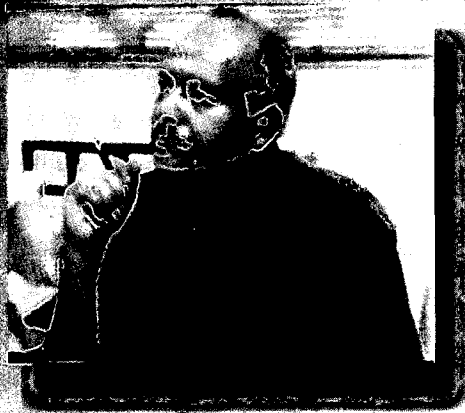


# 21<sup>st</sup> Annual Report 2008-09



**Syncom Formulations  
(India) Ltd.**



**Kedarmal Bankda**  
Chairman



**Vijay Bankda**  
Managing Director

## CHAIRMAN'S MESSAGE

### *HUMAN CAPITAL*

I believe that real value of the companies can not be determined by only accounting measures. The worth of any company I feel is in its intellectual capital rather than in inventories and receivables. The net worth of the organisation should be studied by the Human Resource balance sheet. This is thus incorporated in our philosophy and I believe my people are my biggest assets.

## MANAGING DIRECTOR'S MESSAGE

### *SYNCOM GOING GLOBAL*

Internationalising Syncom is a dream to be-chased. Large markets & remunerative prices have been driving force to explore the exports. The international quality at low costing is strength of Syncom. We will encash on it & emphasis on more value added Herbal exports which will help us in internationalising Syncom, thus making a dream come true.



## Board of Directors

Kedarmal Bankda  
Chairman

Vijay Bankda  
Managing Director

Arpit Gupta (upto 01.10.2008)  
Sanjay Mehta  
Vinod Kabra  
Krishna Das Neema (w.e.f. 31.07.2008)

## Audit Committee

Arpit Gupta (Chairman) (upto 01.10.2008)  
Sanjay Mehta  
Vinod Kabra  
Krishna Das Neema (w.e.f. 31.07.2008)

## Shareholders/Investors Grievance Committee

Arpit Gupta (Chairman) (upto 01.10.2008)  
Sanjay Mehta  
Vinod Kabra  
Krishna Das Neema (w.e.f. 31.07.2008)

## Remuneration Committee

Arpit Gupta (Chairman) (upto 01.10.2008)  
Sanjay Mehta  
Vinod Kabra  
Krishna Das Neema (w.e.f. 31.07.2008)

## Company Secretary

Mrs. Shikha Maheshwari

## Auditors

S.P. Moondra & Co.,  
Chartered Accountants,  
53/8, Kanchan Bagh,  
Indore 452 001

## Bankers

Dena Bank

## Registered Office

7, Niraj Industrial Estate, Off Mahakali Caves  
Road, Andheri (East), Mumbai 400 093.  
Tel. 91-22-30887744  
Fax 91-22-30887755  
E-Mail : [sfil87@hotmail.com](mailto:sfil87@hotmail.com)

## Corporate Office

2<sup>nd</sup> Floor, "Tagore Centre", (Dawa Bazar),  
13-14, R.N.T. Marg, Indore (M.P.) 452001  
P.O. Box No. GPO. 610  
Tel. 91-731-3046869  
Fax 91-731-3046872  
E-mail : [sfilindore@rediffmail.com](mailto:sfilindore@rediffmail.com)

## Works

256-257, Sector 1, Pithampur  
(Dhar) M.P. 454 775  
Tel./ Fax 91-7292 - 253404, 403122  
E-mail : [sfil\\_pth@hotmail.com](mailto:sfil_pth@hotmail.com)

## Share Transfer Agent

Ankit Consultancy Pvt. Ltd.  
Alankar Point, Geeta Bhawan Chouraha,  
A.B. Road, Indore (M.P.) 452 001

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## NOTICE FOR THE 21<sup>st</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the members of **SYNCOM FORMULATIONS (INDIA) LTD.** will be held on 30<sup>th</sup> September, 2009, at 3:00 P.M. at the registered office of the company at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400093 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2009 together with the Reports of the Board of Director and Auditor thereon.
2. To appoint a director in place of Shri Vijay Bankda, who liable to retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By orders of the Board of Directors  
For, **SYNCOM FORMULATIONS (INDIA) LTD.**

Place: Indore  
Date: 28<sup>th</sup> August, 2009

**KEDARMAL BANKDA**  
CHAIRMAN

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer Book shall remain closed from 28.09.09 to 30.09.09 (both days inclusive).
3. (a) Members are requested to notify immediately any change of address;
  - (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
  - (ii) to the Company to its Share Transfer Agents in respect of their physical share folios, if any.
 (b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
  - (a) Change in the residential status on return to India for permanent settlement.
  - (b) Particulars of NRE Account with Bank in India, if not furnished earlier.
5. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desiring of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
8. Equity shares of the Company may also be held in the electronic form with any Depository Participant (DP) with whom the members/investors having their depository account. The ISIN No. for the Equity Shares of the Company is **INE312C01017**. In case of any query/difficulty in any matter relating

thereto may be addressed to the Share Transfer Agents M/s Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha A.B. Road, Indore (M.P.).

