



BAL PHARMA LIMITED

Your Preferred Partner in Quality Health Care



27TH ANNUAL REPORT 2013-14

**Board of Directors**

Mr. Shailesh D. 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. B.N. Pranesh	- Nominee Director

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. Bhor, 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.

Unit V : Intermediates

Thabadewadi Post, Kavatha Mahankal,
Sangali, Maharashtra - 416 405.

AVP Finance and Accounts & Company Secretary

Mr. V. Murali

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 IS HEREBY GIVEN THAT the 27th (Twenty Seventh) Annual General Meeting of the members of Bal Pharma Limited will be held on Thursday, the 18th September, 2014 at 11.00 am 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 31st March, 2014, and the Statement of Profit and Loss for the financial year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Shrenik Siroya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To reappoint Auditors and to authorize Board to fix their remuneration.
5. To ratify the remuneration fixed by the Board of Directors to Mr. M.R. Krishna Murthy, Cost Auditor, appointed for the year 2014-15.

SPECIAL BUSINESS

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 Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the rules framed thereunder read with Schedule IV to the Act, as amended from time to time and Clause 49 of the Listing Agreement, Dr. G.S.R Subba Rao, holding DIN # 00048126, who was appointed as an Independent Director, liable to retire by rotation at this Annual General Meeting, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years i.e from 18th September, 2014 up to 17th September, 2019.

7. **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 Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the rules framed thereunder read with Schedule IV to the Act, as amended from time to time and Clause 49 of the Listing Agreement, Mr. Pramod Kumar S, holding DIN # 00719828, a Non Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for

appointment, be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years i.e from 18th September, 2014 up to 17th September, 2019.”

8. **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 Sections 196, 197 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendment(s) or modification(s) thereof and subject to applicable Clauses of Articles of Association of the Company, Mr. Shailesh Siroya (DIN # 00048109) be and is hereby reappointed as Managing Director of the Company for a period of 5 years from 01.08.2014 to 31.07.2019.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

RESOLVED FURTHER THAT subject to all applicable provisions and Schedules of the Companies Act, 2013, and the rules made thereunder and subject to applicable clauses of Articles of Association of the Company and with the approval of the Central Government if required, the managerial remuneration payable to Mr. Shailesh Siroya, Managing Director, as recommended by the Remuneration Committee and the Board be and hereby fixed at Rs. 6,50,000/- (Rupees Six Lakhs Fifty Thousand only) per month for a period of 3 (three) years with effect from 01.08.2014, which is inclusive of salary and perquisites, but exclusive of the followings:

1. Variable commission of not exceeding 5% of the net profits of the Company or such other percentage as may be decided by the Board from time to time.
2. Contribution to provident fund, superannuation fund or annuity fund to the extent they singly or together are not taxable under the Income Tax Act, 1961;
3. Gratuity payable at a rate not exceeding half a months salary for each completed year of service; and
4. Encashment of leave at the end of the tenure.

Minimum Remuneration

In the event of absence or inadequacy of profits in any Financial Year during the currency of tenure of his appointment, the entire applicable remuneration by way of Salary and perquisites mentioned above shall be revised to match with the provisions prescribed under Schedule V of the Companies Act, 2013.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to vary the terms and conditions of appointment of Mr. Shailesh Siroya as Managing Director, subject to the limits prescribed under the Schedule V of the Companies Act, 2013.”



9. 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 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, consent of the members be and hereby accorded to the Company for entering into a contract or arrangement with Messrs Desa Marketing International, for promoting the Company’s products and sourcing the required raw materials for the Company in India as well as abroad, for a further period of 3 (three) years, on a fee of 2% for domestic sourcing and market promotion and 3% for International sourcing and market promotion on such terms and conditions as specified in the Agreement. The Board hereby confirms that these transactions will be in the ordinary course of business and at arm’s length terms.

RESOLVED FURTHER THAT Dr. S Prasanna, Director and/or Mr. G S R Subba Rao, Director be and are hereby authorised severally to execute the requisite documents and to give effect to the proposed contract or arrangement, on behalf of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to the above resolution.”

