



Sword & Shield Pharma Ltd.

REGD. OFFICE :

**311, Rajkamal Plaza-B,
Nr. Samruddhi Bldg., Opp. High Court,
Income Tax, Ahmedabad-380 014.**

**12th Audit Report For the
A/C. Year 2006-2007**

Sword & Shield Pharma Ltd.

BOARD OF DIRECTORS : PRAVINBHAI M. PATEL - MANAGING DIRECTOR
JITENDRABHAI PATEL - DIRECTOR
JYOTSHNABEN PATEL - DIRECTOR

AUDITORS : SOMPURA & ASSOCIATES
CHARTERED ACCOUNTANTS
B-42, 3RD FLOOR, AJANTA COMMERCIAL CENTRE,
NR. INCOME TAX, ASHRAM ROAD,
AHMEDABAD-380 014.

REGISTERED OFFICE : 311, RAJKAMAL PLAZA-B,
NR. SAMRUDDHI BUILDING,
OPP. HIGH COURT,
AHMEDABAD.

FACTORY : 3001/M, G.I.D.C.,
PHASE - III, AT-CHHATRAL,
DIST. : GANDHINAGAR.

BANKERS : THE UNITED CO-OPERATIVE BANK LTD.

Sword & Shield Pharma Ltd.

Regd. Office : 311, Rajkamal Plaza-B, Nr. Samruddhi Bldg.,
Opp. High Court, Income Tax, Ahmedabad-380 014.

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting (AGM) of the Members of SWORD & SHIELD PHARMA LIMITED will be held on Saturday, 29th September, 2007 at 10-00 A.M. at the Registered Office of the Company at Indulal Yagnik Trust Hall, Sattar Taluka Society, Rajkamal Plaza-A, Income Tax Office, Ahmedabad-380 014. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as on 31st March 2007 and the Profit and Loss Account for the year ended on 31st March 2007 along with Schedules on the Accounts and the report of the Directors and Auditor's thereon.
2. To consider and appoint Mrs. Jotsanaben Patel, Director of the company, who retires by rotation and being eligible offers her self for re-appointment.
3. To consider the reappointment of Auditor-to hold the office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration. SOMPUJA & ASSOCIATES Chartered accountants, Ahmedabad are the statutory Auditors of the Company who retired at this meeting and are eligible for reappointment.

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By Order of the Board of Directors

Sd/-

Director

Date : 21st August 2007

Place : Ahmedabad.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND PROXY NEED NOT TO BE A MEMBER.
2. PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The member/proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 28th September-2007 to 29th September 2007 (Both the days)

Sword & Shield Pharma Ltd.

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DIRECTORS' REPORT

Your Directors have pleasure in submitting their Twelfth Annual Report & the Accounts of the Company for the year ended 31-3-2007.

FINANCIAL RESULTS :

Particulars	2006-07 Amount (Rs. In Lacs)	2005-2006 Amount (Rs. In Lacs)
INCOME	144.31	145.89
INCREASED (DECREASE) IN GOODS	(2.22)	(3.01)
EXPENDITURE	125.13	128.63
PROFIT BEFORE DEPRECIATION	16.96	14.24
DEPRECIATION	16.64	15.68
MISC. WRITTENOFF	0.26	0.26
PROFIT/LOSS BEFORE TAX	0.05	(1.70)
PROVISION FOR TAX	-----	-----
PROFIT/LOSS CARRIED TO B/S.	00.5	(1.70)

OPERATIONS :

During the financial year 2006-2007, the performance of the Company was not satisfactory. However, during the financial year company succed in covering up its losses incurred last year and put the company in positive trak. The income of the company was decreased this year and there was decrease in the manufactureing expenses also. During this year company has faced major ups and downs in the market condition and the financial position of the company was severely affected. The company earned profit of Rs. 5,235.70. The management is sincerely endeavoring to increase its income and control its overheads, so as to bring positive results. Thus the Director are hopeful for the current year.

DIVIDEND :

In view of the insufficient profit, your directors do not recommend any dividend for the financial year 2006-2007.

DIRECTORS :

Mrs. Jyotsanaben Patel retires by rotation in terms of Section 256 of The Companies Act. 1956 and being eligible offers himself for re-appointment.

