

## **RELISH PHARMACEUTICALS LIMITED**

### **Board of Directors**

MIHIR MAHENDRABHAI PATEL  
RIDDHI MIHIR PATEL  
SHAILESH BABUBHAI PATEL  
RAMILABEN HASMUKHBHAI PATEL

DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

### **Auditors**

**R M NAGAR & ACCOCIATES**  
B-5 DHUPSALI APARTMENTS  
OPP. LOTUS SCHOOL, JODHPUR GAM ROAD,  
AHMEDABAD – 380015

### **Registered Office**

1-2 MOON LIGHT 3RD FLOOROPP:GURUKUL DRIVE-IN-ROAD, MEMNAGAR, AHMEDABAD -  
380052

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Relish Pharmaceuticals Limited will be held on 30/09/2009 at 12:30 p.m. at 1-2 Moon Light 3rd Floor Opp: Gurukul Drive-In-Road, Memnagar, Ahmedabad – 380052 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2009, balance sheet as on that date, Director's Report and the Auditor's report thereon.
2. To appoint Director in place of Mr. Shailesh Babubhai Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditors of the Company from the Conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. To Consider and if thought fit to pass with or without modification following resolution as Special Resolution:

“RESOLVED THAT pursuant to Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company, be and is hereby granted for forfeiture of 38,00,000 equity shares as contained in the “List of partly paid up Shareholders” and placed before the members.”

**FOR AND ON BEHALF OF THE COMPANY**

Place : Ahmedabad  
Date : 08/08/2009

**CHAIRPERSON**

**NOTES :**

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend vote instead of himself and the Proxy need not to be a member. The instrument appointing a proxy must be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
- b) The Register of the members and the share transfer book of the Company will remain closed from 23<sup>rd</sup> September, 2009 to 30<sup>th</sup> September, 2009 (both days inclusive)

Place : Ahmedabad  
Date : 08/08/2009

**FOR AND ON BEHALF OF THE COMPANY**

**CHAIRPERSON**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:**

Item No. 5:-

Pursuant to various reminder and last and final call notice dated 30<sup>th</sup> June, 2009, and resolution passed at the meeting of the Board of Directors of the Company held on 30<sup>th</sup> June, 2009, the Board of Directors have decided to forfeit Partly paid up (38,00,000 equity shares upon which Rs.2.50/- equity shares have been paid) equity shares. The shareholders filed to pay the same. The matter has been considered by the Board of Directors of the company as liable to forfeit with the approval of shareholders.

None of the directors of the Company were interested, in any way, in the aforesaid resolution.

**DIRECTORS' REPORT**

To,  
The Members

The Directors' present the Annual report on the business and operations of your Company for the year 2008-2009.

**FINANCIAL RESULTS AND OPERATIONAL REVIEW:**

Particulars	Year Ended 31.03.2009 (Rs.)	Year Ended 31.03.2008 (Rs.)
Gross Sales/Income	71,928,955	39,790,713
Less Depreciation	4,248,415	4,333,450
Profit/(Loss) before Tax	4,46,976	667,700
Taxes/Deferred Taxes	96,420	30,000
Profit/(Loss) After Taxes	3,50,556	697,700
P& L Balance b/f	94,704,828	94,007,128
Profit/ (Loss) carried to Balance Sheet	94,354,272	94,704,828

**PARTICULARS OF EMPLOYEES:**

There is no employee having remuneration with the provisions of section 217(2A) of the companies Act 1956 read with the companies (Particulars of employee) Rules, 1975 as amended.

**DIRECTORS:**

Mr. Shailesh Babubhai Patel Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**DIVIDEND:**

In view of losses, your Directors do not recommend any dividend during the year.

**DEPOSITS:**

The Company has not accepted any deposit from the public during the year.

**RESPONSIBILITY STATEMENT:**

As required u/s 217(2AA) of the Companies Act, 1956 your Director confirms that in the preparation of the annual accounts:

The applicable accounting standards have been followed along with proper explanation relating to material departures.

Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates made, so as to give a true and fair view of the state of affairs of the company at the end of the financial Year and the profit/loss of the company for that period.

Proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

As required under rule 3 of the companies (Disclosure of Particulars in the report of Board of Directors) Rules 1998, the particulars relating to the conservation of energy, Technology absorption, and the foreign exchange earnings and outgo are also Nil.

**APPOINTMENT OF AUDITORS:**

**M/S. R M NAGAR & ACCOCIATES**, Chartered Accountants, Ahmedabad, the retiring auditors being eligible offer themselves for re-appointment. Members are requested to appoint them as auditors of the company.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Management discussion and analysis Report, pursuant to Clause 49 of the Stock Exchange Listing agreement, forms part of this Report and the same is annexed hereto.

**REPORT ON CORPORATE GOVERNANCE:**

A separate Report on Corporate Governance along with Certificate from Auditors on its compliance as annexed hereto.

**SEGMENT:**

Your Company is engaged in a single segment only.

**ACKNOWLEDGEMENT:**

The management is grateful to the government authorities, Bankers, Vendors for their continued assistance and co-operation. The directors also wish to place on record the confidence of members in the company.

For & on behalf of the Board of Directors

Place: Ahmedabad

Date: 08/08/2009

Chairperson

Report on Corporate Governance  
(Pursuant to Clause 49 of the Listing Agreement)

1. Company's philosophy:

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

Relish Pharmaceuticals Limited is committed to good Corporate Governance in order to all stakeholders – Customers, suppliers, lenders, employees, the shareholders. The detailed report on implementation by the company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below :

2. Board of Directors:

**2.1 Composition of the Board:**

The Board of Directors as at 31<sup>st</sup> March, 2009 comprises of five directors comprises of a (Chairperson and Managing Director), two is Executive and all other are non-executive directors. Mrs. Riddhiben Patel is the Chairman and Managing Director of the Company and she conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields:

**2.2 Responsibilities of the Board**

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

**2.3 Meeting and Attendance Record of Directors**

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company, Ahmedabad. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.

