



Samrat Pharmachem Limited

**15th Annual Report
2006-2007**



Our Customers

Samrat has a major chunk of the business in Iodine & Bromine Salts. The company's customers include several multinational companies in India & Abroad. The company is exporting a part of its products to USA, Europe, Japan etc.

Since inception, SAMRAT has retained & added to its list of customers due to its fair & human policies which ensure Zero attrition rate of customers. The company is conscious of its responsibility towards customers who have entrusted us as a dependable single source due to our prompt & timely deliveries, quality products & economical pricing.

Our Customers are our partners in progress.

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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 & 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-BANKER

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

REGISTRARS & SHARE TRANSFER AGENTS

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 29th September, 2007 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 2007 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.

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. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 15th September, 2007 to 29th September, 2007 (both days inclusive).
4. Members are requested to kindly notify to the Registrar and Transfer Agent of the company M/s. Intime Spectrum Registry Limited, C/13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, immediately of any change in their addresses.

5. Members are requested to DEMAT their shares in order to facilitate easy & faster trading in equity shares.
6. Members are requested to quote their Folio / DP Id No. in all their correspondence.
7. 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.
8. Members are requested to bring their copies of the Annual Report to the Meeting.
9. 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**

**Lalit Mehta
Managing Director**

**Rajesh Mehta
Executive Director**

**Place: Mumbai
Date: 30th June 2007**

DIRECTORS' REPORT

TO THE MEMBERS

Samrat Pharmachem Limited
Ankleshwar.

The Directors are pleased to present the Fifteenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31st March, 2007.

FINANCIAL PERFORMANCE

Particulars	31 March 2007 Rs.	31 March 2006 Rs.
Turnover	316,502,182	262,063,864
Profit before tax	5,046,770	3,018,268
Provision for tax	-2,018,065	-993,877
Net Deferred Tax Liability for current year	-5,395	-114,518
Profit after tax	3,023,310	1,909,873
Profit & Loss account		
Balance brought forward	18,997,768	17,087,294
Transfer from Capital Reserve	0	0
Profit of the current year after tax	3,023,310	1,909,873
Tax adjustment of previous year	-7,291	601
Balance carried to Balance Sheet	22,013,787	18,997,768

OPERATIONS

Your company has performed reasonably well during the year. In a highly competitive and uncertain business environment, your Company achieved a turnover of Rs. 3165.02 Lakhs as against Rs. 2620.63 Lakhs achieved last year - an increase of more than 21%. Production of 286.673 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.

WORKING CAPITAL FACILITIES

Your company is banking with ICICI Bank Limited for its finance requirements. Your company raised additional finance during the year from its main banker for its increased working capital requirements.

EXPORTS

During the year 2006-2007 your company's export division registered sales of Rs. 262.11 Lacs, up from Rs. 48.92 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 Mumbai Stock Exchange, The Ahmedabad Stock Exchange, The Baroda Stock Exchange, Saurashtra Kutch Stock Exchange & Pune Stock Exchange. It has paid the listing fees at all the stock exchanges for the period upto 31st March, 2008. 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 & 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.

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 2007, the total number of employees on the payroll of the company was 23. 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 retires by rotation at the ensuing Annual General Meeting and being eligible offer himself 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.

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 2007, 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 2007 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**

**Lalit Mehta
Managing Director**

**Rajesh Mehta
Executive Director**

**Place: Mumbai
Date: 30th June 2007**

ANNEXURE TO THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2007

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 2007	Previous year ended March 2006
1. ELECTRICITY		
a) Purchased Units (kwh)	161,041	165,272
Total Amount (Rs.)	791,901	966,939
Rate per Unit (Rs.)	4.92	5.85
b) Own Generation (Through Diesel Generator)		
Units (kwh)	0	14,113
Total Amount (Rs.)	0	184,268
Units per Litre of Diesel	0	2.40
Cost per Unit (Rs.)	0	13.60
Total Units	161,041	179,385
Total Amount	791,901	1,151,207
Average Rate Per Unit	4.92	6.42

