



Samrat Pharmachem Limited

**17th Annual Report
2008-2009**

Organisation Chart

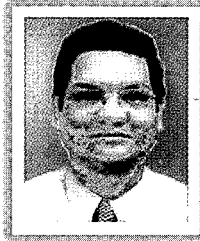
BOARD OF DIRECTORS



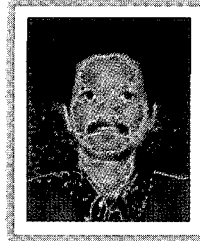
Lalit Mehta



Rajesh Mehta



Mahendra Pipalia



Samir Kothary



Hitendra Shah

Chairman & Managing Director
Mr. Lalit Mehta

Executive Director
Mr. Rajesh Mehta

Factory Manager
Mr. Dilip Kalgude

Office Manager
.....

Asst. Factory Manager
.....

Senior Executive
Ms. Sheetal Bhosle

Accounts Executive
Ms. Swati Jadhav

Sales Executive
Ms. Rajni Parulekar

Production Chemist
Mr. Ravindra Gurav
Mr. Sangramsingh Thakor
Mr. Bharat Rajput
Mr. Harshad Mahida

QC Chemist
Mr. Narayan Patel
Mr. Jignesh Chauvan
Mr. Mehul Padhiyar
Mr. Lalit Rajput

Factory Executives
Mr. Dilip Mistry
Mr. Manoj Kamble

Office Assistants
Mr. Santosh Neman
Mr. Sitaram Lahane
Mr. Rampravesh Mishra
Mr. Dinesh Patil
Mr. Rakesh Jambhale
Mr. Sharif Shekh

Operators
Mr. Dhanraj Choudhary
Mr. Kailash Patil
Mr. Chetan Parekh

Workers
Mr. Shivsingh Pal
Mr. Sriram Patil
Mr. Ashok Bais
Mr. Dnyaneshwar Fakira

Helpers
(orbit security services)

Maintenance Worker
Mr. Dharmesh Pandya

Factory Assistants
Mr. Kaushik Patel
Mr. Shailesh Patel

Security Guards
Mr. Day Shift
Mr. Night Shift
(Orbit Security Services)

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BOARD OF DIRECTORS

Mr. Lalit Mehta	Chairman & Managing Director
Mr. Rajesh Mehta	Executive Director
Mr. Mahendra Pipalia	Director
Mr. Samir Kothary	Director
Mr. Hitendra Shah	Director

STATUTORY & REGISTERED OFFICE & FACTORY

Plot no. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

CORPORATE OFFICE

A/7 Sai Prasad, 2nd Floor, Teli Gali Cross Lane, Andheri (East), Mumbai - 400 069

STATUTORY & TAX AUDITORS

Nalin S. Parekh & Co.

Chartered Accountants

302 Madhav Apts., Jawahar Road, Opposite Ghatkopar Station (East), Mumbai - 400 077

CONSULTING COMPANY SECRETARY

A. A. Mulla & Associates

Company Secretaries

D/201, Trade Corner, Saki Naka Junction, Andheri (East), Mumbai - 400 072

PRINCIPAL BANKER

ICICI Bank Ltd.

Sagar Avenue, S. V. Road, Andheri (West), Mumbai - 400 058

CO-BANKERS

HDFC Bank Ltd.

Jamuna Apts, S. V. Road, Andheri (West), Mumbai - 400 058

State Bank of India

Rahul Apartments, S. V. Road, Andheri (West), Mumbai - 400 058

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt Ltd

C/13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai - 400 078

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 26th September, 2009 at 1.00 p.m. at the Registered Office of the Company at Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account of the company for the year ended as on that date, together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Mahendra Pipalia, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Samir Kothary, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors' and fix their remuneration. The retiring auditors, M/s. Nalin S. Parekh & Co., Chartered Accountants, Mumbai are eligible for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.
"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time subject to any restriction imposed by the terms of the Agreement entered into or may be entered into from time to time for grant of loan to the Company, any sum or sums of monies which together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves i.e. to say reserves not set apart for the specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 250 Crores (Rupees Two Hundred Fifty Crores Only)."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, things, deeds necessary and expedient in giving effect to this resolution."
6. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.
"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging, creating charge, encumbrance on the assets and properties of the Company, movable and immovable, both present and future, and to sell, transfer or otherwise dispose of substantial under-taking(s) of the Company by the Board of Directors of the Company on such terms and conditions as it may think fit, for securing any loan obtained or to be obtained, guarantees issued or to be issued by Banks, Financial Institutions or other bodies together with interest costs, charges, expenses and any other monies payable by the Company."
"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, things, deeds necessary and expedient in giving effect to this resolution."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS, AS THE CASE MAY BE, OF THE COMPANY.
2. Proxies, if any, in order to be effective, must be received at the Registered Office of the Company at Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat, not less than 48 hours before the commencement of the meeting. Proxies shall not have any right to speak at the meeting.
3. An explanatory statement as required under Section 173(2) of the Companies Act 1956, in respect of item nos. 5 & 6 is annexed to the Notice convening 17th Annual General Meeting.

4. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 12th September, 2009 to 26th September, 2009 (both days inclusive).
5. Members are requested to kindly notify to the Registrar and Transfer Agent of the company M/s. Link Intime India Pvt Ltd, C/13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078, immediately of any change in their addresses.
6. Information pursuant to Clause 49 of the Listing Agreement for re-appointment of Directors.

Name of the Director	Date of Birth	Date of Appointment	Qualification	Directorship in Other companies in India	Chairman/ Member of other committees of other companies
Mr. Mahendra Pipalia	09/11/1963	17/03/2003	B.Com., ACA	No	No
Mr. Samir Kothary	10/10/1962	30/07/2003	B.Sc., D.B.M.	No	No

7. Members are requested to DEMAT their shares in order to facilitate easy & faster trading in equity shares.
8. Members are requested to quote their Folio / DP Id No. in all their correspondence.
9. Members desirous of having any information regarding accounts are requested to write to the Company at least 7 days in advance of the date of Annual General Meeting so as to enable the Management to keep the information ready.
10. Members are requested to bring their copies of the Annual Report to the Meeting.
11. Members are requested to bring with them the attendance slip and hand it over at the entrance duly signed by them.

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

**Place: Mumbai
Date: 30th June 2009**

**Lalit Mehta
Chairman & Managing Director**

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5 :

The Board of Directors of the Company can borrow on behalf of the Company to the extent of its Paid Up Capital and Free reserves only. In order to empower the Board of Directors to borrow money on behalf of the company beyond its statutory limits the approval of the members is required at the duly constituted meeting.

It is proposed to raise the borrowing limits of the Board from Rs. 100 crores to Rs. 250 crores, and hence approval of the members is required pursuant to Section 293(1)(d) of the Companies Act, 1956.

The Directors recommend passing of this resolution.

None of the Directors is interested or concerned in this resolution.

Item No. 6 :

Pursuant to provisions of Section 293 (1) (a) of the Companies Act, 1956, it is proposed to empower the Board of Directors of the Company to create a mortgage or charges on the assets of the Company for securing the credit limits sanctioned or to be sanctioned by various banks and financial institution.

The Board of Directors cannot exercise such power of creating mortgage or charge on the assets of the company unless they are empowered pursuant to forgoing Section by a resolution of the members of the Company at their duly constituted meeting.

The Directors recommend passing of this resolution.

None of the Directors is interested or concerned in this resolution.

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

**Place: Mumbai
Date: 30th June 2009**

**Lalit Mehta
Chairman & Managing Director**

DIRECTORS' REPORT

TO THE MEMBERS

Samrat Pharmachem Limited
Ankleshwar.

The Directors are pleased to present the Seventeenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31st March, 2009.

FINANCIAL PERFORMANCE

Particulars	31 March 2009 Rs.	31 March 2008 Rs.
Turnover	389,599,474	348,077,777
Profit before tax	528,739	16,381,180
Provision for tax	-1,259,475	-5,491,631
Net Deferred Tax Liability for current year	-300,063	-270,472
Profit after tax	-1,030,800	10,619,077
Profit & Loss account		
Balance brought forward	32,632,864	22,013,787
Profit of the current year after tax	-1,030,799	10,619,077
Tax adjustment of previous year	0	0
Balance carried to Balance Sheet	31,602,064	32,632,864

OPERATIONS

Your company has performed reasonably well during the year inspite of world recession. In a highly competitive and uncertain business environment throughout the year, your Company achieved a turnover of Rs. 3895.99 Lakhs as against Rs. 3480.77 Lakhs achieved last year - an increase of around 11.93%. Production of 338.05 tonnes of pharmaceutical chemicals was achieved during the year.

DIVIDEND

In order to conserve the resources, your Directors do not recommend payment of Dividend for the current year.

EXPORTS

During the year 2008-2009 your company's export division registered sales of Rs. 854.55 Lacs, up from Rs. 439.06 Lacs last year. Your Company has initiated several export promotion measures to increase exports. The products of your Company have been well accepted in the international market and the Company expects better export turnover in the next year.

DEMATERIALISATION

The equity shares of the Company have been dematerialized by joining the depositories viz. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). The ISIN (International Securities Identification Number) No. allotted to the Company is INE103E01016.

