



# **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. SOM PURA & 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 : 02<sup>nd</sup> 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 : 02<sup>nd</sup> 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 judgment 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 31<sup>st</sup> 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 : 02<sup>nd</sup> 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 :**

1. 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.

2. Total foreign exchange earned : -----NA-----

**By Order of the Board of Directors**

Sd/-

**Managing Director**

Date : 02<sup>nd</sup> 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.

## **ANNEXURE "B"**

### **CORPORATE GOVERNANCE REPORT (2007-2008)**

The following Corporate Governance Report is attached as a part of the Directors' Report of the Company for the year 2007-08.

### **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 2007-08, 6 (Six) Board Meetings were held on 2<sup>nd</sup> April-2007, 16<sup>th</sup> July-2007, 30<sup>th</sup> August-2007, 2<sup>nd</sup> December-2007, 13<sup>th</sup> February-2008 and 28<sup>th</sup> March-2008.

#### **(A) AUDIT COMMITTEE :**

Audit Committee of the company meet four times during the year.

Audit Committee comprising 3 (Three) Members (1) Promoter Executive and (2) non-executive directors (i) Shri Pravin M. Patel, Chairman (having financial and accounting knowledge) (ii) Smt. Jyotsana P. Patel and (iii) Shri Jitendra M. Patel. The committee carries out functions enumerated in the Listing Agreement and section 292A of the Companies Act, 1956.

#### **(B) SHAREHOLDERS COMMITTEE :**

Share Transfer and Investors : Grievance Committee :

The Shareholder's / Investors' Grievance Committee was constituted on 2<sup>nd</sup> 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.

#### **(C) REMUNERATION COMMITTEE :**

(a) Remuneration Committee constituted and comprising 3 (Three) Members (1) Promoter Executive and (2) non-executive directors (i) Shri Pravin M. Patel, Chairman (having financial and accounting knowledge) (ii) Smt. Jyotsana P. Patel and (iii) Shri Jitendra M. Patel. The committee carries out functions enumerated in the Listing Agreement and section 292A of the Companies Act, 1956.

- (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.

**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	300000	Nil	Nil	Nil	143040
2.	Mrs. Jyotsana P. Patel	300000	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.
4.	2006-2007	29-09-2006	10.00 a.m.	Rajkamal Plaza - A,

**6. DISCLOSURES :**

- (a) 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.
- (b) 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).

8. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting : 29<sup>th</sup> September-2007, at 10.00 a.m. at Indulal Yagnik Hall, Rajkamal Plaza A, Income Tax, Ahmedabad-380 014.

9. FINANCIAL CALENDAR :

Financial Year : 2007-2008  
First Quarter Results : Last week of July-2007.  
Half Quarter Results : Last week of October-2007.  
Third Quarter Results : Last week of January-2008.  
Audited Results for the year ending 31-3-2008  
Dates of Book Closure : 26-09-2008 to 29-09-2008.

10. LISTING ON STOCK EXCHANGES :

The Mumbai Stock Exchange  
The Stock Exchange, Ahmedabad.

11. SHARE TRANSFER SYSTEM :

To expedite the processing and updating share transfer, authority has been delegated to the Share Transfer Committee. The Share transfer register as approved by the said Committee is then ratified by the Board at the next Board Meeting.

12. SHAREHOLDING PATTERN (as on 29-9-2008) :

CATEGORIES OF SHAREHOLDERS	IN%
INDIAN PROMOTERS	27.76
FOREIGN PROMOTERS	NIL
PERSONS ACTING IN CONCERT	NIL
NON-PROMOTERS HOLDING	72.10
INSTITUTIONAL INVESTORS	00
MUTUAL FUNDS AND UTI	NIL
BANKS, FINANCIAL INSTITUTIONS	00.14
INSURANCE COMPANIES	NIL
FII's	NIL
PRIVATE CORPORATE BODIES	12.03
INDIAN PUBLIC	60.07
NRIs / OCBs	NIL
DEMATERIALISATION OF SHARES	58.38

13. CORPORATE OFFICE :

311, Rajkamal Plaza - B, Nr. Samruddhi Building, Opp. Old High Court, Ahmedabad-380 014.

14. PLANT LOCATION :

3001/M, G.I.D.C., Phase-III, At.-Chhatral, Dist.-Gandhinagar.

15. ADDRESS FOR CORRESPONDENCE :

311, Rajkamal Plaza - B, Nr. Samruddhi Building, Opp. Old High Court, Ahmedabad-380 014.

# **SOMPURA & ASSOCIATES**

## **Chartered Accountants**

B-42, 3rd Floor, Ajanta Commercial Centre, Nr. Income Tax, Ashram Road, Ahmedabad-14.

### **AUDITOR'S ROEPORT**

**To The Members,  
Sword & Shield Pharma Limited  
Ahmedabad.**

1. We have audited the attached Balance Sheet of Sword & Shield Pharma Limited, Ahmedabad as at 31<sup>st</sup> March-2008, and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose herewith in the Annexure, the statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.
4. Further to our comments in the Annexure referred to above, Subject to Note No. as mentioned below of Significant accounting Policies and Notes on Accounts Also, read our previous years' report for repetitive queires :

Note No. 2(5) of Notes on Accounts regarding Depreciation providing on Land & Building.