2. DIESEL OIL		
Unit (Litres)	100	3,200
Total Amount (Rs.)	3660	111,904
Rate per Unit (Rs.)	36.60	34.97
3. NATURAL GAS		
Unit (cubic metre)	121,099	133,523
Total Amount (Rs.)	1,234,075	1,298,128
Rate per cubic metre (Rs.)	10.19	9.72
4. CONSUMPTION PER KILO		
Production of Pharmaceutical Chemicals (Kgs)	286,674	276,117
Electricity		
Rs. per kg	2.76	4.17
Diesel Oil		
Rs. per kg	0.01	0.41
Natural Gas		
Rs. per kg	4.30	4.70

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. 26,210,944
F.O.B. Value of export of finished goods
(Previous year Rs. 4,891,718)

Foreign exchange used Rs. 192,641,528
Import of raw materials
(Previous year Rs. 147,567,656)

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

Lalit Mehta
Managing Director

Rajesh Mehta
Executive Director

Place: Mumbai
Date: 30th June 2007

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 pace of 15% to 20% every year. This results into growth of the support or intermediate industry like us.

The globalization and liberalization measures taken by our government will have effect on the pharmaceutical and chemical industry. Indian industry must spend huge money in the research and development. However the GATT agreement coming into operation will not have any effect on the pharmaceutical & chemical produced by the company.

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

The pharmaceutical industry produces commodities essential to life. The growth and development of the pharmaceutical companies are generally assured. The

industry grows at least 15% to 20% every year. The outlook is expected to be better in the current financial year 2007-2008.

RISKS AND CONCERNS

Currency Risk : The year 2006-07 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 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 cost 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**

**Lalit Mehta
Managing Director**

**Rajesh Mehta
Executive Director**

**Place: Mumbai
Date: 30th June 2007**

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 other 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 become 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 8 Board meetings during the year ended 31st March 2007.

Sr. No.	Date of Board Meeting	Lalit Mehta	Rajesh Mehta	Mahendra Pipalia	Samir Kothary	Hitendra Shah
1.	30h June, 2006	1	1	1	1	1
2.	31st July, 2006	1	1	1	1	1
3.	29th September, 2006	1	1	-	-	-
4.	16th October, 2006	1	1	-	-	-
5.	31st October, 2006	1	1	1	1	1
6.	29th December, 2006	1	1	-	-	-
7.	31st January, 2007	1	1	1	1	1
8.	31st March, 2007	1	1	-	-	-
Total Meetings Attended		8	8	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	8	8	Yes	-
Rajesh Mehta	Executive Director	8	8	Yes	-
Mahendra Pipalia	Non Executive Director	8	4	Yes	-
Samir Kothary	Non Executive Director	8	4	Yes	-
Hitendra Shah	Non Executive Director	8	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, 2007 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 2006-2007

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	-	4,000	-	-	-	-	4,000
Samir Kothary	-	4,000	-	-	-	-	4,000
Hitendra Shah	-	4,000	-	-	-	-	4,000
Total		12,000	-	12,60,000	-	-	12,72,000

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.

Consequent to resignation of Mr. Jaswantra Mehta and Mr. Harish Gandhi, the audit committee was re-constituted during the year.

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, 2007. 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	2	2
Samir Kothary	2	2
Hitendra Shah	2	2

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, 2007. 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	2	2
Samir Kothary	2	2
Hitendra Shah	2	2

A summary of complaints received, resolved & pending during the year ended 31st March, 2007 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	2	2	0
Non-receipt of Demat Credit	1	1	0

Non-receipt of Annual Report	2	2	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 70 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 45 years. He looks after the entire administration of the Company.

Mr. Rajesh Mehta aged 43 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 18 years. He looks after accounts, finance, corporate affairs & MIS of the Company.