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

“RESOLVED THAT in accordance with the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and the regulations/guidelines prescribed by any other relevant Authority (the Guidelines), including any statutory modification(s) or re-enactment of the Act and Guidelines, for the time being in force and to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the “Board” which expression shall also include any Committee thereof including the Compensation Committee), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Shareholders of the Company be and is hereby accorded to the **Bal Pharma Limited Employees Stock Option Plan 2014** (hereinafter referred to as the “Plan”) and the Board be and is hereby authorized to grant to such employees who are in the

permanent employment of the Company at the time the grant is made (herein after referred to as employees), as may be decided solely by the Board an option to subscribe to such number of Equity Shares of the Company of the face value of Rs.10/- each under the Plan and thereof to issue, allocate or allot, such number of Equity Shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide, as set out in the Explanatory Statement hereto, not exceeding 6,00,000 (Six Lakhs) Equity Shares of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorized to issue, allocate or allot such number of Equity Shares as may be required in pursuance of the above issue and that the Equity Shares so issued, allocated or allotted shall rank pari passu in all respects with the existing Equity Shares of the Company.

FURTHER RESOLVED THAT for the purpose of giving effect to the above, the Board be and hereby authorized to determine the form and terms of the issue, the exercise price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Plan from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to this Issue.”

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

“RESOLVED THAT in accordance with the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013, 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 as specified under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereof, 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 13,00,000 (Thirteen Lakhs only) Warrants on a preferential basis to the following 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 Rs.10/- each at a premium of Rs 52/- per share, so that the total number of Equity Shares to be issued by the Company upon conversion of the Warrants does not exceed 13,00,000 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 Investor	No. of Warrants
1.	Mr. Vipul Kumat	4,00,000
2.	Mr. Naresh D.P.	3,00,000
3.	Mr. Jitendra Tej Raj Lunia	3,00,000
4.	Ms. Asha Tapidas Dodhia	3,00,000
	Total	13,00,000

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 18th August 2014, 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 Rs. 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., Rs 15.50/- per Warrant, each Warrant priced at Rs.62/-.
4. The Warrant holder(s) shall, before the date of conversion of the Warrants into Equity Shares, pay the balance 75% i.e Rs. 46.50 per Warrant being the balance consideration towards the subscription to each Equity Shares.
5. If the SEBI floor price for the preferential issue determined as per SEBI (ICDR) regulations exceeds the conversion price determined as on the date of this notice, the management is authorized to revise the conversion price in accordance with the floor price computed as on the relevant date.
6. 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.
7. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 2013 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.
8. 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 or on such other lock in commencement date as may be prescribed by SEBI.

9. In the event of any of the Warrant holders not subscribing to all or any of the Equity Shares relatable to the Warrants within the stipulated period viz., 18 months from the date of allotment of the Warrants, such warrants 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 forfeit the application monies on account of the unexercised Warrants, in the best interests of the Company.”

By Order of the Board

Place : Bangalore
Date : 11th August, 2014

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 himself / herself. A proxy need not be a member of the Company. 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. Proxy Form is forwarded as detachable part of Annual Report.
2. Dividend, if any, that may be declared at the Meeting will be paid on or before 08.10.2014 to those Members entitled there to and whose names appear in the Register of Members of the Company at the close of business hours on 15.09.2014 and for those holding the Shares in demat mode, the dividend will be paid to the Members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL) as beneficial owners on that date and the bank particulars registered with the respective Depository Accounts will be used for this purpose.
3. 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.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2014 to 18.09.2014 (both days inclusive).
6. 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.
7. 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.



8. 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.
9. 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).
10. Members holding more than one share certificate in different folios are requested to 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.
11. Members are requested to bring the Annual Report 2013-14 along with them to the Annual General Meeting, since extra copies will not be supplied at the meeting.
12. Electronic copy of the Annual Report 2013-14 is being sent to all the share holders, whose email ID's are registered with the Company/D.P for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of Annual Report 2013-14 is being sent. Soft copy of the Annual Report along with the notice for the meeting will also be available on the Company's website www.balpharma.com for their download. Members who desire to get the printed version of the Annual Report may get the same free of cost, upon making a request for the same.
13. 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 amount from the Company. The Company has since transferred the amount lying in the credit of Unpaid Dividend Account for the financial year 2005-06 to Investor Education and Protection Fund 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 2006-07 onwards are requested to write to the Company directly or to TSR Darashaw Limited, the Registrar and Share Transfer Agents of the Company.
14. 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 the member. Interested members may write to the Company's Registrar & Share Transfer Agent for the prescribed form.