During the Financial year 2008-2009, 7 Board meeting were held on 12/04/2008, 30/06/2008, 31/07/2008, 08/08/2008, 23/09/2008, 12/10/2008, 16/01/2009.

The composition, attendance and other memberships of the Board of Directors of the company is as follows: c. Attendance of Directors at Meetings of Board of Directors and last AGM:

Name of the Director	Designation	Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in public Companies	Total No. of Committee membership	Total no. of Board Chairmanship
Mihir Patel	Managing Director	Executive	4	Yes	0	0	0
Riddhi Mihir Patel	Director	Executive	4	Yes	0	0	0
Shailesh Patel	Director	Director/ Non Executive	3	Yes	0	0	0
Ramilaben H Patel	Director	Director/ Non Executive	3	Yes	0	0	0
Ramesh Desai (resigned on 23/09/2008)	Director	Director/ Non Executive	0	No	0	0	0

#### **2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting**

As per the provisions of the Companies Act, 1956, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Shaileshbhai Patel, retire by rotation at the ensuing Annual General Meeting and offer him for re-appointment.

#### **Profile of Mr. Shailesh Babubhai Patel, Director being appointed u/s 269 of the Companies Act, 1956**

Name	Shailesh Babubhai Patel
Date of Birth	26/06/1966
Date of Appointment	16/09/2008
No. of shares held in the company	NIL
Directorship in other company	NIL



**2.5 Details of Directors who are as Chairman and Directors in other Public Companies**

None of the Directors on the Board is a member or Chairman of any Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2009 and the same is reproduced herein below:

Sr. No	Name of Director	No of Directorship in other Public Companies	No. of Committees positions held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Mihir Patel	--	--	--
2.	Riddhi Mihir Patel	--	--	--
3.	Shailesh Patel	--	--	--
4.	Ramilaben H Patel	--	--	--
5.	Rameshbhai Desai	--	--	--

**3. COMMITTEE OF BOARD:**

The Company had four Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Sub-Committee (Quarterly Results Review Committee)
4. Share Transfer & Shareholders/Investor Grievance Committee

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

**3.1 Audit Committee:**

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 292A of the Companies Act, 1956, comprises of two members viz. Mr. Shaileshbhai Patel Member Director (Non-Executive) Mrs. Ramilaben H Patel Member (Non-Executive) who are aware with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting.

The Audit Committee of the Board of Directors of the Company, Inter-aila, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

- Review the financial reporting process and disclosure of its financial information
- Review with the management, Annual financial statements before submission to the Board
- Review with the management, statutory Auditors and Internal Auditors and adequacy of internal control systems
- Review the company's accounting and risk management policies
- Review the company's accounting and management reporting systems and updates the same from time to time.
- Recommend the appointment and removal of statutory and Internal Auditors and fixation of fees for the same.
- Review quarterly financial statement
- Review internal investigations made statutory/ Internal Auditors.
- Scope of Statutory/ Internal Audit.
- Review fixed deposits/repayment systems etc.
- Any other applicable functions as described in Corporate Governance.
- Review related party transactions.

The terms and reference of the Audit Committee covers the matters specified as per clause 49 of the Listing Agreement besides other terms as may be referred from time to time by the Board of Directors. The Audit Committee met 3 times during the year.

### 3.2 Remuneration Committee:

#### (a) Executive Directors:

The Company has not set up a Remuneration Committee. The remuneration of Executive Director were fixed by the Board and approved by the Share Holders at the Annual General Meeting, details of remuneration paid to the Executive Director during the financial year 2008-2009 is given as bellows:

Name	Designation	Gross Remuneration(Rs.)
Riddhi Patel	Managing Director	3,00,000
Mihir Patel	Director	3,00,000

#### (b) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration, they had paid only Sitting Fees, Ramilaben Patel being a Non Executive director had paid Rs. 47,170/- as Sitting Fees for the financial year.

### 3.3 Sub-Committee (Quarterly Results Review Committee) :

The Sub-Committee (Quarterly Results Review Committee) comprises as under :

Name	Designation
Shaileshbhai Patel	Director
Ramilaben H Patel	Director

The Committee is responsible for approving quarterly un-audited financial statements and monitoring the performance of the Company. 4 (Four) meeting were held on the following dates :

Financial reporting for the quarter ending March 31, 2008	End of April, 2008
Financial reporting for the quarter ending June 30, 2008	End of July, 2008
Financial reporting for the quarter ending September 30, 2008	End of October, 2008
Financial reporting for the quarter ending December 31, 2008	End of January, 2009

**3.4 Share Transfer & Shareholders' /Investor Grievance Committee:**

The Share Transfer & Shareholders' /Investor Grievance committee comprises as under:

1	Mr. Mihirbhai Patel	Chairman
2	Mrs. Riddhiben M Patel	Compliance officer
3	Dr. Ramprakash Kothari	Member

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members. The Committee reviewed redressal of investors Grievances pertaining to share transfer, dematerialization of shares, replacement of lost, mutilated and old share certificates, change of address etc. The committee has also taken steps to strengthening investors relations.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31<sup>st</sup> March, 2009 is given below :

Complaints Status: 01.04.2008 to 31.03.2009

•	Number of complaints received so far	:	Nil
•	Number of complaints solved	:	Nil
•	Number of pending complaints	:	Nil

**4. DISCLOSURES:**

**(a). Materially significant related party transactions:**

The same are appropriately disclosed at Note No.8 of the Significant Accounting Policies and notes on accounts- schedules M of the Annual Accounts – Schedule M of the Annual Accounts of the Company.

(b). During the last three Years, there were no penalties, strictures imposed by either SEBI or stock Exchange or any statutory authority for non- Compliance of any matter related to the capital market.

**7. Share Transfer System:**

The Company has an in-house share transfer department and has not appointed any Registrar and Transfer Agent. Valid Share transfer in physical form and complete in all respects were approved and registered within the stipulated period.