FIXED DEPOSITS :

The Company has not accepted any deposit coming under the provisions of Section 58 A of the Companies Act, 1956 read with Companies (Acceptance of deposits) Rules, 1975.

AUDITORS :

M/s. Sompura & Associated, Chartered Accounts the Auditors of the Company retire at the conclusion of this Annual General Meeting & being eligible offer themselves for re-appointment. Your Directors recommend their appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

In terms of Section 217 (2AA) of The Companies Act, 1956 in relation to financial statement for the year under reference, the Board of directors state that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. Reasonable and prudent accounting policies have been used in the preparation of the financial statements, that they have been consistently applied and that reasonable and prudent judgement and estimates have been made in respect to items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007, and of the profit for the year ended on that date.
3. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The financial statements have been prepared on a going concerned basis.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

A Statement giving details of conservation of energy technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of the Report.

CORPORATE GOVERNANCE :

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges with which the Company is listed are applied with. A separate report on Corporate Governance is Annexure 'B' along with the Auditor's Certificate on its, compliance and forms part of this Report.

PERSONAL :

During the year employer-employee relations continued to be cordial. There was no employee drawing remuneration exceeding the limits laid down u/s. 217 of the Companies Act, 1956. Hence, particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 are not required to be given.

ACKNOWLEDGEMENT :

Your Directors are thankful to the entire team of personnel, who have put in their efforts for helping the Company to earn name and fame in the market by providing efficient and prompt service to its clients, Your Directors also place on records with deep sense of gratitude, their appreciation for the co-operation and support extended to the Company by Bankers, Customers and Business Associates of the company.

BY order of the Board of Directors

Sd/-

DIRECTOR

Date : 21st August 2007

Place : Ahmedabad.

Annexure "A"

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF DIRECTOR'S REPORT.

A. CONSERVATION OF ENERGY :

(a) Energy Conservation Measures taken :

The maintenance all electrical installation have been carried out continuously. The preventing maintenance program implemented by the Comapany has helped the Comapany to save any possible loss of energy.

(b) Additional investments and proposal. If any, being implemented for reduction of Consumption of Energy :

NIL

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods :

The Company was able to prevent any possible waste of energy consumption.

(d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A' as mentioned herein below :

Form 'A'

I. POWER AND FUEL CONSUMPTION :

1. Electricity :

a. Purchased (GEB) :

Units (KWS) : 24700

Total Amount (Rs.) 197245

Rate / Unit (Rs.) 7.99

b. Own Generation :

Unit (KWS in Lakhs) : -----NA-----

Total Amounts (Rs. In Lakhs) : -----NA-----

Rate / Units (Rs.) : -----NA-----

2. Coal / (Grade C & D) and Lignite :

Quantity (in '000 MT) : -----NA-----

Total Cost (Rs. In Lakhs) : -----NA-----

Average Rate (in Rs. Per MT) : -----NA-----

3. Furnace Oil :

Quantity in Mt : -----NA-----

Total Cost (Rs. In Lakhs) : -----NA-----

Average Rate (In Rs. Per MT) : -----NA-----

4. Other / Internal Generation : -----NA-----**II. CONSUMPTION PER UNIT OF PRODUCTION :**

	Production Units	Standards If any	Current Year	Previous Year	Reasons For Variation
1. Electricity (HP)	24700	-	15448	15448	-
2. Furnace Oil (KWH)	-	-	-	-	-
3. Coal (Grade C & D) and Lignite (MT)	-	-	-	-	-
4. Others	-	-	-	-	-

B. TECHNOLOGY ABSORPTION :

The technology adopted is indigenous and hence there is no question of absorption of technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :

The Company is exploring international market and negotiating with a few foreign buyers for obtaining the order. The Company's products are export oriented, hence almost all production will be exported.

- Total foreign exchange earned : -----NA-----

BY order of the Board of Directors

Sd/-

Director

Date : 21st August, 2007

Place : Ahmedabad.

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ANNEXURE "B"

CORPORATE GOVERNANCE REPORT (2006-2007)

The following Corporate Governance Report is attached as a part of the Directors' Report of the Company for the year 2006-07.