9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down loaded from the website of the Ministry of Corporate Affairs.
10. The unpaid dividend for the year 2001-02 lying in the unpaid dividend account will be transferred to the Investors Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956. Members who have not encashed their dividend warrants for the year 2001-02 and thereafter are requested to lodge their claim with the company immediately. It may be noted that once the unclaimed dividend is transferred to the Investors Education and Protection Fund, as above, no claim shall lie in respect thereof.
11. Pursuant to the Clause No.49 of the Listing Agreement, profile of the director proposed for re-appointment being given in a statement containing details of the concerned director is annexed hereto.

### STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation Of Appointee	Age/ Qualification Year	Expertise/ Experience	Date of appoint -ment	Other Directorship	No. of shares held & %age
Shri Vijay Bankda, Managing Director	50 years B.Com, LLB	29 years Experience in Pharmaceuticals field in various Capacity. He is the key and found persons & promoters of the company	01/01/1999	-	7,33,771 11.79% of the paid up capital.

By orders of the Board of Directors  
For, **SYNCOM FORMULATIONS (INDIA) LTD.**

Place: Indore  
Date : 28<sup>th</sup> August, 2009

**KEDARMAL BANKDA**  
CHAIRMAN



## DIRECTORS' REPORT

To,  
The Members,  
Syncom Formulations (India) Limited

Your directors have pleasure in presenting their 21<sup>st</sup> Annual Report and Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL PERFORMANCE

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

Particulars	(Rs. In Lacs)	
	Year ended 31/03/2009	Year ended 31/03/2008
Net Sales and Other incomes	5807.48	6889.61
<b>Profit before interest, depreciation and tax</b>	<b>723.49</b>	<b>779.98</b>
Less: Financial Charges	28.90	18.29
Less: Depreciation	140.08	178.13
<b>Profit before Taxation</b>	<b>554.51</b>	<b>583.56</b>
Provision for Taxation for current year	122.20	136.34
Difference in income tax for previous year	116.60	21.05
Fringe Benefit Tax	14.34	13.25
Deferred Tax	36.98	54.33
<b>Net Profit after tax</b>	<b>264.39</b>	<b>358.59</b>
Add: Balance brought forward from previous years	305.16	332.99
<b>Amount available for appropriation</b>	<b>569.55</b>	<b>691.58</b>
Appropriation: Transfer to general Reserve	150.00	350.00
<b>Proposed Dividend</b>	<b>46.69</b>	<b>31.13</b>
Corporate Dividend Tax	7.93	5.29
Balance carried to the Balance Sheet	364.93	305.16
<b>E.P.S. (in Rs.) (Annualized)</b>	<b>4.25</b>	<b>6.06</b>

### 2. REVIEW OF OPERATIONS:

During the year under review Company achieved turnover of Rs.5807.48 lacs as compared to Rs 6889.61 lacs during the previous year. The company generated profit of Rs 264.39 lacs as compared to Rs 358.59 lacs during the previous year. The year under review faced effects of world wide recession in economy which badly effected the economy of countries also, where company use to export its products.

Despite of this, the company achieved the turnover and resultant profits. The Export markets have again been lifted and the management is helpful to maintain growth in ensuring year.

### 3. MARKETING AND EXPORT:

During the year under review the export sales of the company was Rs 4655.58 lacs as compared to previous year Rs 5604.86 lacs. The company increased efforts in building up of the export market and expects significant improvement in future years.

Cratus Life Care, which is the domestic division of your company was in its 2<sup>nd</sup> year of the operations in the Indian market during the period under review and is presents in the ethical segment and OTC segments of formulations market. Ethical division of the company comprises mainly of therapeutic segments such as Vitamins, Nutritional Supplements, Cough and Cold, Gynecology, Orthopedics & Dermatology segments. Our 4 brands are in the top brands in IMS- ORG figures.

Under Cratus Life Care your company has also launched an OTC division with a brand portfolio of more than 35 products. Your company plans to invest on media promotions for few products in this division so that the Company will be able to generate a substantial goodwill and revenue for your company in the years to come.

Though last year has been the year of consolidation for Cratus Life Care, your company is very sure that this division will contribute greatly to the growth in future years.

Further that your company is making all the efforts to grow and develop revenue under its only two operating segments viz Export business under

Syncom Formulations India Limited and Domestic Business under Cratus Life Care (A Division Of Syncom Formulations India Limited).

### 4. CONTRACT MANUFACTURING:

Your company has been doing contract manufacturing for few large companies in various therapeutic segments.

Your Company intends to expand the contract manufacturing activities as a major scale in near future.

### 5. DIVIDEND:

Your Director's philosophy is to enhance stakeholders and customers satisfaction value. In continuation of said philosophy your directors are please to recommend payment of 18<sup>th</sup> dividend @ Rs.0.50 (5%) per equity share including the new 31,12,500 equity shares allotted on 10<sup>th</sup> July, 2009 under the right issue for the financial year 2008-09 subject to approval by members at the ensuring Annual General Meeting.

### 6. ISSUANCE OF EQUITY SHARES & WARRANTS:

Looking into the expanded capacity available with the Company, in order to utilize the same, requirement for long term working capital has substantially increased to cater to the increasing export and domestic turnover, your directors also proposes to raise upto Rs. 1058.25 lacs only by way of fresh capital through right issue of 31,12,500 Equity Shares of Rs. 10/- each at a premium of Rs.7/- per share to the members of the Company in the ratio of one equity share for every 2 equity shares held by the members together with the Detachable Warrants given entitlement of one equity share allotted under the proposed Right at such price as may be determined by the Board of Directors of the Company.

