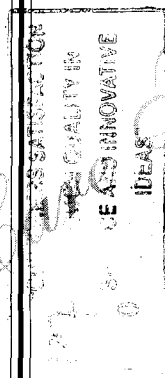


Hulta Pharmaceutical Export Limited

**Annual Report
2002 - 2003**

Plot 48, VGP 3rd Main Road
Palavakkam,
Chennai - 600 041



HULTA PHARMACEUTICAL EXPORT LIMITED**ANNUAL REPORT 2002-03****Board of Directors**

Harish L.Metha
Dr. Mohan Swami
Dr. Rajiv Vashisht
Mr. K. Prabhakaran

Managing Director
Director
Director
Director

Auditors

M/S RAO & GOPAL,
Chartered Accountants
23, Lady Madhavan Road,
Mahalingapuram, Chennai 34.

Bankers

Canara Bank

Share Transfer Agents

Cameo Corporate Services Ltd
"Subramanian Building"
Club House Road,
Chennai 600 002.

Registered Office

Plot No. 48,
VGP 3rd Part, 3rd Main Road,
Palavakkam, Chennai 600041.

Factory

A-34, Madras Export Processing Zone,
Tambaram,
Chennai 600 045.

HULTA PHARMACEUTICAL EXPORT LIMITED

HULTA PHARMACEUTICAL EXPORT LIMITED

NOTICE CONVENING ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on **Monday, the 15th September 2003 at 11.00 a.m. at Sri Rajasthani Jain Samaj Bhavan, Dr.C.L.Metha Hall, 1st Floor, Old No. 66, New No. 131, Thyagaraja Road, T.Nagar, Chennai – 17 (opp. Maya Plaza)** to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2003 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr Mohan Swami who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix up their remuneration. The retiring auditors M/s. Rao & Gopal, Chartered Accountants are eligible for reappointment.

SPECIAL BUSINESS

4. *To consider and if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-*

“RESOLVED

That pursuant to Section 269, 309, 198 ad all other applicable provisions, if any, of the Companies Act, 1956, Mr. Harish L Metha be and is hereby re-appointed as Managing Director of the Company with effect from 1.4.2003 for a period of five years from 1.4.2003 to 31.3.2008 without any remuneration”.

5. *To consider and if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-*

RESOLVED

That pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the fact that the company's net worth has been eroded by more than fifty percent and the reasons therefor be placed before the Members at the Annual General Meeting and a report thereof be filed with the Board for Industrial and Financial Reconstruction within sixty days thereof.

RESOLVED FURTHER that the Managing Director Mr. Harish L Mehta be and is hereby authorized to file the report in the prescribed format with the Board for Industrial and Financial Reconstruction.

6. *To consider and if thought fit, to pass, with or without modifications, the following resolution as a special resolution: -*

"RESOLVED

That the approval of the Shareholders be and is hereby accorded for rescinding the following special resolution passed at the Fifteenth Annual General Meeting held on 21st December 2002: -

"RESOLVED

That Clause IIIA, the main object clause of the Memorandum of Association of the Company be and is hereby altered by insertion of the following new Clause numbered as IIIA (5)

"To carry on in India and elsewhere the business of manufacturing, processing, exporting, importing, transporting, selling, distributing trading, dealing in and disposing

a) relating to all kinds of instruments, appliances and such other instruments, equipment of every nature and description relating to health care and technology;

b) All types of varieties, formula and kinds of health care and technology in any form and equipment, accessories and intermediaries to the manufacture of the same.

HULTA PHARMACEUTICAL EXPORT LIMITED**RESOLVED FURTHER**

That pursuant to Section 149(2A) of the Companies Act, 1956 and subject to further approvals, sanctions, permissions, if required, the Board of Directors be and is hereby authorised to commence the business in relation to the new objects as may be decided by them and do all such matters and things as in their absolute discretion, it may consider necessary, expedient or desirable in order to give effect to this resolution or otherwise considered by the Board to be in the best interests of the Company”.