CORPORATE GOVERNANCE DISCLOSURE

In Compliance with clause 49 of the Listing Agreement with Stock Exchanges, the company submits the report on the matters mentioned in the said clause and practice as followed by Company :

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy is to conduct its affairs in a manner which is transparent, clear and evident to those dealings with or having a stake in the Company, namely shareholders, lenders, creditors and employees. The Company's philosophy on corporate governance is thus concerned with the ethics and values of the Company and its Directors, who are expected to act in the best interest of the Company and remain accountable to shareholders and other beneficiaries for their action.

The Company is committed to providing high quality products and services to its customers and stakeholders because the Company believes that its long term survival is dependent on good corporate governance.

2. BOARD OF DIRECTORS :

The Board of Directors consists of 3 (Three) Directors. The Board comprises of a Managing Director and other Non-Executive Directors.

During the financial year 2005-06, 6 (Six) Board Meetings were held on 28th April-2006, 17th July-2006, 30th August-2006, 05th December-2006, 13th February-2007 and 30th March-2007.

(A) AUDIT COMMITTEE :

The Board of Directors of the Company has constituted an Audit Committee, at the Board Meeting held on 30-03-2006, comprising 3 (Three) Members (1 Promoter executive and 2 non-executive directors) Shri Pravin M. Patel, chairman (having financial and accounting knowledge), Smt. Jyotsana P. Patel and Shri Jitendra M. Patel. The committee carries out functions enumerated in the Listing Agreement and section 292A of the Companies Act, 1956.

(B) REMUNERATION COMMITTEE :

- (a) Remuneration Committee, not being a statutory requirement, has not been constituted.
- (b) Remuneration of employees mainly of fixed salaries i.e. Basic pay, allowances and perquisites, which varies with different grades and is related to the qualifications, experience and responsibilities shared by the employees.

(C) SHAREHOLDERS COMMITTEE :

Share Transfer and Investors : Grievance Committee :

The Shareholder's / Investors' Grievance Committee was constituted on 2nd September, 1996 comprising Shri Pravin M. Patel as Chairman and Smt. Jyotsana P. Patel, as members. The Share Transfer committee approves transfers, Transmissions, Issue of duplicate Share Certificates, approval of demat position. The Investors' Grievance Committee consisted of the aforesaid members look after the matters related to the grievances of the shareholders as and when received. During the year, all the complaints received by the Company were resolved to the satisfaction of the complainants. At the year end, there are no pending Share transfers or complaints.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING :

S. No.	Name of Director	Designation	Board Meetings attended	Attendance at last AGM	No. of Directorships in other Public Companies	No. of Chairmanship Member in other Board Committees
1.	Mr. Pravin M. Patel	Managing Director	6	Yes	Nil	Yes
2.	Mrs. Jyotsana P. Patel	Director	6	Yes	Nil	Yes
3.	Mr. Jitendra M. Patel	Director	6	Yes	Nil	Yes

3. REMUNERATION OF DIRECTORS :

S.No.	Name of Director	Salary	Benefits	Commission	Meeting fees	Total
1.	Mr. Pravin M. Patel	143040	Nil	Nil	Nil	143040
2.	Mrs. Jyotsana P. Patel	119280	Nil	Nil	Nil	119280
3.	Mr. Jitendra M. Patel	Nil	Nil	Nil	Nil	Nil

4. BOARD COMMITTEES :

The Company Follows the procedures and practices in conformity with the code of corporate governance. In keeping with the spirit of the code, the Board has following committees :

5. GENERAL BODY MEETINGS :

The last three Annual General Meetings were held as under :

Sr. No.	Financial year	Date	Time	Location
1.	2003-2004	30-09-2004	11.00 a.m.	Indulal Yagnik Hall,
2.	2004-2005	30-09-2005	11.00 a.m.	Rajkamal Plaza - A,
3.	2005-2006	30-09-2006	10.00 a.m.	Income Tax, Ahmedabad.

6. DISCLOSURES :

- There were no transactions of material nature with its promoters, the Directors or the Management on their relatives, etc. that may have potential conflict with the interest of the Company.
- The Company has complied with various rules and regulations prescribed by Stock Exchanges, SEBI and other statutory authorities relating to the capital markets during the last three years. No penalties or strictures have been imposed by any of the authorities on the Company.

7. MEANS OF COMMUNICATION :

Your Company complies with Clause 41 of the Listing Agreement. Quarterly Results and other statutory publications are being normally published in Chanakya ni Pothi (English) and The News Line (Gujarati - Regional).