**8. Dematerialization of shares and liquidity:**

The Company has not registered itself with any agency for dematerialization of Companies securities so far.

**9. Date, Time and venue of 15<sup>th</sup> Annual General Meeting**

: 30<sup>th</sup> September, 2009 at 12.30 p.m..  
1-2, Moon light, 3<sup>rd</sup> Floor, Opp. Gurukul,  
Drive In Road, Memnagar, Ahmedabad- 380052

**10. Book Closure Date**

: 23<sup>rd</sup> September, 2009 to 30<sup>th</sup> September, 2008

**11. CEO/CFO Certification:**

Mihir Patel Managing Director issued a certificate to the Board as Prescribed under sub-clause V of clause 49 of the listing agreement. The said certificate was placed before the meeting of Board of Directors held on 30/06/2009.

**MEANS OF COMMUNICATIONS:**

The half Yearly and quarterly results of the Company were not published in any news paper but regularly forwarded to the Mumbai Stock Exchange where the Company's share are listed. The Company has not considered it necessary to circulate half yearly results at the residence of shareholders as there is no significant up and down in the activities of the company having material impact on the shareholders interest.

Further the Company has not made any presentation to any financial institutional Investors/analysts or banks during the year.

Listing of Equity Shares on Stock Exchanges: Mumbai Annual listing fees for the financial Year upto 31-03-2009 has been paid.

g. Stock Code: BSE 524632, ASE

h. Demat ISIN number: INE551CO1010

I. Market price data: The Company has nothing to report as no trade has been reported to take place.

j. Performance of the Company's shares in comparison with broad based indices as BSE's Sensex: The Company has nothing to report on the matter.

k. Registered and Transfer Agent: Sharepro Services, Mumbai as the common agency both in respect of demat shares. The Company is having in house share transfer set up for the transfer of shares which are still in physical mode.

l. Share Transfer System: All the transfers are received and processed by the Secretarial Department of the Company and approved by share transfer committee. Share Transfer requests received in physical form The Management discussion and analysis forms part of the Annual Report.

12. Dividend Payment Date : Not Applicable

13. Detail of last three Annual General Meeting:

Meeting	Year	Venue of AGM	Date	Time	Whether Special resolution passed
Annual General Meeting	2006	1-2 Moon Light, 3rd Floor, Gurukul Drive In Road, Memnagar, Ahmedabad	30 <sup>th</sup> September, 2006	10.30 A.M	No
Annual General Meeting	2007	1-2 Moon Light, 3rd Floor, Gurukul Drive In Road, Memnagar, Ahmedabad	29 <sup>th</sup> September, 2007	10.30 A.M.	No
Annual General Meeting	2008	1-2 Moon Light, 3rd Floor, Gurukul Drive In Road, Memnagar, Ahmedabad	30 <sup>th</sup> September, 2008	11.00 A.M.	Yes

Details for Special Resolution had passed in last AGM:

2008

- Appointment of Mr. Shailesh Babubhai Patel as a director of the Company.
- Appointment of Mrs. Ramilaben Patel as a director of the Company.
- Reappointment of Mrs. Riddhiben Patel as a Managing Director of the Company under section 269 of the Companies Act, 1956

14. High / Low of Monthly Market Price of the Companies Equity Shares traded on Ahmedabad Stock Exchange during the Financial year 2008-2009 is furnished below :

No trading of Securities took place during the year.

15. **Distribution of Shareholding as on March 31, 2009.**

*Relish Pharmaceuticals Limited*

On the basis of shares held

No of Equity shares held	No. of shareholders	Percentage of Total share holders	No. of Shares held	Percentage of total share held
Upto 5000	6729	93.11%	1,29,74,000	10.96%
5001 – 10000	269	3.72%	22,47,000	1.90%
10001 – 20000	84	1.16%	12,82,000	1.08%
20001 -- 30000	24	0.33%	5,84,000	0.49%
30001 --40000	49	0.68%	18,79,000	1.59%
40001 --50000	48	0.66%	20,99,000	1.77%
50001 --100000	12	0.17%	9,10,000	0.77%
Above 100000	12	0.17%	96,39,3000	81.44%
Total	7227	100.00	11,83,59,000	100.00

Shareholding pattern as on 31<sup>st</sup> March, 2009

Category	No. of share held	% of shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group Companies	2,93,160	2.93%
b. Other bodies corporate	3,17,500	2.68%
c. Indian public	11,542,740	97.52%
Total	11,835,900	100%

Dematerialization of shares: As on 31-03-09 Demat shares accounted for 80,84,300 Equity Shares) of total equity.

16. Listing on Stock Exchanges : The Stock Exchange – Mumbai  
Phiroze jeejeebhiy Towers, Dalal Street,  
Mumbai - 400023

17. Investor Correspondence : All enquiries, clarifications and  
Correspondence should be addressed  
to the compliance officer at the  
following address.

18. Compliance Officer : Mrs. Riddhi Patel, Managing Director

19. Address for Correspondence : 1-2 Moon Light 3rd Floor Opp: Gurukul Drive-  
In-Road, Memnagar, Ahmedabad – 380052

20. Compliance Certificate of the Auditors:

The statutory Auditors have certified that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange and the same is annexed to the Directors Report and Management Discussion and Analysis.

The Certificate from the statutory Auditors will be sent to the listed stock exchange along with the annual return of the Company.

**DECLARATION**

As provided under clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Manager personnel have affirmed compliance with RELISH PHARMACEUTICALS LIMITED Code of Business conduct and ethics for the year ended March 31, 2009

Place : Ahmedabad  
Date : 08/08/2009

**FOR AND ON BEHALF OF THE COMPANY**

**CHAIRPERSON**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

We at Relish Pharmaceuticals Limited Understand your individual manufacturing requirements provide total resource to extend your company's capabilities, meet your goals of a timely entry in to the market, use outsourcing as a strategic move in your product life cycle planning, gain a greater economic edge in a highly competitive market, develop new dosage forms and manufacturing procedures. Our strength is providing total customer satisfaction by delivering superior quality products through cutting edge technology and the best possible services.

