

**21<sup>st</sup>**  
***Annual***  
***Report***  
**2003 - 04**

**HARLEYSTREET PHARMACEUTICALS LIMITED**

29/3, Phase III, G.I.D.C. Industrial Estate,  
Naroda, Ahmedabad - 382 330.

# HARLEYSTREET PHARMACEUTICALS LIMITED

**BOARD OF DIRECTORS :** Mr. Umesh S. Parikh ..... Managing Director  
Mr. Pragna J. Dani ..... Director  
Mr. Kaushik S. Chaturvedi ..... Director  
Mr. Prashant P. Godha ..... Director

**AUDITORS :** M/s. Shah & Shah Associates,  
Chartered Accountants,  
Ahmedabad.

**REGISTERED OFFICE :** 29/3, Phase III, GIDC Industrial Estate,  
Naroda, Ahmedabad - 382 330.  
Gujarat.

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## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the Members of HARLEYSTREET PHARMACEUTICALS LIMITED will be held on Friday, 24<sup>th</sup> day of September, 2004 at 10.00 a.m. at the Registered Office of the Company situated at 29/3, Phase III, GIDC Industrial Estate, Naroda, Ahmedabad 382 330 to transact the following business :

### ORDINARY BUSINESS :

1. To receive and adopt the Account and the Reports of the Directors and Auditors for the year ended 31<sup>st</sup> March, 2004.
2. To appoint a Director in place of Ms Pragna J Dani, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr Umesh S Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the reappointment of and the remuneration payable to Mr Umesh S Parikh as the Managing Director of the Company for a period of three years from 16<sup>th</sup> day of September, 2004 on such terms and conditions including remuneration as set out in the Draft Agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr Umesh S Parikh, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT the remuneration including benefits amenities and perquisites as set out in the said draft agreement shall nevertheless be paid and allowed to Mr Umesh S Parikh, as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such years but shall not in any such year exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and to do such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this Resolution."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr Saahil Parikh who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 read with Article 85 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mr Saahil Parikh as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

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

"RESOLVED that in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the appointment of and the remuneration payable to Mr Saahil Parikh as the Whole-time Director of the Company for a period of 5 (five) years from 1<sup>st</sup> day of August, 2004 on such terms and conditions including remuneration as set out in the Agreement entered into between the Company and Mr Saahil Parikh a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting, which agreement is hereby specifically sanctioned.

RESOLVED FURTHER THAT the remuneration including benefits amenities and perquisites as set out in the agreement shall nevertheless be paid and allowed to Mr Saahil Parikh, as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such years but shall not in any such year exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Mr Saahil Parikh, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto and also to take such steps, acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this Resolution."

By Order of the Board

**NOTES**

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the commencement of the meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 15<sup>th</sup> September, 2004 to 24<sup>th</sup> September, 2004, both days inclusive.
- c) Members are requested to intimate to the Company changes, if any, in their registered address quoting their Folio Number.
- d) Shareholders seeking any information with regards to accounts are requested to write to the Company latest by 15<sup>th</sup> September, 2004 so as to enable the management to keep the information ready.
- e) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 5**

Mr Umesh S Parikh was appointed as the Managing Director of the Company for a period of 3 years with effect from 16<sup>th</sup> day of September, 2001. His period of office is thus due to expire on 15<sup>th</sup> September, 2004. At the board meeting held on July 31, 2004, the Board reappointed Mr Umesh S Parikh as Managing Director for a further period of 3 years with effect from 16<sup>th</sup> September, 2004 subject to the approval of shareholders of the Company.

The terms and conditions of his reappointment as Managing Director are as follows :

- 1. Period : 3 years with effect from 16<sup>th</sup> September, 2004
- 2. Remuneration :
  - (a) Salary of Rs.35,000/- (Rupees Thirty Five Thousand only) per month in the scale of Rs.35,000/- - Rs.2,500/- - Rs.42,500/- p.m.
  - (b) Perquisites : In addition to the salary, the Managing Director shall be entitled to the following perquisites like:

The perquisites are classified into three categories as under:

**CATEGORY 'A'**

- i) Housing I : The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :  
45% (Forty five per cent) of the Salary.
- ii) Housing II : In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.
- iii) Housing III : In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowances as may be fixed by the Company subject to the ceiling laid in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director.

- iv) Leave Travel Concession : For the Managing Director and his family, once in a year incurred in accordance with any rules specified by the Company.

- v) Medical/Hospitalisation : Reimbursement of medical expenses incurred for self and family in accordance with any rules specified by the Company.

Explanation : For the purpose of this 'Family' means the spouse, the dependent children and dependent parents of Managing Director.

- vi) Personal Accident Insurance premium as per the rules of the Company.

#### CATEGORY 'B'

- i) Provident Fund : Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company.

Contribution to provident fund will not be included in the computation of the perquisites.

