



Samrat Pharmachem Limited

**19th Annual Report
2010-2011**

Certificate of Registration



The Governing Board of
Q.A. International Certification Limited
hereby grants to:

SAMRAT PHARMACHEM LIMITED

Registration No. : QAIC / IN / 796 - A

(hereinafter called the Registered Company) the right to be listed in the Directory of Registered Companies in respect of the services listed below. These services shall be offered by the Registered Company at or from only the address given below in accordance with the quality management system in compliance with ISO 9001:2008.

Address to which this Certificate refers :

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

And also at :

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

Approved Scope to which this Certificate refers.

Manufacturers, Importers & Exporters of Chemical Products for Pharmaceutical Use.

(Further clarification regarding the Scope of this Certificate and the applicability of ISO 9001:2008 requirements may be obtained by consulting the organisation)

Signed for and on behalf of the Board

CHAIRMAN
A. J. Duffield

SCHEME MANAGER
A. Carter

Certificate Issue Date : 15th December 2010 - Certificate Expiry Date : 14th December 2011
Date of Initial Registration : 15th December 2010 - Re-assessment Date : 14th December 2013
This Certificate of Registration is granted subject to the Regulations approved by the Board.

QA INTERNATIONAL

Q.A. International Certification Ltd.
Cleveland Hall
Cleveland Street
Darlington
Co. Durham
DL1 2PE

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The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the accreditation certificate number 046

An ISO 9001:2008 Certified Co.

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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 AUDITORS

Shah, Shah & Shah

Chartered Accountants

502, Damji Shamji Trade Centre, Vidyavihar (West), Mumbai - 400 086

TAX AUDITORS

Nalin S. Parekh & Co.

Chartered Accountants

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

PRINCIPAL BANKER

ICICI Bank Ltd.

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

CITI Bank N. A.

Kalpachandra, 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 **NINETEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 24th September, 2011 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 2011 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. Shah, Shah & Shah, 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 a Special Resolution.
"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Lalit Damodar Mehta as Managing Director of the Company who has attained 74 years of age and to his receiving remuneration, benefits and amenities for a period of 3 years commencing from 1st April, 2011 to 31st March, 2014 upon the terms, conditions and stipulations contained in an agreement entered into between the Company and Mr. Lalit Damodar Mehta, a copy whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Lalit Damodar Mehta, provided however that the remuneration payable to Mr. Lalit Damodar Mehta shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."
"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."
6. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.
"RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any, to the re-appointment of Mr. Rajesh Lalit Mehta as Executive Director of the Company and to his receiving remuneration, benefits and amenities for a period of 3 years commencing from 1st April, 2011 to 31st March, 2014 upon the terms, conditions and stipulations contained in an agreement entered into between the Company and Mr. Rajesh Lalit Mehta, a copy whereof is placed before the meeting and for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Rajesh Lalit Mehta, provided however that the remuneration payable to Mr. Rajesh Lalit Mehta shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time."
"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

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 is annexed to the notice in respect of Item No. 5 & 6 of agenda of notice.
4. The Register of Members and the Share Transfer Books of the Company will remain closed for a period of 15 days from 10th September, 2011 to 24th September, 2011 (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. (Kind Attn : Mr. Sharad Patkar), 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, DBM	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.
12. Note on Green Initiative : As per the circular bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, the companies are requested to send Annual Reports to the shareholders. According to the said circular the company is requesting all shareholders to send their email address to the company at its registered office or to the Registrar & Transfer Agent for necessary processing.

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

**Place: Mumbai
Date: 30th May 2011**

**Lalit Mehta
Chairman & Managing Director**

ANNEXURE TO NOTICE

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

Item No. 5, 6

The remuneration committee at its meeting held on 31st March, 2011, recommended the re-appointment of Mr. Lalit Mehta, Managing Director of the Company & Mr. Rajesh Mehta, Executive Director of the Company for the period of 3 years from 1st April, 2011 till 31st March, 2014.

In pursuance of the recommendations of the remuneration committee, the Board of directors at its meeting held on 31st March, 2011, re-appointed the following directors for the period of three years with effect from 1st April, 2011 to 31st March, 2014:

Name of the Director	Re-appointed as
Mr. Lalit Mehta	Managing Director
Mr. Rajesh Mehta	Executive Director

NATURE OF DUTIES

Mr. Lalit Mehta, Managing Director, shall look after the overall business, administrative, commercial, marketing, technical, financial matters and such other related functions of the Company.

Mr. Rajesh Mehta, Executive Director, shall look after the financial, technical, marketing & administrative matters and such other related functions of the Company.

REMUNERATION

The Directors shall be entitled to the following emoluments, benefits and perquisites during the period of their employment subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956.

SALARY

Name of the Director	Salary scale
Mr. Lalit Mehta	Rs. 125,000 pm
Mr. Rajesh Mehta	Rs. 120,000 pm

PERQUISITES

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to the Managing Director & Executive Director, are as under :

The Company shall provide for, or pay the expenses for, a car with driver and telephone facility at the residence of the Managing Director & Executive Director. Provision of, or payment of expenses of, a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the director.

Minimum Remuneration: Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to them, subject to obtaining such approvals as may be required.

Sitting Fees : No sitting fees will be paid to the appointee for attending the meeting of the Board of Directors or committee thereof of the Company.

OTHER TERMS

- a. They shall not become interested or otherwise be concerned directly or through their spouse and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- b. They shall be entitled to re-imbursment of all actual traveling, lodging & boarding expenses and entertainment expenses reasonably incurred in connection with the business of the Company.
- c. They shall observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

As per the provisions of Schedule XIII any Managing Director of the Company attaining the age of 70 years cannot continue on the post unless shareholders pass a special resolution confirming the appointment at their duly convened general meeting. Mr. Lalit Mehta is above 70 years and therefore his continuation in office as a Managing Director should be approved by the shareholders of the Company by passing a special resolution.

As regard to re-appointment of Mr. Rajesh Mehta as the Executive Director of the Company in compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution in terms as set out in item no 6 of the accompanying Notice are now being placed before the Members in the General Meeting for their approval.

Except Mr. Lalit Damodar Mehta & Mr. Rajesh Lalit Mehta no other Director of the Company is concerned or interested in the said Special Resolutions.

This Explanatory Statement is and should be treated as an abstract under section 302 of the Companies Act, 1956, of the Agreements to be entered into between the Company and Mr. Lalit Damodar Mehta & Mr. Rajesh Lalit Mehta.

