



# **Hulta Pharmaceutical Export Limited**

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## **Annual Report 2005 - 2006**

R E Apartments,  
IIIrd Floor, 70/64, Arya Gowda Road,  
West Mambalam, Chennai - 600 033.

## HULTA PHARMACEUTICAL EXPORT LIMITED

### ANNUAL REPORT 2005 - 2006

#### **Board of Directors**

Mr. Harish L. Metha	Managing Director
Dr. Mohan Swami	Director
Dr. Rajiv Vashisht	Director
Mr. K. Prabhakaran	Director
Mrs. Gomathi @ Usha Nathan	Director
Dr. C. Sivakumar Reddy	Director
Mr. K. Bhakthavatsala Reddy	Director

#### **Auditors**

M/s. Rao and Gopal,  
Chartered Accountants,  
R E Apartments, III Floor,  
70/64, Arya Gowda Road,  
West Mambalam,  
Chennai - 600 033.

#### **Bankers**

Canara Bank

#### **Registrars and share Transfer agent**

Cameo Corporate Services Ltd,  
'Subramanian Building'  
1, Club House Road,  
Chennai - 600 002.

#### **Registered Office**

R E Apartments,  
IIIrd Floor, 70/64, Arya Gowda Road,  
West Mambalam,  
Chennai - 600 033.

**HULTA PHARMACEUTICAL EXPORT LIMITED**

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**NOTICE CONVENING ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held on Saturday, the 23<sup>rd</sup> September 2006 at 11.00 a.m. Sri Rajasthani Jain Samaj Bhavan, Dr C L Metha Hall, 1<sup>st</sup> Floor, Old No. 66, New No. 131, Thyagaraja Road, T Nagar, Chennai 600 017 to transact the following business :-

**ORDINARY BUSINESS**

01. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2006 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon;
02. To appoint a Director in place of Mrs Gomathi @ Usha Nathan who retires by rotation and being eligible offers herself for re-appointment.
03. 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 re-appointment.

**SPECIAL BUSINESS**

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

**“RESOLVED**

That Mr K Bhakthavatsala Reddy who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation”.

By order of the Board  
For HULTA PHARMACEUTICAL EXPORT LIMITED

DR MOHAN SWAMI  
DIRECTOR

Registered Office  
RE Apartments, III Floor,  
70/64, Arya Gowda Road,  
West Mambalam,  
CHENNAI 600 033

Dated : July 31, 2006

## 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 SUCH A 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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 of the Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16.9.2006 to 23.9.2006 (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 address to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Cameo Corporate Services Limited, 'Subramanian Building', No. 1, Club House Road, Chennai 600 002.

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### Details of Director seeking re-appointment at the Annual General Meeting

Particulars	Mrs Gomathi @ Usha Nathan
Date of Birth	17.12.1970
Date of appointment	11.9.2004
Qualifications	Bachelor Degree in Business Administration from the International Islamic University, Malaysia
Expertise in specific functional area	Wide experience in Corporate Affairs, Business Development and Product Development areas
Directorships held in other Public Companies (including foreign Companies)	Chase Perdana Berhad, Malaysia
Memberships/Chairmanships of Committees of other public companies (includes only Audit and Shareholders/ Investors Grievance Committee)	Nil
Number of shares held in the Company	Nil

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 4

It is brought to the notice of the shareholders that Mr K Bhakthavatsala Reddy was appointed as an Additional Director of the Company with effect from 11<sup>th</sup> April 2006. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Additional Director only upto the date of forthcoming Annual General Meeting. As per Section 257 of the Companies Act, 1956, a notice has been received from a Member proposing the candidature of Mr K Bhakthavatsala Reddy for the office of the Director.

The Board commends the resolution set out in Item No.4 of the Notice for your approval.

None of the Directors except Mr K Bhakthavatsala Reddy be deemed to be concerned or interested in passing this resolution.

By order of the Board  
For HULTA PHARMACEUTICAL EXPORT LIMITED

DR MOHAN SWAMI  
DIRECTOR

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CHENNAI 600 033

Dated : July 31, 2006

## DIRECTORS' REPORT AND MANAGEMENT ANALYSIS

Your Directors present herewith the Nineteenth Annual Report on the Annual Accounts for the year ended 31<sup>st</sup> March 2006.

### 01. Financial Results

The summarized financial results are given below :-

Description	For the year ended 31 <sup>st</sup> March 2006 ( Rs. In lakhs)	For the year ended 31 <sup>st</sup> March 2005 ( Rs. In lakhs)
01. Total Income	0.58	Nil
02. Total Expenditure	248.32	8.02
03. Loss before Interest & Depreciation	(247.74)	(8.02)
04. Interest	4.26	Nil
05. Loss before Depreciation	(262.00)	(8.02)
06. Depreciation	Nil	Nil
07. Loss before taxation	(262.00)	(8.02)
08. Provision for taxation	Nil	Nil
09. Loss after taxation	(262.00)	(8.02)

### 02. Dividend

In view of the loss, your Directors do not propose any dividend for the year ended 31<sup>st</sup> March 2006.

### 03. Industry Structure and Development

The industrial growth of the country has increased during the year under review. The Company has been making all out efforts to resolve major impediments faced by the Company. During the year, the Company has settled the loan availed from M/s. Tamilnad Mercantile Bank Limited by the erstwhile promoters and satisfied the charge created on 9.8.96 for Rs. 80 Lakhs. The Board of Directors is grateful to Dr Mohan Swami, Director for his timely assistance by way of unsecured loan of Rs. 15.60 lakhs over and above Rs. 5 Lakhs already brought in by him in the year 2002 to resolve this issue.

