



Sword & Shield Pharma Ltd.

REGD. OFFICE :

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

**13th Audit Report For the
A/C. Year 2007-2008**

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 TO THE MEMBERS

Notice is hereby given that the Thirteenth Annual General Meeting (AGM) of the Members of SWORD & SHIELD PHARMA LIMITED will be held on Monday, 29th September, 2008 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 2008 and the Profit and Loss Account for the year ended on 31st March 2008 along with Schedules on the Accounts and the report of the Directors and Auditor's thereon.
2. To consider and appoint Mr. Jitendrabhai Patel Director of the company, who retires by rotation and being eligible offers him 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. SOMPUA & ASSOCIATES Chartered accountants, Ahmedabad are the statutory Auditors of the Company who retired at this meeting and are eligible for reappointment.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION :**

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended from time to-time and subject to approval of members of the Company, approval be and is hereby granted for appointment of Shri Pravinbhai M. Patel as a Managing Director of the Company with effect from 1st April, 2008 for a period of 5 years on the following terms and conditions,"

The Managing Director shall be responsible for day-to-day matters pertaining to production, finance, accounts, marketing & general administrative but always subject to the superintendence, control and direction of the board of directors of the Company.

Salary of 25,000/- (Rupees Twenty Five Thousand) per Month.

Gratuity, P.F. etc, as may be applicable to the executives of the Company from time to time.

The cell phone and telephone facility at residence of managing Director will not be considered as perquisite and personal long distance call on cell phone / telephone shall be reimbursed.

Facility of car shall be provided to the managing Director,

Reimbursement of medical expenses and medicaim policy for self and family.

Leave Travel Concession for self and family in accordance with the rules of the Company.

The Company shall pay and / or reimburse fees and expenses of clubs, subject to a maximum of two clubs.

RESOLVED FURTHER THAT the above remuneration payable to him shall be subject to limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, Schedule thereof and rules there under as well as any other statutory provision as may be applicable, including statutory modifications thereof if any."

RESOLVED FUTHER THAT in the event of inadequacy or absence of profit in any financial year, Managing Director be paid the above remuneration and benefits as the minimum remuneration subject to the ceiling on prescribed in section II of the part II of section XIII of the Companies Act, 1956.

To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION** :

Resolved that subject to the provisions of Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956 (the " Act"), consent of the Members be and is hereby accorded **to the appointment of Ms Jyotshnaben Patel as Executive Director** of the Company for a period of 5 years commencing from 1st April, 2008, and to the payment of remuneration and perquisites to her as follows :

Salary of 25,000/- (Rupees Twenty Five thousand) per month.

Gratuity, P.F. etc, as may be applicable to the executives of the Company from time to time.

The cell phone and telephone facility at residence of managing Director will not be considered as perquisite and personal long distance call on cell phone / telephone shall be reimbursed.

Facility of car shall be provided to the Executive Director,

Reimbursement of medical expenses and medicaim policy for self and family.

Leave Travel Concession for self and family in accordance with the rules of the Company.

The Company shall pay and / or reimburse fees and expenses of clubs, subject to a maximum of two clubs.

RESOLVED FURTHER THAT the above remuneration payable to her shall be subject to limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, Schedule thereof and rules there under as well as any other statutory provision as may be applicable, including statutory meodifications thereof if any."

RESOLVED FUTHER THAT in the event of inadequacy or absence of profit in any financial year, Executive Director be paid the above remuneration and benefits as the mumimum remuneration subject to the ceiling on prescribed in section II of the part II of section XIII of the Companies Act, 1956.

6. To consider and if thought fit, to pass with or without modifications, the following, resolution as and **ORDINARY RESOLUTION** :

"**RESOLVED THAT** Mr. Mr. Himanshu P. Patel who was appointed as an additional independent director of the Compnay by the Board of Directors to hold office up to the date of ensuing Annual General Meeting as per Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby apointed as an independent director of the Company. liable to retire by rotation."

By Order of the Board of Directors

Sd/-

Managing Director

Date : 02nd September 2008

Place : Ahmedabad.

Notes :

1. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 pertaining to the business contained in Items 4, 5 and 6 of the Notice is annexed. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between the hours of 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment thereof.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, additional information related to Directors recommended for appointment/re-appointment at the Annual General Meeting appears in the Director's Report and Accounts.
4. The Register of Members and the share Transfer Books of the Company will remain closed from September 26, 2008 to September 29, 2008 both days inclusive.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.
6. Members are requested to bring the admission slips along with their copies of the Annual Report to the Meeting.
7. Company's equity shares are listed on The Stock Exchange, Mumbai, P. J. Tower, Dalal Dalal Street Mumbai-400 001 and the Ahmedabad Stock Exchange.

