



Sword & Shield Pharma Ltd.

REGD. OFFICE :
311, Rajkamal Plaza-B,
Nr. Samruddhi Bldg., Opp. Old High Court,
Income Tax, Ahmedabad-380 014.

14th Audit Report For the
A/C. Year 2008-2009

Sword & Shield Pharma Ltd.

BOARD OF DIRECTORS : PRAVINBHAI M. PATEL - MANAGING DIRECTOR
JITENDRABHAI PATEL - DIRECTOR
JYOTSHNABEN PATEL - DIRECTOR
HIMANSHU PRAVINBHAI 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 Fourteenth Annual General Meeting (AGM) of the Members of SWORD & SHIELD PHARMA LIMITED will be held on Wednesday, 30th September, 2009 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 2009 and the Profit and Loss Account for the year ended on 31st March 2009 along with Schedules on the Accounts and the report of the Directors and Auditor's thereon.
2. To consider and appoint Smt. Jyotshnaben Patel Director of the company, who retires by rotation and being eligible offers her self for re-appointment.
3. To consider and appointment 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 Comapny who retired at this meeting and K. P. Sompura & Company is appointed as auditors.

By Order of the Board of Directors

Sd/-

Managing Director

Date : 19th August 2009

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 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.
2. 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.
3. The Register of Members and the share Transfer Books of the Company will remain closed from Spetemebr 26, 2009 to September 30, 2009 both days inclusive.
4. 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.
5. Members are requested to bring the admission slips along with their copies of the Annual Report to the Meeting.
6. 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.

By Order of the Board of Directors

Sd/-

Chairman / Managing Director

Date : 19th August 2009

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 Fourteenth Annual Report & the Accounts of the Company for the year ended 31-3-2009.

FINANCIAL RESULTS :

Particulars	2008-09 Amount (Rs. In Lacs)	2007-2008 Amount (Rs. In Lacs)
INCOME	213.55	191.86
INCREASED (DECREASE) IN GOODS	4.19	6.46
EXPENDITURE	191.06	178.35
PROFIT BEFORE DEPRECIATION	26.68	19.96
DEPRECIATION	25.16	56.72
MISC. WRITTENOFF	-----	19.26
PROFIT/LOSS BEFORE TAX	1.52	(56.02)
PROVISION FOR TAX	0.19	-----
PROFIT/LOSS CARRIED TO B/S.	1.33	(56.02)

OPERATIONS :

During the financial year 2008-2009, 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 Profit of Rs. 1,32,900/-. 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 2008-2009.

DIRECTORS :

Smt. Jyotshnaben 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 M/s. Sompura & Company to apponted a auditors. 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 31st March, 2009, 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 : 19th August 2009

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) : 29,730

Total Amount (Rs.) 2,42,842

Rate / Unit (Rs.) 8.17

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)	29730	-	29730	22100	
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 : 19th August 2009

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 2008-09.

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 2008-09, Five Board Meetings were held on 1st April-2008, 1st Sept.-2009, 2nd Sept.-2009, 25th December-2008 and 31st March-2009.

(A) AUDIT COMMITTEE :

The Board of Director of the company has constituted Audit Committee, at the Board Meeting held on 25-12-2008 comprising 3 (Three) Members (1 Promoter Executive and (2) non-executive directors) (i) Shri Pravin M. Patel, Chairman (having financial and accounting knowledge) (ii) Shri Himanshu 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	5	Yes	Nil	Yes
2.	Mrs. Jyotsana P. Patel	Director	5	Yes	Nil	Yes
3.	Mr. Jitendra M. Patel	Director	5	Yes	Nil	Yes
4.	Mr. Himanshu Patel	Director	3	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	300000
2.	Mrs. Jyotsana P. Patel	300000	Nil	Nil	Nil	300000
3.	Mr. Jitendra M. Patel	Nil	Nil	Nil	Nil	Nil
4.	Mr. Himanshu 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.	2004-2005	30-09-2005	11.00 a.m.	Indulal Yagnik Hall, Rajkamal Plaza - A, Income Tax, Ahmedabad.
2.	2005-2006	30-09-2006	10.00 a.m.	
3.	2006-2007	30-09-2007	10.00 a.m.	
4.	2007-2008	29-09-2008	10.00 a.m.	