We at Relish Pharmaceuticals Limited assisted in the development and manufacture of a wide variety of drugs and dosage forms and potency variations for many prestigious pharmaceuticals companies around the world.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The pharmaceutical industry in India is currently registering a value growth of 13 percent on retail sales level. This growth in the domestic market is mainly driven by increasing purchasing power and better availability within the country. Consumer spending on healthcare went up from 4 per cent of GDP in 1995 to 7 per cent in 2007. The number is expected to rise to 13 per cent of GDP by 2015. Furthermore, internationally operating Indian Companies have seen healthy growth of their exports into Western markets. The growth also has spurred players in the Indian pharmaceutical industry to explore newer avenues of drug research, discovery and development, promising higher capital investments in the near future. There have been several new collaborations with the aim of research and discovery between Indian and non Indian pharmaceutical Companies, some of which are Mergers and Amalgamation. Many Multinational Companies have increased their spending in India to conduct clinical trials and research, either by establishing own Research and Development units or commissioning Contract Research Organizations (CROs). Pharmaceutical research, manufacturing and outsourcing have received an impetus in the country, creating the image of a land of opportunities in the pharmaceutical space.

### **STRENGTH OF THE COMPANY:**

The long-term goal of the Company is to become a pharmaceutical company driven by research. The company also takes all most care to ensure that a safe formulation of medicine being manufactured is prepared by method and process. Prescribe with international specifications. With the prime focus on customer satisfaction, continuous efforts are made to offer solutions that give an extra advantage to the customer.

A strong desire for continuous innovation forms the bedrock of the efforts of this dedicated and talented team. Perseverance & Passion for new ideas are the driving forces, which leverage the efforts to develop new product Solutions, Processes and Applications. A strong harmony between R&D, Production and Marketing team aids in fine tuning production processes to make them more efficient and environment friendly.

Globalization is a thrust area at our end which is evident from our continuous efforts to enhance our International Business, which currently accounts for one third of our business.



The international business, which currently forms one third of the Company's business, hold huge potential and is focused for future growth.

Expertise in Research and Development, Formulation manufacturing, latest quality movement and in-depth insight into the Indian and international Pharmaceuticals markets, Relish have made unrivaled progress. Current growth rate of the company has exceeded 79%! Further the Company has assisted in the development and manufacture of a wide variety of drugs and dosage forms and potency variations for many prestigious pharmaceuticals companies around the world.

Our endeavour to walk an extra milage by providing our customers with alternate solutions, customized products and packaging has resulted in expanding our business horizons and proximity to the lives of people. We remain focused on developing application related derivatives of existing products as well as newer product solutions.

## **OVERALL REVIEW OF COMPANY**

### **Product Portfolio**

We are providing variety of products to the clientele. Currently the product portfolio includes followings:

Antibiotics (Penicillin), Anti Biotics (Cephalosporin), Anti Biotics, Macrolides, Quinolones, Anti Bacterial, Anti Fungal, Anti Malarial, Anti Viral, Anti Protozoal, Anti Anthelmintic, Sedative and Tranquilliser, Anti Depressant, Anti Manic, Anti Emetic, Anti Ulcer, Beta Blockers, Diuretics, Analgesic, Analgesic (NASID), Muscle Relaxants, Anti Tuberculosis, Vitamin Products, Anti Allergics, Corticosteroids, Hyper and Hypoglycemic, Others

Customer's satisfaction by delivering quality products has been the corner stone of our Company. The Company, therefore, believes in manufacturing of all critical and precision components in-house.

## **OPPORTUNITIES, THREAT, RISKS AND CONCERNS**

The Indian pharmaceutical industry is growing consistently and is expected to do so also in future. Quality of products will improve, as is evident from the recent publication of the new Indian Pharmacopeias and the activities of the Drugs Controller of India against "irrational combinations" and "counterfeits". We wish that these initiatives, which will lead to a safer healthcare environment for patients, will be followed up in a transparent and rational way.

For the pharmaceutical industry in India the National Pharmaceuticals Policy still represents a major threat. We regard price monitoring as a better option, balancing affordability and investments into continuous improvements of product quality. Another major concern relates to the recent developments in the post product-patent regime. Unfortunately, for India the patent regime needs to be challenged looking at the limited amounts of patents granted and patents being opposed.

## **FUTURE OUTLOOK:**

As a Pharmaceutical Industry in India the Company wishes to diversify Business Corporation to achieve leadership by exceeding customer expectation in domestic as well as overseas markets. Further to attain financial strength through ever growing profitability to attain excellence while achieving "Supreme customer satisfaction" to attain the global recognition for the corporation and to focus on customer's need and fulfill their expectations. Further the Company will provide services and products of the most superior quality and seek consistent improvement innovation and excellence in our performance. To create working environments this helps committed people to achieve their fullest potential. Provide them ample opportunity to grow.

**SEGMENT WISE PERFORMANCE**

The Company is operating only in one sector i.e. pharmaceutical and therefore the segment reporting and performance standard is not applicable to the Company.

**INTERNAL CONTROL**

The Internal Control systems including the policies, procedures and guidelines of the Company are adequate and commensurate to the extent and nature of its operations. The controls are reviewed for effectiveness by the internal auditors and the audit committee too. Any deviations are brought to the notice of the Audit Committee periodically and corrective steps are recommended and implemented.

**FINANCIAL PERFORMANCE**

The Company is passing through the restructuring process and trying to come out of all difficulties by improving its turnover.