The Company's issue was successfully subscribed and the new capital and warrants have listed at the Bombay Stock Exchange Ltd.

Your Company has also issued 3,25,000 Warrants of Rs.46 each, convertible into equity share of Rs.10/- each at a premium of Rs.36 per equity share on 29<sup>th</sup> March, 2008 which are out standing for conversion for which option may be exercised by the warrant holders within 18 months from the date of allotment, i.e. on or before 28<sup>th</sup> Sept., 2009.

### 7. BOARD OF DIRECTORS:

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning.

Shri Arpit Gupta has resigned from the office of, the directors of the Company w.e.f. 1<sup>st</sup> Oct., 2008.

Further that Shri Vijay Bankda is liable to retire by rotation at the ensuing annual general meeting and being eligible offers himself for re-appointment. Your directors recommend for passing necessary resolution for his appointment.

### 8. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your directors state that:

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2009 and the profit of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the Company have been prepared on a going concern basis.

### 9. PARTICULARS OF THE EMPLOYEES:

There was no employees in the company who, if employed throughout or part of the financial year, were in receipt of remuneration, whose particulars if so employed, are required to be included in the Report of directors in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.



## 10. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and particular of employees are set out in the annexure 1 attached to this report.

### 11. PUBLIC DEPOSITS:

Your Company has not accepted any public deposit within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and there is no outstanding deposit due for re-payment.

### 12. AUDITORS AND THEIR REPORT:

M/s S.P. Moondra & Co., the statutory auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and the company is in receipt of confirmation from them that if they are reappointed, their appointment will be in accordance with the limit mentioned in section 224(1B) of the Companies Act, 1956.

Comments of the Auditors in their report and the notes forming part of Accounts are self-explanatory and need no comments.

### 13. CORPORATE GOVERNANCE:

Your Company is committed to good Corporate Governance Practices and following to the guidelines prescribed by the SEBI and Stock Exchanges from time to time. The Company has implemented all the mandatory requirements as applicable to the Company. A report on the Corporate Governance together with the Auditors Certificate are set out in the annexure 2 attached to this report.

### 14. PERSONNEL:

The Company continued to have cordial and harmonious relationship with its employees. In totality our employees have shown a high degree of maturity and responsibility in responding to the changing environment, economic and the market conditions.

### 15. ACKNOWLEDGMENT:

Your directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by the Banks, financial institutions, government authorities, customers and suppliers, the director are pleased to record their sincere appreciation for the devotion and sense of commitment shown by the employees as all levels and acknowledge their contribution towards sustained progress and performance of your company.

For and on behalf of the Board of Directors  
For, SYNCOM FORMULATIONS (INDIA) LTD.

Place: Indore  
Date : 28<sup>th</sup> August, 2009

KEDARMAL BANKDA  
CHAIRMAN

### Annexure 1 to the Directors' Report:

[Information as per the Companies (Disclosure of particular in Report of Board of Directors) Rules, 1988]

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 is given hereunder:

### I. CONSERVATION OF ENERGY:

The Company has taken many steps for the Conservation of Energy.

	Current Year (2008-2009)	Previous Year (2007-2008)
1. Electricity (Purchased) Units Amount (Rs.) Rate/unit (Rs)	14,66,840 80,56,979 5.49	20,29,756 98,15,094 4.84
2. Electricity (Generated) units Amount (Rs.) Unit per Litre of Diesel oil Rate/unit (Rs.)	9,860 1,06,020 3.53 10.75	13,755 1,60,325 3 11.65

### II. CONSUMPTION PER UNIT OF PRODUCTION:

In view of varied nature of products, of their units measurement and of their packs, it is not feasible to give information on the accurate consumption per unit of production.

### III. RESEARCH & DEVELOPMENT:

#### 1 Specific areas in which the company carries out R&D:

The Scope of activities covers process development in drug and pharmaceutical formulations.

#### 2 Benefits Derived from R&D

- Productivity and quality improvements.
- Improved process performance and better-cost management
- Enhancement of safety and better environmental protection

#### 3 Future plan of action

- Develop cost effective process for existing and new products.
- Development of new drug delivery systems.
- Development of new products for international marketing.
- Improvements in quality and productivity.

#### 4 Expenditure on Research and Development

(Rs. in Lacs.)	2008-09	2007-08
a. Capital	Nil	32.57
b. Revenue	Nil	05.08
<b>C. Total</b>	<b>Nil</b>	<b>37.65</b>

### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

The company has so far not imported any technology. The company manufactures standard products for which technology is established.

### FOREIGN EXCHANGE EARNING AND OUTGO:

During the year company has earned foreign exchange by effecting export sales worth of Rs 4615.32 (previous year 5479.50 lacs) (FOB value) and total foreign outgo was Rs 141.21 Lacs (previous year 406.52 Lacs).

For and on behalf of the Board of Directors  
For, SYNCOM FORMULATIONS (INDIA) LTD.

