

BERYL

DRUGS LIMITED



ELEVENTH ANNUAL REPORT 2003- 2004

BOARD OF DIRECTORS	: Shri Sanjay Sethi Chairman Cum Managing Director Shri Sudhir Sethi, Whole-Time Director Shri Sunil Jain , Director Shri Rajendra Dammani, Director Shri Hemant Jain, Director
AUDIT & REMUNERATION COMMITTEE	: Shri Sunil Jain, Chairman Shri Rajendra Dammani Shri Hemant Jain
SHARE TRANSFER / SHAREHOLDER GRIEVANCE COMMITTEE	: Shri Hemant Jain, Chairman Shri Rajendra Dammani Shri Sunil Jain
AUDITORS	: SUBHASH CHAND JAIN ANURAG & ASSOCIATES Chartered Accountants 4, Archana Apartment, 8-B, Ratlam Kothi INDORE - 452 001
REGISTERED OFFICE	: 133, Kanchan Bag, Indore - 452 001.
PLANT	: Plot No. 123 & 124, Industrial Area No. 1 Pithampur, Distt. DHAR (M.P.)
BANKERS	: Punjab National Bank, Indore
LISTED STOCK EXCHANGES	: M.P. STOCK EXCHANGE 201, Palika Plaza, MTH Compound Indore THE STOCK EXCHANGE, MUMBAI Phiroze Jeejeebhoy Tower Dalal Street, Fort, MUMBAI - 400 001 THE STOCK EXCHANGE, AHMEDABAD Kamadhenu Complex Opp. Sahajanand College, Panjarapole Ambawadi, AHMEDABAD - 380 015
SHARE TRANSFER AGENT	: LEO CORPORATE CONSULTANTS (INDORE) PVT. LTD. 7, ARCHANA APARTMENT 8-B, RATLAM KOTHI INDORE - 452 001 PHONE : 2519439, 2518937, 2527682, 2521194 FAX NO. 0731 - 2519116 E-mail : leogroup@satyam.net.in

NOTICE

Notice is hereby given that the **Eleventh** Annual General Meeting of the Company will be held on Saturday, the September 25, 2004 at 11.00 A.M. at the Kanchan Palace, Community Hall, Nipania, Ring Road, Indore - 452 001 (M.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account for the year ended on that date along with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sunil Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s Subhash Chand Jain Anurag & Associates, Chartered Accountants, Indore, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without modification, the following resolutions as **Ordinary Resolutions**:

4. Variation in the term of remuneration of Mr. Sanjay Sethi, Managing Director of the Company.

Resolved that in accordance with the provisions of Section 269, 309, 310 and other applicable provisions of the Companies Act, 1956 if any, read with provisions of Schedule XIII of the Act, in partial modification of resolution passed at the Annual General Meeting of the Company held on 30.09.2000 relating to appointment of Shri Sanjay Sethi and further modification made therein at Annual General Meeting held on 30.09.2003 for increase in salary from Rs. 7500/- per month to Rs. 15000/- per month, the Company hereby accord its consent for:

1. further increase in salary from Rs. 15000/- per month to Rs. 25000/- per month.
2. Payment of commission upto 1% of net profit computed in accordance with the provisions of section 349 & 350 of the Companies Act, 1956.
3. Payment of premiums of medi-claim taken either for himself or his spouse or his dependant children subject to maximum upto 2 month's salary, with effect from October 01, 2004.

5. Variation in the term of remuneration of Mr. Sudhir Sethi, Whole-time Director of the Company.

Resolved that in accordance with the provisions of Section 269, 309, 310 and other applicable provisions of the Companies Act, 1956 if any, read with provisions of Schedule XIII of the Act, in partial modification of resolution passed at the Annual General Meeting of the Company held on 30.09.2000 relating to appointment of Shri Sudhir Sethi and further modification made therein at Annual General Meeting held on 30.09.2003 for increase in salary from Rs. 7500/- per month to Rs. 15000/- per month, the Company hereby accord its consent for:

1. Further increase in salary from Rs. 15000/- per month to Rs. 25000/- per month.
2. Payment of commission upto 1% of net profit computed in accordance with the provisions of section 349 & 350 of the Companies Act, 1956.
3. Payment of premiums of mediclaim taken either for himself or his spouse or his dependant children subject to maximum upto 2 month's salary, with effect from October 01, 2004.

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and the proxy need not be a member of the Company. A member unable to attend may appoint a person (whether a member or not) as his proxy in the enclosed form which shall be deposited with the principal office of the Company.