Note No. 2(11)-5-Annexure-1 of Notes on Accounts regarding Preliminary Exp.

**We report that :**

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
- (iv) On the basis of the written representation from the directors taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2008 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956.
- (v) In our opinion the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with this report comply with the accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and as per explanation given to us, the said accounts read with notes thereon, give the information required by the Companies, Act, 1956 in the manner as required and give a true and fair view.

(a) In the case of Balance sheet of the state of affairs of the Company as at 31st March, 2008.

(b) In the case of Profit & Loss Account of the Profit for the year ended on that date.

(c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date..

**For, SOMPURA & ASSOCIATES**  
**Chartered Accountants**

**Sd/-**

**(M. M. Sompura)**

**Proprietor**

**Place : Ahmedabad**

**Date : 20/8/2008**

# **SOMPURA & ASSOCIATES**

## **Chartered Accountants**

B-42, 3rd Floor, Ajanta Commercial Centre, Nr. Income Tax, Ashram Road, Ahmedabad-14.

### **ANNEXURE TO THE AUDITORS' REPORT to the members of SWORD & SHIELD PHARMA LTD. (Referred to in paragraph (3) of our report of even date)**

On the basis of the information and explanations furnished to us and the books and records examined by us in the normal course of Audit and to the best of our knowledge and belief in our opinion, we further report that :

1. (a) We are informed that the records of the company pertaining to quantitative details and location of fixed assets are maintained.
- (b) The company has a regular programme of physical verification of its fixed assets which in our opinion and is reasonable having regard to the size of the company and nature of its assets. In accordance with the programme, assets are verified, management during the year we are informed that no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of its fixed assets.
2. (a) As explained to us, inventories have been physically verified during the year at the end of the year by the management. In our opinion, looking to the size of the company and control of management over the affairs, the frequency of verification is reasonable.
- (b) The procedures, as explained to us, which have been implemented by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the inventory records of the company, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification of inventory as compared to book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
  - (a) The company has not granted loans, secured or unsecured, to any party covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore requirements of clauses 4(iii) (a), (b), (c) and (d) of the Company (Auditors' Report) Order, 2003 are not applicable to the company.
  - (b) The company has taken interest free unsecured loans upto the date of this balance sheet aggregating to Rs. 280467/- (previous year Rs. 280467/-) from the directors of the company listed in the register maintained under section 301 of the Companies Act, 1956.
  - (c) The loans obtained are without any stipulation of interest and installment.
  - (d) The principal amount of such loans accepted by the company is payable on demand.
  - (e) There is no overdue amount of such loan taken from the aforesaid entities.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase of fixed assets, job charges and for the sale of goods and services, During the course of our audit, we have not observed any continuing failure to correct the weaknesses in the internal controls. There is no major weakness in the internal control procedures.



5. In respect of the transactions entered in the register maintained under section 301 of the Companies Act, 1956.
  - (a) In our opinion, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, have been entered as required by the provisions of the said section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of any party, have not been made.
6. In our opinion and according to information and explanations given to us and on the basis of our examination of books, the company has not accepted any deposit from public as defined under Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit rules), 1975.
7. In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of materials, plant & machinery, equipments and other assets and for the sale of goods, In our opinion, the nature of company's activities and prevailing internal controls are such that it does not require an internal audit system.
8.
  - (a) The Company is generally regular in depositing with appropriate authorities current undisputed statutory dues including Income Tax, Sales Tax, Fringe Benefit Tax, Excise Duty, Service Tax, Provident Fund, ESIC, Investors Education and Protection Fund, and other relevant statutory dues as applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were in arrears, as at 31st March, 2008 for the period of more than six months from the date they became payable.
  - (c) According to information explanation given to us there are no dues of Income Tax, Fringe Benefit Tax, Sales Tax, Services Duty and other relevant statutory dues which have not been deposited on account of any dispute.
9. The company does not have accumulated losses exceeding fifty percent of its net worth as at 31st March, 2008 and has not incurred any cash losses during the current financial year covered by our audit, and the immediately preceding financial year.
10. Based on our audit procedures and on the basis of the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in the repayment of dues to the bank. Company has not obtained any borrowing by way of debentures.
11. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and / or financial institutions :
13. The Company has not taken any term loans during the year.
14. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short term basis have, prima facie, not been used for long term investments.

15. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
16. According to the information and explanations given to us, the company has not issued any debentures during the year.
17. The company has not raised any money by way of public issue during the year.
18. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
19. In our opinion and according to the information and explanations given to us, the nature of the company's business / activities during the year are such that clauses;

4(viii) Maintenance of cost records.

4(xiii) Provisions of any special statute applicable to chit fund.

4(xiv) Dealing or trading in shares, securities, debentures and other investments.

of Company (auditors' Report) Order, 2003 are not applicable to the company.