Place: Indore  
Date : 28<sup>th</sup> August, 2009

KEDARMAL BANKDA  
CHAIRMAN

## Annexure 2 CORPORATE GOVERNANCE REPORT REPORT OF COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Syncom Formulations (India) limited has been committed to healthy corporate governance practices. Being a value driven organization, the Company's corporate governance practices and disclosures have been duly complied with the statutory and regulatory requirements of the Companies Act, 1956, Securities and Exchange Board of India Act, 1992, together with all the rules and regulations framed there under and the provisions of the listing Agreement and all other applicable laws. The Company's corporate governance policies and practices are in accordance with the provisions of Clause 49 of the Listing Agreement and has complied with all the mandatory requirement as applicable to the Company.

In addition to that the Company has also complied with non-mandatory requirements as given in Annexure-I D may, except of submission of half yearly results to the shareholders, training to the Board members and mechanism for evaluation of non executive directors.

### 2. BOARD OF DIRECTORS:

#### (i) Constitution of the Board of Directors.

The Company is having whole-time executive Chairman and Managing Director, who discharge their duties and obligations under the superintendence and control of the Board of Directors of the Company. In the Board of Directors of the Company, the majority of the directors are independent and non-executive having varied and rich experience.



Details of the directors are as under:

Director	Executive /Independent	No. of outside directorship held
Shri Kedarmal Bankda	Promoter & Executive	1
Shri Vijay Bankda	Promoter & Executive	0
Shri Vinod Kumar Kabra	Independent/NED	0
Shri Arpit Gupta*	Independent/NED	3
Shri Sanjay Mehta	Independent/NED	1
Shri Krishna Das Neema**	Independent/NED	0

\* Shri Arpit Gupta has resigned from the directorship w.e.f. 1<sup>st</sup> Oct., 2008.

\*\* Shri Krishna Das Neema was appointed w.e.f. 31<sup>st</sup> July, 2008

(ii) Details of director reappointment/seeking appointment.

Shri Vijay Bankda, the Director of the company, is liable to retire by rotation and seeking his re-appointment.

(iii) Dates of the Board Meetings and Attendance Record of the Directors:

During the financial year 2008-09, 7 meeting of the Board of directors were held. The following table gives the attendance record of all the directors at the Board Meetings.

Name of Director	Mr. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Vinod Kr. Kabra	Mr. Sanjay Mehta	Mr. Arpit Gupta	Mr. Krishna Das Neema
Dates of Meetings						
30.04.2008	Yes	Yes	Yes	Yes	Yes	*
31.07.2008	Yes	Yes	Yes	LOA	Yes	*
21.08.2008	Yes	Yes	Yes	LOA	Yes	Yes
29.08.2008	Yes	Yes	Yes	LOA	Yes	Yes
31.10.2008	Yes	Yes	Yes	LOA	*	Yes
11.11.2008	Yes	Yes	Yes	Yes	*	Yes
31.01.2009	Yes	Yes	Yes	LOA	*	Yes

\* Not applicable since he has resigned w.e.f. 1<sup>st</sup> Oct., 2008. Shri Krishna Das Neema was appointed as a director of the Company w.e.f. 31<sup>st</sup> July, 2008.

### 3. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors and to meet the requirement of section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and in fulfilling the Board's overall responsibilities, an Audit Committee consisting of only independent directors is continuously functioning since its formation. The Audit Committee inter-alia has all the powers and played its role in terms of the Clause 49 of the Listing Agreement:

(a) Composition of the Audit Committee:

The Audit Committee of the Company was constituted comprising of the following independent directors:

S. No.	Name	Designation	Position in Committee
1.	Shri Arpit Gupta*	Director	Chairman
2.	Shri Krishna Das Neema**	Director	Member/Chairman
3.	Shri Sanjay Mehta	Director	Member
4.	Shri Vinod Kabra	Director	Member

\* Shri Arpit Gupta has ceased to be the Chairman of the Committee w.e.f. 1<sup>st</sup> Oct., 2008 due to his resignation from the directorship of the Company.

\*\* Shri Krishna Das Neema was appointed as a member of the Audit Committee w.e.f. 31<sup>st</sup> July, 2008 and further as the Chairman of the Committee w.e.f. 31<sup>st</sup> Oct., 2008.

Shri Devendra Maheshwari, the G.M. (Finance & Accounts) and Compliance officer appointed by the Board is also functioning as the Secretary of the Committee. The Statutory Auditor of the Company is the special invitee to the meeting of the Audit Committee.

(b) Meetings and Attendance during the year:

Name of the Director	Mr. Arpit Gupta	Mr. Vinod Kabra	Mr. Sanjay Mehta	Mr. Krishna Das Neema
Dates of the Meeting				
30.04.2008	Yes	Yes	Yes	N.A.
31.07.2008	Yes	Yes	LOA	Yes
21.08.2008	Yes	Yes	LOA	Yes
31.10.2008	N.A.	Yes	LOA	Yes
31.01.2009	N.A.	Yes	LOA	Yes

Remarks: "LOA" = leave of absence granted. N.A. = not applicable in view of the date of their directorship in the Company.

### 4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

(a) Brief description of terms of reference:

The Company has a 'Shareholders Grievance & Transfer Committee' at the Board level to look into the redressing of shareholders and investor's complaints like:

- Transfer of Shares, transmissions and delay in confirmation in D-mat of shares;
- Non-receipt of Annual Report, etc.
- Non-receipt of the dividend warrants.