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THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The register of members and share transfer books of the Company will remain closed from September 16, 2004 to September 25, 2004 (both days inclusive).
3. Members are requested to intimate immediately any change in their addresses to the Registrar and Share Transfer Agent of the Company.
4. Shareholders desiring any information on the Accounts at the Annual General Meeting are requested to intimate the Company at least 7 days in advance so, as to enable the Company to keep the information ready.
5. Shareholders are requested to bring their copy of Annual Report to the meeting along with the attendance slip.
6. The members holding shares in identical order of names in more than one folio, are requested to write to Registrar and Share Transfer Agent of the Company to consolidate their holding in one folio.
7. Members are requested to quote their Folio Number in all their correspondence.
8. The documents referred to in this notice/ Explanatory Statements are open for inspection by the members at the principal office of the Company during the business hours of the Company on any working day upto the last date of the Annual General meeting.

Report



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By order of the Board
For Beryl Drugs Limited

SD/-

(SANJAY SETHI)

CHAIRMAN CUM MANAGING DIRECTOR

Dated : August 07, 2004

EXPLANATORY STATEMENT

In terms of Section 173(2) of The Companies Act, 1956, the following explanatory statement sets out all the material facts relating to the item no. 4 and 5 of the accompanying notice:

Item no. 4 & 5

The members of the Company in their Annual General Meeting held on September 30, 2000, approved the re-appointment of Mr. Sanjay Sethi as Managing Director and the re-appointment of Mr. Sudhir Sethi as Whole-time Director of the Company on the salary of Rs. 7500/- (Rupees Seven Thousands Five Hundred only) per month for the period of five years with effect from December 12, 2000 as specified in the notice of the said Annual General Meeting. And further enhanced their salary from Rs. 7500/- per month to Rs. 15000/- per month in Annual General Meeting held on September 30, 2003. The Board of Directors of the Company at its meeting held on August 07, 2004, subject to the approval of members of the Company in ensuing Annual General Meeting, approved the following variation in the terms and conditions of Mr. Sanjay Sethi, Managing Director and Mr. Sudhir Sethi, Whole-time Director, of the Company for the remaining period of their tenure.

1. Increase in the remuneration payable from Rs. 15000/- per month to Rs. 25000/- per month.
2. Payment of commission upto 1% of net profit computed in accordance with the provisions of section 349 & 350 of the Companies Act, 1956.
3. Payment of premiums of medi-claim taken either for himself or his spouse or his dependant children subject to maximum upto 2 month's salary.

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4. All other terms and conditions of their appointment will remain unchanged.

The resolution for the variation in the terms and conditions of Mr. Sanjay Sethi, Managing Director and Mr. Sudhir Sethi, Whole-time Director, both being brother, are recommended for acceptance by the shareholder in the ensuing Annual General Meeting.

None of the Directors other than Mr. Sanjay Sethi and Mr. Sudhir Sethi is concerned or interested in the resolution.

**By order of the Board
For Beryl Drugs Limited**

**SD/-
(SANJAY SETHI)
CHAIRMAN CUM MANAGING DIRECTOR**

Dated : August 07, 2004



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DIRECTORS' REPORT

To,

The Members,
Beryl Drugs Limited

Your Directors have pleasure in presenting their **Eleventh** Annual Report on the Audited Accounts for the financial year ended on 31st March, 2004.

1. INTERNATIONAL OPERATION DURING THE YEAR:

International generic opportunity is the future growth engine. This market segments is expanding due to many blockbuster drugs going out of patent protection over next few years. An added factor is the mounting health care costs in the developed markets, which is paving way for a more favorable regulatory regime for generics in such countries. Generic, now get faster approvals and are actively encouraged by the Governments. Over the last few years, the Company has introduced the strategy and built infrastructure and capabilities focused on tapping this lucrative opportunity. The manufacturing facilities are upgraded to meet stringent quality assurance standards of the highly regulated developed countries; at the same time maintaining the competitive cost prices.

