



Samrat Pharmachem Limited

**18th Annual Report
2009-2010**

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BOARD OF DIRECTORS

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 25th September, 2010 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 2010 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.

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. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 11th September, 2010 to 25th September, 2010 (both days inclusive).
4. 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.
5. 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. 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

6. Members are requested to DEMAT their shares in order to facilitate easy & faster trading in equity shares.
7. Members are requested to quote their Folio / DP Id No. in all their correspondence.
8. 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.
9. Members are requested to bring their copies of the Annual Report to the Meeting.
10. 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: 31st May 2010**

**Lalit Mehta
Chairman & Managing Director**

DIRECTORS' REPORT**TO THE MEMBERS**

Samrat Pharmachem Limited
Ankleshwar.

The Directors are pleased to present the Eighteenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE

Particulars	31 March 2010 Rs.	31 March 2009 Rs.
Turnover	479,695,242	389,599,474
Profit before tax	14,021,077	528,739
Provision for tax	-2,490,558	-1,259,475
Net Deferred Tax Liability for current year	-239,611	-300,063
Profit after tax	11,290,908	-1,030,800
Profit & Loss account		
Balance brought forward	31,602,064	32,632,864
Profit of the current year after tax	11,290,908	-1,030,799
Tax adjustment of previous year	-17,896	0
Balance carried to Balance Sheet	42,875,077	31,602,064

OPERATIONS

Your company has performed reasonably well during the year. In a highly competitive business environment, your Company achieved a turnover of Rs. 4796.95 Lakhs as against Rs. 3895.99 Lakhs achieved last year - an increase of around 23%. Production of 397.73 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 2009-2010 your company's export division registered sales of Rs. 648.21 Lacs, down from Rs. 854.55 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 coming 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 1st January, 2006.

Your company is following all norms of Corporate Governance as laid down in Clause 49 of the listing agreement. The company has not carried out the Corporate Governance Voluntary Guidelines 2009 in the financial year 2009-10. The company will fulfill the requirement as laid down under Corporate Governance Voluntary Guidelines 2009 from the next financial year.

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, 2011. 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

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.

WEBSITE

Your company's website address is 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 has implemented Enterprise Resource Planning (ERP) System from 1st April, 2010. The successful implementation of ERP system has improved information flow across the company.

CCTV

Your company has installed 16 Closed Circuit TV Cameras at its Registered Office cum Factory at Ankleshwar for monitoring the day to day 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 31st March 2010, the total number of employees on the payroll of the company was 29. 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.

SECRETARIAL COMPLIANCE CERTIFICATE

Secretarial Compliance Certificate as required u/s 383A of the Companies Act 1956 for the financial year ended 31st March, 2010 has been obtained from the practicing company secretary and 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 2010, 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 2010 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: 31st May 2010**

**Lalit Mehta
Chairman &
Managing Director**

ANNEXURE TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2010

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo Section 217(1)(e) of the Companies Act, 1956

The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

Your Company continues to explore & implement measures that will help in conservation and saving of energy.

Measures taken & benefits derived are as follows:

- Hot water coming from steam traps is recycled & used as boiler feed water.
- Using economiser effectively to pre-heat boiler feed water.
- Timely & routine preventive maintenance of boiler.
- Improvement in unit operations leading to reduction in processing time in reactor, centrifuge, drier & other equipments to minimize use of electricity.
- Both the boilers run on gas.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION
(A) POWER & FUEL CONSUMPTION

Particulars	Current year ended March 2010	Previous year ended March 2009
1. ELECTRICITY		
a) Purchased Units (kwh)	184,600	114,563
Total Amount (Rs.)	1,081,917	701,024
Rate per Unit (Rs.)	5.86	6.12
b) Own Generation (Through Diesel Generator)		
Units (kwh)	0	0
Total Amount (Rs.)	0	0
Units per Litre of Diesel	0	0
Cost per Unit (Rs.)	0	0
Total Units	184,600	114,563
Total Amount	1,081,917	701,024
Average Rate Per Unit	5.86	6.12

2. DIESEL OIL		
Unit (Litres)	0	90
Total Amount (Rs.)	0	3,296
Rate per Unit (Rs.)	0	36.62
3. NATURAL GAS		
Unit (cubic metre)	108,814	92,741
Total Amount (Rs.)	1,509,066	1,145,981
Rate per cubic metre (Rs.)	13.87	12.36
4. CONSUMPTION PER KILOGRAM (kg)		
Production of Pharmaceutical Chemicals (Kg)	397,730	338,053
Electricity		
Rs. per kg	2.72	2.07
Diesel Oil		
Rs. per kg	0.00	0.01
Natural Gas		
Rs. per kg	3.79	3.39

B. TECHNOLOGY ABSORPTION

The management has focused on productivity and quality improvement in order to optimise manufacturing costs. This has helped in achieving optimum manufacturing costs, improved quality of products and consequently enhanced customer satisfaction. The company uses indigenous technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earned Rs. 64,821,416
F.O.B. Value of export of finished goods
(Previous year Rs. 85,454,642)

Foreign exchange used Rs. 290,339,430
Import of raw materials
(Previous year Rs. 271,457,706)

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

**Place: Mumbai
Date: 31st May 2010**

**Lalit Mehta
Chairman &
Managing Director**

Aqueel A. Mulla

B.Com., L.L.M., F.C.S., A.C.I.S (U.K.), D.I.T.

**A. A. Mulla & Associates
Company Secretaries**

3rd Floor, New Hari Leela House, 34/38, Mint Road,
OPP. GPO, Mumbai – 400 001

Tel : 0091-22-22644435 Fax : 0091-22-22644434
Email : aqueelmulla@gmail.com Cell : 9892237418

Registration No. : L24230GJ1992PLC017820

Nominal Capital: 50,000,000.00 ;

Paid-up Capital : Rs.30,897,000.00

SECRETARIAL COMPLIANCE CERTIFICATE

To,

The Members,

M/s. Samrat Pharmachem Limited

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

I have examined the registers, records, books and papers of **M/s. Samrat Pharmachem Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2010 (financial year). In my opinion and to the best of my information and according to the examination carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the act and the rules made thereunder.
3. The Company being a public limited Company, comments are not required.
4. The Board of Directors duly met 6 times on 30/06/2009, 31/07/2009, 31/10/2009, 03/12/2009, 30/01/2010 and 31/03/2010 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed including the circular

resolutions passed in the Minutes Book maintained for the purpose.

5. The Company has closed its Register of Members and Transfer Books from 12th September, 2009 to 26th September, 2009 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 26/09/2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting (s) was/were held during the financial year.
8. The Company has not advanced any loan to its Directors or persons or firms or companies referred to in section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of section 297 of the Act.
10. The Company has maintained a Register of Contracts as required under Section 301 of the Companies Act 1956.
11. There were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificate during the financial year.
13. That the company :
 - a) Has delivered all certificates on transfer/ transmission of securities during the financial year etc. in accordance with the provisions of the Act and listing agreement.
 - b) Has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - c) Was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - d) Has not declared any dividend and there were no deposit-matured, or matured debentures and the interest accrued thereon etc. the provision of transfer of unclaimed or unpaid Accounts to the Investors Education and Protection Fund does not apply to the Company.
 - e) Duly complied with the requirements of section 217 of the Act.