



# **Samrat Pharmachem Limited**

**19<sup>th</sup> Annual Report  
2010-2011**

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**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 AUDITORS**

**Shah, Shah & Shah**

*Chartered Accountants*

502, Damji Shamji Trade Centre, Vidyavihar (West), Mumbai - 400 086

**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

**CITI Bank N. A.**

Kalpachandra, 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 **NINETEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 24<sup>th</sup> September, 2011 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 2011 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. Shah, Shah & Shah, 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 74 years of age and to his receiving remuneration, benefits and amenities for a period of 3 years commencing from 1st April, 2011 to 31st March, 2014 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 of the Company and to his receiving remuneration, benefits and amenities for a period of 3 years commencing from 1st April, 2011 to 31st March, 2014 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 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 is annexed to the notice in respect of Item No. 5 & 6 of agenda of notice.
4. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 10<sup>th</sup> September, 2011 to 24<sup>th</sup> September, 2011 (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. (Kind Attn : Mr. Sharad Patkar), 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, DBM	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.
12. Note on Green Initiative : As per the circular bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, the companies are requested to send Annual Reports to the shareholders. According to the said circular the company is requesting all shareholders to send their email address to the company at its registered office or to the Registrar & Transfer Agent for necessary processing.

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

**Place: Mumbai  
Date: 30<sup>th</sup> May 2011**

**Lalit Mehta  
Chairman & Managing Director**



**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, 2011, 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, 2011 till 31<sup>st</sup> March, 2014.

In pursuance of the recommendations of the remuneration committee, the Board of directors at its meeting held on 31<sup>st</sup> March, 2011, re-appointed the following directors for the period of three years with effect from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014:

Name of the Director	Re-appointed as
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**

Name of the Director	Salary scale
Mr. Lalit Mehta	Rs. 125,000 pm
Mr. Rajesh Mehta	Rs. 120,000 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.

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> May 2011**

**Lalit Mehta  
Chairman &  
Managing Director**

**DIRECTORS' REPORT****TO THE MEMBERS**

Samrat Pharmachem Limited  
Ankleshwar.

The Directors are pleased to present the Nineteenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31<sup>st</sup> March, 2011.

**FINANCIAL PERFORMANCE**

Particulars	31 March 2011 Rs.	31 March 2010 Rs.
Turnover	475,571,990	479,695,242
Profit before tax	21,108,053	14,021,077
Provision for tax	-7,238,683	-2,490,558
Net Deferred Tax Liability for current year	-108,057	-239,611
Profit after tax	13,761,313	11,290,908
Profit & Loss account		
Balance brought forward	42,875,077	31,602,064
Profit of the current year after tax	13,761,313	11,290,908
Tax adjustment of previous year	-3,39,796	-17,896
Balance carried to Balance Sheet	56,296,594	42,875,077

**OPERATIONS**

Your company has performed reasonably well during the year. In a highly competitive business environment, your Company achieved a turnover of Rs. 4755.71 Lakhs as against Rs. 4796.95 Lakhs achieved last year - a decrease of around 0.87%. Production of 372.90 tons 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 2010-2011 your company's export division registered sales of Rs. 1,110.57 Lacs, up from Rs. 648.21 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 1<sup>st</sup> 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 2010-11. The company will fulfill the requirement as laid down under Corporate Governance Voluntary Guidelines 2009 in due course of time.

**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 of Bombay Stock Exchange & Vadodara Stock Exchange for the period upto 31st March, 2012. The listing fees of other Stock Exchanges 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 the respective stock exchanges. 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 ICIC' Lombard General



Insurance Co Ltd., United India Insurance Co. Ltd & The Oriental Insurance Co. 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.

**ISO 9001:2008**

Your company has received ISO 9001:2008 certification from QA International Certification Ltd w.e.f. 15<sup>th</sup> December, 2010.

**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:**

- Conducting medical health check up for all the employees of the Company periodically
- Conducting lecture meetings for providing guidance and counseling on matters of health, diet and exercise
- Conducting seminars to impart knowledge 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 2011, the total number of employees on the payroll of the company was 24. 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. Shah, Shah & Shah, Chartered Accountants, Mumbai who were appointed during the year in casual vacancy caused due to the resignation of M/s Nalin S Parekh & Co., Chartered Accountants, 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 31<sup>st</sup> March, 2011 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 2011, 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 judgments 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 2011 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> May 2011**

**Lalit Mehta  
Chairman &  
Managing Director**