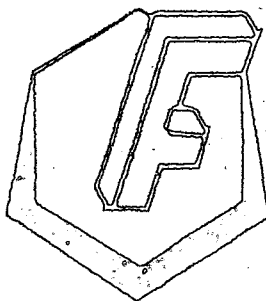


FISCHER

14th ANNUAL REPORT 2006 - 2007



FISCHER CHEMIC LIMITED
(Formerly Fischer Inorganics & Aromatics Ltd.)

**BOARD OF DIRECTORS:**

Mr.G.M.S. Narayanan	-	Whole Time Director
Mr.K. Vasudevan	-	Whole Time Director
Mr.V. Balakrishna	-	Director
Mr.R. Venkatachalam	-	Director
Mr.V. Ganesh	-	Director

REGISTERED OFFICE & WORKS:

Plot No.111, SIDCO Industrial Estate,
Kakallur, Thiruvallur District, Tamil Nadu.

ADMINISTRATIVE OFFICE:

3/240, Govindan Nagar, Palavakkam
Chennai 600 041.

BRANCHES:

Hyderabad

BANKERS:

KVB – Triplicane, Chennai – 5.

IOB – Thiruvannamiyur, Chennai – 41.

Bank of Baroda

ECST, Chennai – 600 001.

AUDITORS:

CNGSN & Associates

Chartered Accountants,

"Agastyar Manor" New No.20 Old No.13
Raja Street, T.Nagar, Chennai 600 017.

SHARE TRANSFER AGENTS:

Physical & Electronic:

Cameo Corporate Services Limited

"Subramania Building"

No.1, Club House Road, Chennai 600 002.

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the company will be held on Thursday the 27th December 2007 at 10.30 a.m at Sri Arjuna Mini Hall, #5, Panagal Street, Tiruvellore 602 001, Tamil Nadu to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet at 31st March 2007 and the Profit and Loss Account made upto that date together with the report of the Directors and Auditor thereon.
2. To appoint a Director in the place of Mr.G.M.S. Narayanan, who retires by rotation and being

eligible offers himself for reappointment.

3. To appoint a Director in the place of Mr.V.Balakrishna, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix the remuneration.

By Order of the Board
for FISCHER CHEMIC LIMITED

G.M.S. NARAYANAN
Whole time Director

Place : CHENNAI

Date : 15-11-07

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to bring their copies of the annual report to the meeting.
3. Members are requested to notify immediately any change in their address to the Company's registered office or to the Registrar and transfer agent.
4. The Register of Members and share transfer books of the company will remain closed from Friday, 21st December 2007 to Thursday, 27th December 2007. (Both days inclusive).
5. Information pursuant to Clause 49 of the Listing Agreement for reappointment of Directors, retiring by rotation:

resigned as a Senior Manager before joining M/s. Fischer Chemic Ltd. He has more than 25 years experience in the marketing and manufacturing of laboratory chemicals and he is a well-known name in the industry. He has to his credit steering the company right from its inception and he is responsible for the company venture into specialty chemicals and contract manufacturing. He does not hold any other directorships.

Item No.3:

Mr.V. Balakrishna aged about 70 years old is a Director of the company since 2005. He is a B.A. Economics Graduate from Bombay University and Post Graduate Diploma in Business Management from Delhi University. and diploma in materials management from NITIE, Powai, Mumbai. He has worked with M/s.Atomic Energy Establishment (5 Years), M/s.Gabriel India Ltd. (5Years), M/s.Engineers India Ltd. (15 Years) and Retired from M/s.Tata Projects Ltd. in the year of 1996 as General Manager. Subsequently he was Consultant to M/s.Tata Projects Ltd till 2002. His expertise is in material management and in overall management. He does not hold any other directorships. He holds 7000 shares in Fischer Chemic Ltd.

Item No.2:

Mr. G.M.S. Narayanan aged 52 is a Post Graduate in Chemistry and he is a promoter Director of the company. He has worked in different capacities with erstwhile M/s.Glaxo Laboratories India Ltd., and

DIRECTORS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting to you the 14th Annual Report together with the AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2007.

a. FINANCIAL PERFORMANCE:

Particulars	Year Ended	
	31 st March 2007	31 st March 2006
	(Rs in lakhs)	
Profit (loss) before interest & Depreciation	54.91	55.90
Interest	11.88	3.28
Depreciation	24.53	17.01
Loss brought forward from Previous year	(448.47)	(484.18)
Balance Loss:		
Carried forward	(429.22)	(448.47)

b. DIVIDEND:

In order to conserve the resources the Directors have decided not to recommend any dividend for the year ended 31st March 2007.

