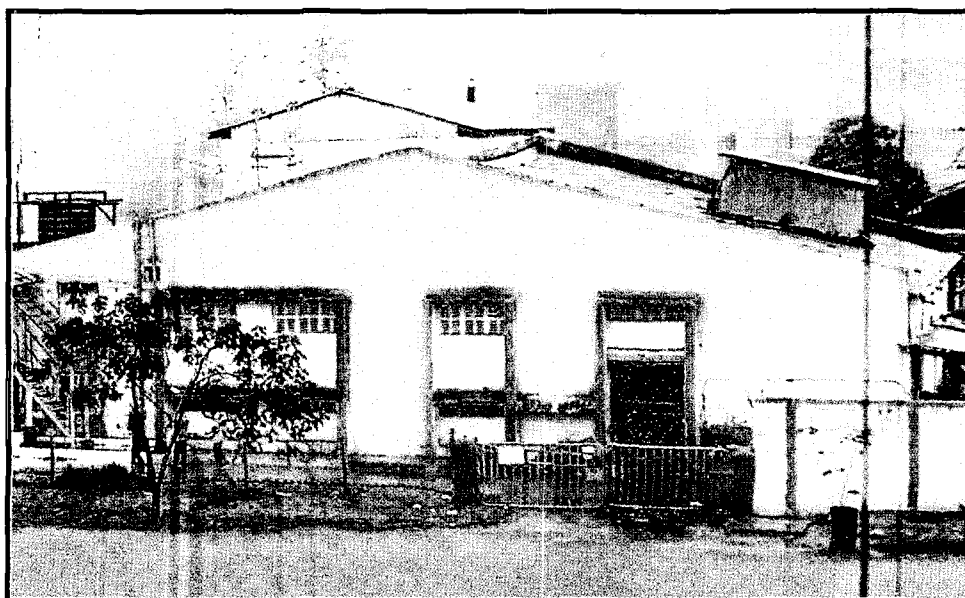
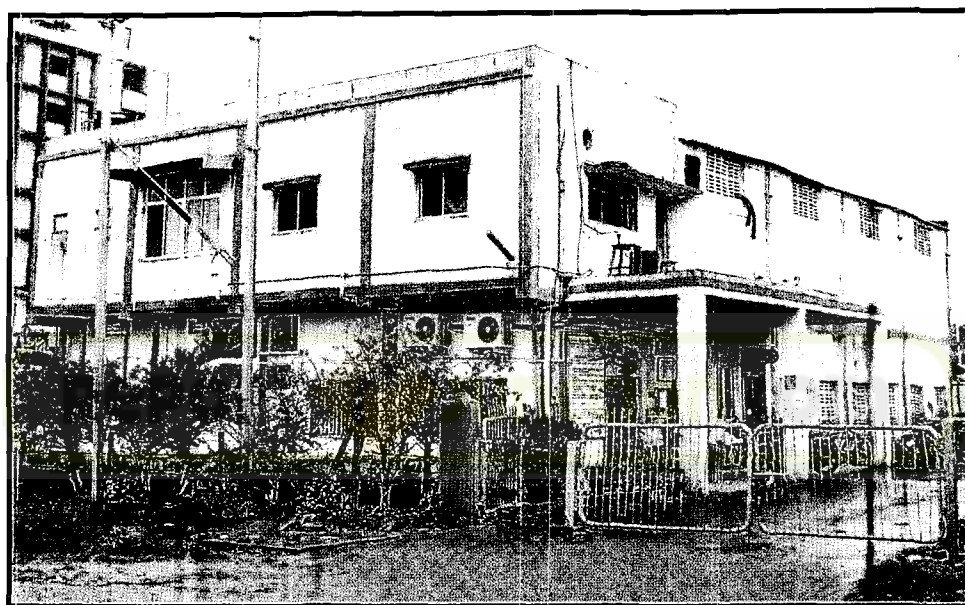


# **Samrat Pharmachem Limited**

**16<sup>th</sup> Annual Report  
2007-2008**

# Samrat . . . . .

*The King of  
Iodine Chemistry*



Manufacturing plants at Ankleshwar in Gujarat State of India

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**Samrat Pharmachem Limited****16<sup>th</sup> Annual Report (2007-2008)****BOARD OF DIRECTORS**

<b>Mr. Lalit Mehta</b>	Chairman & Managing Director
<b>Mr. Rajesh Mehta</b>	Executive Director
<b>Mr. Mahendra Pipalia</b>	Director
<b>Mr. Samir Kothary</b>	Director
<b>Mr. Hitendra Shah</b>	Director