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

**Place: Mumbai
Date: 30th May 2011**

**Lalit Mehta
Chairman &
Managing Director**

DIRECTORS' REPORT**TO THE MEMBERS**

Samrat Pharmachem Limited
Ankleshwar.

The Directors are pleased to present the Nineteenth Annual Report on the business and operations of the company and the financial accounts for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

Particulars	31 March 2011 Rs.	31 March 2010 Rs.
Turnover	475,571,990	479,695,242
Profit before tax	21,108,053	14,021,077
Provision for tax	-7,238,683	-2,490,558
Net Deferred Tax Liability for current year	-108,057	-239,611
Profit after tax	13,761,313	11,290,908
<u>Profit & Loss account</u>		
Balance brought forward	42,875,077	31,602,064
Profit of the current year after tax	13,761,313	11,290,908
Tax adjustment of previous year	-3,39,796	-17,896
Balance carried to Balance Sheet	56,296,594	42,875,077

OPERATIONS

Your company has performed reasonably well during the year. In a highly competitive business environment, your Company achieved a turnover of Rs. 4755.71 Lakhs as against Rs. 4796.95 Lakhs achieved last year - a decrease of around 0.87%. Production of 372.90 tons 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 2010-2011 your company's export division registered sales of Rs. 1,110.57 Lacs, up from Rs. 648.21 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 coming 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.

Your company is following all norms of Corporate Governance as laid down in Clause 49 of the listing agreement. The company has not carried out the Corporate Governance Voluntary Guidelines 2009 in the financial year 2010-11. The company will fulfill the requirement as laid down under Corporate Governance Voluntary Guidelines 2009 in due course of time.

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 of Bombay Stock Exchange & Vadodara Stock Exchange for the period upto 31st March, 2012. The listing fees of other Stock Exchanges 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 the respective stock exchanges. 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 & The Oriental Insurance Co. 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.

ISO 9001:2008

Your company has received ISO 9001:2008 certification from QA International Certification Ltd w.e.f. 15th December, 2010.

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:

- Conducting medical health check up for all the employees of the Company periodically
- Conducting lecture meetings for providing guidance and counseling on matters of health, diet and exercise
- Conducting seminars to impart knowledge 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 2011, the total number of employees on the payroll of the company was 24. 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. Shah, Shah & Shah, Chartered Accountants, Mumbai who were appointed during the year in casual vacancy caused due to the resignation of M/s Nalin S Parekh & Co., Chartered Accountants, 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

Secretarial Compliance Certificate as required u/s 383A of the Companies Act 1956 for the financial year ended 31st March, 2011 has been obtained from the practicing company secretary and 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 2011, 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 judgments 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 2011 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 May 2011**

**Lalit Mehta
Chairman &
Managing Director**

ANNEXURE TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2011

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 2011	Previous year ended March 2010
1. ELECTRICITY		
a) Purchased Units (kwh)	265,562	184,600
Total Amount (Rs.)	1,777,122	1,081,917
Rate per Unit (Rs.)	6.69	5.86
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	265,562	184,600
Total Amount	1,777,122	1,081,917
Average Rate Per Unit	6.69	5.86

2. DIESEL OIL		
Unit (Litres)	0	0
Total Amount (Rs.)	0	0
Rate per Unit (Rs.)	0	0
3. NATURAL GAS		
Unit (cubic metre)	111,426	108,814
Total Amount (Rs.)	1,758,692	1,509,066
Rate per cubic metre (Rs.)	15.78	13.87
4. CONSUMPTION PER KILOGRAM (kg)		
Production of Pharmaceutical Chemicals (Kg)	372,899	397,730
Electricity		
Rs. per kg	4.77	2.72
Diesel Oil		
Rs. per kg	0.00	0.00
Natural Gas		
Rs. per kg	4.72	3.79

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. 111,057,491
F.O.B. Value of export of finished goods
(Previous year Rs. 64,821,416)

Foreign exchange used Rs. 312,778,430
Import of raw materials
(Previous year Rs. 290,339,430)

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

**Place: Mumbai
Date: 30th May 2011**

**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, 2011 (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 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 Registrar 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 31/05/2010, 31/07/2010, 30/10/2010, 15/12/2010, 31/01/2011 and 31/03/2011 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 11th September, 2010 to 25th September, 2010 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, 2010 was held on 25/09/2010 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. An Extra-ordinary general meeting was held on 29th January, 2011 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.
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 a Managing Director and a 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 May 2011**

**(Aqueel A. Mulla)
Partner
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, 2011.

Sr. No.	Form No.	Filed U/Section	For	Date 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, 2010	30/11/10	No	Yes
2	Annual return Form No. 20B	159	Annual requirement for the year ended 31 st March, 2010	30/11/10	No	Yes
3	Secretarial Compliance Certificate Form No. 66	383A	Annual requirement for the year ended 31 st March, 2010	09/11/10	No	Yes

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

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

**Place : Mumbai
Date : 30th May 2011**

**(Aqueel A. Mulla)
Partner
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

According to Yes Bank Report titled "Indian Pharmaceutical Industry : Vision 2015", the Indian Pharmaceutical & Chemical industry is projected to grow at an annual rate of 14.2%. Currently valued at USD 10 Billion, the projected turnover to touch USD 50 Billion by the year 2015.

RISKS AND CONCERNS

Currency Risk : The year 2010-2011 saw some 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.

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 & The Oriental 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 May 2011**

**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 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 6 Board meetings during the year ended 31st March 2011.

Sr. No.	Date of Board Meeting	Lalit Mehta	Rajesh Mehta	Mahendra Pipalia	Samir Kothary	Hitendra Shah
1.	31 st May, 2010	1	1	1	1	1
2.	31 st July, 2010	1	1	1	1	1
3.	30 th October, 2010	1	1	1	1	1
4.	15 th December, 2010	1	1	-	-	-
5.	31 st January, 2011	1	1	1	1	1
6.	31 st March, 2011	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, 2011 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 2010-2011

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, 2011. Table 3 gives attendance record.

Table 3: 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 4 gives the attendance record of the members of the remuneration committee.

Table 4 : 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 4 times during the year ended 31st March, 2011. Table 5 gives the attendance record.

Table 5 : 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, 2011 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	0	0	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 74 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 49 years. He looks after the entire administration of the Company.

Mr. Rajesh Mehta aged 46 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 22 years. He looks after financial, technical, marketing and administrative matters of the Company.

Mr. Mahendra Pipalia aged 47 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 48 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 43 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.co.in, **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 6.