7. *To consider and if thought fit, to pass, with or without modifications, the following resolution as a special resolution: -*

“RESOLVED

That the approval of the Shareholders be and is hereby accorded for rescinding the following special resolution passed at the Fifteenth Annual General Meeting held on 21st December 2002: -

RESOLVED

That pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 6 Crores divided into 60,00,000 equity shares of Rs. 10/- each to Rs. 15,00,00,000/- divided into 1,50,00,000 equity shares of Rs. 10/- each by creation of additional 90,00,000 equity shares of Rs. 10/- each ranking pari passu in all respects with the existing equity shares of the Company and that the relevant clauses of the Memorandum and Articles of Association of the Company be and are hereby altered accordingly

RESOLVED FURTHER

That Clause V of the Memorandum of Association of the Company be and is hereby altered to read that the Authorised Share Capital of the Company is Rs. 15 crores divided into 1,50,00,000 equity shares of Rs.10/- each.

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RESOLVED ALSO FURTHER

That pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby deleted and the following new Article substituted therefor:

The Authorised Share Capital of the Company is Rs.15, 00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore and Fifty Lakhs Only) equity shares of Rs. 10/- (Rupees Ten Only) each.

By order of the Board
For **HULTA PHARMACEUTICAL EXPORT LIMITED**

DR MOHAN SWAMI
DIRECTOR

Registered Office

Plot No. 48, VGP 3rd Main Road,
Palavakkam, CHENNAI 600 041

Dated: 15th July 2003

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy Form duly filled and signed by the Shareholder must be lodged with the Company at the Registered Office of the Company at any time not less than 48 hours before the meeting.
3. The relevant Explanatory Statement of materials facts pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos.4 to 7 of the Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 1.9.2003 to 15.9.2003 (both days inclusive).
5. Members are requested to communicate their change of address, if any quoting their respective folios.
6. Members holding shares in dematerialized form are requested to intimate any change in their address to their respective DPs and those holding shares in physical form are to intimate the above said change to the Cameo Corporate Services Limited, 'Subramanian Building', No. 1, Club House Road, Chennai 600 002.

HULTA PHARMACEUTICAL EXPORT LIMITED

HULTA PHARMACEUTICAL EXPORT LIMITED

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

Item No.4

It is brought to the notice of shareholders that the Board of Directors has at its meeting held on 31st March 2003 re-appointed Mr. Harish L Metha as Managing Director of the Company for a period of five years with effect from 1.4.2003 to 31.3.2008 without any remuneration subject to obtaining the approval of the Shareholders at the forthcoming Annual General Meeting. Hence the resolution for re-appointment of Mr. Harish L Metha is placed before you for your approval.

Except Mr. Harish L Metha, none of the Directors is concerned or interested in passing the resolution.

Your Directors commend passing the resolution.

Item No. 5

The audited accounts of the company placed before the Members for adoption indicate that the net worth of the company has been eroded by more than fifty percent.

According to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985:

'Loss of fifty percent net worth by industrial companies: (1) If the accumulated losses of any industrial company, as at the end of any financial year (hereinafter referred to as the relevant financial year) have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding five financial years, -

- a. the company shall, within sixty days from the date (hereinafter referred to as the relevant date) of finalisation of duly audited accounts of the Company for the relevant financial year –
 - i. Report the fact of such erosion to the Board; and
 - ii. Hold a general meeting of the Shareholders of the Company for considering such erosion;
- b. the Board of Directors shall at least twenty-one days before the date on which the meeting under sub-clause (ii) of clause (a) is held, forward to every member of the company a report as to such erosion and the causes for such erosion;'

The causes for the erosion of the net worth by more than fifty percent are:

1. Inability of the erstwhile management to realize debts owed by customers aggregating to Rs. 89,27,523
2. Obsolescence and write-off of stocks purchased by the erstwhile management that are either not available or unfit for use aggregating to Rs. 66,80,480.
3. Sharp decline in the value of investments made by the erstwhile management aggregating to Rs. 1,08,88,200

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4. Non-operation of business due to not keeping abreast of the developments which have taken place in the line of business engaged by the Company and meeting the standards and specifications of GMP by the erstwhile management resulting in poor order book position and productivity. Inability of the Company to embark on its proposed diversification activities in view of the past losses and legacies of the erstwhile management.

It is brought to the notice of the Members that the net worth of the Company has been eroded by more than fifty percent and the reasons for such erosion listed above be considered, recorded and reported to the Board for Industrial and Financial Reconstruction.

Your Directors commend passing the resolution.