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).

8. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting : 30th September-2009, at 10.00 a.m. at Indulal Yagnik Hall, Rajkamal Plaza A, Income Tax, Ahmedabad-380 014.

9. FINANCIAL CALENDAR :

Financial Year : 2008-2009
First Quarter Results : Last week of July-2008.
Half Quarter Results : Last week of October-2008.
Third Quarter Results : Last week of January-2009.
Audited Results for the
Year ending 31-3-2009
Dates of Book Closure : 26-09-2009 to 30-09-2009.

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 31-8-2009) :

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 31st March-2009, 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 : Not No. NIL

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, 2009 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, 2009.
- (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 : 19/8/2009

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 31st March-2009, 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 queries : Not No. NIL

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, 2009 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, 2009.
- (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 : 19/8/2009

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 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. 241467/- (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, 2009 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, 2009 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 : 19/8/2009

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-2009

PARTICULARS	SCH. NO.	AMOUNT AS AT 31-3-2009	AMOUNT AS AT 31-3-2008
I. SOURCES OF FUNDS			
(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	313,469	1,035,658
(3) DEFERRED TAX LIABILITY		-	-
		46,932,639	47,654,828
II. APPLICATION OF FUNDS			
1. A. FIXED ASSETS	5		
(a) Gross Block		42,290,835	41,795,706
(b) Less Depreciation		24,599,006	22,083,272
(c) Net Block		17,691,829	19,712,434
B. CAPITAL WORK IN PROCESS AND ADVANCES FOR CAPITAL GOODS		-	-
2. INVESTEMENTS	6	-	-
3. CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	3,192,586	2,827,637
Debtors	8	10,713,681	7,626,071
Cash & Bank Balances	9	356,341	126,543
Loans & Advances	10	4,296,668	4,955,218
		18,559,275	15,535,379
Less : Current Liabilities & Provisions	11	11,717,270	10,124,691
Net Current Assets		6,842,005	5,410,688
4. MISC. EXPENDITURE		-	-
(To the extent not written off or adjusted)	12.	-	-
5. PROFIT & LOSS ACCOUNT		22,398,806	22,531,706
		46,932,639	47,654,826

Notes Forming Parts of Accounts

20

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 : 19-08-2009

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 31-03-2009

PARTICULARS	SCH. No.	AMOUNT AS AT 31-3-2009 (In Rs.)	AMOUNT AS AT 31-3-2008 (In Rs.)
I. INCOME			
(a) Sales		20,911,951	19,002,877
(b) Labour Charges		298,957	139,297
(c) Other Income	13	144,397	43,108
(d) Increase/(Decrease) in Inventories	14	418,899	646,401
		21,774,204	19,831,683
II. EXPENDITURES			
Raw material consumption & Purchases of Finished Goods	15	14,199,723	12,511,909
Manufacturing Expenses	16	1,003,941	1,161,709
Selling Administrative & Other Expenses	17	3,242,729	3,521,924
Managerial Remuneration Including director perquisite		526,800	526,800
Auditors Remuneration		28,090	28,090
Interest	18	71,788	44,654
Depreciation		2,515,734	5,672,781
		21,588,805	23,467,867
III. PROFIT/LOSS(-) BEFORE TAX (I-II)		185,398	(3,636,183)
Less: Provision for Taxation		19,096	-
Less: Provision for FBT		33,402	30,516
Less: FBT Paid		-	9,704
Profit/Loss (-) after taxation		132,900	(3,676,403)
Provision for Deferred Tax		-	-
Profit/Loss (-) after Deferred Tax		132,900	(3,676,403)
Balance Brought Forward		(22,531,706)	(16,929,499)
Prior Year Adjustement	19	-	(1,925,804)
Profit available for appropriation		(22,398,806)	(22,531,706)
Add: reversal of Def. Tax Liab-		-	-
Proposed Dividend		-	-
Tax on Proposed Dividend		-	-
Balance carried to Balance sheet		(22,398,806)	(22,531,706)
Earning per Share		0.03	-