c. PERFORMANCE DURING THE YEAR 2006-2007

During the year under review your company has posted a sale of Rs.336.33 Lakhs against a turnover of Rs.337 Lakhs in the previous year. Your company has consciously increased its thrust and focused more into sale of specialty chemicals, customs synthesis and contract manufacturing. Though there is a marginal decrease or the sale compared to previous year, the company has made a profit of Rs.18.50 lakhs. The company continues to get regular export orders from Srilanka and other Middle East countries for its Laboratory chemicals. The company also enlarging its customer profile and products in the speciality business space.

d. FUTURE PROSPECTS:

Your company will continue its thrust on high profitable speciality chemicals, custom synthesis, contract manufacturing activities and export of laboratory chemicals. To this effect your company has invested quite substantially to strengthen manufacturing activity by creating additional facilities.

e. DIRECTORS:

Mr. G.M.S. NARAYANAN and Mr. V. BALAKRISHNA, Directors of the Company retire at the ensuing annual general meeting and being eligible offer themselves for reappointment.

f. PARTICULARS OF EMPLOYEES:

During the year under review there were no employee in respect of whom information as per Section 217 (2A) of the Companies Act 1956 is required to be given in the Directors report.

g. DIRECTORS RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act 1956, your Directors confirm as under:

1. that in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. that the directors had selected such accounting policies and applied them consistently and 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 as at the end of the financial year and of the profit or loss of the company for that period.
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. that the directors had prepared the annual accounts on a going concern basis.

h. CONSERVATION OF ENERGY:

The company has been continuously taking all possible measures to conserve energy. The company's manufacturing process is not power intensive.

Power Consumption:

Particulars	2006-07	2005-06
Unit consumed	107595	106224
Amount (Rs. In lakhs)	6.34	6.01
Rate per Unit	5.90	5.66

i. AUDITORS:

The Auditors of the Company M/s. CNGSN & Associates retire at this annual general meeting and being eligible offer themselves for reappointment.

j. DEPOSITS:

The company has not accepted any fixed deposits from the public during the year under review.

k. RESEARCH & DEVELOPMENT:

R&D facilities are continuously used for upgrading the quality of end products and also for synthesizing specialty chemicals.

l. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company has earned an amount of \$37749 and the company has not incurred any foreign exchange expenses.

m. DIRECTORS REPLY TO THE QUALIFICATIONS SPECIFIED IN AUDIT REPORT:**4 (d) of Auditor's report**

As regards fixed assets and impairment of fixed assets the company is in the process of evaluating impairment loss if any and the same will be provided in the subsequent year. As regards retirement benefits the company has provided for retirement benefit to employees as and when they become eligible and as per the rules of the employment terms. The company has already provided gratuity for all eligible employees.

4 (f) of Auditor's report

The company has already initiated reconciliation of account of creditors & Debtors during the year and due to the continuous dealing with the

creditors and debtors, the reconciliation is still under progress.

As on date, there is no dues to any small scale industrial units.

4 (g) of Auditor's report

The company is in the process of reconciling the sundry debtors and same will be completed during the course of the year.

(vii) of Annexure to Auditor's report

The company is in the process of appointing an internal auditor to strengthen its operation.

(ix) (a) & (b), (x) of Annexure to Auditor's report

The company has already initiated plans to clear the arrears of Sales Tax, PF. As regards TDS the company has paid the amount in full during the Financial Year 2007-08. As regards Sales Tax the company has paid part amount of Sales Tax arrears.

Being a registered SSI unit the company is not coming under the purview of BIFR.

n. ACKNOWLEDGEMENTS:

The Board of Directors of the company would like to thank various Government Authorities, Customers and suppliers for their unstinted support. The Directors wish to place on record their appreciation for the dedicated services and contribution made by the employees at all levels during the year under review and thank the shareholders of the company for the continued support.

By Order of the Board
for FISCHER CHEMIC LIMITED

G.M.S. NARAYANAN
Whole time Director

Place : CHENNAI
Date : 15-11-07

For FISCHER CHEMIC LTD.


Director

REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy on Code of Governance:**

Fischer Chemic Ltd., is committed to good Corporate Governance. The core objective is "enhancement of the long term shareholders value while at the same time protecting the interests of individual shareholders". Fischer Chemic's *code of Corporate Governance has been drafted in compliance with the code of Corporate Governance as amended by the Securities and Exchange Board of India (SEBI).*

2. Board of Directors:

The Board of Directors of Fischer Chemic Limited has the right mix of executive and non-executive directors, i.e. Two Executive Directors and three Non-executive Independent Directors. During the financial year 2006-2007, Six (6) meetings were held viz., from 1st April 2006 to 31st March 2007 on the following dates: 14.4.2006, 14.7.2006, 16.10.2006, 27.11.2006, 02.12.2006 and 29.01.2007 The Annual General Meeting was held on 29th December 2006.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors Meetings held during the Financial Year 2006-2007 and the last AGM held on 29.12.2006 is given below.