CORPORATE GOVERNANCE

Certificate of auditor of your company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchange, is enclosed.

Your Company has been practicing the principles of good corporate governance over the years.

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The company has adopted Code of Conduct for Directors and Employees of the Company as stipulated in revised Clause 49 of the Listing Agreement effective from 1st January, 2006.

LISTING OF SHARES

The Company's shares are listed on the Bombay Stock Exchange Ltd, Ahmedabad Stock Exchange Ltd, Vadodara Stock Exchange Ltd, Saurashtra Kutch Stock Exchange Ltd & Pune Stock Exchange Ltd. It has paid the listing fees at all the stock exchanges except Saurashtra Kutch Stock Exchange Ltd, for the period upto 31st March, 2010. The listing fees of Saurashtra Kutch Stock Exchange Ltd were not paid due to non-receipt of invoice or intimation for payment of listing fees from the said exchange. The same will be paid on receipt of any communication from Saurashtra Kutch Stock Exchange Ltd. Your Company has not been delisted on any of these exchanges for non-payment of listing fees.

INSURANCE

The assets of the company have been adequately insured against all possible risks with ICICI Lombard General Insurance Co Ltd, United India Insurance Co. Ltd & with ECGC Ltd.

WEBSITE

Your company's website address is www.samratpharmachem.com. The performance of the Company will be regularly updated and be made available on this website. Also the website provides other vital information about the Company.

ERP

Your company is in the process of implementing an Enterprise Resource Planning (ERP) System. It has started trial runs of SWAN ERP system which includes Finance, Purchase, Inventory/stores, Production, Sales, Fixed assets, Payroll & Excise module. On successful implementation of the trial runs, the company proposes to go live with effect from 1st April, 2010 for smooth functioning of all business operations.

SAFETY, HEALTH & ENVIRONMENT (SHE) POLICY

As a responsible corporate citizen, the Company is fully alive to its responsibilities for protection of the environment and to provide its employees a safe and hazard free work place. The Company has adopted a Safety, Health & Environment Policy that applies to all employees and activities. The work culture encourages total involvement and commitment of the employees to the SHE Policy.

Some of the activities carried out during the year are as follows.

Safety:

- Providing necessary equipments and apparatus required for the safe operation of the manufacturing activities
- Observing the rules and regulations with regard to safety & precaution
- Consulting emergency control management team to monitor the safety of the plant
- Conducting regular safety audit
- Encouraging the workforce to use protective equipments and maintain cleanliness
- Conducting seminars to impart knowledge to employees on safe operations
- Organising safety week to create safety awareness

Health:

- Medical health check up were carried out for all the employees of the Company
- Lecture meetings were arranged for providing guidance and counseling on matters of health, diet and exercise
- Seminars were arranged on meditation, yoga and anti-stress therapy

Environment:

- Ensuring smooth functioning of the effluent treatment plant with respect to air, water and solid waste.
- Updating the ETP plant to make it more nature friendly
- Proper monitoring of the pollution levels in and around the plants
- Planting trees in and around the factory
- Complying with the prescribed norms of pollution control

PERSONNEL

As on 31st March 2009, the total number of employees on the payroll of the company was 26. Industrial relations with employees at various levels continue to be cordial.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Mahendra Pipalia & Mr. Samir Kothary retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

The Auditors of the Company M/s. Nalin S. Parekh & Co., Chartered Accountants, Mumbai hold office till the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS REPORT

The report of auditors is self explanatory and do not require any further elucidation.

PARTICULARS OF EMPLOYEES

The company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended upto date.

DISCLOSURE OF PARTICULARS

Information as per section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

SECRETARIAL COMPLIANCE CERTIFICATE

Consequent upon the issue of a recent notification by the Ministry of Corporate Affairs, all Companies with a paid up capital of Rs. 2 Crores and above but less than 5 Crores, which do not have a Company Secretary, are required to have Secretarial Audit conducted by a Practising Company Secretary and obtain a Compliance Certificate and file it with the Registrar of Companies. Accordingly a Secretarial Audit has been conducted by a Practising Company Secretary, whose Compliance Certificate is attached to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended with respect of Directors responsibility statement, it is hereby confirmed:-

1. That the preparation of accounts for the Financial Year ended 31st March 2009, the applicable accounting standards have been followed along-with proper explanation relating to material departures;

2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and the Profit or Loss of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors' have prepared the accounts for the financial year ended 31st March 2009 on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors are thankful to you, our customers, suppliers, bankers, employees, consultants and to all those who have extended their committed support to the progress of your Company.

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

**Place: Mumbai
Date: 30th June 2009**

**Lalit Mehta
Chairman &
Managing Director**

**ANNEXURE TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2009**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo Section 217(1)(e) of the Companies Act, 1956

The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

Your Company continues to explore & implement measures that will help in conservation and saving of energy.

Measures taken & benefits derived are as follows:

- Hot water coming from steam traps is recycled & used as boiler feed water.
- Using economiser effectively to pre-heat boiler feed water.
- Timely & routine preventive maintenance of boiler.
- Improvement in unit operations leading to reduction in processing time in reactor, centrifuge, drier & other equipments to minimize use of electricity.
- Both the boilers run on gas.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

(A) POWER & FUEL CONSUMPTION

Particulars	Current year ended March 2009	Previous year ended March 2008
1. ELECTRICITY		
a) Purchased Units (kwh)	114,563	149,476
Total Amount (Rs.)	701,024	818,984
Rate per Unit (Rs.)	6.12	5.48
b) Own Generation (Through Diesel Generator)		
Units (kwh)	0	0
Total Amount (Rs.)	0	0
Units per Litre of Diesel	0	0
Cost per Unit (Rs.)	0	0
Total Units	114,563	149,476
Total Amount	701,024	818,984
Average Rate Per Unit	6.12	5.48

2. DIESEL OIL		
Unit (Litres)	90	310
Total Amount (Rs.)	3,296	11,160
Rate per Unit (Rs.)	36.62	36.00
3. NATURAL GAS		
Unit (cubic metre)	92,741	120,599
Total Amount (Rs.)	1,145,981	1,373,559
Rate per cubic metre (Rs.)	12.36	11.39
4. CONSUMPTION PER KILOGRAM (kg)		
Production of Pharmaceutical Chemicals (Kg)	338,053	349,121
Electricity		
Rs. per kg	2.07	2.35
Diesel Oil		
Rs. per kg	0.01	0.03
Natural Gas		
Rs. per kg	3.39	3.93

B. TECHNOLOGY ABSORPTION

The management has focused on productivity and quality improvement in order to optimise manufacturing costs. This has helped in achieving optimum manufacturing costs, improved quality of products and consequently enhanced customer satisfaction. The company uses indigenous technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earned Rs. 85,454,642
F.O.B. Value of export of finished goods
(Previous year Rs. 43,905,735)

Foreign exchange used Rs. 271,457,706
Import of raw materials
(Previous year Rs. 215,301,835)

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

**Place: Mumbai
Date: 30th June 2009**

**Lalit Mehta
Chairman &
Managing Director**

Aqueel A. Mulla

B.Com., L.L.M., F.C.S., A.C.I.S (U.K.), D.I.T.

A. A. Mulla & Associates
Company Secretaries

3rd Floor, New Hari Leela House, 34/38, Mint Road,
OPP. GPO, Mumbai – 400-001

Tel : 0091-22-22644435 Fax : 0091-22-22644434
Email : aqueelmulla@gmail.com Cell : 9892237418

Registration No. : L24230GJ1992PLC017820

Nominal Capital: 50,000,000.00 ;

Paid-up Capital : Rs.30,897,000.00

SECRETARIAL COMPLIANCE CERTIFICATE

To,

The Members,

M/s. Samrat Pharmachem Limited

Plot no. A2/3445, GIDC, Phase 4, Ankleshwar – 393 002,
Gujarat.

I have examined the registers, records, books and papers of **M/s. Samrat Pharmachem Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2009 (financial year). In my opinion and to the best of my information and according to the examination carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Register of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the act and the rules made thereunder.
3. The Company being a public limited Company, comments are not required.
4. The Board of Directors duly met 6 times on 30/06/2008, 31/07/2008, 31/10/2008, 29/11/2008, 31/01/2009 and 31/03/2009 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed including the circular

resolutions passed in the Minutes Book maintained for the purpose.

5. The Company has closed its Register of Members and Transfer Books from 13th September, 2008 to 27th September, 2008 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 27/09/2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting (s) was/were held during the financial year.
8. The Company has not advanced any loan to its Directors or persons or firms or companies referred to in section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of section 297 of the Act.
10. The Company has maintained a Register of Contracts as required under Section 301 of the Companies Act 1956.
11. There were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificate during the financial year.
13. That the company :
 - a) Has delivered all certificates on transfer/ transmission of securities during the financial year etc. in accordance with the provisions of the Act and listing agreement.
 - b) Has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - c) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - d) Has not declared any dividend and there were no deposit matured, or matured debentures and the interest accrued thereon etc. the provision of transfer of unclaimed or unpaid Accounts to the Investors Education and Protection Fund does not apply to the Company.
 - e) Duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Directors, alternate Director and Directors to fill casual vacancy during the financial year.
15. The Company has appointed Managing Director and Whole-time Director and has paid them remuneration as per the provisions of the Companies Act, 1956..
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as prescribed under various provision of the Act.
18. The Directors have disclosed their interest in the firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of the shares.
23. The Company has not invited/accepted any public deposits within the provisions of Section 58A during the financial year.
24. The Company has made borrowing from banks and its borrowing was within the limit mentioned in resolution passed U/S 293(1) (d) of the Companies Act, 1956.
25. The Company has not made any loan or advances or given guarantee or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the object of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution(s) initiated against or show cause notices received by the Company, during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has made contribution to Provident fund as per the rules of the Provident Fund during the financial year.