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 : 19-08-2009

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 31-3-2009 In Rs.	AMOUNT AS AT 31-3-2008 In Rs.
SCHEDULE : 1			
SHARE CAPITAL			
AUTHORISED SHARE CAPITAL			
6000000 (Previous Year 6000000) Equity Share of Rs. 10/- (Rs. 10/-) each		60,000,000	60,000,000
		60,000,000	60,000,000
ISSUED AND SUBSCRIBED CAPITAL			
PAID UP CAPITAL			
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
		46,619,170	46,619,170
SCHEDULE : 2			
RESERVES & SURPLUS			
General Reserves		-	-
Subsidy		-	-
Profit & Loss A/c.		-	-
		-	-
SCHEDULE : 3			
SECURED LOANS			
NIL			
SCHEDULE : 4			
UNSECURED LOANS			
From Directors, Shareholders & other Reliance Capital Ltd.		241,467	1,035,658
From Others		72,002	-
		-	-
		313,469	1,035,658

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

Sr. No.	Descriptions	GROSS BLOCK			Balance AS ON 31/03/2009	DEPRECIATION (W.D.V.)			Total Dep. Upto 31/03/2009	NETT BLOCK	
		Balance AS ON 01/04/2008	Addition during the year	Deduction during the year		Balance AS ON 01/04/2008	Dep. on Open. Balance	Dep. on Addition		AS ON 31/03/2008	AS ON 31/03/2009
1.	Factory Land & Building	13,223,001	126,109	0	13,349,110	4,149,953	907,305	8,810	5,066,068	9,073,048	8,283,042
	10.00	12,724,135	498,866	0	13,223,001	0	4,149,953	-	4,149,953		
2.	Plant & Machinery	25,205,682	201,630	0	25,407,312	16,355,479	1,231,063	146,103	17,732,645	8,850,203	7,674,667
	13.91	24,758,337	447,345	0	25,205,682	14,991,451	1,364,028	-	16,355,479		
3.	Electrification	110,324	44,794	0	155,118	25,068	11,859	5,183	42,110	85,256	113,008
	13.91	106,057	4267	0	110,324	11,852	13,216	-	25,068		
4.	Furniture	378,667	0	0	378,667	241,553	24,818	-	266,371	137,114	112,296
	18.10	294,108	84559	0	378,667	232,177	9,376	-	241,553		
5.	Dies & Punches	109,540	0	0	109,540	61,387	6,698	-	68,085	48,153	41,455
	13.91	109,540	0	0	109,540	53,876	7,511	-	61,387		
6.	A. C. Plant	42,223	78,400	0	120,623	12,088	4,192	8,686	24,966	30,153	95,657
	13.91	42,223	0	0	42,223	4,345	7,743	-	12,088		
7.	Laboratory Equipment	53,910	0	0	53,910	33,260	2,872	-	36,132	20,650	17,778
	13.91	53,910	0	0	53,910	29,923	3,337	-	33,260		
8.	Office Building	943,382	0	0	943,382	386,680	27,835	-	414,515	556,702	528,867
	5.00	943,382	0	0	943,382	357,380	29,300	-	386,680		
9.	Vehicle	1,390,833	0	0	1,390,833	652,718	102,672	-	755,390	738,115	635,443
	13.91	914,137	476,696	0	1,390,833	590,085	62,633	-	652,718		
10.	Office Equipment	338,144	44,196	0	382,340	165,086	24,072	3,566	192,724	173,058	189,616
	13.91	300,163	37,981	0	338,144	139,402	25,684	-	165,086		
		41,795,706	495,129	0	42,290,835	22,083,272	2,343,386	172,348	24,599,006	19,712,434	17,691,829
		40,245,992	1,549,714	0	41,795,706	16,410,491	5,672,781	0	22,083,272		