(b) Composition of Shareholders Grievance and Transfer Committee:

S. No.	Name	Designation	Position in Committee
1.	Shri Arpit Gupta*	Director/NED	Chairman
2.	Shri Krishna Das Neema**	Director/NED	Member/Chairman
3.	Shri Sanjay Mehta	Director/NED	Member
4.	Shri Vinod Kabra	Director/NED	Member

\* Shri Arpit Gupta has ceased to be the Chairman of the Committee w.e.f. 1<sup>st</sup> Oct., 2008 due to his resignation.

\*\* Shri Krishna Das Neema was appointed as a member of the Committee w.e.f. 31<sup>st</sup> July, 2008

Shri Devendra Maheshwari, the G.M. (Finance & Accounts) and Compliance officer appointed by the Board is also functioning as the Secretary of the Committee.

(c) Name and designation of Compliance Officer : Shri Devendra Maheshwari, G.M. (Finance & Accounts)

(d) Status of the investors/shareholders Complaints :

- Number of complaints received during the year : 60
- Number of complaints solved during the Year : 60
- Number of complaints pending at the end of the year : NIL

The Company has authorised to implement transfer, transmission and D-mat of Shares to the Share Transfer Agent and to resolve the relating problems as professional agency. The Committee meets only on specific nature of complaints not resolved within a period of 21 days from the date of its receipts.

### 5. REMUNERATION/COMPENSATION COMMITTEE:

(a) Brief description of terms of reference:

The terms of reference of the Committee are to review and recommend compensation payable to the executive directors. The Committee also ensures that the compensation policy of the Company provides for performance-oriented incentives to management.

(b) Composition of the Committee

S. No.	Name	Designation	Position in Committee
1.	Shri Arpit Gupta*	Director/NED	Chairman
2.	Shri Krishna Das Neema**	Director/NED	Member
3.	Shri Sanjay Mehta	Director/NED	Member
4.	Shri Vinod Kabra	Director/NED	Member

\* Shri Arpit Gupta has ceased to be the Chairman of the Committee w.e.f. 1<sup>st</sup> Oct., 2008 due to his resignation.

\*\* Shri Krishna Das Neema was appointed as a member of the Audit Committee w.e.f. 31<sup>st</sup> July, 2008.

No meeting of the remuneration committee was held as there was no reference made to the Committee for its approval.



## (c) Remuneration of Executive and Non Executive Directors:

The terms of remuneration of Mr. Kedarmal Bankda, the Chairman and Whole-time Director and Mr. Vijay Bankda, the Managing Director are in accordance with the approval of shareholders at are within the limits of Schedule XIII of the Companies Act, 1956.

Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Shri Kedarmal Bankda	0	180000	0	180000
Shri Vijay Bankda	0	180000	0	180000
Shri Vinod Kabra	10000	0	0	10000
Shri Arpit Gupta	5000	0	0	5000
Shri Sanjay Mehta	10000	0	0	10000
Shri Krishna Das Neema	5000	0	0	5000

## 5. GENERAL MEETINGS:

The last three Annual General Meeting of the Company were held at the registered office of the Company on the following dates and times:

	Date	Time	No. of Special business Transacted	No. of resolutions passed by postal ballot process
20 <sup>th</sup> AGM	26 <sup>th</sup> September, 2008	02.00 p.m.	5	-
19 <sup>th</sup> AGM	29 <sup>th</sup> September, 2007	12.30 p.m.	1	-
18 <sup>th</sup> AGM	25 <sup>th</sup> September, 2006	01.00 p.m.	5	-

The Chairman/Member of the Audit Committee was also present at the Annual General Meeting.

## 7. DISCLOSURES

The Board of Directors of the Company do hereby state and confirm that:

- There are no material significant related party transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives that may have potential conflict with the interests of Company at large. The register of contracts containing transactions in which directors are interested is placed before the Board regularly for its approval.
- During the last three years there was no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets.

## 8. WHISTLE-BLOWER POLICY:

We have a established a mechanism for employee to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguard against victimization of employee who avails of the mechanism and also provides for direct access to the chairperson of the audit committee in exceptional cases. We further affirm that during the financial year 2008-09, no employee has denied access to the audit committee.

## 9. CODE OF CONDUCT

- The Company is having code of conduct for prevention of insider trading.
- The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct has been posted on the notice Board/website of the company and all Board members and senior management personnel has affirmed compliance with the code on an annual basis.

## 10. MEANS OF COMMUNICATION:

Quarterly results of the Company are published in leading newspapers such as **Navshakti Maratha** being the Marathi vernacular newspaper and the **Free press Journal**, English newspaper. The results are promptly submitted to the Stock Exchanges where the shares of the Company are listed.