**For A. A. Mulla & Associates
Company Secretaries**

**Place : Mumbai
Date : 30th June 2009**

**(Aqueel A. Mulla)
Proprietor
C.P. No.3237
FCS NO. 2973**

ANNEXURE 'A'**Samrat Pharmachem Limited****Statutory Registers**

1. Register of Member U/s 150
2. Register of Directors, Managing Director, Manager and Secretary U/s 303
3. Register of Directors shareholdings U/s 307
4. Transfer Register
5. Charges Register
6. Minutes Book of all Board Meetings and general Meetings U/s 193 of the Act

ANNEXURE 'B'**Samrat Pharmachem Limited**

1. Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year 31st March, 2009

Sr. No.	Form No.	Filed U/Section	For	Dt of Filing	Whether filed on time Yes/No.	If delay in filing whether requisite additional fee paid Yes/ No.
1	Balance Sheet Form No. 23AC/ACA	220	Annual requirement for the year ended 31 st March, 2008	8/11/08	No	Yes
2	Annual return Form No. 20B	159	Annual requirement for the year ended 31 st March, 2008	19/11/08	Yes	No

1. Regional Director - Nil
2. Central Government - Nil
3. Other Authorities - Nil

**For A. A. Mulla & Associates
Company Secretaries**

**Place : Mumbai
Date : 30th June 2009**

**(Aqueel A. Mulla)
Proprietor
C.P. No.3237
FCS NO. 2973**

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS**

Your Company is a producer of pharmaceutical chemicals. The intermediates produced are used in pharmaceutical and chemical industries. Your Company is amongst the manufacturers who produce for local and international needs of the pharmaceuticals and chemicals industry. The pharmaceutical and chemical industry is growing at a rapid pace every year. This results into growth of the support or intermediate industry like us.

OPPORTUNITIES AND THREATS

The company looks forward optimistically for all round growth in turnover & profitability in the ensuing years. Your company has taken effective steps to realize the dream performance in the years to come. The company intends to double its turnover in a short period of time. The company has taken effective measures to improve quality of products and its productivity to outwit competitor from domestic and international market.

The profit margin has come down drastically over the years and unless the quantitative volume of sales is increased it would be difficult to achieve the target of profitability set by the directors. The company should also plan to widen the product range by increasing the basket of products thereby enlarging the customer and sales base.

PRODUCT PERFORMANCE

The company has two plants producing varied items. The basic purpose of producing in two different plants is to improve efficiency and manageability. Your Company shall achieve sustainable growth in both plants by modernization and automation of operations. According to your Directors, these plants facilitate better division of labour, enable us to develop expertise in each plant and their respective items, and hence improve productivity and profitability of the Company.

OUTLOOK

Currently valued at USD 8 Bn and growing at over 10% annually, Indian pharmaceutical & chemical companies now supply almost all the countries demand for formulations and nearly 70% of demand for bulk drugs.

According to McKinsey study, the Indian pharmaceutical & chemical industry is projected to grow to USD 25 Bn by 2010, whereas the domestic market is likely to more than triple to USD 20 Bn by 2015, from the current USD 8 Bn, to emerge as one of the leading pharmaceutical & chemical market in the next decade.

RISKS AND CONCERNS

Currency Risk : The year 2008-2009 saw a lot of volatility on the currency exchange front. Imports constitute a major portion of our business activity. The company does selective hedging from time to time. However it is difficult to fully contain such adverse fluctuations, the management shall continue to take remedial steps to reduce its severity from time to time.

Competition Risk : We feel that the major business risks are the stiff competition due to low priced products from countries like China and also from domestic manufacturers for certain products. However the company is trying to expand its range of products to cater to different segment of customers and market in order to absorb fall in sales and margins.

Credit Risk : We have been able to reduce the irrecoverable amounts to a very negligible level, notwithstanding the inevitability of having some debts which are not recoverable. Due to strict monitoring and disciplined distribution channels, we do not foresee any material risk on this count. The company also insures its export credit risks with ECGC Ltd.

Dead Stocks/Slow moving items/Rejections Risk : Sometimes the quality of finished product becomes bad or is rejected by a customer. The Company has taken every step in the raw material procurement stage, production stage, packing stage, testing stage and delivery stage to minimize the risk of rejection. If due to some unforeseen reasons the goods are rejected or are not as per our in-house standards, the company has made a system to reprocess all such failed material. Minimum cost is incurred to make them into acceptable standards again. Further the products that have irregular demand or are sold in lesser quantities round the year are manufactured as per customers order only. Thus the company is successful in handling dead stocks, slow moving items and rejections.

Fire, Theft & Explosion Risk : The Company has been quite conscious of the inherent risk in our business. A lot of measures to safeguard the fixed assets and stocks in the factory are taken. The management has been regularly updating the risk profile and take necessary corrective steps like educating workers, insisting workers to wear gum boots, gloves, eye goggles, helmets etc, installing fire fighting equipments, putting sign boards, banning smoking in the premises, keeping hazardous materials in a safe and protected place etc. Apart from these measures, the company has also underwritten the various risks like fire, theft & burglary, earthquake, floods, riots, sale/purchase in transit etc with ICICI Lombard General

Insurance Co Ltd & United India Insurance Co. Ltd for appropriate values.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has instituted adequate internal controls, managed by professionals. The control mechanism duly supported by efficient integrated software ensures a proper documentation, accounting, reporting and safeguarding of assets. The Company has also well defined and established system of internal audit, which is periodically reviewed by the audit committee and steps taken to strengthen the control measures. The management and audit committee of the Board periodically reviews the observations and findings of the statutory auditors and ensures adherence to the well laid down policies, guidelines and procedures forming part of the internal control system.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

A satisfactory business performance with average volume growth in key products and business units, combined with productivity improvement, cost management and working capital management have contributed to the good operating results for the year. Also sharp focus on cost and margins has resulted in enhanced operational efficiency.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONTS

The industrial relations have been satisfactory in the Registered Office Cum Factory and at the Corporate Office. There was no loss of man-days during the year. A lot of initiatives have been undertaken by the Human Resource Department during the year. Apart from improvement in the system to align the compensation to the performance of the employees, steps are being taken by the management to provide training both in-house and at recognized institutes to enhance the effectiveness of the employees. Steps are also being taken to focus on managerial and behavioral competence across the organization. Information Technology has been a focused area for improving the operational efficiency and as a tool for decision-making.

CAUTIONARY STATEMENT

Statement in the report of Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning applicable securities laws or regulations. These statements are based on certain assumptions and expectations for future events. Actual results could differ materially from those of future

events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand supply, finished goods prices in the domestic and overseas market in which the Company operates, raw materials cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise and forward looking statements, on the basis of any subsequent development, information or events.

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

Place: Mumbai
Date: 30th June 2009

**Lalit Mehta
Chairman &
Managing Director**

CORPORATE GOVERNANCE REPORT

(As per Clause 49 of the Listing Agreement with the Stock Exchanges)

We at **Samrat** believe that for a Company to succeed it must maintain global standards of Corporate Conduct towards its customers, suppliers, employees, bankers, shareholders and the society at large. The Company believes that it is rewarding to be better managed and governed and to identify and align its activities with national interest. To that end we as a Company have always focused on Good Corporate Governance – which is a key driver of sustainable corporate growth and long term value & wealth creation.

Above all else, Corporate Governance must balance individual interest with Corporate Goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Achieving this balance depends upon how accountable and transparent companies are. Accountability improves decision-making and thereby builds stakeholders confidence.

Corporate Governance is not merely compliance – it is an ongoing measure of superior delivery of company's objects with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to consumer need, shareholders benefit and employee growth, thereby delighting all its stakeholders while minimizing risks.

Your Company has implemented the mandatory requirements of Corporate Governance as set out in Revised Clause 49 of the Listing Agreement with the Stock Exchanges.

COMPANY'S PHILOSOPHY

Samrat Pharmachem Limited is committed to the best practices in the area of Corporate Governance. The company believes that proper corporate governance facilitates effective management and control of business. This in turn, enables the company to maintain a high level of business ethics and to optimize the value of all its stakeholders. The objectives can be summarized as under:

- To enhance shareholders value.
- To protect interest of shareholders and other stakeholders including customers, suppliers, banks, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.

- To ensure accountability for performance and to achieve excellence at all levels.
- To provide corporate leadership of highest standards for others to follow.

Samrat Pharmachem Limited is committed to:

- Ensuring that the Board of Directors of the Company meet regularly, provide effective leadership, exercise control over management and monitor executive performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development; implementation and review, decision-making, monitoring, control and reporting.
- Providing free access to the Board to all relevant information, advices and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that all employees are responsible for compliance issues with all applicable statutes, regulations, code of conduct, policies as laid down by the Board and report deviation or misconduct, if any, to the Board.