Compliance Certificate

To,  
The Members,  
RELISH PHARMACEUTICAL LIMITED,  
1-2 MOON LIGHT 3RD FLOOR,  
OPP. GURUKUL DRIVE-IN-ROAD,  
MEMNAGAR,  
AHMEDABAD

We have examined the compliance of Corporate Governance by RELISH PHARMACEUTICAL LIMITED for the year ended on 31" March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuing the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of to opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is/ are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R. M. Nagar & Associates  
Chartered Accountants

Place: Ahmedabad  
Date: 08<sup>th</sup> August, 2008

SD/-  
(Proprietor)  
M. No. 338463

### AUDITOR'S REPORT

To the Shareholders of  
Relish Pharmaceuticals Ltd.  
Ahmedabad.

- 1 We have audited the attached Balance Sheet of Relish Pharmaceuticals Limited, as at 31<sup>st</sup> March 2009 and Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors Report) Order, 2003 issued by the central government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, para 4 & 5 are not applicable to the company.
4. Further to our comments in the Annexure referred to above, We report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, subject to note no 8, regarding non maintenance of Costing records proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
  - (c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account.
  - (d) Except for non compliance of Accounting Standard 15 (refer note no 3) for Accounting for Retirement Benefits in the Financial Statement of Employers, Accounting Standard 22 (refer note no 4) Accounting for taxes on income, in our opinion, the balance sheet and profit & loss account comply with the accounting standards referred to in sub-section (3 C) of section 211 of the companies act, 1956.
  - (e) Except as above and On the basis of written representation received from the directors as on 31/03/2009 and, taken on records by the Board of Directors, We report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Directors in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.

Attention is invited to :

- 1 Note no 5 regarding the accounts of the Company have been prepared on going concern basis
- 2 Note no. 6 regarding balances of secured and unsecured loans, creditors, other liabilities, debtors, loans and advances and balances with banks being subject to confirmation and reconciliation

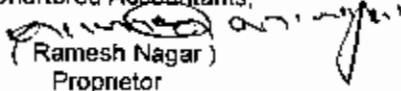


3. Note no.: 7 regarding expenses Capital work in progress for building of Rs.4,56,710 in respect of which non provision for impairment is required to be made in the opinion of the management of the Company. In absence of any evidence in this regard, I am unable to comment on the provision for impairment and /or realisability of the same
- (f) Subject to the foregoing, In our opinion and to the extent best of our information and according to the explanation given to us, the said balance-sheet read together with the notes and give by the companies Act 1956 in the manner as required a true and fair view in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March,2009 and
- (i) In the case of balance Sheet, of state of affairs of the Company as at 31<sup>st</sup> March, 2008 and
- (ii) In the case of Profit & loss Account, of the profit, of the Company for the year period ended on that date.

Place. Ahmedabad  
Date 08/08/2009



For R. M Nagar & Associates.  
Chartered Accountants,

  
(Ramesh Nagar)  
Proprietor  
Membership No : 38463

**Annexure referred to in paragraph 3 of the auditors' report to the shareholders of Relish Pharmaceuticals Ltd. on the accounts of the year ended on 31<sup>st</sup> March 2009.**

- (i) (a) The company has maintained proper records showing full particulars, including situation of fixed assets.  
(b) as explained to us, the part of the fixed assets has been physically verified by the management at reasonable intervals and as explained to us, no material discrepancies was noticed on such verification.  
(c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to size of the Company and the nature of its business.  
(c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book stocks were not material.
- (iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured and unsecured to the companies, firm and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has not taken unsecured loan from parties covered in the register in the register maintained under Section 301 of the Companies Act, 1956.  
(c) In our opinion, in view of the above, whether the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company, is not applicable.  
(d) In view of the above, the payment of principal amounts and interest is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are internal control procedures which are required to be strengthened to make commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure of major weakness in the internal control.
- (v) According to the information and explanations given to us, the Company has not entered in any transaction which is required to be entered into the register maintained under section 301 of the Companies Act, 1956.



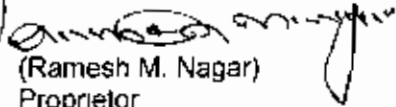
- (vi) During the year under review, the Company has not accepted any deposits from public.
- (vii) In our opinion, the internal audit system of the Company is required to be strengthened to make it commensurate with the size and nature of the business.
- (viii) As informed by the management, the accounts and records, as required by the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, are not made and maintained by the Company.
- (ix) (a) According to the records, information and explanations provided to us and also representation received from the management, the Company has not been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employees state insurance, Sales tax, Excise duty and Cess. Quantification in case of undisputed statutory dues for Provident Fund has not been made in absence of the available information in this regard.  
(b) According to the records, information and explanations provided to us, the details of statutory dues towards Income Tax, which have not been deposited on account of dispute of pending at Hon'ble Income Tax Tribunal for AY 2001-2002 has been Rs. 9,19,262.
- (x) In my opinion and according to the information and explanations given to us the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) The company is not a Chit Fund, Nidhi or Mutual Benefit Fund / Society. Therefore the provisions of clause (xiii) of Para 4 of the Order are not applicable to the company.
- (xii) In our opinion and according to the explanation and information given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of para 4 of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions and hence clause (xv) of Para 4 of the Order is not applicable to the Company.
- (xiv) According to the records of the Company, the Company has not taken term loan during the year and hence comments under clause (xvi) of Para 4 of the Order are not called for.



- (xv) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on long term basis have prima facie been used during the year for short term investment.
- (xvi) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xvii) The Company has not issued any debentures requiring report under clause (xix) of Para 4 of the Order.
- (xviii) During the period covered by us audit, the Company has not raised any money by way of public issue.
- (xix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.