15. 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.
16. As regards the re-appointment of Mr. Shrenik Siroya, referred to in item No. 3 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Name of the Director	Mr. Shrenik Siroya
Date of Birth	10/09/1964
Date of Appointment	30/09/1997
Qualification	B.E.
Experience / Expertise	Mr.Shrenik Siroya is having vast experience in managing various businesses including Pharma and construction.
Other Directorships	1. Siroya Exports (p) Ltd-Director. 2. Siroya Developers (p) Ltd-Director 3. Mokalsor Stone Private Ltd-Director 4. Siroya FM Constructions Pvt Ltd-Director 5. Siroya Nabar Housing Pvt Ltd-Director 6. Mannath Developers (p) Ltd-Director 7. Mannath Properties (p) Ltd-Director
Other Committee Memberships in the Company	1. Audit Committee- Member. 2. Investor Grievances Committee - Member.
Number of shares held directly or indirectly	3,74,700 (1.54%)

17. Voting through electronic means :

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing to its members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:
 - (i) Open email and open PDF file viz; "Bal Pharma e-Voting.pdf" with your Client ID or Folio No. as password.

The said PDF file contains your user ID and password/ PIN for e-voting. Please note that the password is an initial password.

- (ii) Launch internet browser by typing the following URL: [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com).



- (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/ PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" (E-Voting Event Number) of Bal Pharma Ltd.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to parameshwar@vjkt.in or secretarial@balpharma.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**
- (i) Initial password is provided at the bottom of the Attendance Slip for the AGM : EVEN (E-Voting Event Number) USER ID PASSWORD/PIN.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- Other Instructions:**
- (i) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com.
 - (ii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
 - (iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - (iv) The e-voting period commences on 10th September, 2014 (9:00 am) and ends on 12th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16th August, 2014, may cast their vote electronically.
- The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (v) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 16th August, 2014.
 - (vi) if the share holder exercises his vote both electronically and physically, then the vote cast by him electronically will supercede .
 - (vi) Mr. Parameshwar G Bhat Practicing Company Secretary (Membership No. 25167) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (vii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
 - (viii) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.balpharma.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and also communicated to BSE and NSE.
- 17) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.**
- 18) Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion/ change of bank details already printed on dividend warrants as per information received from the concerned Depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.**

By Order of the Board

Place : Bangalore
Date : 11th August, 2014

V. Murali
Company
Secretary



Annexure to Notice

Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013

Item No. 6:

Dr. G.S.R Subba Rao is a Non Executive Independent Director of the Company. He joined the Board on 09.12.1999. Dr. G.S.R Subba Rao retires by rotation at the ensuing AGM under the provisions of erstwhile Companies Act, 1956. Dr. G.S.R Subba Rao is holding the position of Independent Director for more than 5 years. In terms of Section 149 and any other applicable provisions of Companies Act, 2013, Dr. G.S.R Subba Rao being eligible and seeking re-appointment, is proposed to be appointed as an independent Director for a term of five years with effect from 18th September, 2014 and is not liable to retire by rotation.

Brief resume of Dr. G.S.R Subba Rao, nature of his expertise in specific functional areas and names of Companies In which he holds Directorships and memberships / chairmanships of Board Committees, share holding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report. This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

In the opinion of the Board and as per the consents/disclosures/intimations made by Dr. G.S.R Subba Rao as per applicable provisions of the Act, Dr. G.S.R Subba Rao fulfils the conditions specified in Companies Act, 2013 and rules made there under for his appointment as Independent Director of the Company. Copy of the draft letter of appointment of Dr. G.S.R Subba Rao as Independent Director setting out the terms and conditions is available for inspection by Members at the Registered Office of the Company.

The resolution seeks the approval of members.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

None of the Directors/Key Managerial Personnel except Dr. G.S.R Subba Rao himself is concerned or interested in this Resolution.

Item No. 7

Mr. Pramod Kumar. S is a Non Executive Independent Director of the Company. He joined the Board on 10.05.2012. Mr. Pramod Kumar .S is a Director whose period of office is liable to be determined by retirement of Directors by rotation under erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Pramod Kumar. S being eligible and seeking appointment, is proposed to be appointed as an Independent Director for a term of 5 years w.e.f 18.09.2014 and is not liable to retire by rotation.

Brief resume of Mr. Pramod Kumar. S, nature of his expertise in specific functional areas and names of Companies In which he holds Directorships and memberships / Chairmanships of Board Committees, share holding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the

Annual Report. This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

In the opinion of the Board and as per the consents/disclosures/intimations made by Mr. Pramod Kumar.S as per applicable provisions of the Act, Mr. Pramod Kumar .S fulfils the conditions specified in Companies Act, 2013 and rules made there under for his appointment as Independent Director of the Company. Copy of the draft letter of appointment of Mr. Pramod Kumar.S as Independent Director setting out the terms and conditions is available for inspection by Members at the Registered Office of the Company.