The concept of Corporate Governance hinges on the total transparency, integrity and accountability of the management team. Even before the code became mandatory, the Company has been following the Corporate Governance practices like striking out reasonable balance in the composition of Board of Directors and setting up business committees, adequate disclosure and business to be deliberated by the Board etc. Your Company is committed to follow good corporate governance practices and improve upon them year after year.

BOARD OF DIRECTORS

a) Composition of the Board

The Company is fully compliant with the revised Corporate Governance norms in terms of constitution of the Board, headed by its Executive Chairman Mr. Lalit Mehta. The Board comprising of 5 Directors has 2 Executive Directors' and 3 Non-executive Directors, representing the optimum mix of professionalism, knowledge and experience. Details are given in Table 1.

b) Number of Board Meetings

Samrat Pharmachem Limited held 6 Board meetings during the year ended 31st March 2009.

Sr. No.	Date of Board Meeting	Lalit Mehta	Rajesh Mehta	Mahendra Pipalia	Samir Kothary	Hitendra Shah
1.	30th June, 2008	1	1	1	1	1
2.	31st July, 2008	1	1	1	1	1
3.	31st October, 2008	1	1	1	1	1
4.	29th November, 2008	1	1	-	-	-
4.	31st January, 2009	1	1	1	1	1
5.	31st March, 2009	1	1	-	-	-
Total Meetings Attended		6	6	4	4	4

The maximum interval between 2 board meetings was not more than 4 calendar months.

c) Directors' attendance record and Directorship held:

See table 1 for details.

Table 1 : Details about Samrat Pharmachem's Board of Directors'

Name of Director	Position	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM?	Directorship in other public limited companies in India *
Lalit Mehta	Chairman & Managing Director	6	6	Yes	-
Rajesh Mehta	Executive Director	6	6	Yes	-
Mahendra Pipalia	Non Executive Director	6	4	Yes	-
Samir Kothary	Non Executive Director	6	4	Yes	-
Hitendra Shah	Non Executive Director	6	4	Yes	-

Notes : * Figures in () indicates listed companies.

Independent Director means a Director who apart from receiving a Director's remuneration does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, or its subsidiaries, which in the judgment of the board may affect the independence of the judgment of the Director.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than 5 such committees, as required Under Clause 49 of the Listing Agreement.

d) Information supplied to the Board

- Among others, this includes:
- Review of annual operating plan of businesses, capital budgets, updates,
- Quarterly results of the company,
- Minutes of the meeting of audit committee and other committees,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Materially important show cause notices, demand notices, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any material significant effluent or pollution problems,
- Any material relevant to default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problem and their proposed solutions,

- Significant development in human resources and industrial relations fronts,
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement and
- Non-compliance of any regulatory or statutory provision of listing requirements as well as shareholder services such as non-payment of dividend and delay in share transfer.

The Board of Samrat Pharmachem Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as a part of agenda papers well in advance of Board meetings or are tabled in the course of the Board meetings.

e) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transaction or relationships between Samrat Pharmachem Limited and its Directors for the year ended 31st March, 2009 that may have a potential conflict with the interest of the Company at large.

f) Remuneration of Directors: sitting fees, salary, perquisites and commissions

Table 2 gives the details of the remuneration package of Directors and their relationship with each other.

Table 2: Remuneration paid or payable to Directors during the Fin. Year 2008-2009

Name of Director	Relation with other directors	Sitting Fees (Rs.)	Comm. on Profits	Salary p.a. (Rs.)	PF	Perquisites	Total
Lalit Mehta	Father of Rajesh Mehta	-	-	6,60,000	-	-	6,60,000
Rajesh Mehta	Son of Lalit Mehta	-	-	6,00,000	-	-	6,00,000
Mahendra Pipalia	-	20,000	-	-	-	-	20,000
Samir Kothary	-	20,000	-	-	-	-	20,000
Hitendra Shah	-	20,000	-	-	-	-	20,000
Total		60,000	-	12,60,000	-	-	13,20,000

g) Committees of the Board

Audit Committee

The audit committee of Samrat Pharmachem Limited performs the following functions:

- Overseeing the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services;
- Reviewing with the management the annual financial statement before submission to the Board;
- Reviewing with the management and external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit system;
- Discussing with internal auditors any significant finding and follow up on such issues;
- Reviewing the findings of any internal investigation by internal auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matter to the Board;
- Discussing with the external auditors before the audit commences on the nature and scope of audit as well as having post-audit discussion to ascertain any area of concerns;
- Reviewing the Company's financial and risk management policies and
- Examining reasons for substantial default in the payment to depositors, bankers, shareholders (in case of non-payment of declared dividends) and creditors, if any.

The Company continues to derive immense benefit from the deliberation of the Audit Committee presently comprising 3 non-executives and independent Directors, Mr. Mahendra Pipalia (Chairman), Mr. Samir Kothary and Mr. Hitendra Shah, who are eminent professionals knowledgeable in project finance, accounts and company law. Minutes of each audit committee meeting are placed before and discussed in the full Board.

The audit committee met four times during the year on 31st March, 2009. Table 4 gives attendance record.

Table 4: Attendance record of audit committee members

Name of Director	No. of meetings held	Meetings attended
Mahendra Pipalia	4	4
Samir Kothary	4	4
Hitendra Shah	4	4

In addition to the above, Samrat Pharmachem Limited's audit committee looks into controls and security of the Company's critical IT applications, the internal and control assurance audit report of all major profit centers and deviation from the code of business principles, if any.

Remuneration and Compensation Committee

Samrat Pharmachem's remuneration policy is based on 3 tenets: pay for responsibility, pay for performance and potential and pay for growth. The Company's remuneration committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-time Directors' and to deal with all elements of remuneration package of all such Directors.

As for the non-whole-time Directors, their appointment is for the benefit of their professional expertise in their individual capacity as independent business executives. Accordingly, the service contract, notice period and severance fees, if any of the company are not applicable to such non-whole-time Directors. However as a company's policy, upon attaining the age of 70 years, the non-whole-time Directors' seek retirement by not offering themselves for re-appointment at the Annual General Meeting of the Company.

Table 5 gives the attendance record of the members of the remuneration committee.

Table 5 : Attendance record of the remuneration committee members

Name of Director	No. of meetings held	Meetings attended
Mahendra Pipalia	4	4
Samir Kothary	4	4
Hitendra Shah	4	4

Shareholder / Investor Grievance Committee

The Shareholder/Investor grievances committee specially looks into redressing of shareholders and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend and to ensure expeditious share transfer process.

The committee presently comprising of 3 non-executive and independent directors - Mr. Hitendra Shah (Chairman), Mr. Mahendra Pipalia and Mr. Samir Kothary met twice during the year ended 31st March, 2009. Table 6 gives the attendance record.

Table 6 : Attendance record of investor grievance committee members

Name of Director	No. of meetings held	Meetings attended
Mahendra Pipalia	4	4
Samir Kothary	4	4
Hitendra Shah	4	4

A summary of complaints received, resolved & pending during the year ended 31st March, 2009 is given below :

Nature of Complaints	Received	Resolved	Pending
Non-receipt of share certificates duly transferred	0	0	0
Non-receipts of refund orders	0	0	0
Non-receipts of dividend warrants	0	0	0
Non-receipt of rejected DRF	0	0	0
Non-receipt of Demat Credit	1	1	0
Non-receipt of Annual Report	0	0	0
Miscellaneous	0	0	0
Letters from SEBI	0	0	0
Letters from Stock Exchanges	0	0	0

MANAGEMENT

a) Management discussion and analysis

The Directors' Report includes details of Management Discussion and Analysis of various businesses of the Company.

b) Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors' may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

GENERAL SHAREHOLDERS INFORMATION

a) Disclosure regarding appointment and re-appointment of Directors

According to the Articles of Association of Samrat Pharmachem Limited, all Directors except Mr. Lalit Mehta retire by rotation every year and, if eligible offer themselves for re-election at every Annual General Meeting. All the Directors are eligible and offering themselves for re-election.

Given below are the abbreviated resumes of the Directors of Samrat Pharmachem Limited.

Mr. Lalit Mehta aged 72 years is the Chairman & Managing Director of Samrat Pharmachem Limited. Mr. Lalit Mehta is a science and law graduate from University of Mumbai. He is a promoter Director of the Company. Mr. Lalit Mehta started his career with Air India. His enthusiasm, hard work, vision & business sense landed him in the chemical business. Mr. Lalit Mehta has vast and varied experience of the chemical & pharmaceuticals industry. He is in the chemical & pharmaceutical line for the last 47 years. He looks after the entire administration of the Company.

Mr. Rajesh Mehta aged 44 years is the Executive Director of Samrat Pharmachem Limited. Mr. Rajesh Mehta is a commerce graduate from University of Mumbai and an Associate Member of the Institute of Chartered Accountants of India. He is a promoter Director of the Company. Mr. Rajesh Mehta has wide experience of the chemical and pharmaceutical industry. He is in chemical and pharmaceutical industry since last 20 years. He looks after financial, technical, marketing and administrative matters of the Company.