## 11. GENERAL INFORMATION TO SHAREHOLDERS & INVESTORS

- Date, Time & Venue of Annual General Meeting : 30<sup>th</sup> September, 2009 at 3.00 P.M. at the Regd. Office of the Company.
- Financial Calendar : April 2009 to March 2010  
Result for the quarter ended 30.06.09 : 31<sup>st</sup> July 2009  
Result for the quarter ended 30.09.09 : Last week of Oct., 2009  
Result for the quarter ended 31.12.09 : Last week of Jan., 2010  
Result for the quarter ended 31.03.10 : Last week of April, 2010

- Board meeting for consideration of Annual A/cs : 28<sup>th</sup> August, 2009
- Posting of Annual Report : On or before 4<sup>th</sup> Sept., 2009
- Last date for receipt of Proxy : 28<sup>th</sup> Sept., 2009
- Date of dispatch of dividend warrants/cheques : on or before 3<sup>rd</sup> Oct., 2009
- Dates of Book Closure : From 28.09.2009 to 30.09.2009

(viii) Listing on Stock Exchange: : The Bombay Stock Exchange Limited

(ix) Stock Code : BSE Code 523144

(x) D-mat ISIN No. For CDSL and NSDL : INE312C01017

(xi) No. Of Shareholders on 31.03.2009 : 7,398

## (xii) Stock Market Data:

The monthly High and Low stock quotations during the financial year ended 31<sup>st</sup> March 2009 on BSE are as under (Source the Website: bseindia.com)

Month	High (Rs)	Low (Rs)	Volume of shares traded
Apr-2008	35.95	28.00	93191
May-2008	33.75	28.40	87959
Jun-2008	30.95	24.45	51043
July-2008	26.95	22.10	60493
Aug-2008	31.00	25.00	71603
Sep-2008	28.00	20.80	68228
Oct-2008	23.00	31.05	95665
Nov-2008	19.95	14.75	34640
Dec-2008	21.00	14.70	51112
Jan-2009	21.25	16.00	40415
Feb-2009	17.00	13.35	42290
Mar-2009	15.95	11.00	92251

## (xiii) Share Transfer System:

Shareholders/Investors' Grievance Committee also approves share transfers and meets at frequent intervals. The Company's Share Transfers Agent Ankit Consultancy Pvt. Ltd. Process these transfers. Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. In cases where shares are transferred after sending notice to the transferors, in compliance of applicable provisions, the period of transfer is reckoned from the date of expiry of the notice.

## (xiv) Dematerialisation / Rematerialisation:

Based on a SEBI directive, Company's shares are traded in electronic form. As on 31<sup>st</sup> March, 2009, the Company's 60,44,025 shares are held by shareowners in dematerialised form, aggregating 97.09% of the Equity Share Capital.

CDSL: 11,55,957 forming 18.56% of the total paid up capital

NSDL: 48,88,068 forming 78.53% of the total paid up capital.

## (xv) Distribution of shareholding pattern as on 31<sup>st</sup> March 2009:

Shareholding of Nominal Value Rs.	No. of shareholder	%	Shares Amount in Rs.	%
Up to 1000	3,295	44.55	27,32,270	4.39
1001-2000	1,487	20.10	28,25,140	4.54
2001-3000	699	9.45	20,00,880	3.21
3001-4000	296	4.00	11,49,390	1.85
4001-5000	533	7.20	26,25,130	4.22
5001- 10000	578	7.81	48,14,610	7.73
10001-20000	295	3.99	45,00,370	7.23
20001-30000	79	1.07	19,60,340	3.15
30001-40000	26	0.35	9,37,650	1.51
40001-50000	23	0.31	10,85,050	1.74
50001-100000	41	0.55	28,67,560	4.61
100000-Above	46	0.62	3,47,51,610	55.82
<b>Total</b>	<b>7398</b>	<b>100.00</b>	<b>6,22,50,000</b>	<b>100.00</b>





**(xvi) Categories of Shareholders as on 31<sup>st</sup> March, 2009:**

S.No.	Categories	No. of Shares Held	% of Share holding
1.	Indian promoters	2871878	46.13
2.	Persons Acting in concert	0	0
3.	Banks, Financial Institutions	0	0
4.	FII's	0	0
5.	Bodies Corporate	404433	6.50
6.	Indian Public	2905150	46.67
7.	NRI/ OCBs	43539	0.70
<b>Total</b>		<b>6225000</b>	<b>100.00</b>

**(xvii) Details of the promoter's shares under pledge:**

None of the promoters shares in the Company has been pledged by them to any bank/financial institutions.

**(xviii) Details of shares credited in the suspense account:**

There were no instance for returning the undelivered shares therefore, no shares were credited in the escrow account as per Clause 5(a) of the Listing Agreement.

**(xix) Address for Communication:**

Shareholders should address their correspondence to the Company's Share Transfer Agent Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.) and may also contact at the Corporate & Head office of the Company.

**(xx) Location of Registered office** : 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai - 400093  
Phone: 091 22 30887744  
Fax: 091 22 30887755  
e-mail: sfil87@hotmail.com

**(xxi) Location of Plant** : 256-257, Sector-I, Pithampur Dist. Dhar (M.P.) 454775  
Phone / Fax : 091 7292 253404

**(xxii) Location of Corporate Office** : 2<sup>nd</sup> Floor, "Tagore Centre" (Dawa Bazar), 13-14, RNT Marg, Indore - 452001  
Phone: 091 731 3046868-71  
Fax: 091 731 3046872  
e-mail: sfilindore@rediffmail.com

**For and on behalf of the Board of Directors  
For, SYNCOM FORMULATIONS (INDIA) LTD.**

**Place: Indore  
Date : 28<sup>th</sup> August, 2009**

**KEDARMAL BANKDA  
CHAIRMAN**

**MANAGEMENT DISCUSSIONS AND ANALYSIS:**

**(i) Industry Structure and Developments:**

The Indian pharmaceutical market has not been affected to the same degree as other sectors due to downturn in the economy. It is estimated that by 2015, the Indian Pharma Industry will rank amongst the top 10 in the world. The major trends that will influence the growth of the market over the next few years are: increasing disposable income, growing number of middle class households, expansion of healthcare infrastructure, penetration of healthcare insurance, rising incidence of chronic diseases, innovative product launches due to product patents and expanded healthcare access to rural and semi urban markets, aided by GDP increase of approximately 7% P.A. in the years ahead.