**For, SOMPURA & ASSOCIATES  
Chartered Accountants**

**Sd/-**

**(M. M. Sompura)**

**Proprietor (M. No. 105061)**

**Place : Ahmedabad**

**Date : 20/8/2008**

# Sword & Shield Pharma Ltd.

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

## BALANCE SHEET AS AT 31ST MARCH-2008

PARTICULARS	SCH. NO.	AMOUNT AS AT 31-3-2008	AMOUNT AS AT 31-3-2007
<b>I. SOURCES OF FUNDS</b>			
(1) SHAREHOLDER'S FUNDS			
Share Capital	1	46,619,170	46,619,170
Share Application Money		-	-
Reserves and Surplus	2	-	-
(2) LOAN FUNDS			
Secured Loan	3	-	-
Unsecured Loan	4	1,035,658	280,467
(3) DEFERRED TAX LIABILITY		-	-
		<b>47,654,828</b>	<b>46,899,637</b>
<b>II. APPLICATION OF FUNDS</b>			
1. A. FIXED ASSETS	5		
(a) Gross Block		25,385,215	25,500,384
(b) Less Depreciation		5,672,781	1,664,883
(c) Net Block		<b>19,712,434</b>	<b>23,835,501</b>
B. CAPITAL WORK IN PROCESS AND ADVANCES FOR CAPITAL GOODS		-	-
2. INVESTEMENTS	6	-	-
3. CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	2,827,637	1,823,116
Debtors	8	7,626,071	7,505,711
Cash & Bank Balances	9	126,543	100,647
Loans & Advances	10	4,955,218	2,750,263
		<b>15,535,379</b>	<b>12,179,737</b>
Less : Current Liabilities & Provisions	11	10,124,691	7,970,904
Net Current Assets		<b>5,410,688</b>	<b>4,208,834</b>
4. MISC. EXPENDITURE (To the extent not written off or adjusted)	12.	-	1,925,804
5. PROFIT & LOSS ACCOUNT		22,531,706	16,929,499
		<b>47,654,826</b>	<b>46,899,637</b>

Notes Forming Parts of Accounts

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As per our attached audit report of Even Date

FOR : SWORD & SHIELD PHARMA LTD.

Sd/-

(PRAVINBHAI M. PATEL)

(Managing Director)

Sd/-

(JYOTSNABEN P. PATEL)

(Director)

For, SOMPURA & ASSOCIATES  
Chartered Accountants

(M. M. SOMPURA)  
Proprietor

Place : Ahmedabad

Date : 20-08-2008

# Sword & Shield Pharma Ltd.

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

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-2008

PARTICULARS	SCH. No.	AMOUNT AS AT 31-3-2008 (In Rs.)	AMOUNT AS AT 31-3-2007 (In Rs.)
<b>I. INCOME</b>			
(a) Sales		19,002,877	12,717,368
(b) Labour Charges		139,297	1,705,499
(c) Other Income	13	43,108	9,075
(d) Increase/(Decrease) in Inventories	14	646,401	(222,059)
		<b>19,831,683</b>	<b>14,209,883</b>
<b>II. EXPENDITURES</b>			
Raw material consumption & Purchases of Finished Goods	15	12,511,909	8,554,417
Manufacturing Expenses	16	1,161,709	1,941,276
Selling Administrative & Other Expenses	17	3,521,924	1,355,366
Managerial Remuneration Including director perquisite		526,800	600,000
Auditors Remuneration		28,090	-
Interest	18	44,654	5,357
Depreciation		5,672,781	1,664,883
		<b>23,467,867</b>	<b>14,121,300</b>
<b>III. PROFIT/LOSS(-) BEFORE TAX (I-II)</b>		(3,636,183)	88,532
Less : Provision for Taxation		-	9,939
Less : Provision for FBT		305,167	20,847
Less : FBT Paid		9,704	-
Profit/Loss (-) after taxation		(3,676,403)	57,796
Provision for Deferred Tax		-	-
Profit/Loss (-) after Deferred Tax		(3,676,403)	57,796
Balance Brought Forward		(16,929,499)	(14,122,314)
Prior Year Adjustment	19	(1,925,804)	(2,864,981)
Profit available for appropriation		(22,531,706)	(16,929,499)
Add : reversal of Def. Tax Liab- Proposed Dividend		-	-
Tax on Proposed Dividend		-	-
Balance carried to Balance sheet		(22,531,706)	(16,929,499)
Earning per Share		-	-

Notes Forming Part of Accounts

20

As per our attached audit report of Even Date

FOR : SWORD & SHIELD PHARMA LTD.

For, SOMPURA & ASSOCIATES  
Chartered Accountants

Sd/-  
(PRAVINBHAI M. PATEL)  
(Managing Director)

(M. M. SOMPURA)  
Proprietor

Sd/-  
(JYOTSNABEN P. PATEL)  
(Director)