Mr. Mahendra Pipalia aged 45 years is the Non-executive Director of the Company. Mr. Mahendra Pipalia is a commerce graduate from the University of Mumbai and a fellow member of the Institute of

Chartered Accountants of India. Mr. Mahendra Pipalia has wide experience in internal audit, finance and taxation as also development of software systems for various industries. He advises the Company in accounts, finance, taxation, audit matters & control systems.

Mr. Samir Kothary aged 46 years is the Non-executive Director of the Company. He is engaged in the business of trading of pharmaceuticals and chemicals. He has experience of more than 18 years in the pharmaceutical and chemical industry. He advises the Company in procurement of raw materials from India and abroad and in national and international consumer marketing.

Mr. Hitendra Shah aged 41 years is the Non-executive Director of the Company. Mr. Hitendra Shah is a Commerce Graduate from the University of Mumbai. He is a share sub-broker of Mumbai Stock Exchange and National Stock Exchange. Moreover he is actively involved in investment consultancy. He advises the Company on several issues pertaining to investments, share transfer activities and raising funds for the company.

b) Communication to shareholders

Samrat Pharmachem has its own web site and all vital information relating to the Company and its performance has been put on the web site. The web site address is www.samratpharmachem.com.

The quarterly and annual results are published in leading newspapers circulated in Vadodara, Gujarat.

c) Investors grievances

As mentioned earlier in this chapter, the Company has constituted a Shareholders'/Investors' Grievance Committee for redressing shareholders' and investors' complaints. The status on complaints is reported to the Board of Directors as an agenda item.

d) Share transfer

All share transfers are handled by the Registrar and Share Transfer Agent **M/s. Link Intime India Pvt Ltd**, having office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400078 (Phone: 022-25963838, Fax: 022-25946969, Email : sharad.patkar@linkintime.com, **Kind Attn : Mr. Sharad Patkar**). All transfers and queries relating to share transfer, demat and other matters may be referred to the Registrar directly at the above noted address.

e) Details of non-compliance

Company has been fully compliant with all matters relating to the capital market and the listing agreements.

f) General body meetings

Details of the last 3 annual general meetings are given in the Table 7.

Table 7 : Date, time & venue of the last 3 AGMs :

AGM No.	Financial Year	Date	Time	Venue
14th AGM	31st March, 2006	30th Sept., 2006	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
15th AGM	31st March, 2007	29th Sept., 2007	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
16th AGM	31st March, 2008	27th Sept., 2008	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

g) Postal ballot:

During the year company was not required to take any postal ballot for passing resolutions as per Section 192A of the Companies Act, 1956 as amended.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the auditor's certificate is given as an annexure to the Directors' Report.

Additional Shareholder Information

AGM No.	17th Annual General Meeting
Date	26th September, 2009
Time	1:00 pm
Venue	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

Financial Calendar

Financial Year : 1st April, 2008 — to — 31st March, 2009
For the year ended 31st March 2009, results were announced on:

1st Quarterly Results (Un-audited)	31st July, 2008
2nd Quarterly Results (Un-audited)	31st October, 2008
3rd Quarterly Results (Un-audited)	31st January, 2009
4th Quarterly Results (Audited)	30th June, 2009

For the financial year 2009-10, results will be announced on:

1st Quarterly Results (Un-audited)	End of July 2009
2nd Quarterly Results (Un-audited)	End of Oct. 2009
3rd Quarterly Results (Un-audited)	End of Jan. 2010
4th Quarterly Results (Audited)	End of June 2010

Book Closure

The annual book closure period is from & to following dates, inclusive of both days.

Book Closure From Date	Book Closure To Date
12th September, 2009	26th September, 2009

Listing

The Company's shares are listed and traded on the stock exchanges at Vadodara, Ahmedabad, Rajkot, Pune and Mumbai.

Stock Codes

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited	530125
Vadodara Stock Exchange Limited	530125
Saurashtra Kutch Stock Exchange Limited	Samrat Pharmachem
Ahmedabad Stock Exchange Limited	530125
Pune Stock Exchange Limited	530125
ISIN No. (International Securities Identification No.)	INE103E01016

The International Securities Identification Number of Samrat Pharmachem Limited (or demat number) on both the NSDL (National Securities Depository Limited) and CDSL (Central Depository Services India Limited) is **INE103E01016**.

Stock Data

Table 1 gives monthly high and low prices of Samrat Pharmachem Limited at The Stock Exchange, Mumbai (BSE) for the year ended 31st March, 2009.

Table 1 : Monthly share price at BSE

Month	High	Date	Low	Date
April 2008	12.80	21/04/2008	9.50	01/04/2008
May 2008	13.29	06/05/2008	11.00	13/05/2008 & 30/05/2008
June 2008	11.97	02/06/2008	9.56	05/06/2008
July 2008	12.56	30/07/2008	9.50	02/07/2008
August 2008	13.50	11/08/2008	10.54	19/08/2008
September 2008	11.99	02/09/2008	10.04	30/09/2008
October 2008	11.49	06/10/2008	7.60	27/10/2008
November 2008	10.14	03/11/2008	6.98	26/11/2008
December 2008	8.00	17/12/2008	6.62	12/12/2008
January 2009	7.69	09/01/2009	6.41	28/01/2009
February 2009	7.55	09/02/2009	6.40	24/02/2009
March 2009	7.80	25/03/2009 & 30/03/2009	6.24	17/03/2009

<http://www.bseindia.com/histdata/stockprc2.asp>

Shareholding Pattern

Table 2: Distribution of shareholding by size, class as on 31st March, 2009

Holdings	Shareholders		Shares	
	Number	% of total	Shares	% of total
1-5000	2247	81.06	5329450	17.25
5001-10000	282	10.17	2310660	7.48
10001-20000	115	4.15	1819580	5.89
20001-30000	50	1.80	1309410	4.23
30001-40000	17	0.61	629210	2.04
40001-50000	18	0.65	853060	2.76
50001-100000	26	0.94	1887580	6.11
100001-and above	17	0.62	16758050	54.24
Grand Total	2772	100.00	3089700	100.00

Shares held in physical and dematerialized form as on 31st March, 2009

Sr. No.	Particulars	No. of shares	% of total capital	No. of accounts
1.	Central Depository Services (I) Ltd	3,45,142	11.17 %	566
2.	National Securities Depository Ltd	22,40,348	72.51 %	1114
	Total Dematerialised	25,85,490	83.68 %	1680
3.	Physical	5,04,210	16.32 %	1092
	Grand Total	30,89,700	100.00 %	2772

Table 3 : Distribution of shareholdings by ownership as on 31st March, 2009
Name of the Company : SAMRAT PHARMACHEM LIMITED
Scrip Code : 530125
Quarter Ended : 31st March, 2009

Category Code	Category of Shareholder	Number of shareholders	Total Number of Shares	Number of shares held in Dematerialized Form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As Percentage of (A+B) ¹	As Percentage of (A+B+C)	Number of shares	As a Percentage
(A)	Shareholding of Promoter and Promoter Group²							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	8	1301346	1301346	42.12	42.12	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	8	1301346	1301346	42.12	42.12	0	0.00
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/foreign individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00

Category Code	Category of Shareholder	Number of shareholders	Total Number of Shares	Number of shares held in Dematerialized Form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As Percentage of (A+B) ¹	As Percentage of (A+B+C)	Number of shares	As a Percentage
	Total Share holding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	8	1301346	1301346	42.12	42.12	0	0.00
(B)	Public Shareholding³							
(1)	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
(b)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	1	100000	0	3.24	3.24	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (1)	1	100000	0	3.24	3.24	0	0.00
(2)	Non-Institutions							
(a)	Bodies Corporate	52	44679	43179	1.45	1.45	0	0.00
(b)	Individual i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	2680	1301349	962284	42.12	42.12	0	0.00
	ii) Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	8	274459	244859	8.88	8.88	0	0.00

Category Code	Category of Shareholder	Number of shareholders	Total Number of Shares	Number of shares held in Dematerialized Form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As Percentage of (A+B) ¹	As Percentage of (A+B+C)	Number of shares	As a Percentage
(c)	Any Other (specify)							
	i) Clearing Member	7	11970	11970	0.39	0.39	0	0.00
	ii) NRIs (REPAT)	15	55752	21752	1.80	1.80	0	0.00
	iii) NRIs (NON REPAT)	1	100	100	0.00	0.00	0	0.00
	Sub-Total (B) (2)	2763	1688354	1284144	54.64	54.64	0	0.00
	Total Public shareholding (B) = (B)(1) + (B)(2)	2764	1788354	1284144	57.88	57.88	0	0.00
	TOTAL (A) + (B)	2772	3089700	2585490	100.00	100.00	0	0.00
(C)	Shares held by custodians and against which depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	2772	3089700	2585490	100.00	100.00	0	0.00

Details of public funding obtained for last 3 years

Not applicable, Samrat Pharmachem has not obtained any public funding in the last 3 years.

Investor Services

All transfers and related operations are conducted by the Registrar and Share Transfer Agent M/s. Link Intime India Pvt Ltd having office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 (Phone : 022-25963838, Fax : 022-25946969, Email: sharad.patkar@linkintime.com). Concerned Officer incharge of the Registry is Mr. Sharad Patkar,

All correspondence relating to transfer, mandate & change of address may be directly addressed to the Registrar and Share Transfer Agent.

