 & 9 and based on the Shareholding pattern as on 30.06.2012, is as under:

CATE- GORY CODE	CATEGORY OF SHAREHOLDER	PRE ISSUE CAPITAL		POST ISSUE CAPITAL	
		NUMBER OF SHARES	%	NUMBER OF SHARES	%
(A)	<b>PROMOTER AND PROMOTER GROUP</b>				
(I)	INDIAN				
(a)	Individual /HUF	3465515	32.78	4603279	35.76
(b)	Foreign Promoters	655187	6.20	655187	5.08
(c)	Others-Bodies Corp	1310836	12.40	1310836	10.18
	<b>Sub-Total A</b>	<b>5431538</b>	<b>51.37</b>	<b>6569302</b>	<b>51.02</b>
(B)	<b>PUBLIC SHARE HOLDING</b>				
(I)	NON-INSTITUTIONS				
(a)	Bodies Corporate	492981	4.66	492981	3.82
(b)	Individuals				
(i)	Individuals holding nominal share capital up to ₹ 1 lakh	2814010	26.61	2814010	21.86
(ii)	Individuals holding nominal share capital in excess of ₹ 1 lakh	1833095	17.34	1833095	14.24
(c)	Others	2000	0.02	2000	0.01
	NON RESIDENT INDIANS	0.00	0.00	0.00	0.00
	CLEARING MEMBERS	0.00	0.00	0.00	0.00
	Strategic Investor	0.00	0.00	1160984	9.01
	<b>Sub-Total B</b>	<b>5142086</b>	<b>48.63</b>	<b>6303070</b>	<b>48.94</b>
	<b>Grand Total (A+B)</b>	<b>10573624</b>	<b>100%</b>	<b>12872372</b>	<b>100%</b>

The above shareholding pattern has been arrived on the assumption that the entire 22,98,748 Warrants proposed to be issued would be converted into Equity Shares.

**Proposed time limit within which the allotment shall be complete:**

Within 15 days from the date of passing of this resolution or within 15 days from the date of receipt of approvals by any regulatory authority or Central Government, whichever is later as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.

**The identity of the proposed allottee/s and the percentage of post preferential issue capital that may be held by the allottee/s would be as follows:****A. Promoters - Warrants**

SL. No.	NAME OF THE ALLOTTEES	CATE-GORY	PRE ISSUE HOLDINGS	% OF TOAL EQUITY	POST ISSUE HOLDINGS	% OF TOTAL EQUITY
1.	Shailesh Siroya	Promoter	6,70,759	6.34%	12,70,759	9.87%
2.	Anita Siroya	Promoter	4,80,776	4.55%	10,18,540	7.91%
	<b>TOTAL</b>		<b>11,51,535</b>	<b>10.89%</b>	<b>22,89,299</b>	<b>17.78%</b>

**B. Strategic Investors – Warrants:**

SL. No.	NAME OF THE ALLOTTEES	CATE-GORY	PRE ISSUE HOLDINGS	% OF TOAL EQUITY	POST ISSUE HOLDINGS	% OF TOTAL EQUITY
1	Ram Murthy	Public	Nil	NA	5,81,000	4.51%
2	Prakash Chandra Jain	Public	Nil	NA	5,79,984	4.50%
	<b>TOTAL</b>				<b>11,60,984</b>	<b>9.01%</b>

The above statement has been arrived on the assumption that the entire **22,98,748** Warrants proposed to be issued would be converted into Equity Shares.

**Issue Price:**

The issue price of ₹ 21/- (including the premium of ₹ 11/- per Equity Share) is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and for the purpose of the above guidelines, the Relevant Date is 21<sup>st</sup> August 2012.

**Auditor's Certificate:**

A copy of the Certificate of the Statutory Auditors of the Company certifying the adherence to SEBI Guidelines for preferential issues, under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the proposed issue is open for inspection at the Registered Office of the Company till the date of Annual General Meeting.

**The Warrants shall be locked in for such period as prescribed by SEBI Guidelines:**

As per SEBI (ICDR) Regulations 2009, the Shares allotted to the promoter group entities after the conversion of warrants will be subjected to a lock in for 3 year from the date of their allotment and for non promoters, the lock in period will be 1 year from the date of allotment of Shares.

**Item No. 10**

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Public Company can not borrow money (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the Shareholders in the General Meeting.

The Shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 25th July 1994 had authorized the Board to borrow in excess of the share capital and free reserves subject to the ceiling of Rs.75.00 crores.