Composition, Attendance of each director at the Board Meetings and at the Last AGM and the number of other directorship, committee memberships are set out below:-

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Members/Chairmanships	
		Board Meeting	Last AGM (Yes/)	Other Directorships	Committee (Other than Fischer)
Shri.G.M.S.Naryanan	Whole-Time Director – Executive	6	Yes	–	–
Shri.K.Vasudevan	Whole-Time Director – Executive	6	Yes	–	–
Shri. V.Ganesh	Non-Executive Independent	6	Yes	–	–
Shri.R.Venkatachalam	Non-Executive Independent	6	Yes	–	–
Shri.V.Balakrishna	Non-Executive Independent	6	Yes	–	–

3. BOARD COMMITTEES:-**A. Audit Committee:****Role and Terms of Reference:**

The role and terms of reference of the Audit Committee cover the area mentioned under Clause 49 of the Listing agreement besides other terms as may be referred from time to time by the Board of Directors of the Company.

The broad terms of reference of the audit committee were to review the following issues:

- Oversee company's financial reporting process and disclosures of its financial statements are correct, sufficient and credible.
- Recommend appointment and removal of statutory auditors, fixation of audit fee and also approve payment of other services.
- Review the adequacy of internal control system with the Management, Statutory auditors and Internal auditors.
- Review the Company's financial and risk management policies.

Composition:-

The company derived immense benefit from the deliberation of audit committee with the following three Non-Executive Independent Directors of the company:

Shri.V.Balakrishna	Chairman
Shri.R.Venkatachalam	Member
Shri.V.Ganesh	Member

Meeting and Attendance of the Committee:-

During the financial year six Audit Committee meetings were held on the following dates: 14.4.2006, 14.7.2006, 16.10.2006, 27.11.2006, 02.12.2006 and 29.01.2007.

The Attendance of Directors at the Audit Committee Meetings held during the year 2006-2007 is given below:

Name of the Director	Attendance Meetings Held	Particulars Meetings Attended
Shri.V.Balakrishna	6	6
Shri.R.Venkatachalam	6	6
Shri. V.Ganesh	6	6

B. Remuneration Committee:

The Remuneration Committee comprises of three non-executive Directors viz.:

Shri.V.Balakrishna	Chairman
Shri.R.Venkatachalam	Member
Shri. V.Ganesh	Member

Terms of reference:

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

No meeting of the remuneration committee was held during the year.

Remuneration Policy:

The remuneration of the Executive Directors is recommended by the Remuneration committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry and responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Whole Time Directors.

The Non-executive Directors are not paid any remuneration. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors.

The details of the remuneration paid/payable to the Directors during the Financial Year 2006-2007 are as under:

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)	No. of shares held
Shri.G.M.S.Naryanan	588000	-	243276
Shri.K.Vasudevan.	426000	-	263676
Shri. V.Ganesh	-	Nil	-
Shri.R.Venkatachalam	-	Nil	45800
Shri.V.Balakrishna	-	Nil	7000

C. Shareholders Committee:

Composition:-

The Shareholders Committee comprises of:

1. Mr. R.Venkatachalam, Chairman of the Committee
2. Mr. K.Vasudevan, Member
3. Mr. G.M.S.Narayanan, Member

The terms of reference of this committee are as under:-

The shareholders committee specifically looks into redressing of shareholder's and investor's complaints such as transfer of shares, non-receipt of shares, non-receipt of annual report and to ensure expeditious share transfers.

Meeting and Attendance of the committee:-

The said Committee met 14 times during the year 2006-2007. Mr.K.Vasudevan, Director is the Compliance officer.

Shareholders queries received and replied in 2006-2007.

During the Financial Year 2006-2007, no investor complaints were received from shareholder. There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31st March 2007.

In case of any investor complaint, shareholders are requested to address the same to fischerlab@vsnl.net

6. General Body Meetings:

The particulars of Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2003-2004	23 rd December 2004 at 10.15 a.m.	Sri Arjuna Mini Hall, #5, Panagal Street, Thiruvallur -602001
2004-2005	27 th September 2005 at 10.15 a.m.	Sri Arjuna Mini Hall, #5, Panagal Street, Thiruvallur -602001
2005-2006	29 th December 2006 at 10.30 a.m.	Sri Arjuna Mini Hall, #5, Panagal Street, Thiruvallur -602001

I) Special Resolution Passed in the Past three AGM's:-

No special resolutions were passed during the last three annual general meetings.