Place : Ahmedabad  
Date : 20-08-2008

# Sword & Shield Pharma Ltd.

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

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

PARTICULARS		AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
<b>SCHEDULE : 1</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED SHARE CAPITAL</b>			
6000000 (Previous Year 6000000) Equity Share of Rs. 10/- (Rs. 10/-) each		60,000,000	60,000,000
		<b>60,000,000</b>	<b>60,000,000</b>
<b>ISSUED AND SUBSCRIBED CAPITAL</b>			
<b>PAID UP CAPITAL</b>			
5150600 Equity Shares of Rs. 10/- Each (Previous Year 5150600 Eq. Shares)			
4173234 Equity shares of Rs. 10/- each Fully Paid up (Previous Year 4173234 Eq. Shares)		41,732,340	41,732,340
977366 Equity Shares of Rs. 10/- each Partly Paid up Rs. 5 Share paid up (Previous Year 977366 Eq. Shares of Rs. 10/- each Partly paid up-Rs. 5 Share Paid up)		4,886,830	4,886,830
		<b>46,619,170</b>	<b>46,619,170</b>
<b>SCHEDULE : 2</b>			
<b>RESERVES &amp; SURPLUS</b>			
General Reserves		-	-
Subsidy		-	-
Profit & Loss A/c.		-	-
		-	-
<b>SCHEDULE : 3</b>			
<b>SECURED LOANS</b>			
NIL			
<b>SCHEDULE : 4</b>			
<b>UNSECURED LOANS</b>			
From Directors		75,084	75,084
From Shareholders & relatives		205,383	205,383
From Others		755,191	-
		<b>1,035,658</b>	<b>280,467</b>

# Sword & Shield Pharma Ltd.

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

**SCHEDULE : 5**  
**FIXED ASSETS**  
**A. FIXED ASSETS**

(21)

Sr. No.	Descriptions	GROSS BLOCK			Balance AS ON 31/03/2008	DEPRECIATION (W.D.V.)			Total Dep. Upto 31/03/2008	NETT BLOCK	
		Balance AS ON 01/04/2007	Addition during the year	Dedu dring the year		Balance AS ON 01/04/2007	Dep. on Open. Balance	Dep. on Addition		AS ON 31/03/2007	AS ON 31/03/2008
1.	Factory Land & Building	12,724,135	498,866	0	13,223,001	0	4,149,953	-	4,149,953	12,724,135	9,073,048
	10.00	11,629,118	1,195,124	0	12,824,242	0	100,107	-	100,107	-	-
2.	Plant & Machinery	9,766,886	447,345	0	10,214,231	14,991,251	1,364,028	-	16,355,279	9,766,886	8,850,203
	13.91	8,228,797	2,893,967	0	11,122,764	13,635,373	1,355,878	-	14,991,251	-	-
3.	Electrification	94,205	4,267	0	98,472	11,852	13,216	-	25,068	94,205	85,256
	13.91	0	106,057	0	106,057	0	11,852	-	11,852	-	-
4.	Furniture	61,931	84,559	0	146,490	232,177	9,376	-	241,553	61,931	137,114
	18.10	75,618	0	0	75,618	218,490	13,687	-	232,177	-	-
5.	Dies & Punches	55,664	0	0	55,664	53,876	7,511	-	61,387	55,664	48,153
		64,658	0	0	64,658	44,882	8,994	-	53,876	-	-
6.	A. C. Plant	37,878	-	0	37,878	4,345	7,743	-	12,088	37,878	30,135
		0	42,223	0	42,223	0	4,345	-	4,345	-	-
7.	Laboratory Equipment	23,987	0	0	23,987	29,923	3,337	-	33,260	23,987	20,650
		27,861	0	0	27,861	26,049	3,874	-	29,923	-	-
8.	Office Building	586,002	0	0	586,002	357,380	29,300	-	386,680	586,002	556,702
		616,844	0	0	616,844	326,538	30,842	-	357,380	-	-
9.	Vehicle	324,052	476,696	0	800,748	590,085	62,633	-	652,718	324,052	738,115
		437,258	0	0	437,258	476,879	113,206	-	590,085	-	-
10.	Office Equipment	160,761	37,981	0	198,742	139,402	25,684	-	165,086	160,761	173,058
		156,399	26,460	0	182,859	117,304	22,098	-	139,402	-	-
		23,835,501	1,549,714	0	25,385,215	16,410,291	5,672,781	0	22,083,072	23,835,501	19,712,434
		21,236,553	4,263,831	0	25,500,384	14,845,515	1,664,883	0	16,510,398		
<b>B. CAPTIAL WORK IN PROCESS AND ADVANCES FOR CAPITAL GOODS</b>											
<b>1. ADVANCES FOR CAPITAL GOODS</b>											
										0	0

# Sword & Shield Pharma Ltd.

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

PARTICULARS	AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
SCHEDULE : 6 INVESTMENTS NIL	-	-
	<b>0</b>	<b>0</b>
SCHEDULE : 7 INVENTORIES (As taken, valued and certified by the management.)		
Stores & Spares	0	0
Raw Material & Packing Material	1,542,798	1,184,678
Semi-finished Goods	0	0
Finished Goods	1,284,839	638,438
	<b>2,827,637</b>	<b>1,823,116</b>
SCHEDULE : 8 SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for period exceeding six months	7,626,071	7,505,711
Other Debts	0	0
	<b>7,626,071</b>	<b>7,505,711</b>
SCHEDULE : 9 CASH & BANK BALANCES		
Amount in hand (as Certified)	58,674	53,426
Amount with Scheduled Banks	67,869	47,221
Amount with Non-Scheduled Bank (Maximum balances in non scheduled Bank during the year)	0	0
	<b>126,543</b>	<b>100,647</b>
SCHEDULE : 10 LOANS & ADVANCES (Unsecured, considered good) (Advances recoverable in cash or kind or for value to be received or pending adjustments)		
Advances for Goods	1,089,063	-
Advances for Expenses	836,319	-
Stock Exchange Depo.	-	-
Excise	1,345	753
Advance for cap. goods	457,482	-
Input Vat on capital Goods	158,200	105,247
IT REFUNDABLE FOR A.Y. 2006-07 (ADV. TAX)	17,605	17,605
TDS DEDUCTED	-	15,153
Income Tax Refundable A.Y. 2007-08	5214	-
Advance Tax A.Y. 2008-09	10,000	-
INTER CORPORATE LON	2,397,505	2,611,505
	<b>4,955,128</b>	<b>2,750,263</b>