The members may address their other queries to the Company at its Corporate Address at:

A/7, Sai Prasad, 2nd Floor, Teli Gali Cross Lane, Andheri (East), Mumbai - 400 069, India.

Phone : (91-22) 26841707, 26841740, 26833756

Fax : (91-22) 26843745

Email : samrat@bom4.vsnl.net.in

Website : www.samratpharmachem.com

Plant Locations

- 1) Plot No. A2/3445, GIDC, Phase 4, Ankleshwar-393 002, Gujarat, India.
- 2) Plot No. A2/3444, GIDC, Phase 4, Ankleshwar-393 002, Gujarat, India.

Declaration for compliance with Code of Conduct

Pursuant to Clause 49(1D)(ii) of the listing agreement, I hereby declare that all the Board Members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1st January, 2006. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

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

**Place: Mumbai
Date: 30th June 2009**

**Lalit Mehta
Chairman & Managing Director**

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

30th June, 2009

**The Board of Directors
Samrat Pharmachem Limited**

Plot No. A2/3445,
GIDC, Phase 4,
Ankleshwar - 393 002,
Gujarat.

I, Mr. Lalit Mehta, Chairman & CEO of Samrat Pharmachem Limited certify to the Board in terms of the requirements of Clause 49 (V) of the Listing Agreement, that I have reviewed the financial statement and cash flow statement of the company for the financial year ended 31st March, 2009.

1. To the best of my knowledge, I certify that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading
 - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations, and
 - c) there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct
2. For the purposes of financial reporting, I accept the responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I accept the responsibility to the auditors and the audit committee, and further state that there were no deficiencies in the design or operation such internal control.
3. I do further certify that there has been:
 - a) no significant changes in internal controls during the year
 - b) no significant changes in accounting policies during the year, and
 - c) no instances of fraud, of which I am aware during the period
4. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

**Lalit Mehta
Chairman & CEO**

CERTIFICATE

To the Members of
Samrat Pharmachem Limited
Ankleshwar.

I have examined the compliance of conditions of Corporate Governance by Samrat Pharmachem Limited, for the year ended **31st March 2009**, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

I state that in respect of investor grievances received during the year ended **31st March, 2009**, no investor grievances are pending against the Company exceeding 1 month as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Nalin S. Parekh & Co.
Chartered Accountants**

**Place : Mumbai
Date : 30th June 2009**

**Nalin S. Parekh
Proprietor
Membership No. 13821**

AUDIT REPORT

The Members of
SAMRAT PHARMACHEM LIMITED
Ankleshwar

1. We have audited the attached balance sheet of **SAMRAT PHARMACHEM LIMITED** as at **31st March 2009**, the profit and loss account and also the cash flow statement for the year ended on that date *annexed thereto*. These financial statements are the responsibility of the 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 the 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 the financial statements. An audit also includes assessing the 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on **31st March 2009** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31st March 2009** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information and required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at **31st March 2009**;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Nalin S. Parekh & Co.
Chartered Accountants

Nalin S. Parekh
Proprietor
Membership No. 13821

Place : Mumbai
Date : 30th June 2009

ANNEXURE**Re: SAMRAT PHARMACHEM LIMITED**

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the plant and machinery.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to information and explanations given to us, no loans have been taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clauses 4(iii)(a) to 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, no transaction has been made in pursuance of any contract or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- (vi) According to the information and explanations given to us, the company has not accepted any deposit from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- (ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it, though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, and cess were in arrears, as at **31st March, 2009** for a period of more than six months from the date they become payable.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

- (xii) According to information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the company has not raised any term loans.
- (xvii) 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 no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- (xx) According to the information and explanations given to us, the company has not raised any money by public issue during the financial year covered by our audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Nalin S. Parekh & Co.
Chartered Accountants**

**Nalin S. Parekh
Proprietor
Membership No. 13821**

**Place : Mumbai
Date : 30th June 2009**

BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	Schedule	31/Mar/09 Rs.	31/Mar/08 Rs.
<u>SOURCES OF FUNDS</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Equity Share Capital	1	30,897,000.00	30,897,000.00
<u>RESERVES AND SURPLUS</u>			
(i) Profit And Loss Account		31,602,064.35	32,632,863.82
<u>LOAN FUNDS</u>			
(i) Secured Loans	2	15,729,635.39	19,158,518.19
(ii) Unsecured Loans		0.00	0.00
TOTAL		78,228,699.74	82,688,382.01
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	7	28,755,875.88	25,011,463.11
Depreciation		7,680,389.84	6,334,626.78
Net Block		21,075,486.04	18,676,836.33
<u>INVESTMENTS</u>			
	3	4,000,000.00	4,000,000.00
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	4	27,541,709.72	22,489,648.71
Sundry Debtors	5	78,053,332.78	74,213,450.64
Cash & Bank Balances	6	29,293,599.58	24,100,208.85
Other Current Assets		8,622,056.93	13,529,177.89
Loans And Advances	8	1,980,140.10	1,265,519.10
		145,490,839.11	135,598,005.19
LESS : CURRENT LIABILITIES & PROVISIONS	9	-90,365,474.41	-73,914,371.51
NET CURRENT ASSETS		55,125,364.70	61,683,633.68
DEFERRED TAX LIABILITY		-1,972,151.00	-1,672,088.00
TOTAL		78,228,699.74	82,688,382.01

THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.

AS PER OUR REPORT OF EVEN DATE

**For Nalin S. Parekh & Co.
Chartered Accountants**

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Lalit Mehta
Managing Director**

**Rajesh Mehta
Executive Director**

**Nalin S. Parekh
Proprietor**

**Mahendra Pipalia
Director**

**Samir Kothary
Director**

**Hitendra Shah
Director**

Place : Mumbai

Date : 30 June 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2009

Particulars	Schedule	31/Mar/09 Rs.	31/Mar/08 Rs.
<u>INCOME</u>			
Sales		389,599,473.56	348,077,776.71
Increase In Stock		888,831.95	1,251,091.57
Other Income	10	20,752.00	1,235,736.00
Profit On Sale Of Fixed Assets		0.00	0.00
TOTAL	[A] →	390,509,057.51	350,564,604.28
<u>EXPENDITURE</u>			
Materials, Manufacturing & Other Expenses	11	362,138,221.35	311,016,423.78
Decrease In Stock		0.00	0.00
Salaries, Wages And Other Employee Benefits	12	6,056,747.92	5,371,303.94
Office And Administration Expenses	13	5,478,708.38	3,701,266.22
Selling And Distribution Expenses	14	12,380,386.03	11,738,511.20
Interest & Finance Charges	15	2,580,492.24	1,322,518.78
Depreciation On Fixed Assets		1,345,763.06	1,033,400.59
Loss On Sale Of Fixed Assets		0.00	0.00
TOTAL	[B] →	389,980,318.98	334,183,424.51
PROFIT BEFORE TAX	[A] - [B]	528,738.53	16,381,179.77
Less : Provision for Tax		-1,259,475.00	(5,491,631.00)
Net Deferred Tax (Liability)/Write back for the Current Year		-300,063.00	(270,472.00)
PROFIT AFTER TAX		-1,030,799.47	10,619,076.77
OPENING BALANCE IN PROFIT & LOSS ACCOUNT		32,632,863.82	22,013,787.05
Add : Profit After Tax		-1,030,799.47	10,619,076.77
Taxation Adjustment Of Previous Year		0.00	0.00
BALANCE CARRIED FORWARD		31,602,064.35	32,632,863.82
THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.			

AS PER OUR REPORT OF EVEN DATE

For Nalin S. Parekh & Co.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
Lalit Mehta
Managing Director

Rajesh Mehta
Executive Director

Nalin S. Parekh
Proprietor

Mahendra Pipalia
Director

Samir Kothary
Director

Hitendra Shah
Director

Place : Mumbai

Date : 30 June 2009

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2009

	31/Mar/09 Rs.	31/Mar/08 Rs.
[1] SHARE CAPITAL		
AUTHORISED		
5,000,000 EQUITY SHARES OF Rs.10 EACH	<u>50,000,000.00</u>	<u>50,000,000.00</u>
[Previous Year 5,000,000 Equity Shares]		
ISSUED AND SUBSCRIBED		
3,089,700 EQUITY SHARES OF Rs.10 EACH FULLY PAID	<u>30,897,000.00</u>	<u>30,897,000.00</u>
[Previous Year 3,089,700 Equity Shares]		
[2] SECURED LOANS		
CASH CREDIT FROM SCHEDULED BANK	<u>15,729,635.39</u>	<u>19,158,518.19</u>
[Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors]		
TOTAL	<u>15,729,635.39</u>	<u>19,158,518.19</u>
[3] INVESTMENTS		
[Quoted, At Cost]		
GOVERNMENT SECURITIES	<u>0.00</u>	<u>0.00</u>
OTHERS	<u>4,000,000.00</u>	<u>4,000,000.00</u>
TOTAL	<u>4,000,000.00</u>	<u>4,000,000.00</u>
[4] INVENTORIES		
RAW MATERIALS	<u>15,521,135.09</u>	<u>11,357,906.03</u>
FUEL	<u>0.00</u>	<u>0.00</u>
WORK IN PROCESS & FINISHED GOODS	<u>12,020,574.63</u>	<u>11,131,742.68</u>
TOTAL	<u>27,541,709.72</u>	<u>22,489,648.71</u>
[5] SUNDRY DEBTORS		
[Unsecured]		
Considered Good		
OUTSTANDING FOR MORE THAN SIX MONTHS	<u>76,691,858.86</u>	<u>1,002,243.73</u>
OTHERS	<u>1,361,473.92</u>	<u>73,211,206.91</u>
Considered Doubtful	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>78,053,332.78</u>	<u>74,213,450.64</u>
[6] CASH AND BANK BALANCES		
CASH BALANCE	<u>320,868.00</u>	<u>322,914.77</u>
WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	<u>11,886,150.58</u>	<u>9,401,830.08</u>
WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS	<u>17,086,581.00</u>	<u>14,375,464.00</u>
TOTAL	<u>29,293,599.58</u>	<u>24,100,208.85</u>
[7] FIXED ASSETS [AT COST]		