Table 6 : Date, time & venue of the last 3 AGMs :

AGM No.	Financial Year	Date	Time	Venue
16th AGM	31st March, 2008	27th Sept., 2008	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
17th AGM	31st March, 2009	26th Sept., 2009	1.00 p.m.	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
18 th AGM	31 st March, 2010	25 th Sept., 2010	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.

appointing M/s Shah, Shah & Shah, Chartered Accountants, Mumbai in place of M/s. Nalin S Parekh & Co., Chartered Accountants, Mumbai by passing an Ordinary Resolution.

h) Extra-Ordinary General Meeting:

An Extra-ordinary general meeting was held during the year on Saturday, the 29th day of January, 2011 to fill the casual vacancy in the office of Auditors by

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.	19th Annual General Meeting
Date	24 th September, 2011
Time	1:00 pm
Venue	Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat

Financial Calendar

Financial Year 1st April, 2010 — to — 31st March, 2011
For the year ended 31st March 2011, results were announced on:

1st Quarterly Results (Un-audited)	31 st July, 2010
2nd Quarterly Results (Un-audited)	30 th October, 2010
3rd Quarterly Results (Un-audited)	31 st January, 2011
4th Quarterly Results (Audited)	30 th May, 2011

For the financial year 2011-2012, results will be announced on:

1st Quarterly Results (Un-audited)	Mid of August 2011
2nd Quarterly Results (Un-audited)	Mid of Nov. 2011
3rd Quarterly Results (Un-audited)	Mid of Feb. 2012
4th Quarterly Results (Audited)	End of May 2012

Book Closure

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

Book Closure From Date	Book Closure To Date
10 th September, 2011	24 th September, 2011

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, 2011.

Table 1 : Monthly share price at BSE

Month	High Price	Date	Low Price	Date
April 2010	18.85	09/04/2010	14.50	01/04/2010
May 2010	17.50	31/05/2010	13.75	19/05/2010
June 2010	18.90	04/06/2010	12.50	10/06/2010
July 2010	18.75	29/07/2010	14.41	06/07/2010
August 2010	21.20	26/08/2010	15.60	10/08/2010
September 2010	27.00	15/09/2010	18.65	02/09/2010
October 2010	25.90	25/10/2010	20.00	13/10/2010
November 2010	26.40	12/11/2010	19.10	03/11/2010
December 2010	23.60	01/12/2010	17.55	20/12/2010
January 2011	22.50	14/01/2011	17.50	14/01/2011
February 2011	22.50	17/02/2011	17.10	09/02/2011
March 2011	21.60	14/03/2011	17.65	30/03/2011

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

Shareholding Pattern

Table 2: Distribution of shareholding by size, class as on 31st March, 2011

Holdings	Shareholders		Shares	
	Number	% of total	Shares	% of total
1-500	2045	80.73	464431	15.03
501-1000	258	10.19	207020	6.70
1001-2000	114	4.50	174702	5.65
2001-3000	39	1.54	102271	3.31
3001-4000	18	0.71	65087	2.11
4001-5000	17	0.67	78983	2.56
5001-10000	22	0.87	159643	5.17
10001-and above	20	0.79	1837563	59.47
Grand Total	2533	100.00	3089700	100.00

Shares held in physical and dematerialized form as on 31st March, 2011

Sr. No.	Particulars	No. of shares	% of total capital	No. of accounts
1.	Central Depository Services (I) Ltd	3,09,294	10.01 %	533
2.	National Securities Depository Ltd	22,92,796	74.21 %	971
	Total Dematerialised	26,02,090	84.22 %	1504
3.	Physical	4,87,610	15.78 %	1029
	Grand Total	30,89,700	100.00 %	2533

Table 3 : Distribution of shareholdings by ownership as on 31st March, 2011

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	1351324	13251324	43.73	43.73	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	1351324	13251324	43.73	43.73	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	1351324	13251324	43.73	43.73	0	0.00
(B)	Public Shareholding							
(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	40	40158	38658	1.30	1.30	0	0.00
(b)	Individual i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	2446	1165494	825824	37.72	37.72	0	0.00
	ii) Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	11	386239	369139	12.50	12.50	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	10	2047	2047	0.07	0.07	0	0.00
	ii) NRIs (REPAT)	15	43838	15038	1.42	1.42	0	0.00
	iii) NRIs (NON REPAT)	2	600	600	0.02	0.02	0	0.00
	Sub-Total (B) (2)	2524	1638376	1250766	53.03	53.03	0	0.00
	Total Public shareholding (B) = (B)(1) + (B)(2)	2525	1738376	1250766	56.26	56.26	0	0.00
	TOTAL (A) + (B)	2533	3089700	2602090	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)	2533	3089700	2602090	100.00	100.00	0	0.00

Details of public funding obtained for last 3 years

Not applicable, Samrat Pharmachem Limited 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.co.in). 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 May 2011**

**Lalit Mehta
Chairman & Managing Director**

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

30th May, 2011

**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, 2011.

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**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of Samrat Pharmachem Limited**

We have examined the compliance of conditions of corporate governance by Samrat Pharmachem Limited for the year ended 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the clause 49 of the above-mentioned Listing Agreement.

We 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 Shah, Shah & Shah
Chartered Accountants**

**Place : Mumbai
Date : 30th May 2011**

**Mehul Shah
Partner
M. No. 049361
FRN: 116457W**

AUDITOR'S REPORT

The Members of
Samrat Pharmachem Limited, Ankleshwar

We have audited the attached Balance Sheet of **Samrat Pharmachem Limited** as at **31st March 2011** and 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on the 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 of our opinion.

As required by the Companies (Auditors' 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.