Mr. Mahendra Pipalia aged 44 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 44 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 16 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 39 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. Intime Spectrum Registry Limited, 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@intimespectrum.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
12th AGM	31st March, 2004	29th Sept., 2004	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
13th AGM	31st March, 2005	29th Sept., 2005	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
14th AGM	31st March, 2006	30th Sept., 2006	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.	15th Annual General Meeting
Date	29th September, 2007
Time	1:00 pm
Venue	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

Financial Calendar

Financial Year : 1st April, 2006 — to — 31st March, 2007
For the year ended 31st March 2007, results were announced on:

1st Quarterly Results (Un-audited)	31st July, 2006
2nd Quarterly Results (Un-audited)	31st October, 2006
3rd Quarterly Results (Un-audited)	31st January, 2007
4th Quarterly Results (Audited)	30th June, 2007

For the financial year 2007-08, results will be announced on:

1st Quarterly Results (Un-audited)	End of July 2006
2nd Quarterly Results (Un-audited)	End of Oct. 2006
3rd Quarterly Results (Un-audited)	End of Jan. 2007
4th Quarterly Results (Audited)	End of June 2007

Book Closure

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

Book Closure From Date	Book Closure To Date
15th September, 2007	29th September, 2007

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, 2007.

Table 1 : Monthly share price at BSE

Month	High	Date	Low	Date
April 2006	13.50	07/04/2006	10.30	17/04/2006
May 2006	16.45	05/05/2006 & 08/05/2006	9.61	22/05/2006
June 2006	12.45	10/06/2006	7.02	09/06/2006
July 2006	10.00	04/07/2006	7.02	18/07/2006
August 2006	11.40	07/08/2006	7.26	23/08/2006
September 2006	9.50	06/09/2006	7.80	26/09/2006
October 2006	9.40	11/10/2006	7.95	05/10/2006
November 2006	11.59	28/11/2006	8.00	17/11/2006
December 2006	11.13	01/12/2006	8.25	29/12/2006
January 2007	10.70	22/01/2007	8.75	03/01/2007
February 2007	10.14	27/02/2007	8.54	13/02/2007
March 2007	9.50	02/03/2007	7.02	30/03/2007

Shareholding Pattern

Table 2: Distribution of shareholding by size, class as on 31st March, 2007

Holdings	Shareholders		Shares	
	Number	% of total	Shares	% of total
1-500	2401	79.38	585143	18.94
501-1000	350	11.57	288913	9.35
1001-2000	124	4.10	194744	6.30
2001-3000	60	1.98	153737	4.98
3001-4000	24	0.79	87466	2.83
4001-5000	22	0.73	102497	3.32
5001-10000	23	0.76	169645	5.49
10001-and above	21	0.69	1507555	48.79
Grand Total	3025	100.00	3089700	100.00

Shares held in physical and dematerialized form as on 31st March, 2007

Sr. No.	Particulars	No. of shares	% of total capital	No. of accounts
1.	Central Depository Services (I) Ltd	3,63,024	11.75 %	556
2.	National Securities Depository Ltd	21,40,456	69.28 %	1256
	Total Dematerialised	25,03,480	81.03 %	1810
3.	Physical	5,86,220	18.97 %	1215
	Grand Total	30,89,700	100.00 %	3025

Table 3 : Distribution of shareholdings by ownership as on 31st March, 2007

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	
					As % Of (A+B)	As % (A+B+C)
(A)	Shareholding of Promoter and Promoter Group²					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	9	1210900	1210500	39.19	39.19
(b)	Central Government/State Government(s)	0	0	0	0	0.00
(c)	Bodies Corporate	0	0	0	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0	0.00
(e)	Other - Directors & Associates	0	0	0	0	0.00
	Sub-Total (A)(1)	9	1210900	1210500	39.19	39.19
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals/foreign individuals)	0	0	0	0	0.00
(b)	Bodies Corporate	0	0	0	0	0.00
(c)	Institutions	0	0	0	0	0.00
(d)	Any Other (specify)	0	0	0	0	0.00
	Sub-Total (A)(2)	0	0	0	0	0.00
	Total Share holding of Promoter and Promoter					