The resolution seeks the approval of members.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

None of the Directors/Key Managerial Personnel except Mr. Pramod Kumar S himself is concerned or interested in this Resolution.

Item no 8 :

The Board of Directors of the Company at its meeting held on 28.05.2014 has, subject to the approval of Members, reappointed Mr. Shailesh Siroya as Managing Director, for a period of 5 (five) years from the expiry of his present term, which is expiring on 31st July, 2014.

As the Company benefits immensely from his vast and extensive experience, your Directors recommended the proposal for renewal of his appointment for a further period of 5 years from 01.08.2014 to 31.07.2019.

Keeping in mind the industry norms and remuneration paid to similar appointees in other Companies and the active role played by Mr. Shailesh Siroya as Managing Director of the Company , the Remuneration Committee of the Company and the Board in its meeting held on 28.05.2014 have considered and recommended the proposal for revising the remuneration to Rs.6,50,000/- Lakhs per month, with effect from 01.08.2014 for a period of 3 years, as per the provisions of Schedule V of the Companies Act, 2013 and subject to the Central Government approval , if required.

The remuneration recommended may be revised to the minimum remuneration payable in the event of loss or inadequacy of Profits, as per Schedule V of the Companies Act, 2013.

Remuneration based on net profits:

In addition to salary, perquisites and allowances as set out above, Mr. Shailesh Siroya shall be entitled to receive the remuneration based on the net profits of the Company and the same will be determined by the Board and/or the remuneration committee of the Company, for each financial year.

Reimbursement of Expenses:

Expenses incurred for traveling, boarding and lodging including for his spouse during business trips, any medical assistance provided including



for his family members, and provision of cars for the use of company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

General:

The Managing Director will perform his duties with regard to all works of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board.

The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to the duties of the Directors.

The office of the Managing Director may be terminated by the Company by giving 3 (three) months prior notice in writing.

Mr. Shailesh Siroya satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub section (3) of Section 196 of the Act for being eligible for his reappointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may also be treated as abstract of terms of appointment in terms of Section 190 of the Companies Act, 2013.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

The Board recommends the resolution for approval of the members.

None of the Directors/ Key Managerial personnel other than Mr. Shailesh Siroya and Mr. Shrenik Siroya being the relative of Mr. Shailesh Siroya, is concerned/ interested in the said resolution.

Item No. 9:

Messrs Desa Marketing International has the experience, expertise, capability and infrastructure, marketing network in raw material sourcing and project co-ordination and has been promoting the Company's products and sourcing the required raw materials for the Company in India as well as abroad since last 6 years. The Contract that was entered into during 1st April 2011 has expired on 31.03.2014. The Company has obtained the Central Government approval in the last two occasions for the said contract, as prescribed under Section 297 of Companies Act, 1956. Section 188 of Companies Act, 2013 which is effective from 1st April 2014 dispenses with the requirement of seeking central government approval and members approval is made mandatory for such related party contracts. Hence the Company is seeking the members approval for the said contract. Since the contract with Messrs Desa Marketing International is beneficial to Company, the Board recommends to renew the same for a further period of 3 years. The following are the proposed transactions that the Company plans to enter with Messrs Desa Marketing International.

Estimates for the future transactions with Messrs Desa Marketing International:

₹ in lacs

Period	Purchase		Sales	
	Domestic	International	Domestic	International
01.04.2014 to 31.03.2015	800	5550	900	1000
01.04.2015 to 31.03.2016	850	5650	1150	1200
01.04.2016 to 31.03.2017	900	5800	1350	1400

Under the first proviso of Section 188(1) of the Companies Act, 2013, the Board of Directors of the Company with the consent of the members through a special resolution, can enter in to contract or arrangement with a related party with respect to sale, purchase or supply of any goods or materials.

The above transaction will be in the ordinary course of business and at arm's length, as confirmed by the Board of Directors.

Hence this resolution is placed before the members for their approval.

As Mr. Shailesh Siroya is interested in Messrs Desa Marketing International, Mr. Shailesh Siroya, Managing Director of the Company and Mr. Shrenik Siroya, Director of the Company being 'relative' of Mr. Shailesh Siroya, are considered as related parties to the transaction proposed and hence may be deemed as interested or concerned in the proposal.