Further to our comments in the Annexure referred to above, we report that:

- (a) we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) 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;
- (c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;
- (e) on the basis of written representations received from the Directors, as on **31st March 2011** and taken on record by the board of directors, we report that none of the directors is disqualified as on **31st March 2011** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- (f) in our opinion, and to the best of information, and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956 in the manner so required, and give a true and fair view in conformity with accounting principles generally accepted in India:
 - (i) in case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2011**;
 - (ii) in case of Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - (iii) In case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For Shah, Shah & Shah
Chartered Accountants**

**Place : Mumbai
Date : 30th May 2011**

**Mehul Shah
Partner
M. No. 049361
FRN: 116457W**

ANNEXURE**REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE IN CASE OF**

- (i) (a) The Company is maintaining proper records showing full particulars of, including quantitative details and situation, of fixed assets.
- (b) The management at reasonable intervals has verified the fixed assets. We have been informed that, no material discrepancies on such verification have been noticed.
- (c) The Company has not disposed substantial portion of its fixed assets during the year; accordingly the going concern status of the Company is not affected.
- (ii) (a) As per the records maintained, the management has conducted verification of inventory at reasonable intervals.
- (b) In our view, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our view, the Company has maintained proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) Since no loans are granted, the sub-clause dealing with rate of interest and other terms and conditions of loans given by the company are not applicable.
- (c) Since no loans are granted, the sub-clause dealing with receipt of the principal amount and interest on regular basis is not applicable.
- (d) Since no loans are granted, the sub-clause dealing with overdue amount more than rupees one lakh is not applicable.
- (e) The Company has not taken any unsecured loans from any party as required in the register to be maintained under section 301 of the Act.
- (f) Since no loans are taken, the sub-clause dealing with rate of interest and other terms and conditions of loans taken by the company are not applicable.
- (g) Since no loans are taken, the sub-clause dealing with payment of the principal amount and interest on regular basis is not applicable.
- (iv) In our view, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets, and for sale of goods and services. In our view, there has been no continuing failure to correct major weakness in internal control systems of the Company.
- (v) According to the information and explanation given to us and on the basis of representation received from the Management, the transactions that need to be entered into register maintained under section 301 of the Companies Act, 1956 have been so entered and the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from public within the meaning of the provisions of section 58A and section 58AA or any other provisions of the Companies Act, 1956 and the rules made thereunder. We have been informed by the management that there has been no order passed by the Company law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company with respect to compliance of the provisions of section 58A or 58AA or any other provisions of the Companies Act 1956.
- (vii) On the basis of internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal audit functions carried out by an Internal Audit Department of the Company is adequate and commensurate with the size of the Company and nature of its business.
- (viii) We have been informed by the management that, the Central Government has not prescribed the method of maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 to the industry to which the Company pertains.
- (ix) (a) We have been informed by the management that, the Company is generally regular in depositing all undisputed statutory dues with the appropriate authorities barring small delays in payment of tax deducted at source, and there have been no material arrears of outstanding dues as at the last day of this financial year for more than six months from the date they became payable except advance tax that has not been paid by the Company.

- (b) In our opinion and according to the information and explanation given to us, there are no dues of Income tax, Sales tax, Wealth Tax, and Service tax, Custom Duty, Excise Duty or Cess, as applicable to it which have not been deposited on account of any dispute.
- (x) As informed to us by the management, the Company has not defaulted in repayment of any dues to financial institution or banks; whereas there are no debentureholders.
- (xi) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities; accordingly, there is no necessity as to maintaining documents and records in this respect.
- (xii) The provisions of any special statute in respect of chit fund, nidhi, mutual benefit funds or societies are not applicable to the Company.
- (xiii) The Company has not dealt or traded in shares, securities, debentures and other investments; hence maintenance of records for the same does not arise.
- (xiv) The management has informed us that, the Company has not given any guarantee for loans taken by others from any bank or financial institutions.
- (xv) As explained to us by the management, there were no funds that were raised on a short-term basis, which have been applied for long-term investment.
- (xvi) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956."
- (xvii) The Company has not issued any debentures; hence no security or charges have been created in respect of the same.
- (xviii) The Company has not made any public issues of shares; hence disclosure requirement as to end utilization of public issue money is not required.
- (xix) As informed by the management, there has not been noticed or reported any fraud on or by the Company during the year.

**For Shah, Shah & Shah
Chartered Accountants**

**Place : Mumbai
Date : 30th May 2011**

**Mehul Shah
Partner
M. No. 049361
FRN: 116457W**

BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedule	31/Mar/11 Rs.	31/Mar/10 Rs.
<u>SOURCES OF FUNDS</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Equity Share Capital	1	30,897,000	30,897,000
<u>RESERVES AND SURPLUS</u>			
(i) Profit And Loss Account		56,296,594	42,875,077
<u>LOAN FUNDS</u>			
(i) Secured Loans	2	16,323,740	16,292,521
(ii) Unsecured Loans		0	0
DEFERRED TAX LIABILITY		2,319,819	2,211,762
TOTAL		105,837,153	92,276,359
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	7	36,134,353	32,133,024
Depreciation		10,707,011	9,094,212
Net Block		25,427,341	23,038,811
CAPITAL WORK-IN-PROGRESS		4,327,727	0
<u>INVESTMENTS</u>			
	3	0	0
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	4	30,806,121	14,153,753
Sundry Debtors	5	93,700,572	75,948,621
Cash & Bank Balances	6	17,558,152	30,423,036
Other Current Assets		15,888,000	4,853,977
Loans And Advances	8	2,829,099	2,047,640
		160,781,944	127,427,027
LESS : CURRENT LIABILITIES & PROVISIONS	9	-84,699,860	-58,189,479
NET CURRENT ASSETS		76,082,084	69,237,548
TOTAL		105,837,153	92,276,359

THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.

AS PER OUR REPORT OF EVEN DATE

For Shah, Shah & Shah
Chartered Accountants

Mehul Shah
Partner
Membership No. : 49361
FRN : 116457W

Place : Mumbai
Date : 30th May 2011

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Schedule	31/Mar/11 Rs.	31/Mar/10 Rs.
<u>INCOME</u>			
Sales		475,571,990	479,695,242
Increase In Stock		4,013,433	0
Other Income	10	18,550	223,433
TOTAL	[A] →	479,603,973	479,918,675
<u>EXPENDITURE</u>			
Materials, Manufacturing & Other Expenses	11	426,562,668	427,964,226
Decrease In Stock		0	6,482,539
Salaries, Wages And Other Employee Benefits	12	8,052,835	7,369,766
Office And Administration Expenses	13	6,387,635	4,653,599
Selling And Distribution Expenses	14	14,524,300	13,936,017
Interest & Finance Charges	15	1,355,683	3,036,652
Depreciation On Fixed Assets		1,612,799	1,464,823
Loss On Sale Of Fixed Assets		0	44,007
Loss On Sale Of Investments		0	945,968
TOTAL	[B] →	458,495,920	465,897,598
PROFIT BEFORE TAX	[A] - [B]	21,108,053	14,021,077
Less : Provision for Tax		-7,238,683	-2,490,558
Net Deferred Tax (Liability)/Write back for the Current Year		-108,057	-239,611
PROFIT AFTER TAX		13,761,313	11,290,908
OPENING BALANCE IN PROFIT & LOSS ACCOUNT		42,875,077	31,602,064
Add : Profit After Tax		13,761,313	11,290,908
Taxation Adjustment Of Previous Year		-339,796	-17,896
BALANCE CARRIED FORWARD		56,296,594	42,875,077
Earning PerShare			
(a) Basic		4.45	3.96
(b) Diluted		4.45	3.96
THE SCHEDULES REFERRED TO ABOVE FORM PART OF THE ACCOUNTS.			