R. M. Nagar & Associates  
Chartered Accountants

  
(Ramesh M. Nagar)  
Proprietor

Membership No 38463

PLACE : AHMEDABAD  
DATE : 08/08/2009



**RELISH PHARMACEUTICALS LTD.**  
**Balance Sheet as at 31 March 2009**

In Rupees

	Schedule	As at 31 March 2009	As at 31 March 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	89,862,000	89,862,000
Reserve & surplus		-	-
		<u>89,862,000</u>	<u>89,862,000</u>
<b>Loan funds</b>			
Secured loans	2	60,241,344	66,547,158
Unsecured loans	3	3,273,214	3,599,692
		<u>63,514,558</u>	<u>70,246,850</u>
Deferred tax liability	4	9,936,680	9,936,680
		<u><b>163,313,238</b></u>	<u><b>170,045,530</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	99,665,931	99,537,248
Depreciation		70,485,254	66,236,839
Net Block		<u>29,080,677</u>	<u>33,300,409</u>
Capital work in process		456,710	456,710
		<u>29,537,387</u>	<u>33,757,119</u>
<b>Investments</b>			
<b>Current assets, Loans and advances</b>			
Inventories	6	1,430,956	8,623,254
Sundry debtors	7	53,274,544	50,661,791
Cash and Bank Balances	8	1,464,220	3,519,575
Loans and Advances	9	21,997,582	16,854,578
		<u>78,167,302</u>	<u>79,659,198</u>
<b>Current Liabilities and provisions</b>			
Current Liabilities	10	31,432,821	30,677,519
Provisions	11	7,312,902	7,398,096
		<u>38,745,723</u>	<u>38,075,615</u>
Net Current assets		39,421,579	41,583,583
Profit and loss account	12	94,354,272	94,704,828
		<u><b>163,313,238</b></u>	<u><b>170,045,530</b></u>

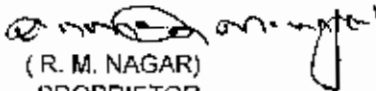
Notes to the Accounts  
 As per our report of even date attached  
 For, Relish Pharmaceuticals Ltd.

  
 M. Hir Patel  
 Director

  
 Riddhi M Patel  
 Director



FOR R. M. NAGAR & ASSOCIATES  
 CHARTERED ACCOUNTANTS

  
 (R. M. NAGAR)  
 PROPRIETOR  
 Membership No. 38463

Place : Ahmedabad  
 Date : 08/08/2009

Place : Ahmedabad  
 Date : 08/08/2009

**RELISH PHARMACEUTICALS LTD.**  
**Profit and Loss Account for the year ended on 31 March 2008**  
 In Rupees

	Schedule	for the year ended 31 March 2009	for the year ended 31 March 2008
<b>Income</b>			
Sales	13	75,908,561	40,677,620
Less : Excise duty		2,507,066	2,484,745
<b>Net sales</b>		<b>73,401,495</b>	<b>38,192,875</b>
Other income	14	566,760	1,045,399
Increase/(decrease) of stock	15	(2,039,300)	552,439
		<u>71,928,955</u>	<u>39,790,713</u>
<b>Expenditure</b>			
Material consumed	16	51,692,675	22,051,953
Payment to and provisions for employees	17	6,971,196	4,995,352
Manufacturing, administrative and general expenses	18	7,903,857	6,998,887
Interest to banks		665,837	2,078,771
		<u>67,233,564</u>	<u>36,124,963</u>
Profit/(loss) before depreciation and tax		4,695,391	3,665,750
Less : Provision for depreciation	5	4,248,415	4,333,450
Profit/(loss) before tax		446,976	(667,700)
Provision tax		48,360	-
Provision for FBT		26,070	30,000
FBT Earlier Year		21,990	-
Net Profit/(loss)		350,556	(697,700)
Balance in Profit and loss account brought forward		(94,704,828)	(94,007,128)
Balance carried to Balance Sheet		(94,354,272)	(94,704,828)

EPS 0.03 (0.06)

Notes to the Accounts

As per our report of even date attached For, Relish Pharmaceuticals Ltd.

  
 Mihir Patel  
 Director

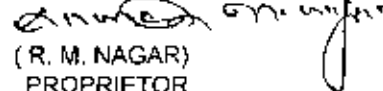
  
 Riddhi M Patel  
 Director

Place Ahmedabad  
 Date 08/08/2009

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FOR R. M. NAGAR & ASSOCIATES  
 CHARTERED ACCOUNTANTS

  
 ( R. M. NAGAR )  
 PROPRIETOR  
 Membership No 38463

Place, Ahmedabad  
 Date 08/08/2008

Rellish Pharmaceuticals Ltd.

Schedule 5 : Fixed Assets

Sr	Particulars	Gross Block					Depreciation					Net Block	
		As at 01.04 2007	Addition During the year	Deletion During the year	As at 31 03 2008	Upto 01 04 2008	Provided During the year	Deletion During the year	Total upto 31 03 2009	As at 31 03 2009	As at 31 03 2008		
1	Land	1,718,325	-	-	1,718,325	-	-	-	-	1,718,325	1,718,325		
2	Building(Factory)	19,394,485	-	-	19,394,485	9,621,882	977,260	-	10,599,142	8,795,343	9,772,603		
4	Plant & Machinery	74,254,137	-	-	74,254,137	52,905,169	3,202,345	-	56,107,514	18,146,623	21,348,988		
5	Office Equipments	931,747	-	-	931,747	736,179	19,557	-	755,736	176,011	195,568		
6	Furniture & Fixtures	2,707,477	-	-	2,707,477	2,495,398	21,209	-	2,516,608	190,871	212,079		
7	Computer System	531,077	28,683	-	559,760	478,210	28,045	-	506,255	53,505	52,867		
	Sub total	99,537,248	28,683	-	99,565,931	66,236,839	4,248,415	-	70,485,254	29,080,877	33,300,408		
	Prev Year	98,850,542	686,706	-	99,537,248	61,903,389	4,333,450	-	66,236,839	33,300,408	36,947,153		
9	Capital Work in progress	456,710	-	-	456,710	-	-	-	-	456,710	456,710		