# Sword & Shield Pharma Ltd.

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

PARTICULARS		AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
<b>SCHEDULE : 11</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>(A) Current Liabilites</b>			
Creditors for Capital Goods		1,068,798	539,733
Creditors for Goods		5,812,174	5,860,152
Creditors for expenses		2,400,165	1,188,814
Advances recd. for goods		662,642	-
Tax Deducted at Sources Payable		8,729	-
Creditors for others		-	-
		<b>9,952,509</b>	<b>7,588,700</b>
<b>(b) Provisions</b>			
Unpaid Exp.		74,591	290,441
Vat Payable		66,460	60,977
Prof. Tax Payable		540	-
Labour Welfare Fund		75	-
For Tax Under MAT (Net) / FBT ETC.		30,516	30,786
		1,72,182	382,204
		<b>10,124,691</b>	<b>7,970,904</b>
<b>SCHEDULE : 12</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
<b>(To the extent not w/o or adjusted)</b>			
Preliminary expenses & Preop. Exp.	1,925,804		1,952,418
Less : Written of	1,925,804		26,614
		<b>0</b>	<b>1,925,804</b>
		<b>0</b>	<b>1,925,804</b>
<b>SCHEDULE : 13</b>			
<b>OTHER INCOME</b>			
Input Vat Credit - Op. Stock		-	-
Kasar Vatav, Rate Diff.		41,613	7,897
Int. On IT refund		1,495	1,178
		<b>43,108</b>	<b>9,075</b>
<b>SCHEDULE : 14</b>			
<b>INCREASE IN INVENTORY</b>			
Closing Stock of Finished Goods		1,284,839	638,438
Finished goods			
Semi Finished Goods		0	0
		<b>1,284,839</b>	<b>638,438</b>
Less : Opening Stock of Finished & Semi Finished Goods		638,438	860,497
Increase / (decrease) in stock		<b>646,401</b>	<b>(222,059)</b>



# Sword & Shield Pharma Ltd.

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

PARTICULARS		AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
<b>SCHEDULE : 15</b>			
<b>RAW MATERIAL CONSUMED &amp; PURCHASES OF FINISHED GOODS</b>			
<b>(A) Raw Material Consumption</b>			
Opening Stock		1,184,678	1,054,421
Add : Purchases		12,870,029	8,684,674
		14,054,707	9,739,095
Less : Closing Stock		1,542,798	1,184,678
		<b>12,511,909</b>	<b>8,554,417</b>
<b>(B) Consumption of stores</b>			
Opening Stock		0	0
Add : Purchases		0	0
		0	0
Less : Closing		0	0
		0	0
Raw Material Consumption (A + B)		12,511,909	8,554,417
Add : Purchases of Finished Goods		0	0
		<b>12,511,909</b>	<b>8,554,417</b>
<b>SCHEDULE : 16</b>			
<b>MANUFACTURING EXP. / DIRCET EXP.</b>			
Power & Fuel Exp.		181,914	197,294
Excise		764,818	1,639,137
Water Charges		43,091	10,961
Testing Charges		170,807	93,474
Octroi Exp.		1,079	410
		<b>1,161,709</b>	<b>1,941,276</b>
<b>SCHEDULE : 17</b>			
<b>SELLING, ADMINISTRATIVE &amp; OHTER EXPENSES</b>			
<b>(A) EMPLOYEES EMOLUMENTS</b>			
Salary & Wages		883,256	783,775
PF		19,528	21,754
ESI		9,956	19,394
Uniform Allowances		45,000	-
Medical		36,000	5,550
		<b>9,93,740</b>	<b>830,473</b>
<b>(B) AMINISTRATIVE EXP.</b>			
Advocate Fees		-	68,750
Factory Exp.		58,651	37,422
Insurance Charges		3,875	16,967
License Fees Renweal Drugs		6,850	11,980
Software Development Charges		-	5,000
Rent & taxes		52,563	5,400
Consultancy Exp.		232,546	-
Stationary & Printing Exp.		45,620	10,830
Repairing		70,126	17,232
		<b>470,231</b>	<b>173,581</b>