AS PER OUR REPORT OF EVEN DATE

For Shah, Shah & Shah
Chartered Accountants

Mehul Shah
Partner
Membership No. : 49361
FRN : 116457W

Place : Mumbai
Date : 30th May 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Lalit Mehta
Managing Director

Mahendra Pipalia
Director

Rajesh Mehta
Executive Director

Samir Kothary
Director

Hitendra Shah
Director

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

	31/Mar/11 Rs.	31/Mar/10 Rs.
[1] SHARE CAPITAL		
AUTHORISED		
5,000,000 EQUITY SHARES OF Rs.10 EACH	<u>50,000,000</u>	<u>50,000,000</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</u>	<u>30,897,000</u>
[Previous Year 3,089,700 Equity Shares]		
[2] SECURED LOANS		
CASH CREDIT FROM SCHEDULED BANK	<u>16,323,740</u>	<u>16,292,521</u>
[Secured against Fixed Assets, Stock, Book Debts & Personal Guarantee of Executive Directors]		
TOTAL	<u>16,323,740</u>	<u>16,292,521</u>
[3] INVESTMENTS		
[Quoted, At Cost]		
GOVERNMENT SECURITIES	<u>0</u>	<u>0</u>
OTHERS	<u>0</u>	<u>0</u>
TOTAL	<u>0</u>	<u>0</u>
[4] INVENTORIES		
RAW MATERIALS	<u>21,254,653</u>	<u>8,615,718</u>
FUEL	<u>0</u>	<u>0</u>
WORK IN PROCESS & FINISHED GOODS	<u>9,551,469</u>	<u>5,538,035</u>
TOTAL	<u>30,806,121</u>	<u>14,153,753</u>
[5] SUNDRY DEBTORS		
[Unsecured]		
Considered Good		
OUTSTANDING FOR MORE THAN SIX MONTHS	<u>1,169,539</u>	<u>1,810,142</u>
OTHERS	<u>92,531,033</u>	<u>74,138,479</u>
Considered Doubtful	963,887	
Less : Provision	-963,887	0
TOTAL	<u>93,700,572</u>	<u>75,948,621</u>
[6] CASH AND BANK BALANCES		
CASH BALANCE	<u>334,839</u>	<u>585,923</u>
WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	<u>23,359</u>	<u>13,146,127</u>
WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS	<u>17,199,954</u>	<u>16,690,986</u>
TOTAL	<u>17,558,152</u>	<u>30,423,036</u>
[7] FIXED ASSETS [AT COST]		

Name	Gross Block 31/03/10	Additions	Disposal	Gross Block 31/03/11	Depn Upto 31/03/10	Depn For The Year	Deduct For Asset Sold	Total Depn	Net Block 31/03/10	Net Block 31/03/11
LAND	891,494	0	0	891,494	0	0	0	0	891,494	891,494
BUILDING	6,632,394	254,935	0	6,887,329	1,802,731	226,911	0	2,029,642	4,829,663	4,857,687
PLANT AND MACHINERY	21,995,051	3,337,209	0	25,332,260	6,024,901	1,062,959	0	7,087,860	15,970,150	18,244,400
OFFICE PLANT & EQUIPMENT	2,212,754	409,185	0	2,621,939	1,088,552	285,735	0	1,374,287	1,124,202	1,247,652
FURNITURE AND FIXTURES	207,160	0	0	207,160	95,688	18,120	0	113,808	111,472	93,352
VEHICLES	194,170	0	0	194,170	82,340	19,074	0	101,414	111,830	92,756
As At Mar/11	32,133,024	4,001,329	0	36,134,353	9,094,212	1,612,799	0	10,707,011	23,038,811	25,427,341
As At Mar/10	28,755,876	3,486,656	109,508	32,133,024	7,680,390	1,464,823	51,001	9,094,212	21,075,486	23,038,811

	31/Mar/11 Rs.	31/Mar/10 Rs.
[8] <u>LOANS AND ADVANCES</u>		
[Unsecured, Considered good]		
ADVANCES	1,704,700	962,700
[Recoverable in cash or in kind or against value to be received]		
DEPOSITS	1,124,399	1,084,940
TOTAL	<u>2,829,099</u>	<u>2,047,640</u>
[9] <u>CURRENT LIABILITIES AND PROVISIONS</u>		
CURRENT LIABILITIES		
SUNDRY CREDITORS FOR GOODS	78,613,287	56,859,488
SUNDRY CREDITORS FOR EXPENSES	666,985	592,122
SUNDRY CREDITORS FOR FIXED ASSETS	0	0
ADVANCES RECEIVED AGAINST ORDER/GOODS	120,000	120,000
BANK BALANCE	2,597,472	0
OTHER CURRENT LIABILITIES	107,691	79,825
	<u>82,105,435</u>	<u>57,651,435</u>
PROVISION FOR INCOME TAX	2,594,425	538,044
TOTAL	<u>84,699,860</u>	<u>58,189,479</u>
[10] <u>OTHER INCOME</u>		
OTHER INCOME	0	212,833
INCOME FROM SALE OF SCRAP	18,550	10,600
TOTAL	<u>18,550</u>	<u>223,433</u>
[11] <u>MATERIALS, MANUFACTURING AND OTHER EXPENSES</u>		
MATERIALS CONSUMED	377,378,880	379,798,074
JOB WORK CHARGES	2,686,971	4,564,672
POWER CHARGES	1,777,122	1,081,917
GAS CHARGES	1,758,692	1,509,066
WATER CHARGES	209,182	216,669
ANALYTICAL & TESTING CHARGES	590,043	313,973
INSURANCE CHARGES	109,230	99,400
CENTRAL EXCISE DUTY	31,915,165	33,222,074
REPAIRS TO FACTORY BUILDING	8,471,310	1,123,027
REPAIRS TO PLANT & MACHINERY	1,088,683	5,350,210
EFFLUENT TREATMENT & POLLUTION CONTROL	577,389	685,143
TOTAL	<u>426,562,668</u>	<u>427,964,226</u>
[12] <u>SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS</u>		
SALARIES & WAGES		
FACTORY	1,607,400	1,450,261
CONTRACT	2,994,483	2,489,073
OFFICE	1,031,879	864,504
DIRECTORS REMUNERATION	1,260,000	1,260,000
EMPLOYEES STATE INSURANCE CORPORATION	80,882	86,661
PROVIDENT FUND	286,507	518,748
PROFESSION TAX	2,400	11,640
GRATUITY FUND	73,192	72,835
FACTORY SECURITY CHARGES	168,480	167,272
REFRESHMENT & STAFF WELFARE	547,611	448,771
TOTAL	<u>8,052,835</u>	<u>7,369,766</u>