**STATUTORY & TAX AUDITORS****Nalin S. Parekh & Co.**

Chartered Accountants

302 Madhav Apts., Jawahar Road, Opposite Ghatkopar Station (East), Mumbai - 400 077

**CONSULTING COMPANY SECRETARY****A. A. Mulla & Associates***Company Secretaries*

D/201, Trade Corner, Saki Naka Junction, Andheri (East), Mumbai - 400 072

**PRINCIPAL BANKER****ICICI Bank Ltd.**

Sagar Avenue, S. V. Road, Andheri (West), Mumbai - 400 058

**CO-BANKERS****HDFC Bank Ltd.**

Jamuna Apts, S. V. Road, Andheri (West), Mumbai - 400 058

**State Bank of India**

Rahul Apartments, S. V. Road, Andheri (West), Mumbai - 400 058

**REGISTRARS & SHARE TRANSFER AGENTS****Intime Spectrum Registry Limited**C/13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai - 400 078**REGISTERED OFFICE & FACTORY**

Plot no. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

**CORPORATE OFFICE**

A/7 Sai Prasad, 2nd Floor, Teli Gali Cross Lane, Andheri (East), Mumbai - 400 069

# Samrat Pharmachem Limited

## 16<sup>th</sup> Annual Report (2007-2008)

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 27<sup>th</sup> September, 2008 at 1.00 p.m. at the Registered Office of the Company at Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account of the company for the year ended as on that date, together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Rajesh Mehta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hitendra Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors' and fix their remuneration. The retiring auditors, M/s. Nalin S. Parekh & Co., Chartered Accountants, Mumbai are eligible for re-appointment.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Lalit Damodar Mehta as Managing Director of the Company who has attained 71 years of age and to his receiving remuneration, benefits and amenities for a period of 3 years commencing from 1st April, 2008 to 31st March, 2011 upon the terms, conditions and stipulations contained in an agreement entered into between the Company and Mr. Lalit Damodar Mehta, a copy whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Lalit Damodar Mehta, provided however that the remuneration payable to Mr. Lalit Damodar Mehta shall not exceed the maximum limits for payment of managerial remuneration in

accordance with the laws, policies, rules, regulations or guidelines in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto"

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

"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Rajesh Lalit Mehta as Executive Director - Finance of the Company and to his receiving remuneration, benefits and amenities for a period of 3 years commencing from 1st April, 2008 to 31st March, 2011 upon the terms, conditions and stipulations contained in an agreement entered into between the Company and Mr. Rajesh Lalit Mehta, a copy whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Rajesh Lalit Mehta, provided however that the remuneration payable to Mr. Rajesh Lalit Mehta shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto"

### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.
2. Proxies, if any, in order to be effective, must be received at the Registered Office of the Company at Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat, not less than 48 hours before the

**Samrat Pharmachem Limited****16<sup>th</sup> Annual Report (2007-2008)**

- commencement of the meeting. Proxies shall not have any right to speak at the meeting.
3. An explanatory statement as required under Section 173(2) of the Companies Act 1956, in respect of item nos. 5 & 6 is annexed to the Notice convening 16<sup>th</sup> Annual General Meeting.
  4. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 13<sup>th</sup> September, 2008 to 27<sup>th</sup> September, 2008 (both days inclusive).
  5. Members are requested to kindly notify to the Registrar and Transfer Agent of the company M/s. Intime Spectrum Registry Limited, C/13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, immediately of any change in their addresses.
  6. Information pursuant to Clause 49 of the Listing Agreement for re-appointment of Directors.

<b>Name of the Director</b>	<b>Date of Birth</b>	<b>Date of Appointment</b>	<b>Qualification</b>	<b>Directorship in Other companies in India</b>	<b>Chairman/ Member of other committees of other companies</b>
Mr. Rajesh Mehta	25/06/1964	16/06/1992	B.Com, ACA	No	No
Mr. Hitendra Shah	26/10/1967	30/12/2005	B.Com	No	No

7. Members are requested to DEMAT their shares in order to facilitate easy & faster trading in equity shares.
8. Members are requested to quote their Folio / DP Id No. in all their correspondence.
9. Members desirous of having any information regarding accounts are requested to write to the Company at least 7 days in advance of the date of Annual General Meeting so as to enable the Management to keep the information ready.
10. Members are requested to bring their copies of the Annual Report to the Meeting.
11. Members are requested to bring with them the attendance slip and hand it over at the entrance duly signed by them.