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	
	Group (A) = (A)(1)+(A)(2)	9	1210900	1210500	39.19	39.19
(B)	Public Shareholding³					
(1)	Institutions					
(a)	Mutual Funds/UTI	0	0	0	0	0.00
(b)	Financial Institutions/ Banks	0	0	0	0	0.00
(c)	Central Government/State Government(s)	0	0	0	0	0.00
(d)	Venture Capital Funds	0	0	0	0	0.00
(e)	Insurance Companies	0	0	0	0	0.00
(f)	Foreign Institutional Investors	1	100000	0	3.24	3.24
(g)	Foreign Venture Capital Investors	0	0	0	0	0.00
(h)	Any Other (specify)	0	0	0	0	0.00
	Sub-Total (B) (1)	1	100000	0	3.24	3.24
(2)	Non-Institutions					
(a)	Bodies Corporate	71	97231	90031	3.15	3.15
(b)	Individual i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	2919	1437143	1057423	46.51	46.51
	ii) Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	10	160726	131126	5.20	5.20
(c)	Any Other (specify)					
	i) NRIs (REPAT)	15	83700	14400	2.71	2.71
	Sub-Total (B) (2)	3015	1778800	1292980	57.57	57.57
	Total Public shareholding (B)					

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	
	= (B)(1)+(B)(2)	3016	1878800	1292980	60.81	60.81
	TOTAL (A)+(B)	3025	3089700	2503480	100.00	100.00
(C)	Shares held by custodians and against which depository Receipts have been issued GRAND TOTAL (A)+(B)+(C)	0	0	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	3025	3089700	2503480	100.00	100.00

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. Intime Spectrum Registry Limited 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@intimespectrum.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.

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

**Lalit Mehta
Managing Director**

**Rajesh Mehta
Executive Director**

**Place: Mumbai
Date: 30th June 2007**

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

30th June, 2007

**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, 2007.

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 2007, 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, 2007, 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 2007

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 2007, 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 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 2007;
 - (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**

**Place : Mumbai
Date : 30th June 2007**

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

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, 2007 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**

**Place : Mumbai
Date : 30th June 2007**

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

BALANCE SHEET AS AT 31st MARCH, 2007

Particulars	Schedule	31/Mar/07 Rs.	31/Mar/06 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		22,013,787.05	18,997,768.44
<u>LOAN FUNDS</u>			
(i) Secured Loans	2	11,394,082.48	5,223,625.71
(ii) Unsecured Loans		0.00	0.00
TOTAL		<u>64,304,869.53</u>	<u>55,118,394.15</u>
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	7	17,882,198.61	15,949,208.96
Depreciation		5,301,226.19	4,527,257.56
Net Block		<u>12,580,972.42</u>	<u>11,421,951.40</u>
CAPITAL WORK-IN-PROGRESS		0.00	0.00
<u>INVESTMENTS</u>	3	0.00	20,000.00
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	4	16,397,120.95	14,935,482.33
Sundry Debtors	5	55,107,543.05	51,559,638.82
Cash & Bank Balances	6	24,057,853.21	7,502,030.71
Other Current Assets		6,605,313.00	254,785.73
Loans And Advances	8	994,139.10	1,231,360.00
		<u>103,161,969.31</u>	<u>75,483,297.59</u>
LESS : CURRENT LIABILITIES & PROVISIONS	9	<u>(50,036,456.20)</u>	<u>(30,410,633.84)</u>
NET CURRENT ASSETS		<u>53,125,513.11</u>	<u>45,072,663.75</u>
DEFERRED TAX LIABILITY		<u>(1,401,616.00)</u>	<u>(1,396,221.00)</u>
TOTAL		<u>64,304,869.53</u>	<u>55,118,394.15</u>

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 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2007