The industry is proposing a price monitoring mechanism instead of price control. In view of sharp differences between the pharmaceutical industry and the Ministry of Chemicals & Fertilizers, the Union Cabinet has referred the matter to a group of ministers for review and recommendation. The Group of Ministers is yet to make any specific recommendation. Meanwhile the National Pharmaceutical Pricing Authority (NPPA) continues its strong vigil and is monitoring and controlling the prices of controlled as well as decontrolled formulations with a 10% year on year price cap on non scheduled formulations. During the year, prices of more than 1000 formulations were reduced by NPPA. Furthermore, the industry's requests for permitting across the board increases

for controlled formulations in view of the steep rise in input costs fuelled by the sharp increase in oil prices and the depreciation of the Rupee vis-a-vis the USD was not granted by NPPA.

**(ii) Threats, Risks and Concerns:**

Lack of clarity on the Government's future policy especially in relation to price control continues to be an area of major concern for the industry. The absence of a clear objective and transparent policy on drug pricing continues to impact the overall industry direction.

Introduction of new taxes and changes in existing tax laws as well as other statutes particularly in the pharmaceutical sector continue to pose challenge to the Industry.

Slower consumer off-take resulting from the recent economic slowdown may result in poor prescription compliance, namely postponing treatment and/or buying less than the prescribed dosage.

**(iii) Opportunity:**

The Indian middle class is growing rapidly with increasing prospects for greater health insurance coverage. The Indian market is under-insured with less than 4% of the population covered by State Health Insurance. The private health insurance market is limited to a miniscule number. It is estimated that the number of Indians who can afford quality private healthcare stands at about 100 million, which is about 1/3rd of the middle class population and 1/10th of the total Population. Increasing penetration of health insurance coupled with rising purchasing power is expected to stimulate the market. Healthcare reforms are also expected to expand the coverage of organized healthcare to rural areas leading to increased supply of secondary care.

Your company has set up a strong distribution network in countries where it operates. We are still in process of entering newer markets globally. The increasing spending on healthcare world wide will help to grow sales. Also your company has created an excellent base in the huge and potential Indian Pharma market. This gives your company an excellent opportunity to grow in domestic as well as international market.

**(iv) Outlook:**

Your company has invested in manpower in sales and marketing to consolidate and accelerate its growth. While keeping its focus on achieving a higher sales growth, the company continues to work on generating cost related efficiency in areas of Supply Chain, Administrating expenses, Selling expenses and Manufacturing expenses.

We believe that 2009 could be an extremely challenging year, if the economy takes a further hit in the remaining part of the year. On the growth front, we express a cautions optimism against the backdrop of an unsatisfactory and progressively adverse economic environment.

**(v) Segmental Analysis:**

The company is working under single segment pharmaceuticals.

**(vi) Internal control systems and their adequacy:**

The Company has an adequate system of internal controls which ensures that its assets are protected against loss from unauthorized use or disposition and all transactions are authorized, recorded and reported in conformity with generally accepted accounting principles.

The internal control systems are documented with clearly defined authority limits. These systems are designed to ensure accuracy and reliability of accounting data, promotion of operational efficiency and adherence to the prescribed management policies. These policies are periodically updated to meet current business requirements.

The Company has a system for regular review of internal Controls to assess its effectiveness and the controls are suitably revised to keep pace with changing business environment. Internal Control Systems and processes are reviewed and tested by internal Auditors on a regular basis. The scope of Audit Program is agreed upon with the Audit Committee. Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of the said recommendations.

The Management Committee addresses the business risk on continuous basis. During the year, the Company has taken the initiative to institutionalize an enterprise-wide risk management program and integrate the same with internal Controls.



**(vii) Cautionary statement:**

Statement in the management discussion and analysis describing company's objectives, projections, estimates and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

**For and on behalf of the Board of Directors  
For, SYNCOM FORMULATIONS (INDIA) LTD.**

**Place: Indore  
Date : 28<sup>th</sup> August, 2009**

**KEDARMAL BANKDA  
CHAIRMAN**

**MANAGEMENT RESPONSIBILITY STATEMENT**

The financial statements are in full conformity with the requirements of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India. The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the Company's financial condition, and results of operations. To ensure this, the Company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. S.P. Moondra & Co., Chartered Accountants, Statutory Auditors of the Company.