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

Item No.6

Due to sudden backing out of the joint venture partner from the project coupled with the recessionary trends prevalent in the global market, the Company could not embark upon the expansion plans and diversification programmes. It is therefore considered expedient to rescind the special resolution passed at the Fifteenth Annual General Meeting for the changes in the object clause of the Memorandum of Association. Hence the special resolution.

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

Your Directors commend passing the special resolution.

Item No.7

It is brought to the notice of the Shareholders that at the Fifteenth Annual General Meeting of the Company held on 21st December 2002, approval of the Shareholders was obtained by way of special resolution for increasing the authorised share capital of the Company from Rs. 6 Crores to Rs 15 Crores by creation of additional 90,00,000 equity shares of Rs. 10/- each ranking pari passu in all respects with the existing equity shares in the Company. As mentioned in Item No. 6, the Company could not pursue the envisaged expansion and diversification programmes due to sudden backing out of the joint venture partner coupled with recessionary trends prevalent. Hence the special resolution.

Your Directors commend passing the resolution.

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

By order of the Board

For HULTA PHARMACEUTICAL EXPORT LIMITED

Registered Office

Plot No. 48, VGP 3rd Main Road,
Palavakkam, CHENNAI 600 041

DR MOHAN SWAMI
DIRECTOR

Dated: 15th July 2003

HULTA PHARMACEUTICAL EXPORT LIMITED**DIRECTORS' REPORT****To**

The Members

Hulta Pharmaceutical Export Limited,
CHENNAI

Your Directors present herewith the Sixteenth Annual Report of the Company together with the Audited Statement of Accounts of the Company for the year ended 31st March 2003.

FINANCIAL PARAMETERS

For the nine months period ended 31st March 2003, the performance of the Company has been adversely affected due to unprecedented circumstances prevalent in the domestic market coupled with global recessionary trends.

The Company has been making market research so as to expand its horizon of business and diversify into newer products and newer markets.

The details of financial results for nine months ended 31st March 2003 are given below.

S.No.	Description	For the period ended 31 st March 2003 (9 months)	For the year ended 30 th June 2002 (12 months)
(Rs. in Lakhs)			
1.	Total Income	0.84	7.23
2.	Less: Expenses	293.56	22.28
3.	Loss before interest and depreciation	(292.72)	(15.05)
4.	Less: Interest	0.37	3.76
5.	Loss before depreciation	(293.09)	(18.81)
6.	Less: Depreciation	0.50	5.72
7.	Loss before tax	(293.59)	(24.53)
8.	Less: Provision for taxation	Nil	Nil
9.	Loss after taxation	(293.59)	(24.53)

DIVIDEND

In view of the loss, the Directors do not propose any dividend for the period ended 31st March 2003.

FUTURE OUTLOOK

Barring unforeseen circumstances, it is expected that the performance of the Company will improve in the years to follow.

EROSION OF NET WORTH AND APPLICABILITY OF SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Your Directors are constrained to report that the net worth of the company has been eroded by more than fifty percent and Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 has become applicable to the Company. Accordingly, a special subject matter under special business has been included in Agenda for the Annual General Meeting to pass a special resolution for consideration of the erosion in net worth and steps taken for arresting further erosion. The reasons for the erosion in net worth are:

1. Inability of the erstwhile management to realize debts owed by customers aggregating to Rs. 89,27,523
2. Obsolescence and write-off of stocks purchased by the erstwhile management that are either not available or unfit for use aggregating to Rs. 66,80,480.
3. Sharp decline in value of investments made by the erstwhile management aggregating to Rs. 1,08,88,200
4. Non-operation of business due to not keeping abreast of the developments which have taken place in the line of business engaged by the Company and meeting the standards and specifications of GMP by the erstwhile management resulting in poor order book position and productivity.
5. Inability of the company to embark on its proposed diversification activities.

Your Directors propose to arrest further erosion by entering into plans of widening the product range and diversification activities.

RESCINDING OF RESOLUTIONS PASSED AT THE LAST ANNUAL GENERAL MEETING

In view of unavoidable reasons as mentioned in the explanatory statement attached to the notice, a separate item has been brought to you in the Notice for rescinding the special resolutions passed at the fifteenth Annual General Meeting held on 21st December 2002 for alteration of object clause of the Memorandum of Association and increasing the Authorised Share Capital from the present level of Rs. 6 Crores to Rs. 15 crores.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the period under report.

INDUSTRIAL RELATIONS

The Industrial Relations in the Company have been cordial.