2. FINANCIAL RESULTS AND OPERATIONS

The Company's financial results have been summarised as follows:

	(Rupees in Lacs)	
	Year ended 31.3.2004	Year ended 31.3.2003
Total Income	765.07	503.94
Total Expenditure	729.42	481.73
Profit before prior period adjustment	35.65	22.20
Less : Prior period adjustment	0.62	0.29
Income tax for earlier year	Nil	0.17
Profit before Tax	35.03	21.74
Less : Provision for Income Tax	0.55	2.61
Profit after Tax	34.48	19.13
Profit/ (Loss) brought forward from last year	(8.18)	(27.31)
Balance of Profit/(loss) carried to Balance Sheet	26.30	8.18

During the year, the Company succeeds to achieve the turnover of Rs.76094521.20 against the turnover of Rs. 51120902.50 recorded during the previous year, which represent the growth 48.85% over the turnover of the previous year. Due to better implementation of management strategies and plans supported by efforts and dedication of staff and employees, Company generated the profit after tax of Rs. 3447627.36 against the profit of earlier year that was Rs. 1912879.05 and represent a record increase of 80.23% over the last year's profit. Consequently, Company has diluted its past losses and achieved the net profit of Rs.2630051.43 after deducting the last losses.

3. DIVIDEND :

In order to further strengthen the Company to expand its business activities and to conserve the financial resources, your Directors regret for their inability to recommend any dividend for the financial year 2003-2004.

4. PUBLIC DEPOSITS :

The Company has neither invited nor accepted any deposit from the public with in the Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 during the year.

5. INSURANCE :

The Company's plant, property, equipments, machinery and stocks are adequately insured against various miss-happenings.

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6. MANAGEMENT :

Shri Sunil Jain, Director of the Company, retires by rotation at the date of ensuing Annual General Meeting and being eligible offers himself for the re-appointment. A motion for the re-appointment of Shri Sunil Jain, as Director of the Company will be placed before the members in the ensuing AGM.

7. DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the provision of Section 217 (2AA) of the Companies Act, 1956 as amended with respect to Director's responsibility statement and subject to where so ever otherwise contained in the Audit Report, Your Directors hereby confirm.

1. That in the preparation of the annual accounts for the financial period ended on 31st March, 2004 the applicable accounting standards subject to notes to the accounts in Auditors Report had been followed, along with proper explanation relating to material departures;
2. That the Director have selected such accounting policies and applied them consistently and made judgements and estimates that 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 period ended and profit of the Company for the period under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis.

8. AUDITORS :

The statutory auditors of the Company, M/s. Subhash Chand Jain Anurag & Associates, Chartered Accountants, Indore (M.P.) retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from M/s. Subhash Chand Jain Anurag & Associates to the effect that their appointment, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956. Yours Directors recommend their appointment as auditors of the Company in ensuing Annual General Meeting.

The Auditors Report on the accounts for this accounting period ended on 31st March, 2004 is self explanatory, therefore does not require any further explanation.

9. PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company as the Company does not have any employee receiving Remuneration exceeding Rs. 24,00,000.00 per annum or Rs. 2,00,000.00 per month or part thereof.

10. DISCLOSURE OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

The details of energy conservation, technology absorption etc., in Form A and B as required under section 217(1)(e) are annexed to and forming part of the report of the Board. There is no foreign exchange earning and outgo during the year.

11. CORPORATE GOVERNANCE:

The Company has complied with the mandatory statutory requirement of corporate Governance specified by the Securities and exchange Board of India through clause 49 of the Listing agreement. As required by the said clause, a separate report on the Corporate Governance forms part of this Annual report.

A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance has been obtained and is enclose to this report.

12. LISTING OF SECURITIES :

The Equity Shares of the Company are listed with the Stock Exchanges of Mumbai, Madhya Pradesh and Ahmedabad. The Company has paid the Annual Listing Fee for the financial year 2004-05 to the Stock Exchanges of Mumbai and Madhya Pradesh. But your has not deposited any listing fee to Ahmedabad Stock Exchange for the year as per the decision of members of the Company took place in their Annual General meeting held on September 29, 2001.

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13. INTERNAL CONTROL SYSTEM :

The company has reasonable internal control system comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an on going basis. The Company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management assuring services. However there is inherent limitation, including the cost of control that should be recognized in weighing the assurances providing by any systems of internal control

14. PRICE REGULATION :

The Government's Pharmaceutical Policy 2002, inter alia, to replace the Drug Policy 1984, is still enmeshed in litigation. The price control regime continues to be governed by Drug Price Control Order, 1995. In view of the litigation over Pharmaceutical Policy 2002, the pricing regulatory environment for the Industry however remains uncertain.

15. DEMATERIALIZATION OF SHARES :

In current year your Company has not dematerialized the share due to continue the option of trade of equity shares on trade to trade basis.

16. SPECIAL BUSINESS :

As regards the items of the notice of Annual General Meeting relating to special business, the resolution incorporated in the notice and explanatory statement relating thereto, fully indicate the reasons for seeking the approvals of members to the proposals. Members' attention is drawn to this item and explanatory statement annexed to the notice.