	31/Mar/11 Rs.	31/Mar/10 Rs.
[13] OFFICE AND ADMINISTRATION EXPENSES		
DIRECTORS' SITTING FEES	60,000	60,000
OFFICE ELECTRICITY	133,630	120,250
OFFICE LEASE RENT	357,939	357,405
LEGAL & PROFESSIONAL CHARGES	3,038,124	1,646,772
PRINTING, STATIONERY & PERIODICALS	733,784	494,078
CONVEYANCE - LOCAL	200,137	188,721
VEHICLE EXPENSES	67,802	64,893
TRAVELLING - OUTDOOR	129,487	170,803
TELEPHONE & TELECOMMUNICATION CHARGES	423,002	239,147
POSTAGE & COURIER CHARGES	263,156	179,116
AUDITOR'S REMUNERATION	100,000	50,000
STOCK EXCHANGE & CUSTODIAL FEES	39,659	44,880
OFFICE REPAIRS & RENEWALS	149,025	223,410
INSURANCE	41,978	40,210
ADVERTISEMENT (STATUTORY)	84,532	275,873
SUNDRY EXPENSES	565,382	498,041
TOTAL	<u>6,387,635</u>	<u>4,653,599</u>
[14] SELLING & DISTRIBUTION EXPENSES		
EXPORT EXPENSES	1,961,359	1,354,553
ADVERTISEMENT & PUBLICITY	176,779	220,610
BUSINESS PROMOTION	95,062	74,247
RESERVE FOR DOUBTFUL DEBTS	963,887	0
DISCOUNT	206,754	-334,488
COMMISSION & BROKERAGE	730,195	1,067,824
SALES TAX	9,361,378	10,541,351
INSURANCE - GOODS-IN-TRANSIT (SALES)	162,225	225,357
DELIVERY CHARGES	866,661	786,563
TOTAL	<u>14,524,300</u>	<u>13,936,017</u>
[15] INTEREST & FINANCE CHARGES		
BANK INTEREST & CHARGES	1,355,683	3,036,652
TOTAL	<u>1,355,683</u>	<u>3,036,652</u>

SIGNATORIES TO SCHEDULES 1 TO 15
AS PER OUR REPORT OF EVEN DATE

For Shah, Shah & Shah
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Lalit Mehta
Managing Director

Rajesh Mehta
Executive Director

Mehul Shah
Partner

Mahendra Pipalia
Director

Samir Kothary
Director

Hitendra Shah
Director

Place : Mumbai

Date : 30th May 2011

**SAMRAT PHARMACHEM LIMITED
ACCOUNTING YEAR ENDED 31ST MARCH 2011****SCHEDULE 18**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010.

A. SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Accounting**

The Company follows mercantile system of accounting, and recognises income and expenses on accrual basis that are of significant nature. The financial statement have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India, in accordance with Indian Generally Accepted Accounting Policies and as per the provision of the Companies Act, 1956.

2. Revenue Recognition

Sales turnover for the year includes sales value of goods and other recoveries such as Octroi, Central Excise, Sales Tax, Transportation Charges etc, Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

3. Fixed Assets

Fixed Assets are stated at cost (net of Cenvat Credit) of acquisition/construction less accumulated depreciation and impairment loss. Cost includes direct expenses as well as clearly identifiable indirect expenses incurred to bring the assets to their working condition for its intended use, net of CENVAT recoverable.

4. Intangible Asset

Intangible assets are stated at cost of acquisition less accumulated depreciation.

5. Depreciation and Amortization

- Depreciation on the fixed assets has been provided on Straight Line Method as per the provision of Section 205 of the Companies Act, 1956, at the rates and in the manner specified in Schedule XIV to the Companies Act 1956. Depreciation on assets added during the year has been provided on pro-rata basis.

- Individual assets of value less than Rs.5000 are depreciated in the year of purchase.

6. Inventories

Inventories of finished goods are carried at lower of cost or net realisable value. The cost of inventories of items that are not ordinarily interchangeable are assigned by specific identification of their individual costs. Other inventory items are recorded using first-in-first-out cost formula. The inventories include the relevant duties, taxes, and cess other than those subsequently recoverable by the enterprise from the taxing authorities that were incurred to bring the inventory to their present location and conditions.

7. Retirement Benefits

The Company's contribution to Provident Fund and ESIC is accounted on accrual basis and charged to Profit and Loss Account. The Company accounts for liability for Gratuity of employees on the basis of Actuarial Valuation. Gratuity is payable to Employees after Retirement or Resignation of Employees; whereas there is no defined policy enabling the employees to avail encashment of leave.

8. Foreign Exchange Transactions

- Initial Recognition: Transactions denominated in foreign currencies are recorded at a standard exchange rate which is determined by the directors on a quarterly basis.
- Conversion: At the year-end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.
- Exchange Differences: Any exchange gain or losses arising out of fluctuations are accounted for in the books of the account as per Accounting Standard -11 "The Effects of Changes in Foreign Exchange Rates".

9. Impairment of Assets

An asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The Impairment loss recognized in prior accounting periods is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the net selling price and value in use.

10. Use of estimates

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses and the disclosures relating to contingent liabilities as on the date of financial statements. Actual results could differ from those of estimates. Any revision in accounting estimates is recognized in accordance with the respective accounting standard.

11. Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with AS-20 "Earnings Per Share". Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

12. Income Tax :

Tax expenses comprise both current & deferred taxes.

Current tax is determined as the tax payable in respect of taxable income for the year.

Deferred tax for the year is recognised on timing difference; being difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured assuming the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable / virtual certainty of realisation.

13. Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities as defined in AS-29 "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

14. Cash Flow Statement

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of the past or future cash receipts or payments. The cash flows from regular revenue generating, investing & financing activities of the company are segregated.

15. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, the assets that take substantial period of time to get ready for intended use, are capitalised as part of the cost of such assets.