- ii) Gratuity : As per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- iii) Encashment of Leave : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

#### CATEGORY 'C'

- i. Car : The Company shall provide car with driver for use of the Managing Director. The expenses of petrol and maintenance of the car will be borne by the Company.
- ii. Telephone : Telephone at the residence of the Managing Director/re-imbursment of telephone expenses not to be considered as perquisites. Personal long distance calls on telephone shall be billed by the Company to the Managing Director or shall not be reimbursed as the case may be.
3. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to the Managing Director.
4. The Managing Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company and approved by the board.
5. The Managing Director shall exercise and perform such powers and duties as the Board shall from time to time determine and subject to any directions and restrictions from time to time given and imposed by the board and further subject to the superintendence control and direction of the Board.

The Managing Director shall ensure complete secrecy of all confidential information entrusted to him and shall not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the Company or its business.

Mr Umesh S Parikh is a Commerce Graduate and has been with the Company since incorporation. Having regard to his knowledge and experience in the Industry and the responsibilities shouldered by him, the salary and perquisites proposed to be paid to him are fair and reasonable. The Board, therefore, recommends his re-appointment and payment of remuneration as mentioned above.

The Draft of the Agreement between the Company and Mr Umesh S Parikh referred to in the Notice is open for inspection at the registered office of the company during office hours on all working days till the date of Annual General Meeting, except Saturdays.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

Except Mr Umesh S Parikh and Mr Saahil Parikh, who is his son, none of the other Directors of the Company may be deemed to be interested or concerned in this resolution.

**Item No.6**

Mr Saahil Parikh was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 85 of the Articles of Association of the Company with effect from July 31, 2004. He holds office only upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr Saahil Parikh as a candidate for the office of Director of the Company.

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr Saahil Parikh and Mr Umesh Parikh are interested or concerned in passing of this resolution.

**Item No.7**

At the meeting of the Board of Directors of the Company held on July 31, 2004, Mr Saahil Parikh (who was in the whole-time employment of the Company since July, 1996 and currently holding the position of Plant Manager) was appointed as the Whole-time Director of the Company for a period of 5 years with effect from August 1, 2004.

This appointment is subject to compliance with sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the shareholders.

Accordingly, the Company has entered into an agreement with Mr Saahil Parikh setting out his terms and conditions of the appointment and remuneration payable to him.

The abstract of the said Agreement is as under :

1. Period : 5 years with effect from August 1, 2004

2. Remuneration :

- (a) Salary of Rs.20,000/- (Rupees Twenty Thousand only) per month in the scale of Rs.20,000/- - Rs.2000/- - Rs.30,000/-.
- (b) Perquisites : In addition to the salary, the Whole-time Director shall be entitled to the following perquisites:

The perquisites are classified into three categories as under:

**CATEGORY 'A'**

- i) Housing I : The expenditure incurred by the Company on hiring furnished accommodation for the Whole-time Director will be subject to the following ceiling:

40% (Forty per cent ) of the Salary, over and above ten percent payable by the Whole-time Director.

Housing II : In case the accommodation is owned by the Company, ten percent of salary of the Whole-time Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance subject to the ceilings laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Whole-time Director.

- ii) Leave Travel Concession : For the Whole-time Director and his family, once in a year incurred in accordance with any rules specified by the Company.
- iii) Re-imbursement of Medical/ Hospitalisation/ Medical Insurance: Expenses incurred for self and family in accordance with any rules specified by the Company.
- iv) Personal Accident Insurance premium as per the rules of the Company.

Explanation : For the purpose of this category 'family' means the spouse, the dependant children and dependant parents of Whole-time Director.

#### CATEGORY 'B'

- i) **Provident Fund :** Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company. Contribution to provident fund will not be included in the computation of perquisites to the extent it is not taxable under the Income-tax Act.
- ii) **Gratuity :** As per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- iii) **Encashment of Leave :** Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

#### CATEGORY 'C'

- i. **Car :** The Company shall provide car with driver for use of the Whole-time Director.
- ii. **Telephone :** Telephone at the residence of Whole-time Director / use of mobile phone not to be considered as perquisites. Personal long distance calls on telephone/mobile phone shall be billed by the Company to the Whole-time Director.
3. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to the Whole-time Director.
4. The Whole-time Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company and approved by the board.
5. The Whole-time Director shall exercise and perform such powers and duties as the Board shall from time to time, determine, and subject to any directions and restrictions from time to time, given and imposed by the board and further subject to the superintendence control and direction of the Board.
6. The Whole-time Director shall ensure complete secrecy of all confidential information entrusted to him and shall not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the Company or its business other than information which is already public.

Mr Saahil Parikh, aged 29 years has done his B.Sc. Bio-Chemistry from Gujarat University. Has also done Diploma in Management Studies from Ahmedabad Management Association. He has nearly 8 years experience in Production, Quality Control, Projects and General Management.