Since 1994, your Company has grown multi fold and also has diversified its product range to diabetic and cardiac products and also has introduced branded formulations in addition to the existing bulk drug business. As a result, the Board has felt the need to infuse more funds into the Company for its R&D division and also for its marketing operations by way of an optimized mix of debt and Equity. To enable this additional borrowing, it is proposed to enhance the borrowing powers of the Company from the existing Rs.75.00 crores to Rs.250.00 crores.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

**Item No. 11**

Mr. Shailesh Siroya was re-appointed as Managing Director of the Company for a period of 5 years with effect from 1.08.2009 with a compensation package of ₹ 3.50 Lakhs per month with revision of the same after 3 years. As the 3 years period has expired now, based on the recommendations of the Remuneration Committee, the Board of Directors of the Company have recommended the revision of remuneration payable to Mr. Shailesh Siroya from the existing ₹ 3.50 Lakhs per month to ₹ 5.00 Lakhs per month which is subject to the approvals of the shareholders at the ensuing Annual General Meeting of the Company and of the Central Government.

This may be considered as abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Shailesh Siroya and Mr. Shrenik Siroya being 'relative' of Mr. Shailesh Siroya, may be deemed to be concerned or interested in the resolution.

By order of the Board

Bangalore  
10th August, 2012

**V. Murali**  
Company Secretary



**NOTES:-**

1. A Member entitled to attend and vote at the Annual General meeting may appoint a proxy to attend and vote on a poll instead of his/her behalf. A Proxy need not be a member. Proxy, in order to be effective must be deposited the proxy instrument duly filled, at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. Proxy Form is forwarded as detachable part of Annual Report;
2. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. For convenience of the Members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance slip, which is forwarded as detachable part of Annual Report. Members are requested to affix their signature at the place provided in the Attendance Slip and hand it over at the entrance;
4. The Register of Members and Share Transfer Books of the Company will remain closed on 19.09.2012 to 21.09.2012 ( both days inclusive).
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members, who hold Shares in dematerialized form, are requested to bring in their Client ID and DP ID nos. for easier identification of attendance at the meeting and those who hold Shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
7. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least 7 days prior to the meeting, so that, the required information can be made available at the meeting.
8. Members holding Shares in physical form are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agent; TSR Darashaw Limited. Members holding Shares in electronic form may intimate any such changes to their respective Depository Participants (DPs).
9. Members holding more than one share certificate in different folios are requested to kindly apply for consolidation of the folios and

send the relative share certificates to the Company's Registrar and Share Transfer Agent, TSR Darashaw Limited, # 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai – 400011.

10. Members are kindly requested to bring Annual Report 2011-12 along with them to the 25<sup>th</sup> Annual General Meeting, since extra copies will not be supplied at the meeting.
11. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended, any money transferred to Unpaid Dividend Account and remaining unclaimed for a period of 7 (seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, and thereafter, the shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company. The Company has since transferred the amount lying in the credit of Unpaid Dividend Account for the financial year 2003-04 to Investor Education and Protection Fund established by the Central Government as stipulated under Section 205C of the Companies Act, 1956 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The members who have not encashed the Dividend Warrants for the financial years 2004-2005 onwards are requested to write to, TSR Darashaw Limited, the Registrar and Share Transfer Agents of the Company.
12. The Members may now avail of the facility of nomination by nominating, in the prescribed form, a person to whom your Shares in the company shall vest in the event of death of member. Interested members may write to the Company's Registrar & Share Transfer Agent for the prescribed form.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agents, TSR Darashaw Limited

By order of the Board

Bangalore  
10th August, 2012

**V. Murali**  
Company Secretary





### Important Communication to Members

The Ministry of Corporate Affairs vide General Circular No:17/2011, dated 21.04.2011 has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

### ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Name of the Director	Dr. G.S.R. Subba Rao	Mr. Shrenik Siroya
Date of Birth	21.08.1937	10.09.1964
Date of Appointment	08.07.2000	30.09.1997
Qualification	BSC (Honors), Msc, Dsc, Phd, F.A.Sc, F.N.A	B.E ( U.K)
Experience / Expertise	Formerly professor and Dean in Indian Institute of Science (IISC), Bangalore. He is also a consultant to many Indian and Foreign Pharmaceutical Companies on synthesis of drugs, intermediates, natural products & Steroid hormones.	Mr. Shrenik Siroya has got vast experience in managing various enterprises including companies.
Other Directorships	Nil	1) Siroya Exports ( p) Ltd- Director 2) Siroya Developers (p) Limited-Director 3) Mokalsor Stone Private Ltd – Director 4) Siroya FM Constructions Pvt Ltd – Director. 5) Siroya Nabar Hosing pvt Ltd-Director. 6) Mannath Developers (p) Ltd – Director. 7) Siroya FM infra development Pvt Ltd. 8) Mannath Properties (p) Ltd-Director.
Other Committee Memberships in the Company	a) Audit Committee : Chairman b) Remuneration Committee: Chairman c) Shareholder's and Investor Grievance's Committee: Chairman	Audit Committee : Member Shareholders and Investor Grievances Committee : Member.
Number of Shares held directly or indirectly	4,000 (0.03%)	3,74,700 (3.54%)



## To The Members

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2012.

### 1. FINANCIAL RESULTS:

(₹. in Lakhs)

Particulars	2011-12	2010-11
1) Total Income	14,224.60	11,664.84
2) Earnings before Interest , Tax, Depreciation & Amortisation	1588.51	1131.76
<b>Less :</b>		
Depreciation & Amortisation	413.08	342.36
Finance cost	729.91	679.13
Profit /(Loss)before taxation and prior period adjustment	445.52	110.27
<b>Less :</b>		
3) Provision for taxation	8.95	4.53
4) Deferred Tax	60.75	58.67
5) Extra Ordinary / Non Recurring items	-	-
6) Prior year adjustments	0.12	(0.16)
7) Profit after Tax	375.70	47.23
<b>Add:</b>		
8) Profit & loss account balance at the beginning of the year	804.53	809.56
9) Profit /(Loss) made available for appropriation	1,180.23	856.79
<b>Less:</b>		
10) Proposed Dividend on Equity Shares	-	-
11) Tax on Dividend	-	-
12) Balance Carried to Balance sheet	1,180.23	856.79

**Note:** Previous year's income has been regrouped in line with that of the year under review for comparison. The opening balance of P & L has been reduced during the year consequent upon merger of Basava Chem Ltd., with the Company.

### 2. DIVIDEND:

In view of the capex plans and to facilitate expansion programs under consideration, your Directors have decided not to recommend payment of dividend for the financial year 2011-12.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS:

#### Global Pharmaceutical Industry Challenges

Global spending on medicine reached USD 882 Billion in 2011 with an expected 3-6% CAGR over the next five years. Major

global pharmaceutical companies have been strengthening their revenue streams with generic product sales mainly through acquisitions and strategic alliances with generic manufacturers. Many pharmaceutical companies have relied on M&A deals rather than on the organic growth to gain market share in the generic sector. This strategy allows the pharma companies to effectively secure high quality Active Pharmaceutical Ingredients (API), diversify product portfolios, achieve economics of scale and most importantly expand their presence in the emerging markets like India where the growth is driven by generic products. With the market size of USD 320 Billion, United States continues to be the largest pharmaceutical market followed by Japan and Europe. The emerging economies like China and India are expected to show substantial increase in the size of their market and your Company is focusing on capturing additional market share in this region also.

#### Indian Pharmaceutical Scenario:-

Currently, the Indian pharmaceutical industry is ranked fourth in terms of volume and fourteen in terms of value in the global pharmaceutical market. According to the IMS report Indian pharmaceutical industry has grown by 16.3% as against the global growth rate of 7% during the financial year 2011.12. Indian Pharma has contributed INR 65962.60 crores revenue to the Indian economy during 2011.12. As indicated by IMS publication, the following are the key drivers to the industry growth. a) Increased penetration of pharmaceutical into urban and rural areas b) Rise in chronic and age-related diseases in India, c) Increase in patients covered by the private health care sector d) rise in the population who have health insurance cover.

In 2011, countries across the globe witnessed economic slowdown if not turbulence. USA and Middle East have their own cup of woes in the form of spiralling debt, rising unemployment etc., Political turmoil in Middle East has hampered the crude oil supply to the world. Asia also has faced its worst financial crisis during the year. But the Indian Pharmaceutical industry, especially the generic manufacturers by and large have not been affected much by the global slow down, largely due to cost advantages in production of medicine and tie-up of long term contracts with confirmed orders.

The raise in the middle and upper middle class population in India are leading to higher spend in better health facilities and wider coverage of the health insurance. In addition, spreading of awareness by Government and Non - Government organisations in dealing with major ailments all have resulted in better prospects of growth for the Indian pharma industry.