**By Order of the Board of Directors  
For Samrat Pharmachem Limited**

**Place: Mumbai  
Date: 30<sup>th</sup> June 2008**

**Lalit Mehta  
Chairman &  
Managing Director**



# Samrat Pharmachem Limited

## 16<sup>th</sup> Annual Report (2007-2008)

### **ANNEXURE TO NOTICE**

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

Item No. 5, 6

The remuneration committee at its meeting held on 31<sup>st</sup> March, 2008, recommended the re-appointment of Mr. Lalit Mehta, Managing Director of the Company & Mr. Rajesh Mehta, Executive Director of the Company for the period of 3 years from 1<sup>st</sup> April, 2008 till 31<sup>st</sup> March, 2011.

In pursuance of the recommendations of the remuneration committee, the Board of directors at its meeting held on 31<sup>st</sup> March, 2008, re-appointed the following directors for the period of three years with effect from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2011:

<b>Name of the Director</b>	<b>Re-appointed as</b>
Mr. Lalit Mehta	Managing Director
Mr. Rajesh Mehta	Executive Director

### **Nature of Duties**

Mr. Lalit Mehta, Managing Director, shall look after the overall business, administrative, commercial, marketing, technical, financial matters and such other related functions of the Company.

Mr. Rajesh Mehta, Executive Director, shall look after the financial, technical, marketing & administrative matters and such other related functions of the Company.

### **Remuneration**

The directors shall be entitled to the following emoluments, benefits and perquisites during the period of their employment subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956.

### **Salary**

<b>Name of the Director</b>	<b>Salary Scale</b>
Mr. Lalit Mehta	Rs. 55,000/- pm
Mr. Rajesh Mehta	Rs. 50,000/- pm

### **Perquisites**

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to the Managing Director & Executive Director, are as under :

The Company shall provide for, or pay the expenses for, a car with driver and telephone facility at the residence of

the Managing Director & Executive Director. Provision of, or payment of expenses of, a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the director.

**Minimum Remuneration:** Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to them, subject to obtaining such approvals as may be required.

**Sitting Fees:** No sitting fees will be paid to the appointee for attending the meeting of the Board of Directors or committee thereof of the Company.

### **Other Terms**

- They shall not become interested or otherwise be concerned directly or through their spouse and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- They shall be entitled to re-imbursement of all actual traveling, lodging & boarding expenses and entertainment expenses reasonably incurred in connection with the business of the Company.
- They shall observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

As per the provisions of Schedule XIII any Managing Director of the Company attaining the age of 70 years cannot continue on the post unless shareholders pass a special resolution confirming the appointment at their duly convened general meeting. Mr. Lalit Mehta is above 70 years and therefore his continuation in office as a Managing Director should be approved by the shareholders of the Company by passing a special resolution.

As regard to re-appointment of Mr. Rajesh Mehta as the Executive Director of the Company in compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution in terms as set out in item no 6 of the accompanying Notice are now being placed before the Members in the General Meeting for their approval.

## **Samrat Pharmachem Limited**

**16<sup>th</sup> Annual Report (2007-2008)**

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Except Mr. Lalit Damodar Mehta & Mr. Rajesh Lalit Mehta no other Director of the Company is concerned or interested in the said Special Resolutions.

This Explanatory Statement is and should be treated as an abstract under section 302 of the Companies Act, 1956, of the Agreements to be entered into between the Company and Mr. Lalit Damodar Mehta & Mr. Rajesh Lalit Mehta.

**By Order of the Board of Directors  
For Samrat Pharmachem Limited**

**Place: Mumbai  
Date: 30<sup>th</sup> June 2008**

**Lalit Mehta  
Chairman &  
Managing Director**





# Samrat Pharmachem Limited

## 16<sup>th</sup> Annual Report (2007-2008)

### DIRECTORS' REPORT

#### TO THE MEMBERS

Samrat Pharmachem Limited  
Ankleshwar.

The Directors are pleased to present the Sixteenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31<sup>st</sup> March, 2008.

#### FINANCIAL PERFORMANCE

Particulars	31 March 2008 Rs.	31 March 2007 Rs.
Turnover	348,077,777	316,502,182
Profit before tax	16,381,180	5,046,770
Provision for tax	-5,491,631	-2,018,065
Net Deferred Tax Liability for current year	-270,472	-5,395
Profit after tax	10,619,077	3,023,310
<u>Profit &amp; Loss account</u>		
Balance brought forward	22,013,787	18,997,768
Profit of the current year after tax	10,619,077	3,023,310
Tax adjustment of previous year	0	-7,291
Balance carried to Balance Sheet	32,632,864	22,013,787

#### OPERATIONS

Your company has performed reasonably well during the year. In a highly competitive and uncertain business environment, your Company achieved a turnover of Rs. 3480.77 Lakhs as against Rs. 3165.02 Lakhs achieved last year - an increase of around 10%. Production of 349.12 tonnes of pharmaceutical chemicals was achieved during the year.