Name	Gross Block 31/03/08	Additions	Disposal	Gross Block 31/03/09	Depn Upto 31/03/08	Depn For The Year	Deduct For Asset Sold	Total Depn	Net Block 31/03/08	Net Block 31/03/09
LAND	891,494.00	0.00	0.00	891,494.00	0.00	0.00	0.00	0.00	891,494.00	891,494.00
BUILDING	4,434,374.13	1,271,381.02	0.00	5,705,755.15	1,416,232.11	166,891.42	0.00	1,583,123.53	3,018,142.02	4,122,631.62
PLANT AND MACHINERY	17,407,094.58	2,317,461.75	0.00	19,724,556.33	4,148,085.69	908,496.17	0.00	5,056,581.86	13,259,008.89	14,667,974.47
OFFICE PLANT & EQUIPMENT	1,880,906.00	104,726.00	0.00	1,985,632.00	619,992.79	237,234.42	0.00	857,227.21	1,260,913.21	1,128,404.79
FURNITURE AND FIXTURES	207,160.40	0.00	0.00	207,160.40	72,321.30	11,897.19	0.00	84,218.49	134,839.10	122,941.91
VEHICLES	190,434.00	50,844.00	0.00	241,278.00	77,994.89	21,243.86	0.00	99,238.75	112,439.11	142,039.25
As At Mar/09	25,011,463.11	3,744,412.77	0.00	28,755,875.88	6,334,626.78	1,345,763.06	0.00	7,680,389.84	18,676,836.33	21,075,486.04
As At Mar/08	17,882,198.61	7,129,264.50	0.00	25,011,463.11	5,301,226.19	1,033,400.59	0.00	6,334,626.78	12,580,972.42	18,676,836.33

	31/Mar/09 Rs.	31/Mar/08 Rs.
[8] LOANS AND ADVANCES		
[Unsecured, Considered good]		
ADVANCES	905,200.00	565,800.00
[Recoverable in cash or in kind or against value to be received]		
DEPOSITS	1,074,940.10	699,719.10
TOTAL	<u>1,980,140.10</u>	<u>1,265,519.10</u>
[9] CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS FOR GOODS	80,922,355.53	72,989,094.50
SUNDRY CREDITORS FOR EXPENSES	759,876.48	862,823.01
SUNDRY CREDITORS FOR FIXED ASSETS	0.00	-75,662.00
ADVANCES RECEIVED AGAINST ORDER/GOODS	120,000.00	120,000.00
BANK OVERDRAFT WITH SCHEDULED BANK	8,195,926.40	0.00
OTHER CURRENT LIABILITIES	313,017.00	0.00
	<u>90,311,175.41</u>	<u>73,896,255.51</u>
PROVISION FOR INCOME TAX & FRINGE BENEFIT TAX	54,299.00	18,116.00
TOTAL	<u>90,365,474.41</u>	<u>73,914,371.51</u>
[10] OTHER INCOME		
OTHER INCOME	14,602.00	1,235,736.00
INCOME FROM SALE OF SCRAP	6,150.00	0.00
DIVIDEND FROM SHARES OF SARASWAT CO-OP BANK	0.00	0.00
TOTAL	<u>20,752.00</u>	<u>1,235,736.00</u>
[11] MATERIALS, MANUFACTURING AND OTHER EXPENSES		
MATERIALS CONSUMED	314,130,739.20	255,845,130.35
JOB WORK CHARGES	1,901,950.00	1,814,800.00
POWER CHARGES	705,055.86	818,984.37
FUEL CONSUMED	3,295.80	11,160.00
GAS CHARGES	1,135,051.45	1,373,558.63
WATER CHARGES	155,596.00	161,932.00
ANALYTICAL & TESTING CHARGES	348,283.35	639,138.13
INSURANCE CHARGES	124,490.00	132,603.00
CENTRAL EXCISE DUTY	36,210,333.32	42,774,826.56
REPAIRS TO FACTORY BUILDING	756,637.11	1,490,647.47
REPAIRS TO PLANT & MACHINERY	6,114,068.26	5,545,770.27
EFFLUENT TREATMENT & POLLUTION CONTROL	552,721.00	407,873.00
TOTAL	<u>362,138,221.35</u>	<u>311,016,423.78</u>
[12] SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS		
SALARIES & WAGES		
FACTORY	1,246,443.20	1,102,148.60
CONTRACT	1,569,297.14	1,256,148.74
OFFICE	796,151.60	609,074.60
DIRECTORS REMUNERATION	1,260,000.00	1,260,000.00
EMPLOYEES STATE INSURANCE CORPORATION	103,456.00	83,695.00
PROVIDENT FUND	460,640.00	423,139.00
PROFESSION TAX	9,940.00	5,520.00
GRATUITY FUND	76,450.00	63,865.00
FACTORY SECURITY CHARGES	168,479.98	166,590.00
REFRESHMENT & STAFF WELFARE	365,890.00	401,123.00
TOTAL	<u>6,056,747.92</u>	<u>5,371,303.94</u>

	31/Mar/09 Rs.	31/Mar/08 Rs.
[13] OFFICE AND ADMINISTRATION EXPENSES		
DIRECTORS' SITTING FEES	60,000.00	30,000.00
OFFICE ELECTRICITY	131,890.00	115,170.00
OFFICE LEASE RENT	280,247.00	221,000.00
LEGAL & PROFESSIONAL CHARGES	1,451,324.62	952,818.93
PRINTING, STATIONERY & PERIODICALS	649,124.20	502,509.68
CONVEYANCE - LOCAL	204,780.00	179,404.00
VEHICLE EXPENSES	104,190.77	97,009.00
TRAVELLING - OUTDOOR	157,120.73	106,261.56
TELEPHONE & TELECOMMUNICATION CHARGES	240,646.40	274,400.54
POSTAGE & COURIER CHARGES	149,487.00	199,458.00
AUDITOR'S REMUNERATION	50,000.00	52,500.00
STOCK EXCHANGE & CUSTODIAL FEES	39,772.00	44,620.00
OFFICE REPAIRS & RENEWALS	196,346.26	417,782.30
ADVERTISEMENT (STATUTORY)	53,462.00	54,226.21
SUNDRY EXPENSES	1,710,317.40	454,106.00
TOTAL	5,478,708.38	3,701,266.22
[14] SELLING & DISTRIBUTION EXPENSES		
EXPORT EXPENSES	811,800.65	525,908.38
ADVERTISEMENT & PUBLICITY	248,704.00	133,866.00
BUSINESS PROMOTION	152,733.00	93,186.81
BAD DEBTS WRITTEN OFF	100,000.00	93,074.72
DISCOUNT	13,160.82	-238,391.58
COMMISSION & BROKERAGE	1,298,124.04	669,891.94
SALES TAX	8,480,656.52	9,073,843.17
INSURANCE - GOODS-IN-TRANSIT (SALES)	198,478.00	160,000.00
DELIVERY CHARGES	1,076,729.00	1,227,131.76
TOTAL	12,380,386.03	11,738,511.20
[15] INTEREST & FINANCE CHARGES		
BANK INTEREST & CHARGES	2,580,492.24	1,322,518.78
INTEREST CHARGED ON DELAYED PAYMENTS	0.00	0.00
TOTAL	2,580,492.24	1,322,518.78
SIGNATORIES TO SCHEDULES 1 TO 15		

AS PER OUR REPORT OF EVEN DATE

For Nalin S. Parekh & Co.
Chartered Accountants

Nalin S. Parekh
Proprietor

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Lalit Mehta
Managing Director

Mahendra Pipalia
Director

Samir Kothary
Director

Rajesh Mehta
Executive Director

Hitendra Shah
Director

Place : Mumbai

Date : 30 June 2009

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

1. SIGNIFICANT ACCOUNTING POLICIES**(a) System of Accounting**

The accounts have been prepared under the historical cost convention and on accrual basis.

(b) Fixed Assets

Fixed assets are stated at cost along with costs directly attributable to bring the assets to their working condition.

(c) Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time.

Depreciation on assets added during the year has been provided on pro-rata basis.

(d) Investments

Long-term investments are being valued at cost of acquisition.

Short-term investments are being valued at cost or market value whichever is lower.

(e) Inventories

Raw materials, Stores and spares and Work-in-Progress are valued at cost.

Finished goods are valued at lower of cost or realisable value.