<b>1 Share capital</b>		
<b>Authorised</b>		
12,000,000 Equity Shares of Rs.10 each	120,000,000	120,000,000
<b>Issued, subscribed and paid up</b>		
4,836,200 Equity Shares of Rs. 10 each	48,362,000	48,362,000
7,000,000 Equity Shares of Rs. 10 each	70,000,000	70,000,000
	118,362,000	118,362,000
Less : Calls in Arrears	28,500,000	28,500,000
	<u>89,862,000</u>	<u>89,862,000</u>
<b>Reserve and surplus</b>		
<b>General Reserve</b>		
As per last year	-	-
Total	-	-
<b>2 Secured loans</b>		
<b>From Banks</b>		
<b>Term Loans</b>		
> Union Bank of India	4,212,933	4,212,933
> Syndicate Bank	4,902,833	6,683,647
> Visnagar Nagrik Sahkari Bank Ltd	182,051	182,051
> Charotar Nagrik Sahkari Bank Ltd.	-	-
> Centurion Bank	-	-
	<u>9,297,817</u>	<u>11,078,631</u>
<b>Working Capital loans</b>		
> Union Bank of India	50,943,527	55,568,527
	<u>60,241,344</u>	<u>66,647,158</u>

**Note**

Rupee Term loan from Union Bank of India is secured by way of first charges on new factory building

Rupee Term loan from Syndicate Bank is secured by way of first charge on fixed asset located at the first floor of the Factory, second charge on other immovable assets of the Company, Corporate Guarantee of the Director.

Rupee Term loan from Visnagar Nagrik Sahkari Bank Ltd and Charotar Nagrik Sahkari Bank Ltd. have been secured against office premises at New York Tower

Working Capital from loans from Union Bank of India has been secured by way of first charge on all fixed assets of the company except the fixed assets financed by Syndicate Bank on first floor of the Factory. hypothecation of stocks & Book Debts, Mortgage of Registered office premises of the Company, Mortgage of Residential flat of the Directors, Corporate and Personal guarantees of Directors and Pledge of a portion of equity shares of the Company.



PHARMACEUTICALS LIMITED

Schedules to Balance Sheet as at 31 March 2008

	As at 31 March 2009	As at 31 March 2008
<b>3 Unsecured loans</b>		
> Shareholders & Others	2,821,322	2,859,022
> Directors	451,892	740,670
	<u>3,273,214</u>	<u>3,599,692</u>
<b>4 Deferred tax liability</b>	9,936,680	9,936,680
<b>Current Assets</b>		
<b>6 Inventories (As taken, valued and certified by the Management)</b>		
At cost or net realizable value whichever is lower		
> Raw Materials	825,134	4,885,457
> Packing Material	488,242	1,580,917
> Finished Goods	68,330	1,012,880
> Work in process	49,250	1,144,000
	<u>1,430,956</u>	<u>8,623,254</u>
<b>7 Sundry debtors (Unsecured, considered good unless stated otherwise)</b>		
More than six months		
> Considered good	5,696,960	5,955,540
> Considered doubtful	-	-
> Others, Considered good	47,577,584	44,706,251
	<u>53,274,544</u>	<u>50,661,791</u>
<b>8 Cash and bank balances</b>		
> Cash on Hand	67,812	323,203
> Balances with Scheduled Banks		
> In current account	1,396,408	3,196,372
	<u>1,464,220</u>	<u>3,519,575</u>
<b>9 Loans and advances (Unsecured; considered good)</b>		
> Advances recoverable in cash or in kind or for value to be received	11,768,355	9,114,818
> Income tax paid / Tax deducted at source (Net of provision, if any)	1,983,440	1,805,201
> Advance for capital goods	4,285,400	4,285,400
Modvate receivable	3,226,116	721,890
Staff Imprest	734,271	927,269
	<u>21,997,582</u>	<u>16,854,578</u>
<b>Current liabilities and provisions</b>		
<b>10 Current liabilities</b>		
Sundry creditors for goods	20,595,208	26,918,771
sundry creditors for expenses	3,301,315	2,170,058
sundry creditors for capital good	242,540	541,420
Other creditors & liabilities	7,293,758	1,047,270
	<u>31,432,821</u>	<u>30,677,519</u>
<b>11 Provisions</b>		
Income Tax	810,000	810,000
Provision for FBT	26,070	
Excise duty on FG Stock	95,460	95,460
Excise duty payable	3,116,660	3,223,660
Sales tax payable	3,264,712	3,268,976
	<u>7,312,902</u>	<u>7,398,096</u>
<b>12 Profit &amp; Loss Account</b>	94,354,272	94,704,828



	for the year ended 31 March 2009	for the year ended 31 March 2008
<b>13 Sales</b>		
Domestic including Jobwork	32,756,218	23,348,318
Less : Goods Return	-	-
	32,756,218	23,348,318
Export	43,152,343	17,329,302
	<u>75,908,561</u>	<u>40,677,620</u>
<b>14 Other Income</b>		
Discount	8,090	13,116
Kasar Vatav	99,937	(399)
Other Income	458,730	1,032,682
	<u>566,760</u>	<u>1,045,399</u>
<b>15 Increase (decrease) in stock</b>	(2,039,300)	552,439
Opening Stock	(2,156,880)	(1,604,441)
> Finished goods	(1,012,880)	(455,191)
> Work in Process	(1,144,000)	(1,149,250)
Closing Stock	117,580	2,156,880
> Work in Process	49,250	1,144,000
> Finished goods	68,330	917,420
Excise duty on stock of Finished Goods	-	95,460
<b>16 Material consumption</b>		
Raw material & packing material consumption		
Opening Stock	6,466,374	4,342,883
Purchase during the year	46,539,677	24,175,444
Closing stock	(1,313,376)	(6,466,374)
	<u>51,692,675</u>	<u>22,051,953</u>
<b>17 Payment of salary</b>		
Salary and wages	6,942,422	4,957,952
Bonus Exp.	-	-
Contribution to Provident fund	22,334	34,052
Welfare Expenses	6,439	3,348
	<u>6,971,195</u>	<u>4,995,352</u>