#### DIVIDEND

In order to conserve the resources, your Directors do not recommend payment of Dividend for the current year.

#### WORKING CAPITAL FACILITIES

Your company is banking with ICICI Bank Limited for its finance requirements. Your company raised additional

finance during the year from its principal banker for its increased working capital requirements.

#### EXPORTS

During the year 2007-2008 your company's export division registered sales of Rs. 439.06 Lacs, up from Rs. 262.11 Lacs last year. Your Company has initiated several export promotion measures to increase exports. The products of your Company have been well accepted in the international market and the Company expects better export turnover in the next year.

#### DEMATERIALISATION

The equity shares of the Company have been dematerialized by joining the depositories viz. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). The ISIN (International Securities Identification Number) No. allotted to the Company is INE103E01016.

#### CORPORATE GOVERNANCE

Certificate of auditor of your company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchange, is enclosed.

Your Company has been practicing the principles of good corporate governance over the years.

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The company has adopted Code of Conduct for Directors and Employees of the Company as stipulated in revised Clause 49 of the Listing Agreement effective from 1<sup>st</sup> January, 2006.

#### LISTING OF SHARES

The Company's shares are listed on the Bombay Stock Exchange, The Ahmedabad Stock Exchange, The Baroda Stock Exchange, Saurashtra Kutch Stock Exchange & Pune Stock Exchange. It has paid the listing fees at all the stock exchanges for the period upto 31<sup>st</sup> March, 2009. Your Company has not been delisted on any of these exchanges for non-payment of listing fees.

#### INSURANCE

The assets of the company have been adequately insured against all possible risks with ICICI Lombard General Insurance Co Ltd & with ECGC Ltd.

**Samrat Pharmachem Limited****16<sup>th</sup> Annual Report (2007-2008)****WEBSITE**

Your company's website address is [www.samratpharmachem.com](http://www.samratpharmachem.com). The performance of the Company will be regularly updated and be made available on this website. Also the website provides other vital information about the Company.

**SAFETY, HEALTH & ENVIRONMENT (SHE) POLICY**

As a responsible corporate citizen, the Company is fully alive to its responsibilities for protection of the environment and to provide its employees a safe and hazard free work place. The Company has adopted a Safety, Health & Environment Policy that applies to all employees and activities. The work culture encourages total involvement and commitment of the employees to the SHE Policy.

Some of the activities carried out during the year are as follows.

**Safety:**

- Providing necessary equipments and apparatus required for the safe operation of the manufacturing activities
- Observing the rules and regulations with regard to safety & precaution
- Consulting emergency control management team to monitor the safety of the plant
- Conducting regular safety audit
- Encouraging the workforce to use protective equipments and maintain cleanliness
- Conducting seminars to impart knowledge to employees on safe operations
- Organising safety week to create safety awareness

**Health:**

- Medical health check up were carried out for all the employees of the Company
- Lecture meetings were arranged for providing guidance and counseling on matters of health, diet and exercise
- Seminars were arranged on meditation, yoga and anti-stress therapy

**Environment:**

- Ensuring smooth functioning of the effluent treatment plant with respect to air, water and solid waste.
- Updating the ETP plant to make it more nature friendly

- Proper monitoring of the pollution levels in and around the plants
- Planting trees in and around the factory
- Complying with the prescribed norms of pollution control

**PERSONNEL**

As on 31<sup>st</sup> March 2008, the total number of employees on the payroll of the company was 25. Industrial relations with employees at various levels continue to be cordial.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh Mehta & Mr. Hitendra Shah retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDITORS**

The Auditors of the Company M/s. Nalin S. Parekh & Co., Chartered Accountants, Mumbai hold office till the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDITORS REPORT**

The report of auditors is self explanatory and do not require any further elucidation.

**PARTICULARS OF EMPLOYEES**

The company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended upto date.

**DISCLOSURE OF PARTICULARS**

Information as per 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 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended with respect of Directors responsibility statement, it is hereby confirmed: -

1. That the preparation of accounts for the Financial Year ended 31st March 2008, the applicable accounting standards have been followed along-with proper explanation relating to material departures;