B. CAPTIAL WORK IN PROCESS AND ADVANCES FOR CAPITAL GOODS

1. ADVANCES FOR CAPITAL GOODS

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 31-3-2009 In Rs.	AMOUNT AS AT 31-3-2008 In Rs.
SCHEDULE : 6 INVESTMENTS NIL	-	-
	0	0
SCHEDULE : 7 INVENTORIES (As taken, valued and certified by the management.)		
Stores & Spares	0	0
Raw Material & Packing Material	1,488,848	1,542,798
Semi-finished Goods	0	0
Finished Goods	1,703,738	1,284,839
	3,192,586	2,827,637
SCHEDULE : 8 SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for period exceeding six months	10,713,681	7,626,071
Other Debts	0	0
	10,713,681	7,626,071
SCHEDULE : 9 CASH & BANK BALANCES		
Amount in hand (as Certified)	96,161	58,674
Amount with Scheduled Banks	260,180	67,869
Amount with Non-Scheduled Bank (Maximum balances in non scheduled Bank during the year)	0	0
	356,341	126,543
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	1,131,502	1,089,063
Advances for Expenses	640,703	836,319
Stock Exchange Depo.	-	-
Excise	58	1,345
Advance for cap. goods	-	-
Input Vat on capital Goods	116,198	158,200
IT REFUNDABLE FOR A.Y. 2008-09 (ADV. TAX)	10,000	-
TDS DEDUCTED	-	-
Income Tax Refundable A.Y. 2007-08	5,214	5214
Advance Tax A.Y. 2008-09	-	10,000
Advance Tax A.Y. 2009-10	12,500	-
Advances Receivable in Cash or Kind	2,380,493	2,854,987
	4,296,668	4,955,128

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 31-3-2009 In Rs.	AMOUNT AS AT 31-3-2008 In Rs.
SCHEDULE : 11			
CURRENT LIABILITIES & PROVISIONS			
(A) Current Liabilities			
Creditors for Capital Goods		782,763	1,068,798
Creditors for Goods		7,945,370	5,812,174
Creditors for expenses		2,017,930	2,400,165
Advances recd. for goods		364,079	662,642
Tax Deducted at Sources Payable		11,629	8,729
Creditors for others		-	-
Deposits form Dealer		400,000	-
		11,521,771	9,952,509
(b) Provisions			
Unpaid Exp.		116,597	74,591
CST Payable		19,799	-
VAT Payable		10,384	66,460
Prof. Tax Payable		5,440	540
Labour Welfare Fund		-	75
Incometax Payable		-	-
For Tax Under MAT (Net) / FBT ETC.		43,279	30,516
		195,499	1,72,182
		11,717,270	10,124,691
SCHEDULE : 12			
MISCELLANEOUS EXPENDITURE			
(To the extent not w/o or adjusted)			
Preliminary expenses & Preop. Exp.	0		1,925,804
Less : Written of	0		1,925,804
		0	0
		0	0
SCHEDULE : 13			
OTHER INCOME			
Excise Refund		143,945	-
Kasar Vata, Rate Diff.		452	41,613
Int. On IT refund		-	1,495
		144,397	43,108
SCHEDULE : 14			
INCREASE IN INVENTORY			
Closing Stock of Finished Goods		1,703,738	1,284,839
Semi Finished Goods		0	0
		1,703,738	1,284,839
Less : Opening Stock of Finished & Semi Finished Goods		1,284,839	638,438
Increase / (decrease) in stock		418,899	646,401