Particulars	Schedule	31/Mar/07 Rs.	31/Mar/06 Rs.
<u>INCOME</u>			
Sales		316,502,182.34	262,063,863.50
Increase In Stock		0.00	5,703,268.16
Other Income	10	17,350.00	(694,929.00)
Profit On Sale Of Fixed Assets		0.00	0.00
TOTAL [A] ---->		316,519,532.34	267,072,202.66
<u>EXPENDITURE</u>			
Materials, Manufacturing & Other Expenses	11	286,663,758.47	243,254,010.07
Decrease In Stock		254,187.74	0.00
Salaries, Wages And Other Employee Benefits	12	3,255,110.84	2,875,540.80
Office And Administration Expenses	13	4,497,657.80	3,586,439.27
Selling And Distribution Expenses	14	13,803,763.08	11,572,135.62
Interest & Finance Charges	15	2,104,316.17	2,115,702.13
Depreciation On Fixed Assets		792,333.33	650,106.28
Preliminary & Public Issue Expenses W/Off		0.00	0.00
Loss On Sale Of Fixed Assets		101,635.30	0.00
TOTAL [B] ---->		311,472,762.73	264,053,934.17
PROFIT BEFORE TAX [A] - [B]		5,046,769.61	3,018,268.49
Less : Provision for Tax		(2,018,065.00)	(993,877.00)
Net Deferred Tax (Liability)/Write back for the Current Year		(5,395.00)	(114,518.00)
PROFIT AFTER TAX		3,023,309.61	1,909,873.49
OPENING BALANCE IN PROFIT & LOSS ACCOUNT		18,997,768.44	17,087,293.95
Add : Profit After Tax		3,023,309.61	1,909,873.49
Transfer from Capital Reserve		0.00	0.00
Taxation Adjustment Of Previous Year		(7,291.00)	601.00
BALANCE CARRIED FORWARD		22,013,787.05	18,997,768.44
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 2007

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2007

	31/Mar/07 Rs.	31/Mar/06 Rs.
[1] SHARE CAPITAL		
AUTHORISED		
5,000,000 EQUITY SHARES OF Rs.10 EACH	50,000,000.00	50,000,000.00
[Previous Year 5,000,000 Equity Shares]		
ISSUED AND SUBSCRIBED		
3,089,700 EQUITY SHARES OF Rs.10 EACH FULLY PAID	30,897,000.00	30,897,000.00
[Previous Year 3,089,700 Equity Shares]		
[2] SECURED LOANS		
CASH CREDIT FROM SCHEDULED BANK	11,394,082.48	5,223,625.71
[Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors]		
TOTAL	11,394,082.48	5,223,625.71
[3] INVESTMENTS		
[Unquoted, At Cost]		
GOVERNMENT SECURITIES	0.00	0.00
OTHERS (Prev. Year 2,000 shares of Saraswat Co-op Bank Limited)	0.00	20,000.00
TOTAL	0.00	20,000.00
[4] INVENTORIES		
RAW MATERIALS	6,512,809.84	4,800,643.48
FUEL	3,660.00	0.00
WORK IN PROCESS & FINISHED GOODS	9,880,651.11	10,134,838.85
TOTAL	16,397,120.95	14,935,482.33
[5] SUNDRY DEBTORS		
[Unsecured]		
Considered Good		
OUTSTANDING FOR MORE THAN SIX MONTHS	147,597.85	2,000,635.37
OTHERS	54,959,945.20	49,559,003.45
Considered Doubtful	0.00	0.00
TOTAL	55,107,543.05	51,559,638.82
[6] CASH AND BANK BALANCES		
CASH BALANCE	236,784.77	147,110.77
WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	833,098.44	183,875.94
WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS	22,987,970.00	7,171,044.00
TOTAL	24,057,853.21	7,502,030.71
[7] FIXED ASSETS [AT COST]		

Name	Gross Block 31/03/06	Additions	Disposal	Gross Block 31/03/07	Depn Upto 31/03/06	Depn For The Year	Deduct For Asset Sold	Total Depn	Net Block 31/03/06	Net Block 31/03/07
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	3,947,952.98	201,967.65	0.00	4,149,920.63	1,131,819.59	137,602.34	0.00	1,269,421.93	2,816,133.39	2,880,498.70
PLANT AND MACHINERY	9,714,860.58	1,426,945.00	130,000.00	11,011,805.58	3,030,755.01	492,803.22	18,364.70	3,505,193.53	6,684,105.57	7,506,612.05
OFFICE PLANT & EQUIPMENT	997,307.00	434,077.00	0.00	1,431,384.00	273,904.75	132,158.78	0.00	406,063.53	723,402.25	1,025,320.47
FURNITURE AND FIXTURES	207,160.40	0.00	0.00	207,160.40	48,310.28	12,005.51	0.00	60,315.79	158,850.12	146,844.61
VEHICLES	190,434.00	0.00	0.00	190,434.00	42,467.93	17,763.48	0.00	60,231.41	147,966.07	130,202.59
As At Mar/07	15,949,208.96	2,062,989.65	130,000.00	17,882,198.61	4,527,257.56	792,333.33	18,364.70	5,301,226.19	11,421,951.40	12,580,972.42
As At Mar/06	13,998,723.33	1,950,485.63	0.00	15,949,208.96	3,877,151.28	650,106.28	0.00	4,527,257.56	10,121,572.05	11,421,951.40

