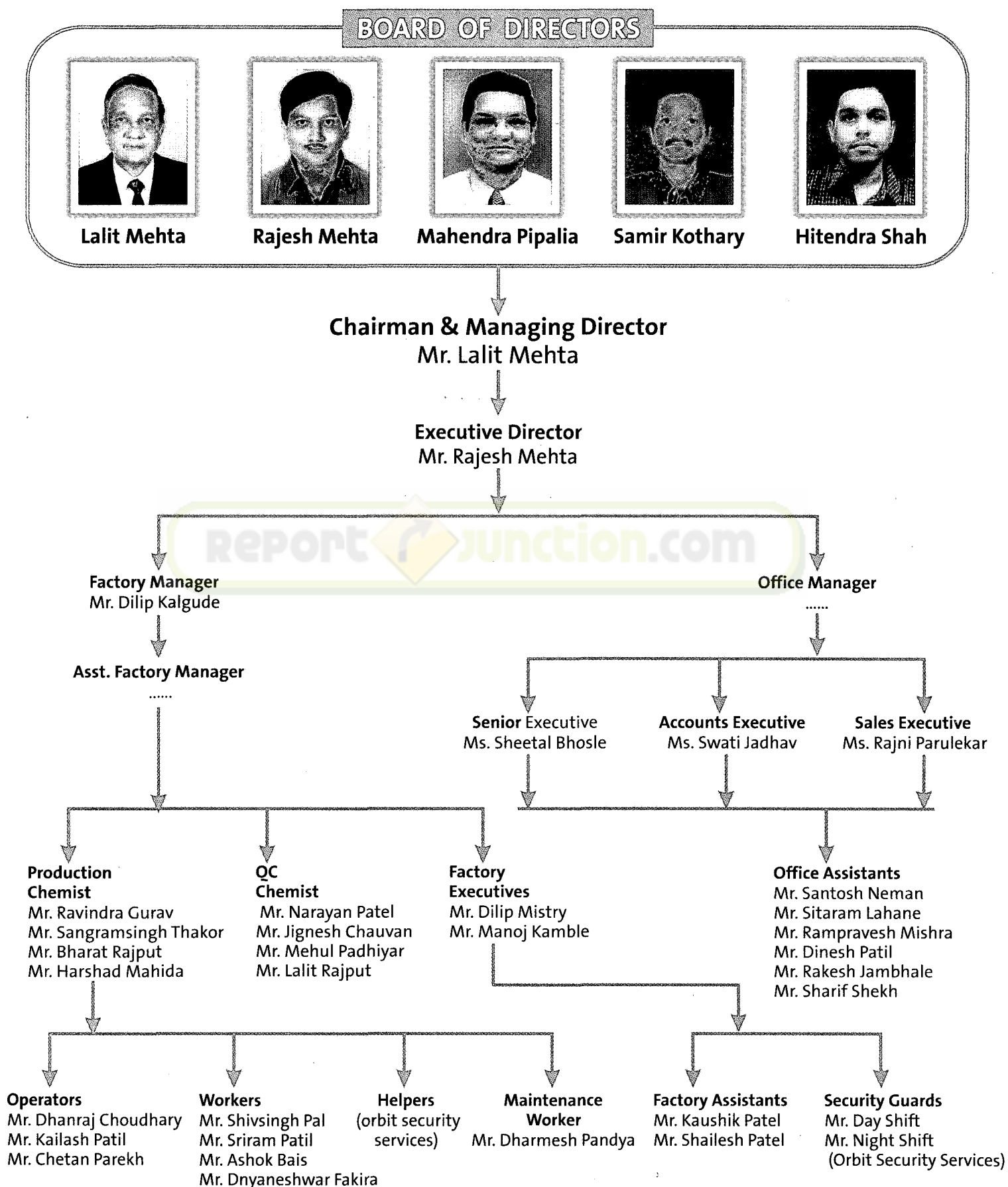




# **Samrat Pharmachem Limited**

**17<sup>th</sup> Annual Report  
2008-2009**

# Organisation Chart



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**Samrat Pharmachem Limited****17<sup>th</sup> Annual Report (2008-2009)****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 & 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