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 31-3-2009 In Rs.	AMOUNT AS AT 31-3-2008 In Rs.
SCHEDULE : 15			
RAW MATERIAL CONSUMED & PURCHASES OF FINISHED GOODS			
(A) Raw Material Consumption			
Opening Stock		1,542,798	1,184,678
Add : Purchases		14,145,773	12,870,029
		15,688,571	14,054,707
Less : Closing Stock		1,488,848	1,542,798
		14,199,723	12,511,909
(B) Consumption of stores			
Opening Stock		0	0
Add : Purchases		0	0
		0	0
Less : Closing		0	0
		0	0
Raw Material Consumption (A + B)		14,199,723	12,511,909
Add : Purchases of Fineshed Goods		0	0
		14,199,723	12,511,909
SCHEDULE : 16			
MANUFACTURING EXP. / DIRCET EXP.			
Power & Fuel Exp.		242,842	181,914
Excise		602,278	764,818
Water Charges		50,499	43,091
Testing Charges		108,322	170,807
Octroi Exp.		-	1,079
		1,003,941	1,161,709
SCHEDULE : 17			
SELLING, ADMINISTRATIVE & OHTER EXPENSES			
(A) EMPLOYEES EMOLUMENTS			
Salary & Wages		947,554	883,256
PF		18,209	19,528
ESI		6,384	9,956
Uniform Allowances		45,000	45,000
Medical		36,070	36,000
		1,053,217	9,93,740
(B) AMINISTRATIVE EXP.			
FBT		-	-
Factory Exp.		71,793	58,651
Insurance Charges		25,670	3,875
License Fees Renweal Drugs		1,800	6,850
Software Development Charges		-	-
Rent & taxes		8,493	52,563
Consultancy Exp.		47,900	232,546
Stationary & Printing Exp.		62,750	45,620
Repairing		33,301	70,126
		251,707	470,231

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 31-3-2009 In Rs.	AMOUNT AS AT 31-3-2008 In Rs.
(C) Selling & Distribution Exp.			
Sales Commission		320,147	162,405
Telephone Exp.		110,512	53,634
Transport Exp.		93,895	83,969
		524,554	300,008
(D) Other Exp.			
Advertisement		3,297	9,729
Computer Rep. & Maint.		600	-
Bank Commission / Charges		5,372	3,338
Building rep. & Maint.		2,238	-
Conveyance		98,551	41,836
Donation Charges		2,000	1,000
Entertainment Exp.		4,776	-
Panalty Vat		600	-
Repairs & Maint. - Machinery		40,516	23,515
Misc. Exp.		11,174	4,126
Office Exp.		56,313	20,939
ROC Filing Fees		-	3,600
Postage & Tel.		22,490	19,964
Meeting Exp.		-	351
Registration Charges		96,300	28,800
Sales Promotion		77,093	106,069
Sales Tax/VAT		-	878,477
Stipend		513,801	253,694
Daily Allowance		317,663	1,86,708
Telephone Exp.		-	22,327
Int. On FBT		3,366	-
Int. On Income Tax		-	-
Int. On TDS		-	-
Travelling Exp.		157,101	153,472
SUB TOTAL		1,413,251	1,757,945
TOTAL A TO D		3,242,729	3,521,924
SCHEDULE : 18			
INTEREST			
Bank Interest		1,474	2,739
Interest to Others		70,314	41,915
		71,788	44,654
SCHEDULE : 19			
PRIOR PERIOD ADJUSTMENT			
INCOME			
NIL		0	0
		0	0
EXPENSES			
Advances for Capital Goods w/o.			-
Stock Exchange fees			-
Preliminary Exp. Written Off		-	1,925,804
		-	1,925,804
TOTAL		-	(1,925,804)

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 : 2008-09

(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. 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)
6. 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.

7. Payment to Auditors includes :

Remuneration of Auditors	31-3-2009	31-3-2008
For Audit fees	15000	15000
Tax Audit Fees	5000	5000
For Taxation	5000	5000
For Company Law Matter	0	0
For Other/Service Tax	3090	3090
TOTAL RS.	28090	28090

8. 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.
9. Managerial Remuneration of Rs. 6,00,000/- Including Allowances. (Previous Year Rs. 6,00,000) has been paid during the year.
10. We have given an Annexure-1 for queries and qualify the report as per explanation given to us.
11. 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/-

12. 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

13. Earning Per Share :
Computation of Earning Per Share :

	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
Net Profit After tax and Deferred Tax Liability	132900	Loss Rs. (5602007)
Weighted Average No. of Equity Share of Rs. 10 each outstanding during the year	4173234	4173234
EPS	0.03	0.00
Due to loss		

(D) Production :
Pharmaceuticals

(E) Number of employees were	2008-2009	2007-2008
(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 2009