	31/Mar/07 Rs.	31/Mar/06 Rs.
[8] LOANS AND ADVANCES		
[Unsecured, Considered good]		
ADVANCES	430,620.00	689,650.00
[Recoverable in cash or in kind or against value to be received]		
DEPOSITS	563,519.10	541,710.00
TOTAL	<u>994,139.10</u>	<u>1,231,360.00</u>
[9] CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS FOR GOODS	49,267,801.00	28,939,891.00
SUNDRY CREDITORS FOR EXPENSES	357,095.20	948,375.57
SUNDRY CREDITORS FOR FIXED ASSETS	(206,540.00)	(126,500.00)
ADVANCES RECEIVED AGAINST ORDER/GOODS	120,000.00	120,000.00
BANK OVERDRAFT WITH SCHEDULED BANK	0.00	428,635.27
OTHER CURRENT LIABILITIES	0.00	0.00
	<u>49,538,356.20</u>	<u>30,310,401.84</u>
PROVISION FOR INCOME TAX & FRINGE BENEFIT TAX	498,100.00	100,232.00
TOTAL	<u>50,036,456.20</u>	<u>30,410,633.84</u>
[10] OTHER INCOME		
EXPORT INCENTIVES	0.00	(715,000.00)
INCOME FROM SALE OF SCRAP	13,750.00	12,085.00
DIVIDEND FROM SHARES OF SARASWAT CO-OP BANK	3,600.00	7,986.00
TOTAL	<u>17,350.00</u>	<u>(694,929.00)</u>
[11] MATERIALS, MANUFACTURING AND OTHER EXPENSES		
MATERIALS CONSUMED	237,930,307.16	201,488,509.99
JOB WORK CHARGES	1,372,259.00	514,380.25
POWER CHARGES	791,901.45	966,939.25
FUEL CONSUMED	3,660.00	296,172.00
GAS CHARGES	1,234,075.42	1,298,128.00
WATER CHARGES	161,164.00	137,322.00
ANALYTICAL & TESTING CHARGES	435,656.94	618,842.64
INSURANCE CHARGES	164,863.00	138,361.00
CENTRAL EXCISE DUTY	39,820,949.96	34,187,897.09
REPAIRS TO FACTORY BUILDING	903,101.35	933,166.35
REPAIRS TO PLANT & MACHINERY	3,494,320.19	2,282,639.50
EFFLUENT TREATMENT & POLLUTION CONTROL	351,500.00	386,244.00
OTHERS	0.00	5,408.00
TOTAL	<u>286,663,758.47</u>	<u>243,254,010.07</u>
[12] SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS		
SALARIES & WAGES		
FACTORY	942,058.45	898,094.20
CONTRACT	914,411.55	782,022.26
OFFICE	435,375.25	366,237.40
EMPLOYEES STATE INSURANCE CORPORATION	68,183.00	53,793.00
PROVIDENT FUND	349,332.00	298,504.00
PROFESSION TAX	4,240.00	3,940.00
GRATUITY FUND	40,388.40	49,252.00
FACTORY SECURITY CHARGES	145,799.84	131,398.94
REFRESHMENT & STAFF WELFARE	355,322.35	292,299.00
TOTAL	<u>3,255,110.84</u>	<u>2,875,540.80</u>