The Directors recommend the resolution at item No.7 as Special Resolution pursuant to Section 198, 269, 309, 314 and other applicable provision of the Companies Act, 1956 for your approval as Mr Saahil Parikh is the son of Mr Umesh S Parikh, Managing Director of the Company.

Except Mr Umesh S Parikh, and Mr Saahil Parikh, none of the Directors of the Company may be deemed to be interested or concerned in this resolution.

Ahmedabad  
31<sup>st</sup> July, 2004

Umesh S. Parikh  
Managing Director



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2004.

### FINANCIAL RESULTS

	For the year ended 31.3.2004 (Rs.Lacs)	For the year ended 31.3.2003 (Rs. Lacs)
<b>Total Income</b>	<b>324.43</b>	<b>121.01</b>
Total Expenditure	228.82	122.21
Depreciation	27.16	21.47
<b>Profit/ (Loss) before tax</b>	<b>68.45</b>	<b>(22.67)</b>
Provision for taxation		
- Current	6.50	-
- Deferred tax assets /(liabilities)	18.25	(7.94)
(Excess)/short provision of earlier years	-	(0.88)
<b>Net Profit/ (Loss) after tax</b>	<b>43.70</b>	<b>(13.85)</b>

### ADJUSTMENTS

Balance of Loss brought forward	(42.80)	(28.95)
Balance of Profit / (Loss) carried to Balance Sheet	0.90	(42.80)

### REVIEW OF OPERATIONS

The Company has achieved total income of Rs.324.43 lacs during the year as against the total income of Rs. 121.01 lacs during the previous year. The operations have resulted in a net profit of Rs. 43.70 lacs as against a loss of Rs.13.85 lacs in the previous year.

Most of the income earned by your Company during the year under report is from manufacturing activities carried out for other pharmaceutical companies on loan license basis.

### COMPLIANCE CERTIFICATE

A compliance certificate under Section 383A of the Companies Act, 1956, received from the Secretary in whole time practice is attached herewith.

### DIVIDEND

In view of the carry forward losses and to conserve the resources, your directors do not recommend any dividend.

### DEPOSITS

The Company has not accepted any fixed deposits during the year which attracts the provisions of Section 58(A) of the Companies Act, 1956.

### PERSONNEL

None of the employee is drawing salary stated in the limits specified under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS

Ms Pragna J Dani and Mr Umesh Parikh retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that appropriate accounting policies have been selected and applied consistently and have 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 year ended 31<sup>st</sup> March, 2004 and of the profit of the Company for the year;
- that proper and sufficient care has been taken 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;
- that the annual accounts have been prepared on a going concern basis.

### AUDITORS AND AUDIT REPORT

M/s Shah & Shah Associates, Chartered Accountants, retire as auditors and, being eligible, offer themselves for re-appointment.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and, therefore, do not call for any further comments.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the requirements of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the enclosed Annexure.

### ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation for the support and cooperation extended by all the Employees.

Place : Ahmedabad  
 Date : 30<sup>th</sup> June, 2004

For and on behalf of the Board

Umesh S. Parikh  
 Managing Director

Kaushik S. Chaturvedi  
 Director



## ANNEXURE I

Information pursuant to the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988

## 1. CONSERVATION OF ENERGY

- (i) Energy conservation measures taken :  
During the year under review, all possible efforts were made to ensure optimum conservation of electricity and fuel at the plant of the company.
- (ii) Additional investment and proposals being implemented for reduction of energy consumption :  
Proposal to introduce improved operational methods, rationalization and better methods of lighting to bring about a saving in power consumption.
- (iii) Impact of the above measures :  
As a result of the measures taken for conservation of energy as referred to in (i) above, the power factor has improved to a desirable level.
- (iv) **A. Power and fuel Consumption:**

	2003-2004	2002-2003
a) Electricity :		
(i) Purchased :		
Units (KWH)	4,92,204	2,57,830
Total Amount (Rs.in lacs)	23.77	13.64
Rate / Unit (Rs.)	4.83	5.29
(ii) Own Generation :		
Through Diesel generator :		
Units (KWH)	5,000	6,225
Units per Ltr of Diesel oil (KWH)	2.50	2.50
Cost of diesel per KWH (Rs.)	9.24	8.54
b) Others Rs. (In Lacs)		
HSD	17.88	6.82

**B. Consumption per unit of Production :**

Not ascertainable in view of the multiplicity of products & packs.

## 2. TECHNOLOGY ABSORPTION : Not Applicable

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. Activities relating to exports, initiatives taken to increase exports, development of new exports markets for products and services and export plans :

The Company does not have any export business.

- B. Total foreign exchange used and earned : NIL

For and on behalf of the Board

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2004

Umesh S. Parikh  
Managing Director

Kaushik S. Chaturvedi  
Director