### 04. Opportunities, challenges, risks and concerns

The increased activities in the pharmaceutical industry will provide for opportunities for growth.

Increased competitive pressure including higher costs, changes in the dies/moulds and new technologies are challenges thrown open to the industry.

By diversifying into new areas and newer lines, the Company will be in a position to convert the challenges into opportunities.

Unfavourable factors such as slow down, recession can affect the production and productivity of the industry.

## 05. One time settlement

In terms of the one time settlement entered into with M/s. Tamilnad Mercantile Bank Limited, Dr Mohan Swami, Director has brought in additional unsecured loan of Rs. 15.60 Lakhs over and above Rs. 5.00 Lakhs already brought in as deposit against one time settlement of dues to the Bank; that the Bank has adjusted its entire dues with the sale proceeds of the factory building and the amounts brought in by Dr Mohan Swami as unsecured loan; that the appeal in DRAT, Chennai has been settled out of Court and the Appeal filed by M/s. Tamilnad Mercantile Bank Ltd. was dismissed as out of court vide Order passed by the Honourable Justice, Debt Recovery Appellate Tribunal, Chennai in MA-96/2005 (IA-496/2004 in OA No. 2276/2001 before DRT-2, Chennai) dated 17<sup>th</sup> April 2006.

## 06.Fixed Deposits

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

## 07.Industrial Relations

The industrial relations of the Company have been cordial.

## 08. Particulars of Employees

There are no employees who were in receipt of the remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the year under review and hence annexure required under the said Section is not attached.

## 09. Retirement by rotation

Mrs Gomathi @ Usha Nathan, Director retires by rotation and being eligible, she offers herself for re-appointment.

## 10. Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed :-

- a) That in the preparation of accounts for the accounting period ended 31<sup>st</sup> March 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 year and the loss of the Company for the year under review;
- c) 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;
- d) That the Directors have prepared the accounts for the year ended 31<sup>st</sup> March 2006 on a 'going concern' basis.

## 11. Corporate Governance

The Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchanges, where the Company's shares are listed. A report on the Corporate Governance in this regard is made a part of this Annual Report and a Certificate from the Auditors of the Company regarding compliance of the conditions of the Corporate Governance is attached to this report.

## 12. Auditors

M/s. Rao and Gopal, Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

## 13. Conservation of energy, Technology Absorption and Adaptation and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption and adaptation and foreign exchange earnings and outgo are NIL.

## 14. Acknowledgement

The Board of Directors wishes to express its sincere appreciation to the shareholders, financial institutions, business associates, various Government agencies and employees for their continued support.

By order of the Board  
For HULTA PHARMACEUTICAL EXPORT LIMITED

DR MOHAN SWAMI  
DIRECTOR

### Registered Office

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CHENNAI 600 033

Dated : July 31, 2006

## **ADDENDUM TO THE DIRECTOR REPORT**

### **Re-appointment of Mr Harish L. Metha, Managing Director**

With reference to the qualification / reservation made by the Auditors regarding Mr. Harish L. Metha, Managing Director, as already reported that Mr Harish L. Metha was re-appointed as Managing Director of the Company for a period of five years from 1.4.2003 to 31.3.2008 subject to obtaining the approval of the Shareholders at the Annual General Meeting; that Company has filed necessary from 32 and 23 with the Registrar of Companies as per Section 303 (2) and 192 of the Companies Act, 1956 respectively vide filling fee receipt No. 3678 dated 28.4.2003.

At the Sixteenth Annual General Meeting held on 15th September 2003, approval of the Shareholders was obtained for the re-appointment of Mr Harish L. Metha, Managing Director for a period of five years from 1.4.2003 to 31.3.2008 without any remuneration. The Company has duly filed From No. 23 in this regard under Section 192 of the Companies Act, 1956 with the Registrar of Companies vide filling fee receipt No. 23441 dated 22.9.2003.

As reported in the earlier report that it has come to the notice of the Company from the records of the Registrar of Companies and the report of Auditors that a From No. 32 has been filed on 1.7.2003 with the Registrar of Companies for the resignation of Mr. Harish L. Metha as Managing Director with a effect from 16-10-2002 which bears the signature of one Mr. Balaji who is neither a Director nor connected with the company in any capacity.

As already submitted that as the there are certain critical statutory compliances and vital issues to be resolved, the Board of Directors at it is meeting held on 31st March 2003 unanimously felt that till such time these issues are resolved, it would be in the interest of the company to reappoint Mr. Harish L. Metha for a further period of five years. This proposal for re-appointment was also duly approved by the shareholders.

The Board of Director is contemplating legal recourse in this matter.

### **Going Concern Concept**

With reference to Auditor's qualification / reservation made regarding the Going Concern Concept. It is brought to the notice of the Shareholders that as already reported, certain omissions / commissions and irregularities committed by the erstwhile management need to be resolved lest the Company would be put to great jeopardy and predicament. The new management has settled the dues to Tamilnadu Mercantile Bank Limited and have identified new areas. The approval of the share holders is being obtained for amendment of memorandum of association to take up the new line of business by way of postal ballot.

By order of the Board  
For **HULTA PHARMACEUTICAL EXPORT LIMITED**  
**DR. MOHAN SWAMI**  
Director

#### Registered Office

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Dated : 30<sup>th</sup> July 2005