17. APPRECIATION AND ACKNOWLEDGEMENT

Your Directors appreciated the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. Your Directors are also grateful and pleased to place on record their appreciation and acknowledgement with gratitude the support and Company-operation extended by clients, customers, vendors, bankers, investors, media and both the State and Central Government and their agencies and look forward their continued support.

Your Directors also extend their thank to the employees at all levels who through their dedication, co-operation and support, have enabled the Company to achieve sustained growth.

For and on behalf of Board of Directors,
Sd/-

(Sanjay Sethi)

Chairman

Place : Indore

Dated : August 07, 2004

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ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

The Company continues to take measure for conservation of energy required to produce products including regular checks and preventive maintenance of all electrical equipment and installation are being conducted to avoid leakage of energy due to faulty operations.

FORM A

Form for disclosure of particulars with respect to the conservation of energy.

	<u>2003-2004</u>	<u>2002-2003</u>
<u>1) Electricity</u>		
a) Purchased Quantity (Unit)	420120	307390
Total Amount (Rs. in lacs)	22.30	15.07
Average Rate Per unit (Rs)	5.31	4.90
<u>2) Coal</u>		
a. Quantity in M.T.	451.00	211.540
b. Total Amount (in Rs.)	8,67,133	5,39,429
c. Average Rate Per M.T. (in Rs.)	1922.69	2550
<u>3) Other / Internal Generation</u>	Nil	Nil

(b) Consumption Per Unit of Production

The Company manufactures several injections. It is therefore difficult to apportion the consumption and cost of utilities to specific products item.

FORM B

(Forms for disclosure of particulars with respect to Technology Absorption.)

- Research and Development work concerning process improvements of small volume injections and large volume injections are carried out at Company's work at Pithampur.
- Your Company is having research and development cell headed by a senior and experienced chemist. Continuous observation on the quality of the product at various levels, is being kept by the section. This section also keeps a regular track on latest advancement of the injection technology in order to keep changing with the demand.

By order of the Board of Directors,
Sd/-

Sanjay Sethi
Chairman Cum Managing Director

Place : Indore
Dated : August 07, 2004

CORPORATE GOVERNANCE DISCLOSURE:

The Company pursuant to the clause 49 of the Listing agreement entered with the Stock Exchanges, furnishes its report on the code of Corporate Governance.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy on Code of Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and all its inter actions with the shareholders including the employee, the Government and lenders.

The standard of Corporate Governance is under constant review by the Board in order to keep pace with changes at the national and international level and ensure :-

- Enhance of shareholders value and protection of the interest of other stakeholders.
- Providing customers with quality product and services at competitive prices.
- Responsibility towards environment and optimal use of the natural resources.
- Providing fair wages and safe working conditions for employees and inviting inputs from them in decision making. Contribution to the socio-economic development of the local community.

2. BOARD OF DIRECTORS

The Board of Directors of the Company is comprised of :

- Three independent non-executive Directors.
- Two executive Directors.

Attendance of each Director at the Board meetings, last Annual General Meeting and number of other Directorship and Chairmanship/ membership of Committee of each director in various Companies.

Name of Director	Category	Attendance Particulars		No. of other Directorships and Committee membership / chairmanship		
		Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Sanjay Sethi	CMD	Five	Yes	One	Nil	Nil
Mr. Sudhir Sethi	WTD	Five	Yes	One	Nil	Nil
Mr. Rajendra Dammani	NED	Five	Yes	One	Six	Nil
Mr. Sunil Jain	NED	Five	Yes	One	Six	Four
Mr. Hemant Jain	NED	Five	Yes	Nil	Three	One

CMD : Chairman cum Managing Director

WTD : Whole time Director

NED : Non Executive Director

Number of Board of Directors Meeting held and the dates on which held

During the year, the Company held the five Board Meetings as against the minimum requirement of Four meetings on April 12, 2003, July 19, 2003, August 02, 2003, October 18, 2003 and January 17, 2004. The maximum time gap between two meetings was not exceeding three calendar months.

3. AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee, comprising three non- executive independent Directors viz. Mr. Sunil Jain Chairman, Mr. Rajendra Dammani, and Mr. Hemant Jain. The constitution of audit committee also meets with the requirements under section 292A of the Companies Act, 1956.

The terms of reference stipulated by the Board to the Audit Committee are, as contained under clause 49 of the listing agreement, as follows