

26th
Annual
Report
2008 - 09

HARLEYSTREET PHARMACEUTICALS LIMITED

Regd. Office : Plot No. 29/3, Phase III, G.I.D.C. Industrial Estate,
Naroda, Ahmedabad - 382 330.

Email : investors@harley.co.in

HARLEYSTREET PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS : Mr. Umesh S. Parikh Managing Director
Mr. Saahil U. Parikh Whole-time Director
Mr. Kaushik S. Chaturvedi Director
Mr. Prashant P. Godha Director

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

REGISTERED OFFICE : Plot No. 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 SIXTH ANNUAL GENERAL MEETING of the Members of HARLEYSTREET PHARMACEUTICALS LIMITED will be held on 11th September, 2009 at 11:00 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 Accounts and the Report of the Directors and Auditors for the year ended 31st March, 2009.
2. To appoint a Director in place of Mr. Kaushik S. Chaturvedi, who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Prashant P. Godha, who retire 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 through fit, to pass, with or without modification, the following resolution as an Ordinary Resolution;

"RESOLVED that in accordance with the provision of Section 198, 269 and 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the re-appointment and the remuneration payable to Mr. Saahil U. Parikh as Wholetime Director of the Company for a period of three years from 1st August, 2009 to 31st July, 2012 on such terms and conditions including remuneration as setout in the agreement submitted to this meeting and initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER that notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Wholetime Director, the company has no profits or its profits are inadequate, the Company will pay Mr. Saahil U. Parikh the remuneration by way of salary and perquisites not exceeding the limits indicated in the Explanatory Statement.

RESOLVED FURTHER that the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/ or the rules and regulations made thereunder and / or such guidelines as may be announced by the Central Government from time to time."

By Order of the Board

Umesh S Parikh
Managing Director

Ahmedabad
27th June, 2009

HARLEYSTREET PHARMACEUTICALS LTD.**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 4th September, 2009 to 11th September, 2009, 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 4th September, 2009 so as to enable the management to keep the information ready
- e) Explanatory Statement pursuant to Section 173(2) of the Act is enclosed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5:**

Mr. Saahil U. Parikh was re-appointed as the Wholtime Director of the Company at the Board Meeting held on 27th June, 2009 for a period of three years from 1st August, 2009 to 31st July, 2012 on the terms of conditions including remuneration in accordance with the provisions contained in Schedule XIII to the Companies Act, 1956.

Taking into account the significant contribution made by Mr. Saahil U. Parikh to the progress and development of the company and in order to continue to avail of the benefits of his vast experience and expertise, the Board of Directors have, pursuant to the Resolution adopted on 27th June, 2009, re-appointed Mr. Saahil U. Parikh as the Wholtime Director of the Company for a period of three years from 1st August, 2009 to 31st July, 2012, in accordance with the provisions contained in Schedule XIII to the Companies Act, 1956. The details of the remuneration payable to Mr. Saahil U. Parikh as Wholtime Director and the other terms and conditions of his appointment as contained in the agreement signed between the Company and Mr. Saahil U. Parikh are set out below:

1. Remuneration :

- a) Salary of Rs. 55,000/- (Rupees Fifty Five Thousand Only) per month with such increments as may be decided by the Board subject to a ceiling of Rs.70,000/- (Rupees Seventy Thousands) per month.
- b) Perquisites: In addition to the salary the Wholtime 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 Wholtime Director will be subject to the following ceiling :
Forty per cent of the Salary, over and above ten per cent payable by the Wholtime Director.
Housing II : In the case the accommodation is owned by the Company, ten per cent of the salary of the Wholtime director shall be deducted by the Company.
Housing III : In case no accommodation is provided by the Company, the Wholtime Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.
- ii) **Medical, Hospitalization and Health-care expenses Reimbursement:** Reimbursement of actual expenses incurred for the Wholtime Director and his family subject to a ceiling of Rs. 25,000/- per annum.
- iii) **Leave Travel Concession:** For the Wholtime Director and his family, once in a year incurred in accordance with any rules specified by the Company subject to a ceiling of 1 month salary per year.
- iv) **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 perquisites to the extent this is not taxable under the Income-tax Act.
- ii) **Gratuity :** As per the rules of the Company, 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: Provision of car with driver for use on Company's business is not to be considered as perquisites. Use of car for private purpose shall be billed by the Company to the Wholetime Director.
 - ii) Telephone: Telephone(s) at the residence of the Wholetime Director and a Mobile Phone for his use not to be considered as perquisites. Personal long distance calls on telephone(s) shall be billed by the Company to the Wholetime Director.
2. The Wholetime Director shall be entitled to annual privilege leave on full salary for a period of thirty days and such leave shall be allowed to be accumulated for not more than Ninety days.

The agreement between the company and Mr. Saahil U. 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.

None of the Directors, except Mr. Saahil U Parikh and his father Mr. Umesh S. Parikh, Managing Director are concerned or interested in this Resolution.

This explanatory statement may be treated as an abstract under Section 302 of the Companies Act, 1956 of the Agreement dated 27th June, 2009 entered into between the Company and Mr. Saahil U. Parikh for his re-appointment as the Executive Director of the Company.



By Order of the Board

Ahmedabad
27th June, 2009

Umesh S Parikh
Managing Director

HARLEYSTREET PHARMACEUTICALS LTD.**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the 26th Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

| Particulars | For the year ended 31.3.2009 (Rs.Lakhs) | For the year ended 31.3.2008 (Rs. Lakhs) |
|--------------------------------------|---|--|
| Total Income | 448.62 | 369.24 |
| Total Expenditure | 353.74 | 276.72 |
| Depreciation | 46.40 | 44.56 |
| Profit / (Loss) before tax | 48.48 | 47.96 |
| Provision for taxation | | |
| - Current | 16.80 | 15.00 |
| - Deferred tax | (3.74) | 1.23 |
| - Fringe benefit tax | 0.68 | 0.61 |
| Net Profit / (Loss) after tax | 34.74 | 31.12 |

ADJUSTMENTS

| | | |
|--|--------|--------|
| Balance of Profit / (Loss) brought forward | 168.57 | 137.45 |
| Balance of Profit carried to Balance Sheet | 203.31 | 168.57 |

REVIEW OF OPERATION

The net total income of the company for the year is Rs. 448.62 lacs as against the total net income of Rs. 369.24 lacs during the previous year. The operations have resulted in a net profit after tax of Rs. 34.74 lacs as against net profit of Rs. 31.12 lacs during 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.

FINANCE :

During the year, your company has repaid its Term Loan installments due to AXIS Bank, Mumbai regularly.

DIVIDEND

In order to conserve resources and considering the funds required for upgradation of manufacturing facility, your directors do not recommend any dividend for the financial year under report.

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.

COMPLIANCE CERTIFICATE

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

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

Mr. Kaushik S. Chaturvedi and Mr. Prashant Godha 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 judgments 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 31st March, 2009 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.

DEMATERIALIZATION OF SECURITIES

Your company has completed all the formalities relating to dematerialization of securities with NSDL & CDSL and company has received ISIN No. which is INE 344K01013.

AUDITORS AND AUDIT REPORT

M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad the Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Shah & Shah Associates has confirmed that their re-appointment, if made shall be within the limits of section 224 (1B) of the Companies Act, 1956. The board recommends their re-appointment as Auditors and to fix their remuneration.

The report of the Auditors of the company and notes to the accounts are self-explanatory and therefore do not call for any further comments and may be related as adequate compliance of section 217(3) of the Companies Act, 1956.

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 earning and outgo is given in the enclosed Annexure.