None of the other Key Managerial Personnel or Directors is interested in the above resolution.

Item No. 10

The Pharma Industry is knowledge-based and it is driven by intellectual power available with the individuals working with the Company. The Employees Stock Option Plan is one of the facilitators in building partnership with the employees. The idea behind issue of stock options is to attract and retain the best talents on a long-term basis and to reward the employees for their performance and talent.

Hence your Company is proposing a new employee stock option plan titled as "Bal Pharma Limited - Employees Stock Option Plan 2014" (hereinafter referred to as the "Plan") providing for issue of stock options to employees both present and future. To implement the plan, your Company is proposing to reserve 6,00,000 equity shares of ₹ 10/- each amounting to ₹ 60,00,000/- of the authorized capital of the Company. The said Resolution is being placed before the Members for their approval.

The Board may be empowered to issue and allot shares to such persons as it may decide including to such person or persons, who may or may not be the shareholders of the Company, as the Board may at its sole discretion decide, on such terms and conditions as may be finalised by the Board and that the Board may finalise all matters incidental thereto as it may in its absolute discretion think fit.



A copy of the Plan is available for inspection at the Registered Office of the Company during office hours on all working days, except Saturday till the date of the passing of this resolution.

The Salient features of the Plan are:

- a) The total number of options to be granted to the employees of the Company, would not exceed 6,00,000 Equity Shares of ₹10/- each.
- b) Employees of the Company and its holding/subsidiary (ies), as defined in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as SEBI Guidelines) (including any Statutory modifications or re-enactment of the Act or the Guidelines for the time being in force) and as may be decided by the Board/Compensation Committee are entitled to participate in the Plan.
- c) Vesting of Options will commence after a period of one year from the date of grant and may extend up to a maximum of 5 years from the date of grant or such shorter/longer period as may be determined by the Board/Compensation Committee and as set out in the Option Agreement. The vesting may occur in tranches, subject to the terms and conditions of vesting as may be stipulated by the Compensation Committee in its discretion.
- d) The exercise price of the shares comprised in the option granted under the Plan shall be the average of the two weeks high and low price of the share of the Company immediately preceding the date of grant of option, on the Stock Exchange on which the shares of the Company are listed or such other price as may be approved by the Compensation Committee and set forth in the option agreement. In any event, the option price shall not be less than the par value of the shares.
- e) The exercise period of options will commence from the date of vesting but will expire not later than 10 years from the date of grant of options or such lesser period as may be decided by the Compensation Committee from time to time. The options will lapse if not exercised within the prescribed period. The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board/Compensation Committee from time to time.
- f) The appraisal process for determining the eligibility of the employee will be specified by the Board/Compensation Committee and will be based on criteria such as the experience and qualification/s of the employee, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria as may be determined by the Board/Compensation Committee.
- g) The maximum number of options to be granted per eligible employee of the Company will be as per the recommendations made by the Compensation Committee but, during any one year,

it shall in no event be more than 1% of the issued capital of the Company. The maximum quantum of options per employee shall not exceed 5% of the total paid up equity capital during the tenure of the Plan.

- h) The Company adopts the “intrinsic value method” as defined in the SEBI Guidelines for valuation of the Stock Options.
- i) The Company will disclose in the Directors’ Report the impact on the profits and on EPS, the difference between the employee compensation cost computed using the Intrinsic value of Stock Options and the employee compensation cost that shall have been recognized, if the Company uses fair value of Stock Options as defined in the SEBI Guidelines.
- j) The Company shall conform to the accounting policies specified in the said SEBI Guidelines, as may be applicable.

The Board recommends the adoption of the Resolution.

The Directors/Key Managerial personnel of the Company may be deemed to be concerned or interested in the Resolution to the extent of their existing share holding in the Company.

Item No. II

Your Company has been growing steadily and achieved a turnover Rs. 180 Crores during the year 2013-14. Your Company have carefully worked out the need for expansion of the company organically and inorganically and after discussions and careful study, your Board has proposed to issue Warrants to the Strategic Investors.

Accordingly talks were held with certain Strategic Investors and Warrants are being proposed to be issued as follows:

- 13,00,000 Warrants to Strategic Investors.

Your approvals are sought in terms of Section 62 of the Companies Act, 2013 for the resolutions 10 and 11.

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

Objects of the Issue:

To part fund the expansion and diversification/modernization, new initiatives on expansion and to augment the working capital needs.

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

None of the Promoters and persons belonging to Promoters’ Group intend to subscribe to the Warrants.