# Sword & Shield Pharma Ltd.

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

PARTICULARS		AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
(C) Selling & Distribution Exp.			
Sales Commission		162,405	120,890
Telephone Exp.		53,634	31,170
Transport Exp.		83,969	30,096
		<b>300,008</b>	<b>182,156</b>
(D) Other Exp.			
Advertisement		9,729	-
Computer Rep. & Maint.		-	1,100
Bank Commission / Charges		3,338	2,919
Conveyance		41,836	-
Donation Charges		1,000	3,002
Entertainment Exp.		-	1,013
Repairs & Maint. - Machinery		23,515	2,179
Misc. Exp.		4,126	2,805
Office Exp.		20,939	11,576
ROC Filing Fees		3,600	5,800
Petrol Exp.		-	28,000
Postage & Tel.		19,964	4,357
Meeting Exp.		351	-
Registration Charges		28,800	20,000
Sales Promotion		106,069	20,100
Sales Tax/VAT		878,477	-
Stipend		253,694	-
Daily Allowance		1,86,708	-
Stock Exchange Fees		-	16,050
Subscription		-	450
Telephone Exp.		22,327	23,191
Travelling Exp.		153,472	-
Vehicle Exp.		-	-
Preliminary Exp. (Written off)		-	26,614
<b>SUB TOTAL</b>		<b>1,757,945</b>	<b>169,156</b>
<b>TOTAL A TO D</b>		<b>3,521,924</b>	<b>1,355,366</b>
SCHEDULE : 18			
INTEREST			
Bank Interest		2,739	1,589
Interest to Others		41,915	3,768
		<b>44,654</b>	<b>5,357</b>
SCHEDULE : 19			
PRIOR PERIOD ADJUSTMENT			
INCOME			
NIL		0	0
		0	0
EXPENSES			
Advances for Capital Goods w/o.		-	2,802,481
Stock Exchange fees		-	62,500
Preliminary Exp. Written Off		1,925,804	-
		1,925,804	2,864,981
<b>TOTAL</b>		<b>(1,925,804)</b>	<b>(2,864,981)</b>

# Sword & Shield Pharma Ltd.

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

## SCHEDULE : 20

### NOTES FORMING PART OF ACCOUNTS : 2007-08

#### (1) Statment on Significant Accounting Policies :

##### (A) Basis of preparation of Financial Statements.

(a) The financial statments have been prepared under the historical cost convention in accordance with the generally accepted accounting principle and the provisions of the Companies Act, 1956 as adopted consistently by the company.

##### (B) Fixed Assets

All the fixed assets are stated at their Written down Value and for purchase of fixed assets at original cost including the direct expenses less accumulated depreciation.

##### (C) Depreciation

Depreciation on Fixed Assets has been provided at the rates prescribed in the Schedule XIV to the Companies Act, 1956 as amended vide notification GSR No. 766 (756) (E) dated 16-12-1993 of Government of India on pro rata basis with reference to the actual date of purchase / installation as per following method :

(a) On all Assets Written down value method

##### (D) Investments

Long term Investments are valued at cost.

##### (E) Inventories

(i) Inventories are valued at cost or market price whichever is less.

##### (F) Treatment of retirement benefits

Retirement benefits are recorded on the crystallization of liability.

##### (G) Revenue Recognition

Sales are accounted inclusive of Excise and net of VAT.

Income form Investments, where appropriate are taken into revenue in full on declaration of receipt and tax deducted at source thereon is treated as advance tax.

Dividend income if any is accounted on cash basis

##### (H) Taxes on Income :

Provision for Current tax is made and reflected in the accounts on the basis of estimated tax liability considering the provisions under Income Tax Act, 1961. The provision for Fringe Benefit Tax is made as per calculation.

#### (2) Notes on Accounts :

1. Previous years figures have been rearranged / regrouped / recast Wherever necessary. Figures have been rounded of to the nearest rupees.
2. Balances due to or due by the parties are subject to confirmation.
3. Contingent Liabilities not provided for. NIL
4. Expenses are incurred on the basis of vouchers authorised by the Managing Directors. In case where documentary evidence are not available, we have relied upon explanation given by the assessee.

5. During the year, the depreciation was debited in respect of Land & Building amounting to Rs. 3163396/-, for the period ended upto 31-03-2006. The depreciation for the same was not provided upto the date of 31-03-2006. Hence, the profit shown in the Profit & Loss Account is lesser than this amount.
6. Estimated amount of contracts remaining to be executed on capital account are not provided for (Rs.0 Net advances for Capital Goods- Previous year Rs. NIL)
7. In the opinion of the Board and to the best of their knowledge and belief, the value of the realization of current assets, loans and advances in the ordinary course of business would not be less than the amount of which they are stated in the balance sheet.
8. Payment to Auditors includes :

Remuneration of Auditors	31-3-2008	31-3-2008
For Audit fees	15000	0000
Tax Audit Fees	5000	0000
For Taxation	5000	0000
For Company Law Matter	0	0000
For Other/Service Tax	3090	NIL
<b>TOTAL RS.</b>	28090	00

9. In absence of adequate information, amounts due to small and ancillary undertakings, included in sundry creditors could not be identified and therefore not disclosed in the accounts.
10. Managerial Remuneration of Rs. 6,00,000/- Including Allowances. (Previous Year Rs. 6,00,000) has been paid during the year.
11. We have given an Annexure-1 for queries and qualify the report as per explanation given to us.
12. Disclosure as required by Accounting Standard - 18 (As-18) "Related party Disclosures issued by the Institute of Chartered Accountants of India are as follows :

(A) Key management Personnel :

Mr. Pravin Patel	Managing Director	Remu. Paid Rs. 300000/-
Mrs. Jyotsana Patel	Director	Remu. Paid Rs. 300000/-
Mr. Proby Patel		Salary Rs. 210000/-
Mr. Himanshu Patel		Salary Rs. 60000/-