	31/Mar/07 Rs.	31/Mar/06 Rs.
[13] OFFICE AND ADMINISTRATION EXPENSES		
OFFICE ELECTRICITY	62,080.00	51,360.00
OFFICE LEASE RENT	216,000.00	213,180.00
LEGAL & PROFESSIONAL CHARGES	1,058,395.33	868,093.40
PRINTING, STATIONERY & PERIODICALS	506,437.56	290,490.36
CONVEYANCE - LOCAL	163,672.00	146,395.00
VEHICLE EXPENSES	65,518.00	50,439.08
TRAVELLING - OUTDOOR	108,622.34	144,197.38
TELEPHONE & TELECOMMUNICATION CHARGES	205,425.61	267,596.45
POSTAGE & COURIER CHARGES	238,151.96	500,128.20
DIRECTORS REMUNERATION	1,272,000.00	465,000.00
AUDITOR'S REMUNERATION	49,228.00	35,000.00
COST AUDITOR'S REMUNERATION	0.00	17,500.00
STOCK EXCHANGE & CUSTODIAL FEES	45,115.00	42,554.00
ROC FEES	0.00	3,550.00
STAFF TRAINING	0.00	20,650.00
OFFICE REPAIRS & RENEWALS	135,671.00	107,031.40
ADVERTISEMENT (STATUTORY)	51,342.00	51,654.00
SUNDRY EXPENSES	319,999.00	311,620.00
TOTAL	4,497,657.80	3,586,439.27
[14] SELLING & DISTRIBUTION EXPENSES		
EXPORT EXPENSES	642,742.00	167,765.00
ADVERTISEMENT & PUBLICITY	140,500.00	135,083.00
BUSINESS PROMOTION	59,969.00	51,914.00
BAD DEBTS WRITTEN OFF	0.00	0.00
DISCOUNT	546,812.17	173,721.50
COMMISSION & BROKERAGE	857,505.74	740,110.27
SALES TAX	10,926,211.96	9,729,121.00
INSURANCE - GOODS-IN-TRANSIT (SALES)	148,875.00	89,938.00
DELIVERY CHARGES	481,147.21	484,482.85
TOTAL	13,803,763.08	11,572,135.62
[15] INTEREST & FINANCE CHARGES		
BANK INTEREST & CHARGES	2,405,716.17	2,115,702.13
INTEREST CHARGED ON DELAYED PAYMENTS	(301,400.00)	0.00
TOTAL	2,104,316.17	2,115,702.13
SIGNATORIES TO SCHEDULES 1 TO 15		

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 2007

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2007

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 2007	31 March 2006
Licenced Capacity	No licence is required	
Installed Capacity (MT)	415.20	528.00
Actual Production (MT)	286.67	276.11

(ii) Analysis of Raw Materials consumed

Class of Goods	31 March 2007		31 March 2006	
	MT	Rs.	MT	Rs.
Iodine Crude	180.53	209,925,370	176.45	185,208,244
Other Pharmaceutical Materials	436.36	235,890,204	444.93	14,780,126
Packing Materials		2,040,103		1,500,139
Total		237,930,307		201,488,509

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

NIL

4. CONSUMPTION OF MATERIALS

Particulars	31 March 2007		31 March 2006	
	Rs.	%age	Rs.	%age
Raw Materials - Imported	209,925,370	88.23	185,208,244	91.92
- Indigenous	28,004,937	11.77	16,280,265	8.08
Total	237,930,307	100.00	201,488,509	100.00

5. SALES

Class of Goods	March 2007		31 March 2006	
	MT	Rs.	MT	Rs.
Pharmaceutical Chemicals (Gross)	278.00	316,438,269	263.79	260,793,751
Central Excise Duty		-39,820,950		-34,187,897
VAT/Sales Tax		-10,926,212		-9,729,121
Net		265,691,107		216,876,733

6. CONTINGENT LIABILITIES

- a) In respect of Letters of Credit issued by the Company's Bankers : Rs. 40,872,668 (Previous year Rs. 42,320,000)

7. FOREIGN EXCHANGE FLUCTUATION

Gain on account of foreign exchange fluctuation accounted during the year is Rs. 6,663,941 (Previous year gain of Rs. 853,099).