B. NOTES TO ACCOUNTS**1. Business Activities**

The Company is in the business of manufacture, import & export of Iodine derivatives. The company markets its products directly both in the domestic & international market which include countries like USA, Europe, Gulf, Asia etc. The products of the Company are well received in Indian & Foreign markets. The company's manufacturing plant is located in Ankleshwar, Gujarat and its Corporate Office is locate in Mumbai, Maharashtra.

2. Contingent Liabilities

(i) Bank Guarantees issued by Banks on behalf of the Company is Rs. NIL (Previous Year Rs. NIL).

(ii) Letters of credit issued by the Bankers is Rs. 97,214,213. (Previous year Rs. 76,794,162)

3. Secured Loans

(i) Working capital Loans sanctioned by ICICI Bank Limited in form of Cash Credit & Letter of Credit are secured against Fixed Assets, Stocks, Book debts and personal guarantee of Executive Directors.

4. Managerial Remuneration

Details of payment and provision on account of managerial remuneration included in the Profit and Loss Account in accordance with Schedule XIII to the Companies Act 1956 read with section 198 of the said Act are as under;

Particulars	2010-11 Rs.	2009-10 Rs.
Mr. Lalit Mehta	6,60,000	6,60,000
Mr. Rajesh Mehta	6,00,000	6,00,000
Total	12,60,000	12,60,000

5. Auditor's Remuneration

Particulars	2010-11 Rs.	2009-10 Rs.
Audit Fees	75,000	40,000
Tax Audit Fees	25,000	10,000
Other Matters	Nil	Nil
Total	100,000	50,000

6. Sales

Class of Goods	31 March 2011		31 March 2010	
	MT	Rs.	MT	Rs.
Pharmaceutical Chemicals (Gross)	369.31	479,628,406	399.17	479,628,406
Central Excise Duty		-31,915,165		-33,222,074
VAT/Sales Tax		-9,361,378		-10,541,351
Net		438,351,863		435,864,981

7. Capital Commitments outstanding of capital expenditure on Fixed Assets is Rs. 1,021,019.
8. Outstanding balances of Debtors, Creditors, Other Current Assets, Loans and Advances, and Other Parties are Subject to Confirmation / Reconciliation.
9. In the Opinion of the management, all current assets, loans & advances would be realizable at least of an amount equal to the amount at which they are stated in the balance sheet. Further, provisions have been made for all known and accrued liabilities.
10. The Micro, Small and Medium Enterprise Development Act, 2006" has repealed the provision of interest on delayed payment to small scale and ancillary industrial undertaking Act, 1993. The management does not find it necessary to provide for interest on delayed payments to the suppliers covered by the said Act in view of insignificant amount and probability of its outgo.
11. **Additional Information Pursuant to Paragraph 4-D of PART II of Schedule VI to the Companies Act, 1956 as Certified by the Management.**

(a) C. I. F. Value of Imports

Particulars	2010-11 Rs.	2009-10 Rs.
Capital Goods	Nil	Nil
Raw Material	31,49,56,219	30,15,44,400
TOTAL	31,49,56,219	30,15,44,400

(b) Earnings in Foreign Currency

Particulars	2010-11 Rs.	2009-10 Rs.
F.O.B. Value of Exports	11,10,57,491	6,48,21,416
Raw Material	Nil	Nil
TOTAL	11,10,57,491	6,48,21,416

(c) Expenditure in Foreign Currency

Particulars	2010-11 Rs.	2009-10 Rs.
Travelling Expenses	Nil	Nil
Commission on Export	33,442	Nil
TOTAL	33,442	Nil

13. The additional information pursuant to paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 is as under:

Licensed Capacity, Installed Capacity & Production

(As Certified by the Management)

Class of goods: Pharmaceutical Chemicals

Particulars	31 March 2011	31 March 2010
Licensed Capacity	<i>No licence is required</i>	
Installed Capacity (MT)	415.20	415.20
Actual Production (MT)	372.90	397.73

Note:

1) Previous year figures are given in bracket.

a) Details of Raw Materials Consumption

Particulars in respect of Raw Materials, Packing Material & Consumables for the year ended 31.03.2011 (below figures are excluding WIP Stock)

Sr. No.	Particulars	Unit	2010-11		2009-10	
			Quantity	Rupees	Quantity	Rupees
1	Iodine Crude	MT	235.55	284,884,522	223.33	323,796,616
2	Other Materials	MT	504.02	89,557,012	673.59	53,152,315
3	Packing Material			2,533,280		2,849,144

14. The disclosure of "Employee Benefits" as per Accounting Standard 15 are as follows;

(A) Defined contribution plans:

Provident fund:

The Company has recognized the following amounts in the Profit and Loss Account for the year:

- (i) Contribution to Provident Fund (Employer's Contribution) Rs. 283,368.

(B) Defined Benefit Plans:

(i) Disclosure of Gratuity Liabilities

The Company has accounted for gratuity premium based on actuarial valuation done by Life Insurance Corporation of India amounting to Rs. 73,192 for the current year.

15. The Company has only one reportable business segment hence no further disclosure is required under Accounting Standard-17 on "Segment reporting".

16. Related party transactions

Related party disclosure as per Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountant of India (Certified by Management and relied upon by the Auditors)

Associate Company

Name of the related Party	-
Nature of transactions	No transactions during the year
Amount due from related party	Rs. 0.
Key Management Personnel	Mr. Lalit Mehta, Managing Director
Remuneration	Rs. 6,60,000
Key Management Personnel	Mr. Rajesh Mehta, Executive Director
Remuneration	Rs. 6,00,000
Other Parties	Mahendra Pipalia, Director Samir Kothary, Director Hitendra Shah, Director
Sitting Fees	Rs. 60,000
	Premal Mehta
Professional Fees	Rs. 83,300

17. Disclosure of Earning per share

Current Year	No. of Shares	No. of Days	Total Days	Share in AV Days
Original Shares	3089700	365	365	3089700
	NPAT	13761313		
	BASIC EPS	4.45		
	DILUTED EPS	4.45		

18. Disclosure of Deferred Taxes

DEFERRED TAX LIABILITY	2010-11	2009-10
WDV of Fixed assets as per books	25,427,341	23,038,811
WDV of Fixed assets for Income tax Act	17,313,450	15,881,005
Difference	8,113,891	7,157,806
Deferred tax liability @ 32.445%	2,632,552	2,211,762
Reserve for Doubtful Debts	963,887	0
Deferred tax asset @ 32.445%	312,733	0
Net deferred tax liability / (asset) at end of the year	2,319,819	2,211,762
Less: Net Deferred tax liability at beginning of the year	-2,211,762	-1,972,151
Net liability/(write back) for the current year	108,057	239,611