13. In View of Accounting Standard 22" Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India the Tax effect of Significant timing (temporary) differences that resulted in deferred tax assets and liabilities and description of the financial Statements items that created these differences are as under :

	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
<u>Liabilities</u>	NIL	NIL
Assets		
C/d. Losses	NIL	NIL
	NIL	NIL

14. Earning Per Share :  
Computation of Earning Per Share :

	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
Net Profit After tax and Deferred Tax Liability	(5602207)	Loss
Weighted Average No. of Equity Share of Rs. 10 each outstanding during the year	4173234	4173234
EPS	0.00	0.00
Due to loss		

(3) Quantitative information - As certified by the Director.  
As per annexure Attached herewith

(D) Production :

Pharmaceuticals

(E) Number of employees were	2007-2008	2006-2007
(a) Employed throughout the year and were in receipt of remuneration of 24,00,000/- or more per annum.	NIL	NIL
(b) Employed for a part of the year and were in receipt of 2,00,000/- or more per month.	NIL	NIL

(4) Information pursuant to part IV of Schedule VI of the Companies Act, 1956

**Balance Sheet Abstract and Company's General Business Profile.**

(I) Registration Details

Registration No. : L24231GJ1995PLC024809  
State Code : 04  
Day Month Year  
31 03 2008

(II) Capital Raised during the year (Amount in Rs. Thousand)

Public Issue : NIL                      Right Issue : NIL  
Bonus Issue : NIL                      Private Placement : NIL

(III) Position of Mobilization and deployment of funds (Amount in Rs. Thousand)

Total Liabilities :	47655	Total Assets :	47655
<b><u>Sources of Funds :</u></b>			
Paid up Capital :	46619	Reserves & Surplus :	0
Share Application Money	0	Unsecured Loan :	1036
Secured Loan	0		
Deferred Tax Liability	0		
<b><u>Application of Funds :</u></b>			
Net Fixed Assets :	19712	Investments :	00
Net Current Assets :	5411	Misc. Expenditure :	00
Accumulated losses :	22532		

(IV) Performance of Company (Amount in Rs. Thousand)

Turn over & other income	19186	Total Expenditure	24828
Profit before tax	- 5642	Profit after tax	- 5602
Earning per Share in Rs.	0.00	Dividend rate (%)	NIL

(V) Generic Names of three principal products of company (As per monetary terms)

Item	Code No. (ITC Code)
Pharmaceuticals	24231

Singatures to Schedule 1 to 20

As per our attached audit report of Even Date

For, SOMPURA & ASSOCIATES  
Chartered Accountants

(M. M. SOMPURA)  
Proprietor

FOR : SWORD & SHIELD PHARMA LTD.

Sd/-  
(PRAVINBHAI M. PATEL)  
(Managing Director)

Sd/-  
(JYOTSNABEN P. PATEL)  
(Director)

Place : Ahmedabad  
Date : 20-08-2008

Place : Ahmedabad  
Date : 20-08-2008

**Annexure-1 as per point No.11 of Notes on Accounts.**

During the course of Audit we have found following queries, irregularities and other mistakes in your accounts, books keeping and maintenance of records.

- (1) The quantitative details are certified by the Management.
- (2) There is an account namely Inter Corporate Loan of Rs. 2611505/- The details for the same is not available for our verification. However as per representation made by the management, during the year, the amount of Rs. 2,14,000/- is recovered.
- (3) As per the information and explanation given to us, that the staff members including labourers having continuous service with the company exceeding 5 years is Nil. Hence the Gratuity act is not applicable to the Company. So, the retirement benefits and gratuity are not provided for the year in the books.
- (4) The company has not taken insurance on the Fixed Assets of the Company.
- (5) Preliminary & Preoperative Expenditure amounting to Rs. 19,25,804 (As on 01-04-2007) are still to be written off. The management has decided to written off the whole amount during the year under review. The same is shown under the prior period expenses and the profit is reduced by the same amount.

# Sword & Shield Pharma Ltd.

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

Information pursuant to the provisions of para 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 (to the extent applicable and as certified by the management)

	2007-08		2006-07	
	Qty. in Kg.	Rs.	Qty. in Kg.	Rs.
a) Licensed Capacity	N.A.		N.A.	
b) Installed Capacity (on Annual basis this being technical matter the same is certified by the management and not verified by us.)	M.T.		M.T.	
c) Production	0.000		0.000	
d) Stock of Finished Goods at Close	0.000 (including resale)	0	0.000 (including resale)	0
e) Stock of Finishe Goods at beginning	0.000 (including resale)	0	0.000 (including resale)	0
f) Sales	0.000 (including resale)	0	0.000 (including resale)	0
g) Raw Materials Consumed		0		0
h) C.I.F.Value of Imports, Expenditures & Earnings in Foreign Exchange				
(i) C.I.F. Value of Imported Raw-Materials		NIL		NIL
(ii) Expenditure incurred in Foreign Currency Travelling		NIL		NIL
(ii) Earning in Foreign Curenry F.O.B.		NIL		NIL
i) Break-up of Imported and Indegeneous materials & Components Consumption				
	Values in Rs	% of Total Consumption	Value in Rs.	% of Total Consumption
Imported	0	0	0	0
Indegeneous	0	100	0	100
Total	0	100	0	100

Singatures to Schedule 1 to 20  
As per our attached audit report of Even Date

For, SOMPURA & ASSOCIATES  
Chartered Accountants

(M. M. SOMPURA)  
Proprietor

Place : Ahmedabad  
Date : 20-08-2008

FOR : SWORD & SHIELD PHARMA LTD.