	for the year ended 31 March 2009	for the year ended 31 March 2008
<b>18 Manufacturing, administrative, selling and general expenses</b>		
Advertisement	3,264	750
Auditor's Remuneration	33,060	33,060
Bank Charges	73,120	40,662
Computer & maintenance	48,109	4,6,070
Consultancy Fees	143,513	188,980
Conveyance	12,252	40,525
Director's Remuneration	647,170	540,000
Electricity	19,300	28,400
Excise Duty provided on FG	-	-
Export Expenses	745,743	191,447
Factory Expenses	228,490	69,409
Freight, Octroi and carting	592,038	155,315
Insurance	98,168	101,865
Laboratory testing charge	252,402	170,128
Listing and filing Fees	71,472	137,550
Membership Fees	8,127	2,563
Misc. Store Purchases	286,251	347,385
Municipal tax	16,522	1,739
Office Expenses	182,779	173,913
Postage and telegraph	34,747	47,612
Power & Fuel	1,802,826	1,936,632
Previous year expenses	195,792	186,362
Printing & Stationery	74,828	149,654
Product permission	60,114	-
Professional & legal expenses	298,922	254,155
Repairs and maintenance exp.	1,259,286	1,298,827
Sales Promotion Exp.	95,000	-
Security expenses	8,916	89,706
Telephone Exp.	134,510	166,772
Travelling Exp	428,383	215,178
Misc Expenses	15,990	-
Vehicle Exp	32,763	34,230
	<b>7,903,857</b>	<b>6,998,887</b>



RELISH PHARMACEUTICALS LTD.

SCHEDULE - 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(1) Significant accounting policies:

(a) General:

- (i) The Accounts of the company are prepared under the historical cost convention using the accrual method of accounting and on the accounting principal of going concern basis.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles

(b) Fixed Assets:

Fixed assets are stated at cost net of modvat, less depreciation. Interest on borrowing attributable till commencement of commercial production is capitalized.

(c) Depreciation:

Depreciation has been provided in the accounts on straight-line method at the rates specified in Schedule XIV of the companies Act, 1956. Depreciation on assets acquired during the year and additions thereto is calculated pro rata from the following month of the addition thereto.

(d) Investments: Investments, if any, are stated at cost price.

(e) Current assets:

Inventories are valued as under.

Raw Material	:	On FIFO basis.
Stock in process	:	At cost
Finished Goods	:	At lower of cost or net realizable value.

(f) Sales:

Sales include excise duty only and net of sales tax, returns and discounts, if any.

(g) Prior period and extraordinary items

Items of income and expenditure pertaining to prior period items as well as extraordinary items, where material are disclosed separately.

(2) Contingent Liabilities:

Claims against the Company not acknowledged as debts for income tax for as at 31<sup>st</sup> March 2009.





- (3) Retirement benefits, gratuity, leave encashment, etc. has not been provided in the accounts by the Company. They have been dealt with on cash basis. This is not in accordance with Accounting Standard 15 for Accounting for Retirement Benefits in the Financial Statements of Employers issued by the Institute of Chartered Accountants of India.
- (4) In view of the accumulated losses, unabsorbed depreciation and current losses, the Company has not recognized deferred tax assets (net) in accordance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India by way of prudence.
- (5) Due to continuing losses, the net worth of the Company has been eroded by more than fifty percent thereof. However, it is informed that the Company has been in dialogue with the Bankers and shall propose the restructuring of existing outstanding loans for adequate net worth and working capital funds to be made available in future for continuing the operation. Accordingly, the accounts for the year have been prepared on a going concern basis.
- (6) Balance of creditors, other liabilities, debtors, loans and balances with banks, in current accounts and deposits are subject to confirmation and reconciliation as in the case of banks most of the accounts are showing negative bank balance. In respect of the old debtors, the Auditor has relied on the judgement of the management of the company as to the recoverability in absence of direct confirmation.
- (7) The Company has Capital Work in progress for building for Rs. 4,56,710 in respect of which no provision of impairment is required to be made in the opinion of the management of the Company.
- (8) As informed by the management, the Company has not maintained cost records under section 209(1)(d) of the Companies Act, 1956 and rules made there under by the Central Government in this regard.
- (9) The details as to the names of the Small Scale Industrial undertakings to whom the Company owes a sum, and which is outstanding for more than 30 days as on 31<sup>st</sup> March 2009 have not been given in view of information in this regard not made available to us.
- (10) The names of related parties with relationship and transactions with them are disclosed as under :
- (A) Relationship :
- (I) Subsidiary Company :  
(II) Other related Parties :  
(III) Key Management Personnel :  
Mr. Mihir Patel  
Mrs. Riddhi Patel



Related parties relationship is as identified by the Company and relied up and accepted by the auditor. Details of transactions with related party in the ordinary course of business are as under :

Salary and perquisites to Mr.Mihir Patel	Rs. 3,00,000/-
Salary and perquisites to Mrs.Riddhi Patel	Rs. 3,00,000/-
Salary and perquisites to Mrs. Ramilaben	Rs. 47,170/-

(11) Profit & Loss account includes Managerial remuneration :

	2008-2009	2007-2008
Salary and Perquisites	6,47,000	5,40,000


(12) In the opinion of the management of the Company, the Company has only one segment viz. pharmaceutical and drugs, hence no separate discloser of segment wise information has been made.

Signatures to schedule I to 19

As per our report of even date attached

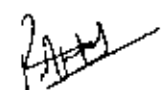
For, Relish Pharmaceuticals Ltd.

For, R. M. Nagar & Associates  
Chartered Accountants

  
(Ramesh Nagar)  
Proprietor



  
Mihir Patel  
Director

  
Riddhi Patel  
Director

Place: Ahmedabad  
Date: 08/08/2009

Place . Ahmedabad  
Date : 08/08/2009