II) Postal Ballots:

No resolutions were passed through Postal Ballot during the financial year under review.

7. Disclosures:

- a. Related Party Transactions: The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc; that may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions are given in the Notes to the Accounts.
 - b. The trading of the equity shares of the company have been suspended from the Bombay Stock Exchange since September 20, 2006. Steps are being taken by the company for revocation of the suspension. There were no penalties or strictures imposed on the Company by SEBI or any statutory authority on any matter related to Capital Markets during the last three years.
 - c. Disclosure on accounting treatment: No differential treatment from the Accounting standard was followed in the preparation of the financial statements.
 - d. The company does not have a Whistle Blower Policy and no employee has been denied access to approach the audit committee to report any serious concerns.
 - e. No money has been raised through Public / right / Preferential issue during the year.
- #### 8. Means of Communication:
- The financial results are published in newspapers.
- #### 9. Management Discussion and Analysis Report:
- Management Discussion and Analysis Report forms a part of the Directors Report.

10. General Shareholders Information:

- (i) Date of Annual General Meeting : 27th December 2007
 Time : 10.30 a.m.
 Venue : Sri Arjuna Mini Hall,
 #5, Panagal Street,
 Thiruvallur -602001

(ii) Financial Calendar :

Results for the quarter ending June 30, 2007	Last week of July 2007
Results for the quarter ending September 30, 2007	Last week of October 2007
Results for the quarter ending December 30, 2007	Last week of January 2008
Results for the quarter ending March 31, 2008	Last week of April 2008
Annual General Meeting	By 3 rd /4 th week of September 2008

- (iii) Book-Closure Dates : 21st December 2007
 (Both days inclusive) to 27th December 2007
 (iv) Dividend Payment Date : No Dividend recommended for the year 2006-07

- (v) Listing on the Stock Exchanges : The Equity shares of the Company are listed in the Bombay, Madras and Coimbatore stock exchanges. The company confirms that it has paid annual listing fees due to the Bombay and Madras stock exchanges for the year 2007-2008.

- (vi) Stock Code : Bombay Stock Exchange*
 - 524743

(vii) Stock Market Data :

Bombay Stock Exchange: High and Low quotations of the Company's shares during the period 1st April 2006 to 31st March 2007:

Month	Share Prices (Rs.)	
	High	Low
April 2006	6.80	5.86
May 2006	7.43	6.42
June 2006	6.71	6.71
August 2006	6.69	6.69
September 2006	7.02	7.02

The trading of the equity shares of the company have been suspended from the Bombay Stock Exchange since September 20, 2006. Steps are being taken by the company for revocation of the suspension.

- (viii) Registrar and Share Transfer Agents:
 M/s.Cameo Corporate Service Limited,
 "Subramanian Buildings"
 1, Club House Road, Chennai- 600 002

- (ix) Share Transfer System: Presently the share transfer documents which are received by the Company are processed, approved and kept ready for despatch within 15 days from the date of the receipt.

(x) Distribution of Shareholding as on 31.3.2007:

Range	No. of share-holders	% to total	Share/ Debenture Amount (Rs.)	% to total
Up to-5000	8754	93.1573	12033900	34.9822
5001-10000	342	3.6394	2705000	7.8633
10001-20000	169	1.7984	2634000	7.6569
20001-30000	58	0.6172	1482000	4.3081
30001-40000	19	0.2021	683000	1.9854
40001-50000	19	0.2021	914000	2.6569
50001-100000	15	0.1596	1015000	2.9505
100001 & above	21	0.2234	12933100	37.5962
Total	9397	100.0000	34400000	100.0000

(xi) Shareholding Pattern as on 31.3.2007:

Category	No. of Shares Held	Percentage of Share holding
A. PROMOTER HOLDING		
1. Promoters		
Indian Promoters	506952	14.74%
Foreign Promoters	NIL	
2. Persons acting in concert	NIL	
Sub-Total	506952	14.74%
B. Non-Promoters Holding		
3. Institutional investors	NIL	NIL
a. Mutual Funds and UTI	3300	0.09%
b. Banks, financial Institutions, Insurance Companies (central/ state Govt.Institutions/Non-government Institutions)	NIL	NIL
c. FIs	NIL	NIL
Sub-Total	3300	0.09%
4. a. Private Corporate Bodies	75900	2.21%
b. Indian Public	2853848	82.96%
Sub-Total	2929748	85.17%
Grand Total	3440000	100.00%