Sd/-  
(PRAVINBHAI M. PATEL)  
(Managing Director)

Sd/-  
(JYOTSNABEN P. PATEL)  
(Director)



# Sword & Shield Pharma Ltd.

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
<b>A. Cash Flow From Operating Activities</b>		
Net Profit After Tax and before Extra Ordinary Items	(3,676,403)	57,797
Adjustments For :		
Depreciation	5,672,781	1,664,883
Loss / (Profit) on Sales of Investments	-	-
Prior Year Adjustments	-	(2,864,981)
Interest/Dividend Income	(43,108)	(9,075)
Interest Charged	44,654	5,357
Amortisation of Misc. Expenditure	-	26,614
Lease rent Charged	-	-
(Profit) / Loss on Sale of Fixed Assets	-	-
Capital Reserve (Increased)	-	-
Operating Profit before Working Capital Charged	1,997,923	(1,119,405)
Adjustment for		
Trade & Other Receivables	(2,325,225)	5,220,985
Inventories	(1,004,521)	91,802
Trade Payables & Other Liabilities	2,153,787	(236,077)
 Cash Generated From Operations	 821,964	 3,957,305
Interest Paid - Gross	(44,654)	(5,357)
Taxes (Paid) / Refund Received	-	-
 Cash Flow before Extraordinary Items	 777,310	 3,951,948
Extraordinary Items	-	-
Public Issue Expenses	-	-
Preoperative Exp.	-	-
Excess Depreciation Reversed	-	-
Net Cash from Operating Activities	777,310	3,951,948

# Sword & Shield Pharma Ltd.

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,549,714)	(4,263,831)
Advance for Capital Goods	-	-
Sale of Fixed Assets	-	-
Acquisitions of Companies	-	-
(As per Annexure)	-	-
Purchase of Investments	-	-
Sales of Investments	-	-
Interest Received	-	-
Dividend Received	43,108	9,075
 Net Cash used in Investing Activities	 (1,506,606)	 (4,254,756)
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from issue of Stare Capital	-	-
Proceeds from Share Application Money	-	-
Proceeds from Long Term Borrowings	-	(50,952)
Subsidy Received	-	-
Repayment of Finance lease liabilities	-	-
Repayment of Unsecured Loan	755,191	39,000
Dividends Paid	-	-
Tax on Distributed profit (Dividend)	-	-
 Net Cash used in Financing Activities	 755,191	 (11,952)
 Net (decrease) / Increase in Cash equivalents	 25,895	 (314,760)
Cash and Cash Equivalents as at _____ 01.04.2007 (Opening Balance)	100,646	415,407
Cash and Cash Equivalents as at _____ 31-03-2008	126,542	100,646
Note (i) Figures in Brackets represent outflows.		

As per our attached audit report of Even Date

FOR : SWORD & SHIELD PHARMA LTD.

For, SOMPURA & ASSOCIATES  
Chartered Accountants

Sd/-  
(PRAVINBHAI M. PATEL)  
(Managing Director)

(M. M. SOMPURA)  
Proprietor

Sd/-  
(JYOTSNABEN P. PATEL)  
(Director)

Place : Ahmedabad  
Date : 20-08-2008

**Sword & Shield Pharma Ltd.**

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

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE  
Joint Shareholders may obtain additional Attendance Slip on request.

DP Id*	
Client Id*	

Regd. Folio No.	
-----------------	--

NAME AND ADDRESS OF SHAREHOLDER

## NO. OF SHARE(S) HELD

I / We hereby record my / our presence at the 13th Annual General Meeting Sword &amp; Shild Pharma Ltd. held on Monday, September 29, 2008. at 10-00 a.m. Indulal Yagnik Trust Hall, Sattar Taluka Society, Rajkamal Plaza-A, Income Tax Office, Ahmedabad-380 014.

SIGNATURE OF THE SHAREHOLDER OR PROXY

\*Applicable for invesors holding shares in electronic form

----- TEAR HERE -----

PROXY FORM

**Sword & Shield Pharma Ltd.**

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

DP Id*	
Client Id*	

Regd. Folio No.	
No. of Share(s) held	

I/We ..... of  
 ..... being a member / member of Sword & Shild Pharma Ltd. hereby  
 appoint ..... of  
 ..... of  
 as my / our proxy to vote for me / us and on my / our behalf at the 13th Annual General Meeting of Sword & Shield Pharma Ltd. held on Monday, September 29, 2008. at 10-00 a.m. Indulal Yagnik Trust Hall, Sattar Taluka Society, Rajkamal Plaza-A, Income Tax Office, Ahmedabad-380 014. or at any adjournment therof.

Signed this ..... days of ..... 2008

Affix a Rel Revenue Stamp
------------------------------------

\*Applicable for investors holding shares in electronic form

NOTE : The proxy, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hrs before the time of the Meeting. The Proxy need not be a member of the Company.