The inventories values are determined on FIFO basis.

(f) Sales

Sales are recognised when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts and rebates but include excise duty and sales tax.

(g) Foreign currency transaction

Transactions in foreign exchange are accounted at a standard exchange rate. The difference between the amount originally recorded and the settlement amount is recognised as exchange rate fluctuation. Fluctuation amount is added/reduced from purchase or sale, as the case may be, in the drawing the Profit & Loss statement.

(h) Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in the subsequent periods.**(i) Preliminary & Public Issue expenses are being amortised over a period of 10 years.**

2. QUANTITATIVE INFORMATION IN RESPECT OF GOODS MANUFACTURED BY THE COMPANY

(i) Licenced Capacity, Installed Capacity & Production

(As Certified by the Management)

Class of goods: Pharmaceutical Chemicals

Particulars	31 March 2009	31 March 2008
Licenced Capacity	No licence is required	
Installed Capacity (MT)	415.20	415.20
Actual Production (MT)	338.05	349.12

(ii) Analysis of Raw Materials consumed

Class of Goods	31 March 2008 ⁹		31 March 2008	
	MT	Rs.	MT	Rs.
Iodine Crude	223.11	283,339,347	222.16	226,209,181
Other Pharmaceutical Materials /	432.38	28,376,740	464.64	27,622,106
Packing Materials		2,414,652		2,013,843
Total		314,130,739		255,845,130

3. PARTICULARS IN RESPECT OF INVENTORIES AND PURCHASES OF TRADED GOODS

NIL

4. CONSUMPTION OF MATERIALS

Particulars	31 March 2009		31 March 2008	
	Rs.	%age	Rs.	%age
Raw Materials - Imported	283,339,347	90.20	226,209,181	88.42
- Indigenous	30,791,392	9.80	29,635,949	11.58
Total	314,130,739	100.00	255,845,130	100.00

5. SALES

Class of Goods	March 2009		31 March 2008	
	MT	Rs.	MT	Rs.
Pharmaceutical Chemicals (Gross)	334.36	389,599,474	347.74	347,844,421
Central Excise Duty		36,210,333		-42,774,827
VAT/Sales Tax		8,480,657		-9,073,843
Net		434,290,464		295,995,751

6. CONTINGENT LIABILITIES

a) In respect of Letters of Credit issued by the Company's Bankers : Rs. 72,274,619 (Previous year Rs. 36,320,970)

7. FOREIGN EXCHANGE FLUCTUATION

Gain on account of foreign exchange fluctuation accounted during the year is Rs. 9,654,761 (Previous year gain of Rs. 2,189,371).

8. AUDITOR'S REMUNERATION

Particulars	31 March 2009 Rs.	31 March 2008 Rs.
For Statutory Audit	44,120	42,135
For Taxation	11,030	11,236
Total	55,150	53,371

9. **REMUNERATION** paid u/s 198 of the Companies Act, 1956 to Managing Director, Joint Managing Director and Executive Directors are in accordance with the approval of the Central Government and or within the limits laid down under Schedule XIII to the Companies Act, 1956 & included in the Profit & Loss Account, as Directors Remuneration.

10. The company has taken Group Gratuity for its employees from Life Insurance Corporation of India.

11. Previous period's figures have been re-arranged, re-grouped and re-classified where necessary.

As per our Report of Even date
For Nalin S. Parekh & Co.
Chartered Accountants

For and on behalf of the Board of Directors
For Samrat Pharmachem Limited

Nalin S. Parekh
[Proprietor]

Lalit Mehta
Managing Director

Rajesh Mehta
Executive Director

Place : Mumbai
Date : 30th June, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	04-17820	State Code	04
Balance Sheet Date	31st March, 2009		

II. Capital raised during the year (Rupees in thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of mobilisation and Deployment of Funds (Rupees in thousands)

Total Liabilities	170566
Total Assets	170566

Sources of Funds

Paid up Capital	30897
Reserves and Surplus	31602
Secured Loans	15730
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	21075	
Investments	4000	
Net Current Assets	53153	#
Miscellaneous Expenditure	NIL	
Accumulated Losses	NIL	

Net of Deferred Tax Liability

IV. Performance of Company (Rupees in thousands)

Turnover	389599	
Total Expenditure	389071	
Profit/Loss before Tax	528	
Profit/Loss after Tax	-1030	@
Earning per share (in Rs.)	-0.33	

@ Net of deferred Tax Liability for the current year

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC Code)	280120.00	
Product Description	Iodine	
Item Code No. (ITC Code)	282760.10	
Product Description	Potassium Iodide	
Item Code No. (ITC Code)	282760.00	
Product Description	Sodium Iodide	

As per our Report of Even date

For Nalin S. Parekh & Co.
Chartered Accountants

Nalin S. Parekh
[Proprietor]

Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board of Directors
For Samrat Pharmachem Limited

Lalit Mehta
Managing Director

Rajesh Mehta
Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009

	31/Mar/09 Rs.	31/Mar/08 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	528,738.53	16,381,179.77
ADJUSTMENTS FOR :		
DEPRECIATION	1,345,763.06	1,033,400.59
PROFIT/LOSS ON SALE OF ASSETS	0.00	0.00
PRELIMINARY EXPENSES	0.00	0.00
INTEREST/DIVIDEND	2,580,492.24	1,322,518.78
	<u>3,926,255.30</u>	<u>2,355,919.37</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>4,454,993.83</u>	<u>18,737,099.14</u>
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	352,617.82	-26,301,152.48
INVENTORIES	-5,052,061.01	-6,092,527.76
TRADE PAYABLES	8,218,993.50	24,357,899.31
	<u>3,519,550.31</u>	<u>-8,035,780.93</u>
CASH GENERATED FROM OPERATIONS	<u>7,968,519.14</u>	<u>10,701,318.21</u>
INTEREST PAID	-2,580,492.24	-1,322,518.78
DIRECT TAXES PAID	-1,223,292.00	-5,971,615.00
	<u>-3,803,784.24</u>	<u>-7,294,133.78</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>4,170,759.90</u>	<u>3,407,184.43</u>
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	<u>4,170,759.90</u>	<u>3,407,184.43</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	-3,744,412.77	-7,129,264.50
SALE/REALIZATION OF FIXED ASSETS	0.00	0.00
CAPITAL WORK-IN-PROGRESS	0.00	0.00
SALE/REALIZATION OF INVESTMENTS	0.00	-4,000,000.00
INTEREST/DIVIDEND RECEIVED	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	<u>-3,744,412.77</u>	<u>-11,129,264.50</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	0.00	0.00
SUBSIDY FROM GOVERNMENT	0.00	0.00
PROCEEDS FROM LONG TERM BORROWINGS	0.00	0.00
SHORT TERM BORROWINGS	-3,428,882.80	7,764,435.71
NET CASH USED IN FINANCING ACTIVITIES	<u>-3,428,882.80</u>	<u>7,764,435.71</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-3,002,535.67</u>	<u>42,355.64</u>
CASH AND CASH EQUIVALENTS AT 1/Apr (Opening Balance)	24,100,208.85	24,057,853.21
CASH AND CASH EQUIVALENTS AT 31/Mar (Closing Balance)	21,097,673.18	24,100,208.85

For Nalin S. Parekh & Co.
Chartered Accountants

Nalin S. Parekh
Proprietor

Place : Mumbai
Date : 30 June 2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
Lalit Mehta
Managing Director

Mahendra Pipalia
Director

Samir Kothary
Director

Rajesh Mehta
Executive Director

Hitendra Shah
Director

Samrat Pharmachem Limited

Registered Office : Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

L. F. No. (s) _____

NAME OF THE SHAREHOLDER/PROXY _____

ADDRESS _____

No. of shares held : _____

I/We hereby record our presence at the Seventeenth Annual General Meeting being held on Saturday, the 26th day of September, 2009 at 1.00 p.m. at the Registered Office of the Company at Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat.

SIGANATURE OF THE SHAREHOLDER / PROXY *

* Strike out whichever is not applicable.

Samrat Pharmachem Limited

Registered Office : Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

PROXY FORM

Regd. Folio No./DP ID No. _____
No. of Shares held _____
Proxy No. _____

I/We _____

of _____

being a Member / Members of **SAMRAT PHARMACHEM LIMITED, Ankleshwar,**

hereby appoint _____

of _____ or failing him _____

_____ of _____

as my/our proxy to vote for me/us on my behalf, at the Seventeenth Annual General Meeting of the Company to be held on Saturday, the 26th day of September, 2009 at 1.00 p.m. at the Registered Office of the company and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Please Affix One Rupee Revenue Stamp here

Signature of Member(s)
across the stamp

Note : The proxy must be deposited with the Registered Office of the Company at Plot No. A2/3445, GIDC Phase IV, Ankleshwar-393 002, GUJARAT not less than 48 hours before the time for holding the meeting.



To prepare ourselves for the next phase of growth working on further diversification of our product profile.



To meet customers need effectively through improved efficiency, quality and service.



To continue focus on prudently manufacturing new products, controlling expenses, reducing cost of funds for long term benefit of our shareholders.

Book-Post

If undelivered please return to :

Samrat Pharmachem Limited

Plot No. A2/3445,

GIDC, Phase 4,

Ankleshwar - 393 002,

Gujarat.