19. Disclosure of Provisions as required by AS-29 is as under:

Particulars (Rs.)	Opening Balance (Rs.)	Additional provisions during the year (Rs.)	Amount Used & Unused amount reversed during the year (Rs.)	Closing Balance
Provision for Tax	5,38,044	7,238,683	51,82,302	25,94,425

20. Schedules "1" to "18" form an integral part of the accounts and have been duly authenticated.

21. Previous year's figures have been regrouped wherever considered necessary.

As per our Report of Even date
For Shah, Shah & Shah
Chartered Accountants

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

Mehul Shah
[Partner]

Lalit Mehta
Managing Director

Rajesh Mehta
Executive Director

Place : Mumbai
Date : 30th May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	04-17820	State Code	04
Balance Sheet Date	31st March, 2011		

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	189842
Total Assets	189842

Sources of Funds

Paid up Capital	30897
Reserves and Surplus	56297
Secured Loans	16324
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	25427	
Investments	0	
Net Current Assets	73762	#
Miscellaneous Expenditure	NIL	
Accumulated Losses	NIL	

Net of Deferred Tax Liability

IV. Performance of Company (Rupees in thousands)

Turnover	475572	
Total Expenditure	454463	
Profit/Loss before Tax	21108	
Profit/Loss after Tax	13761	@
Earning per share (in Rs.)		

@ 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 Shah, Shah & Shah
Chartered Accountants

Mehul Shah
[Partner]

Place : Mumbai
Date : 30th May, 2011

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 31st MARCH, 2011

	31/Mar/11 Rs.	31/Mar/10 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	21,108,053	14,021,077
ADJUSTMENTS FOR :		
DEPRECIATION	1,612,799	1,464,823
PROFIT/LOSS ON SALE OF ASSETS	0.00	44,007
PROFIT/LOSS ON SALE OF INVESTMENTS	0.00	945,968
PRELIMINARY EXPENSES	0.00	0.00
INTEREST/DIVIDEND	1,355,683	3,036,652
	<u>2,968,482</u>	<u>5,491,451</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>24,076,535</u>	<u>19,512,528</u>
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	-29,567,432	5,805,291
INVENTORIES	-16,652,368	13,387,957
TRADE PAYABLES	21,856,528	-24,463,814
	<u>-24,363,272</u>	<u>-5,270,566</u>
CASH GENERATED FROM OPERATIONS	<u>-286,737</u>	<u>14,241,962</u>
INTEREST PAID	-1,355,683	-3,036,652
DIRECT TAXES PAID	-5,522,098	-2,024,709
	<u>-6,877,781</u>	<u>-5,061,361</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>-7,164,518</u>	<u>9,180,601</u>
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	<u>-7,164,518</u>	<u>9,180,601</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	-4,001,329	-3,486,656
SALE/REALIZATION OF FIXED ASSETS	0.00	14,500
CAPITAL WORK-IN-PROGRESS	-4,327,727	0.00
SALE/REALIZATION OF INVESTMENTS	0.00	3,054,032
INTEREST/DIVIDEND RECEIVED	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	<u>-8,329,056</u>	<u>-418,124</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	26,28,691	-76,33,041
NET CASH USED IN FINANCING ACTIVITIES	<u>26,28,691</u>	<u>-76,33,041</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-12,864,883</u>	<u>11,29,436</u>
CASH AND CASH EQUIVALENTS AT 1/Apr (Opening Balance)	<u>30,423,036</u>	<u>29,293,600</u>
CASH AND CASH EQUIVALENTS AT 31/Mar (Closing Balance, net of Bank overdraft, if any)	<u>17,558,152</u>	<u>30,423,036</u>

For Shah, Shah & Shah
Chartered Accountants

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

Rajesh Mehta
Executive Director

Mehul Shah
Partner

Mahendra Pipalia
Director

Samir Kothary
Director

Hitendra Shah
Director

Place : Mumbai
Date : 30th May 2011

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 Nineteenth Annual General Meeting being held on Saturday, the 24th day of September, 2011 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 Nineteenth Annual General Meeting of the Company to be held on Saturday, the 24th day of September, 2011 at 1.00 p.m. at the Registered Office of the company and at any adjournment thereof.

Signed this _____ day of _____ 2011.

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.

Dear Shareholder,

Reg: Green Initiative in Corporate Governance. Go Paperless.

The Ministry of Corporate Affairs (“Ministry”) has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by companies through electronic mode. In accordance with the recent circular bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various Notices/Documents(including notice calling Annual General Meeting, Audited Financial Statements, Directors’ Report, Auditors’ Report etc) to their shareholders through electronic mode to the registered email addresses of the shareholders.

This is also a golden opportunity for every shareholders of Samrat Pharmachem Limited to contribute to the Corporate Social Responsibility initiative by the Company. All you have to do is to register your e-mail id with the **Company/Registrar** to receive communication through electronic mode.

Let’s be a part of this ‘Green Initiative’.

Best Regards.

Samrat Pharmachem Limited



GO GREEN



When we read about glaciers melting faster and environment cycle disturbed, it is an indication to us to alert each other on “Save Resources”. We are over utilising and depleting our natural resources due to high demand. We humans are not promoting enough for using re-cycled items and lessening the garbage generated.

Big trees are brought down which obstructs the construction of a building. No replacement is done. Today we see more of building rather than trees. The next generation will not enjoy the pleasures being exploited today. What can we do ?

Educate & spread awareness

- Start from home
- Correct school/college children
- Amongst the society
- Share tips with colleagues at work

Save Paper

- Reduce taking prints, think before you print.
- Print on both sides of the paper. Reduce margin settings.
- Reuse printed paper for writing notes/points.
- Take colour print only when the document is finalized.
- For multiple pages, take prints on both the sides.
- Scan pages and save in folders.
- Go paperless. Store electronically.

Save Water

- Control flow of water in tabs used for flushing, washing clothes, utensils, brushing teeth etc.
- Check for and fix dripping taps.
- When you are washing your hands, don’t let the water run lather.

Save Power

- Use solar energy.
- Switch off lights and fans when not in use.
- For a bigger hall, mark the switches to identify fans and tube lights.
- Turn television and other appliances off at the mains.
- Leaving appliances on stand by still uses energy.

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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