(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 : 46933 Total Assets : 46933

Sources of Funds :

Paid up Capital :	46933	Reserves & Surplus :	0
Share Application Money	0	Unsecured Loan :	313
Secured Lan	0		
Deferred Tax Liability	0		

Application of Funds :

Net Fixed Assets :	117692	Investments :	00
Net Current Assets :	6842	Misc. Expenditure :	00
Accumulated losses :	22399		

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

Turn over & other income	21355	Total Expenditure	21170
Profit before tax	+ 185	Profit after tax	+ 133
Earning per Share in Rs.	0.03	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 : 19-08-2009

Place : Ahmedabad
Date : 19-08-2009

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. 2397505/- 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. 4,15,000/- 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.

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)

	20008-09		2007-08	
	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		14,199,723		12,511,909
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	14,199,723	100	12,511,909	100
Total	14,199,723	100	12,511,909	100

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

For, SOMPURA & ASSOCIATES
Chartered Accountats

(M. M. SOMPURA)
Proprietor

Place : Ahmedabad
Date : 19-08-2009

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, 2009

PARTICULARS	AMOUNT AS AT 31-3-2009 In Rs.	AMOUNT AS AT 31-3-2008 In Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit After Tax and before Extra Ordinary Items	132,900	(3,676,403)
Adjustments For :		
Depreciation	2,515,734	5,672,781
Loss / (Profit) on Sales of Investments	-	-
Prior Year Adjustments	-	-
Interest/Dividend Income	(144,397)	(43,108)
Interest Charged	71,788	44,654
Amortisation of Misc. Expenditure	-	-
Lease rent Charged	-	-
(Profit) / Loss on Sale of Fixed Assets	-	-
Capital Reserve (Increased)	-	-
Operating Profit before Working Capital Charged	2,576,026	1,997,923
Adjustment for		
Trade & Other Receivables	(2,429,149)	(2,325,225)
Inventories	(364, 949)	(1,004,521)
Trade Payables & Other Liabilities	1,592,580	2,153,787
 Cash Generated From Operations	 1,374,507	 821,964
 Interest Paid - Gross	 (71,788)	 (44,654)
Taxes (Paid) / Refund Received	-	-
 Cash Flow before Extraordinary Items	 1,302,719	 777,310
 Extraordinary Items	 -	 -
Public Issue Expenses	-	-
Preoperative Exp.	-	-
Excess Depreciation Reversed	-	-
Net Cash from Operating Activities	1,302,719	777,310

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, 2009

PARTICULARS	AMOUNT AS AT 31-3-2008 In Rs.	AMOUNT AS AT 31-3-2007 In Rs.
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(495,129)	(1,549,714)
Advance for Capital Goods	-	-
Sale of Fixed Assets	-	-
Acquisitions of Companies (As per Annexure)	-	-
Purchase of Investments	-	-
Sales of Investments	-	-
Interest Received	-	-
Dividend Received	144,397	43,108
 Net Cash used in Investing Activities	 (350,732)	 (1,506,606)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Stare Capital	-	-
Proceeds from Share Application Money	-	-
Proceeds from Long Term Borrowings	-	-
Subsidy Received	-	-
Repayment of Finance lease liabilities	-	-
Repayment of Unsecured Loan	(722,189)	755,191
Dividends Paid	-	-
Tax on Distributed profit (Dividend)	-	-
 Net Cash used in Financing Activities	 (722,189)	 755,191
 Net (decrease) / Increase in Cash equivalents	 229,798	 25,895
Cash and Cash Equivalents as at _____ 01.04.2008 (Opening Balance)	126,542	100,646
Cash and Cash Equivalents as at _____ 31-03-2009	356,340	126,542
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

(M. M. SOMPURA)
Proprietor

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

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

Place : Ahmedabad

Date : 19-08-2009

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 14th Annual General Meeting Sword & Shild Pharma Ltd. held on Wednesday, September 30, 2009. 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 14th Annual General Meeting of Sword & Shield Pharma Ltd. held on Wednesday, September 30, 2009. 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 thereof.

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.