**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****Link Intime India Pvt Ltd**C/13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai - 400 078

**Samrat Pharmachem Limited****17<sup>th</sup> Annual Report (2008-2009)****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 26<sup>th</sup> September, 2009 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 2009 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. Mahendra Pipalia, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Samir Kothary, 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 an Ordinary Resolution.  

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time subject to any restriction imposed by the terms of the Agreement entered into or may be entered into from time to time for grant of loan to the Company, any sum or sums of monies which together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves i.e. to say reserves not set apart for the specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 250 Crores (Rupees Two Hundred Fifty Crores Only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, things, deeds necessary and expedient in giving effect to this resolution."
6. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.  

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging, creating charge, encumbrance on the assets and properties of the Company, movable and immovable, both present and future, and to sell, transfer or otherwise dispose of substantial under-taking(s) of the Company by the Board of Directors of the Company on such terms and conditions as it may think fit, for securing any loan obtained or to be obtained, guarantees issued or to be issued by Banks, Financial Institutions or other bodies together with interest costs, charges, expenses and any other monies payable by the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, things, deeds necessary and expedient in giving effect to this resolution."

**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 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 17<sup>th</sup> Annual General Meeting.

**Samrat Pharmachem Limited****17<sup>th</sup> Annual Report (2008-2009)**

4. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 12<sup>th</sup> September, 2009 to 26<sup>th</sup> September, 2009 (both days inclusive).
5. Members are requested to kindly notify to the Registrar and Transfer Agent of the company M/s. Link Intime India Pvt Ltd, 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.

| Name of the Director | Date of Birth | Date of Appointment | Qualification | Directorship in Other companies in India | Chairman/ Member of other committees of other companies |
|----------------------|---------------|---------------------|---------------|--|---|
| Mr. Mahendra Pipalia | 09/11/1963    | 17/03/2003          | B.Com., ACA   | No                                       | No  |
| Mr. Samir Kothary    | 10/10/1962    | 30/07/2003          | B.Sc., D.B.M. | 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 2009**

**Lalit Mehta  
Chairman & Managing Director**

**Samrat Pharmachem Limited****17<sup>th</sup> Annual Report (2008-2009)****ANNEXURE TO NOTICE**

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

Item No. 5 :

The Board of Directors of the Company can borrow on behalf of the Company to the extent of its Paid Up Capital and Free reserves only. In order to empower the Board of Directors to borrow money on behalf of the company beyond its statutory limits the approval of the members is required at the duly constituted meeting.

It is proposed to raise the borrowing limits of the Board from Rs. 100 crores to Rs. 250 crores, and hence approval of the members is required pursuant to Section 293(1)(d) of the Companies Act, 1956.

The Directors recommend passing of this resolution.

None of the Directors is interested or concerned in this resolution.

Item No. 6 :

Pursuant to provisions of Section 293 (1) (a) of the Companies Act, 1956, it is proposed to empower the Board of Directors of the Company to create a mortgage or charges on the assets of the Company for securing the credit limits sanctioned or to be sanctioned by various banks and financial institution.

The Board of Directors cannot exercise such power of creating mortgage or charge on the assets of the company unless they are empowered pursuant to forgoing Section by a resolution of the members of the Company at their duly constituted meeting.

The Directors recommend passing of this resolution.

None of the Directors is interested or concerned in this resolution.

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

**Place: Mumbai  
Date: 30<sup>th</sup> June 2009**

**Lalit Mehta  
Chairman & Managing Director**



# Samrat Pharmachem Limited

## 17<sup>th</sup> Annual Report (2008-2009)

### DIRECTORS' REPORT

#### TO THE MEMBERS

Samrat Pharmachem Limited  
Ankleshwar.