8. AUDITOR'S REMUNERATION

Particulars	31 March 2007 Rs.	31 March 2006 Rs.
For Statutory Audit	37,992	25,000
For Taxation	11,236	10,000
Total	49,228	35,000

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, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	04-17820	State Code	04
Balance Sheet Date	31st March, 2007		

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	115743
Total Assets	115743

Sources of Funds

Paid up Capital	30897
Reserves and Surplus	22014
Secured Loans	11394
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	12581	
Investments	NIL	
Net Current Assets	51724	#
Miscellaneous Expenditure	NIL	
Accumulated Losses	NIL	

Net of Deferred Tax Liability

IV. Performance of Company (Rupees in thousands)

Turnover	316502	
Total Expenditure	311472	
Profit/Loss before Tax	5047	
Profit/Loss after Tax	3023	@
Earning per share (in Rs.)	0.98	

@ 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)	282760.10	
Product Description	Potassium Iodide	
Item Code No. (ITC Code)	282760.20	
Product Description	Sodium Iodide	
Item Code No. (ITC Code)	280120.00	
Product Description	Iodine	

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
For Samrat Pharmachem Limited**

**Lalit Mehta
Managing Director**

**Rajesh Mehta
Executive Director**

**Place : Mumbai
Date : 30th June, 2007**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2007

	31/Mar/07 Rs.	31/Mar/06 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	5,046,769.61	3,018,268.49
ADJUSTMENTS FOR :		
DEPRECIATION	792,333.33	650,106.28
PROFIT/LOSS ON SALE OF ASSETS	101,635.30	0.00
PRELIMINARY EXPENSES	0.00	0.00
INTEREST/DIVIDEND	2,100,716.17	2,107,716.13
	<u>2,994,684.80</u>	<u>2,757,822.41</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>8,041,454.41</u>	<u>5,776,090.90</u>
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	(9,661,210.60)	2,148,275.12
INVENTORIES	(1,461,638.62)	(9,243,671.96)
TRADE PAYABLES	19,656,589.63	972,066.36
	<u>8,533,740.41</u>	<u>(6,123,330.48)</u>
CASH GENERATED FROM OPERATIONS	<u>16,575,194.82</u>	<u>(347,239.58)</u>
INTEREST PAID	(2,104,316.17)	(2,115,702.13)
DIRECT TAXES PAID	(1,627,488.00)	(3,354,328.00)
	<u>(3,731,804.17)</u>	<u>(5,470,030.13)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>12,843,390.65</u>	<u>(5,817,269.71)</u>
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	<u>12,843,390.65</u>	<u>(5,817,269.71)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(2,062,989.65)	(1,950,485.63)
SALE/REALIZATION OF FIXED ASSETS	10,000.00	0.00
CAPITAL WORK-IN-PROGRESS	0.00	0.00
SALE/REALIZATION OF INVESTMENTS	20,000.00	500,000.00
INTEREST/DIVIDEND RECEIVED	3,600.00	7,986.00
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,029,389.65)</u>	<u>(1,442,499.63)</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	6,170,456.77	743,656.75
NET CASH USED IN FINANCING ACTIVITIES	<u>6,170,456.77</u>	<u>743,656.75</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>16,984,457.77</u>	<u>(6,516,112.59)</u>
CASH AND CASH EQUIVALENTS AT 1/Apr (Opening Balance)	7,073,395.44	13,589,508.03
CASH AND CASH EQUIVALENTS AT 31/Mar (Closing Balance)	24,057,853.21	7,073,395.44

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 2007

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 Fifteenth Annual General Meeting being held on Saturday, the 29th day of September, 2007 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 Fourteenth Annual General Meeting of the Company to be held on Saturday, the 29th day of September, 2007 at 1.00 p.m. at the Registered Office of the company and at any adjournment thereof.

Signed this _____ day of _____ 2007.

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.



Samrat Pharmachem Limited

Manufacturers, Importers & Exporters of Pharmaceutical Chemicals

CORPORATE OFFICE

A/7, Sai Prasad, 2nd Floor, Teli Gali Cross Lane,
Andheri (East), Mumbai 400 069, India.
Phone : (91-22) 26841707/40, 26833756
Fax : (91-22) 26843745

Email : samrat@bom4.vsnl.net.in

REGD OFFICE & FACTORY

Plot No. A2/3445, GIDC, Phase 4,
Ankleshwar 393 002, Gujarat, India.
Phone : (91-2646) 220774
Fax : (91-2646) 251291

Website : www.samratpharmachem.com

Book-Post



If undelivered please return to :

Samrat Pharmachem Limited

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

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