APPOINTMENT OF SHARE TRANSFER AGENT:

The Company has appointed M/s. Purva Share Registry (India) Pvt. Ltd. as Registrar and Share Transfer Agent of the Company as required by Listing Agreement with the Stock Exchange. The required details of the Registrar is as under:

M/s. Purva Share Registry (India) Pvt. Ltd.
9, Shiv Shakti Ind. Estt., J R Boricha Marg,
Lower Parel (E) Mumbai 400 011
Tel. No.: (022) 23016761/8261 Fax No.: (022) 23012517
Email: mail@purvashare.com

ACKNOWLEDGEMENTS

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

Place : Ahmedabad

Date : 27th June, 2009

For and on behalf of the Board
Umesh S. Parikh Kaushik S. Chaturvedi
Managing Director 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:

| | 2008-2009 | 2007-2008 |
|-----------------------------------|-----------|-----------|
| a) Electricity : | | |
| (i) Purchased : | | |
| Units (KWH) | 6,40,205 | 5,56,280 |
| Total Amount (Rs. in lacs) | 36.16 | 27.65 |
| Rate / Unit (Rs.) | 5.65 | 4.97 |
| (ii) Own Generation | | |
| Through Diesel generator: | | |
| Units (KWH) | 9,560 | 9,008 |
| Units per Ltr of Diesel oil (KWH) | 3.62 | 3.07 |
| Cost of diesel per KWH (Rs.) | 10.96 | 11.55 |
| b) Others Rs. (In lacs) | | |
| HSD | 25.00 | 23.43 |
| LPG | - | - |
| Oxygen Gas | - | - |
| LDO | 2.25 | - |

B. Consumption per unit of Production :

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

2. TECHNOLOGY ABSORPTION :

Not Applicable since the Company has not imported any technology since its inception.

3. FOREIGN EXCHANGE EARNING AND OUTGO

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

The Company does not have any export business.

B. Total foreign exchange used and earned : NIL

For and on behalf of the Board

Umesh S. Parikh
Managing Director

Kaushik S. Chaturvedi
Director

Place : Ahmedabad

Date : 27th June, 2009

HARLEYSTREET PHARMACEUTICALS LTD.**COMPLIANCE CERTIFICATE**

CIN No.:- L24230GJ1983PLC006078

Nominal Capital:-Rs. 1,50,00,000/-

To,
The Members,
M/S. HARLEYSTREET PHARMACEUTICALS LIMITED
29/3, Phase-III, GIDC Industrial Estate,
Naroda, Ahmedabad-382 330.

I have examined the registers, records, books and papers of **M/s. Harleystreet Pharmaceuticals Limited** as required to be maintained under the **Companies Act 1956**, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and representatives,

I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly online filed e-forms and returns as stated in Annexure 'B' to this certificate, with the Ministry of Corporate Affairs Portal (Registrar of Companies, Gujarat) within the time prescribed under the Act and the rules made there under. No form or return was required to be filed with Regional Director, Central Government, Company Law Board, or other authorities during the financial year under review.
3. The Company being a public limited Company having paid-up capital of Rs. 95,24,000/- during the year under review.
4. The Board of Directors duly met five times respectively on 26th April 2008, 30th June 2008, 31st July 2008, 25th October 2008 and 31st January 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Books maintained for the purpose.
5. The Company has closed its register of members from 8th September 2008 to 15th September 2008 and necessary compliance of Section 154 of the Act has not been made during the financial year.
6. The annual general meeting for the financial year ended on 31st March 2008 was held on 8th September 2008 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act during the financial year under review.
9. The Company has complied with the provisions of Section 297 of the Act in respect of contract specified in that section during the year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act during the year under review.
11. There was no instance falling within the purview of Section 314 of the Act during the year under review and hence the Company was not required to obtain any approvals from the Board of directors, members or Central Government during the period under review.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has:
 - (a) delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act. There was no allotment/transmission of securities during the year.
 - (b) not declared any dividend during the financial year.
 - (c) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - (d) no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.
 - (e) complied with the requirements of Section 217 of the Act.