Explanatory Statement

[Pursuant to section 173(2) of the Companies Act, 1956 in respect of items 4, 5 and 6 of the accompanying Notice dated September 2, 2008 convening the 13 th Annual General Meeting of the Company on September 29 2008]

Item No. 4

Mr. Pravinbhai M. Patel a technocrat turned Management graduate (B.Com.), has contributed significantly to consolidating the Pharmaceuticals business during the critical integration phase. He has been in the forefront of raising awareness of issues concerning the Pharmaceutical industry.

Based on the recommendation of Remuneration Committee, the Board of Directors appointed him as Managing Director with effect from April 1st, 2008 subject to the approval of the Members on such terms and conditions as set out in the resolution. Under the provisions of Sections 198, 269, 309, 314 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for the appointment of and fixation of remuneration payable to the Managing Director. The Board of Directors is of the view that the remuneration package is commensurate with the operations of the Company and is within the permissible limits specified by the Companies Act, 1956 and is commensurate with his responsibilities of heading a Company of this size with its diversified business operations.

The particulars set out in the resolution(s) referred above together with the explanatory statement may be treated as an abstract under Section 302 of the Companies Act, 1956. Further the aforesaid profile and details may be treated as required under Clause 49 of the Listing Agreement.

The Board accordingly, commends the resolution for approval of the Members.

Except Mr. Pravinbhai M. Patel, no other Director of the Company is interested in the said Resolution.

Item No. 5

Based on the recommendation of Remuneration Committee, the Board of Directors appointed her as Executive Director with effect from April 1st, 2008 subject to the approval of the Members on such terms and conditions as set out in the resolution. Under the provisions of Sections 198, 269, 309, 314 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for the

appointment of and fixation of remuneration payable to the Executive Director.

Ms. Jyotshnaben Patel a Management Graduate, has been with pharma business for over 15 years and brings with her a rich and varied experience with the Company. She has been actively involved in the major restructuring of the pharmaceutical company's operations.

The Board of Directors is of the view that the remuneration package is commensurate with the operations of the Company. The Board accordingly, commends the resolution for approval of the Members.

The particulars set out in the resolution(s) referred above together with the explanatory statement may be treated as an abstract under Section 302 of the Companies Act, 1956. Further the aforesaid profile and details may be treated as required under Clause 49 of the Listing Agreement.

Except Ms Jyotshnaben Patel, no other Director of the Company is interested in the said Resolution.

Item No. 6

Pursuant to Article 134 of Articles Association of the Company and in terms of section 260 of the Companies Act, 1956. Mr. Himanshu P. Patel was appointed as Additional Independent Directors with effect from September 1, 2008 on the Board of the Company. Pursuant to provisions of Section 260 of the Companies Act, 1956, they hold office as Director up to the date of ensuing annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder proposing the name of Mr. Himanshu P. Patel as Independent Director of the Company.

Mr. Himanshu P. Patel 28 years. He holds a Bachelors, Degree B.Pharm, M.B.A. and has been with him a rich and varied experience with the company. He has been actively involved in successfully overseeing a series of company's marketing field, Mr. Himanshu P. Patel is not on the Board of any other Indian Company, is an Independent Director of our Company.

Mr. Himanshu P. Patel interested in the resolution to the extent of his appointment as Independent Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

By Order of the Board of Directors

Sd/-

Chairman / Managing Director

Date : 02nd September 2008

Place : Ahmedabad.

Sword & Shield Pharma Ltd.

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

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Thirteenth Annual Report & the Accounts of the Company for the year ended 31-3-2008.

FINANCIAL RESULTS :

Particulars	2007-08 Amount (Rs. In Lacs)	2006-2007 Amount (Rs. In Lacs)
INCOME	191.86	144.31
INCREASED (DECREASE) IN GOODS	6.46	(2.22)
EXPENDITURE	178.35	125.13
PROFIT BEFORE DEPRECIATION	19.96	16.96
DEPRECIATION	56.72	16.64
MISC. WRITTENOFF	19.26	0.26
PROFIT/LOSS BEFORE TAX	(56.02)	0.05
PROVISION FOR TAX	-----	-----
PROFIT/LOSS CARRIED TO B/S.	(56.02)	00.5

OPERATIONS :

During the financial year 2007-2008, 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 incurred a net loss of Rs. 56.02.207/-. 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 2007-2008.

DIRECTORS :

Mr. Jitendrabhai 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.

In respect of the observation made by the Auditors in their Report, Your Directors wish to state that the respective notes to the Accounts are self explanatory and therefore do not call for any further comments.

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, 2008, 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/-

Managing Director

Date : 02nd September 2008

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) : 22,100

Total Amount (Rs.) 1,81,914

Rate / Unit (Rs.) 8.23

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)	22100	-	22100	24700	-
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/-

Managing Director

Date : 02nd September 2008

Place : Ahmedabad.