The Directors are pleased to present the Seventeenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31<sup>st</sup> March, 2009.

#### FINANCIAL PERFORMANCE

| Particulars                                 | 31 March 2009<br>Rs. | 31 March 2008<br>Rs. |
|---|----------------------|----------------------|
| Turnover                                    | 389,599,474          | 348,077,777          |
| Profit before tax                           | 528,739              | 16,381,180           |
| Provision for tax                           | -1,259,475           | -5,491,631           |
| Net Deferred Tax Liability for current year | -300,063             | -270,472             |
| Profit after tax                            | -1,030,800           | 10,619,077           |
| <u>Profit &amp; Loss account</u>            |                      |                      |
| Balance brought forward                     | 32,632,864           | 22,013,787           |
| Profit of the current year after tax        | -1,030,799           | 10,619,077           |
| Tax adjustment of previous year             | 0                    | 0                    |
| Balance carried to Balance Sheet            | 31,602,064           | 32,632,864           |

#### OPERATIONS

Your company has performed reasonably well during the year inspite of world recession. In a highly competitive and uncertain business environment throughout the year, your Company achieved a turnover of Rs. 3895.99 Lakhs as against Rs. 3480.77 Lakhs achieved last year - an increase of around 11.93%. Production of 338.05 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.

#### EXPORTS

During the year 2008-2009 your company's export division registered sales of Rs. 854.55 Lacs, up from Rs. 439.06 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 Ltd, Ahmedabad Stock Exchange Ltd, Vadodara Stock Exchange Ltd, Saurashtra Kutch Stock Exchange Ltd & Pune Stock Exchange Ltd. It has paid the listing fees at all the stock exchanges except Saurashtra Kutch Stock Exchange Ltd, for the period upto 31st March, 2010. The listing fees of Saurashtra Kutch Stock Exchange Ltd were not paid due to non-receipt of invoice or intimation for payment of listing fees from the said exchange. The same will be paid on receipt of any communication from Saurashtra Kutch Stock Exchange Ltd. Your Company has not been delisted on any of these exchanges for non-payment of listing fees.

#### INSURANCE



## Samrat Pharmachem Limited

17<sup>th</sup> Annual Report (2008-2009)

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

### 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.

### ERP

Your company is in the process of implementing an Enterprise Resource Planning (ERP) System. It has started trial runs of SWAN ERP system which includes Finance, Purchase, Inventory/stores, Production, Sales, Fixed assets, Payroll & Excise module. On successful implementation of the trial runs, the company proposes to go live with effect from 1<sup>st</sup> April, 2010 for smooth functioning of all business operations.

### 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 2009, the total number of employees on the payroll of the company was 26. 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. Mahendra Pipalia & Mr. Samir Kothary 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

**Samrat Pharmachem Limited****17<sup>th</sup> Annual Report (2008-2009)**

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.

**SECRETARIAL COMPLIANCE CERTIFICATE**

Consequent upon the issue of a recent notification by the Ministry of Corporate Affairs, all Companies with a paid up capital of Rs. 2 Crores and above but less than 5 Crores, which do not have a Company Secretary, are required to have Secretarial Audit conducted by a Practising Company Secretary and obtain a Compliance Certificate and file it with the Registrar of Companies. Accordingly a Secretarial Audit has been conducted by a Practising Company Secretary, whose Compliance Certificate is attached to 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 2009, the applicable accounting standards have been followed along-with proper explanation relating to material departures;

2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and the Profit or Loss of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors' have prepared the accounts for the financial year ended 31st March 2009 on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors are thankful to you, our customers, suppliers, bankers, employees, consultants and to all those who have extended their committed support to the progress of your Company.

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

**Place: Mumbai  
Date: 30<sup>th</sup> June 2009**

**Lalit Mehta  
Chairman &  
Managing Director**