**Place : Indore  
28<sup>th</sup> August 2009**

**Vijay Bankda  
Managing Director**

**Devendra Maheshwari  
G.M. (Finance & Accounts)**

**CERTIFICATE OF STATUTORY AUDITORS  
ON CLAUSE 49 OF THE LISTING AGREEMENT  
WITH THE STOCK EXCHANGES**

**To  
The Board of directors  
Syncom Formulations (India) Ltd.**

We have examined the compliance of conditions of Corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the Company with the Stock Exchanges, for the financial year beginning 1<sup>st</sup> April 2008 and ending on 31<sup>st</sup> March 2009.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is either an audit or an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company. Based on such review, in our opinion, the Corporate Governance Report of the Company, referred to above, reflects on a fair basis the status of compliance by the Company with the Clause 49 of the Listing Agreement of the Stock Exchanges, relating to Corporate Governance, for the FY 2008-09 and that no investors grievances is pending for a period exceeding one months against the Company as per the records mentioned by the Share Department/Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance or 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, S.P. MOONDRA & CO.,  
CHARTERED ACCOUNTANT**

**Place : Indore  
28<sup>th</sup> August 2009**

**S.P. MOONDRA  
PROPRIETOR**

**AUDITOR'S REPORT TO THE MEMBERS OF  
M/S. SYNCOM FORMULATIONS (INDIA) LIMITED**

We have audited the attached Balance Sheet of M/S. SYNCOM FORMULATIONS (INDIA) LIMITED., INDORE (M.P.) as at March 31, 2009 and also Profit & Loss Account of the Company 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.

- 1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 3) Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of information and explanations given to us, we report that none of the directors is disqualified as on the date of balance sheet from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009; and
    - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - (c) In the case of Cash flow Statement of the Cash Flows of the Company for the year ended on that date.

**For S.P. MOONDRA & Co.,  
CHARTERED ACCOUNTANTS**

**PLACE : INDORE  
DATED : 28<sup>th</sup> August, 2009**

**(S.P. MOONDRA)  
PROPRIETOR  
M.No. 073747**



## ANNEXURE TO THE AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 2 of our report of even date to the members of **M/S SYNCOM FORMULATIONS (INDIA) LTD.**, for the year ended on **31st March, 2009**, We report that, in our opinion and to the best of our information and explanations furnished to us and the books and records examined by us in the normal course of Audit:

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. We were informed that no material discrepancies were noticed on such physical verification.
- c. There has been no disposal of substantial part of the Fixed Assets during the year & the going concern status of the company is not affected.
2. a. Inventories have been physically verified by the management at reasonable intervals during the year.
- b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The Company has maintained proper records of inventories. The discrepancies noticed on verification between physical stock and book stock were not material having regard to the size of the operations of the company and have been properly dealt with in Books of Accounts.
3. a. The Company has taken Loans from Two parties covered in the register maintained under section 301 of the Act. At the year end Outstanding balances of such loans taken aggregated to Rs. 8,94,40,899 (Number of Parties 02) and the maximum Amount involved during the year was Rs. 18,74,98,110 Further Company has not granted Loans to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. In our opinion and according to the information and explanations given to us, rate of Interest and other terms and conditions of the aforesaid Unsecured loans taken by the Company are not prima facie prejudicial to the interest of the Company.
- c. In respect of Loans taken by the Company, the payment of Principal amount is regular.
- d. In respect of Loans taken by the Company, these were no overdue amount. The Company has not given the Loan.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. Based on the Audit Procedures applied by us and according to the information and explanations given to us, there were no transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public within the meaning of Section 58 A and 58 AA of the Companies Act, 1956 and the rules framed there under. Accordingly, there have been no proceedings before the Company Law Board in this matter nor any order has been passed.
7. In our opinion the Company has an internal Audit system commensurate with the Size and nature of business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of manufacturing activity of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. However

we are neither required to carry out nor have carried out any detailed examination of such Accounts and records.

9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees, state Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on the date of Balance sheet for a period of more than six months from the date they become payable.
- b. According to the information and explanations given to us, the dues in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty and Cess that have not been deposited with the appropriate authorities on account of disputes as on the date of Balance Sheet and the forum where the disputes are pending are as under:

Sr. no.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Amount for which dispute is pending (Rs. In Lacs)	Amount Not Deposited (Rs. In Lacs)
1.	Income Tax Act	Income Tax A.Y. 2004-05	Appellate Comm. Income Tax, Mumbai	42.99	42.99
2.	Income Tax Act	Income Tax A.Y. 2006-07	Appellate Comm. Income Tax, Mumbai	79.86	79.86
3.	M.P. Commercial Tax Act.	Central Sales Tax F.Y. 2005-06	Deputy Commissioner Comm. Tax, Indore	0.50	0.50

10. The Company does not have accumulated losses at the year end and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. According to the information and explanations given to us and based on our observation during the audit, The Company did not have any outstanding debentures.
12. According to the information and explanations given to us, The Company during the year has not granted Loans and Advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a nidhi/mutual benefit fund/ society to which the provisions of special statute relating to chit fund are applicable.
14. The Company is not dealing or trading in Share/Securities. Investments are hold in the name of the company & entries have been made in the register.
15. According to the information and explanation given to us, The Company has not given any guarantees for Loans taken by others from Banks or Financial Institutions.
16. The company has not raised any term loans & therefore this clause is not applicable
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that Prima facie the Company has not utilised the funds raised from short term sources towards Long term investment and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties & Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The company did not have issued debentures and therefore question of creating of Securities does not arise.
20. The Company has not raised any money by way of Public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For S.P. MOONDRA & Co.,  
CHARTERED ACCOUNTANTS

PLACE : INDORE  
DATED : 28<sup>th</sup> August, 2009

(S.P. MOONDRA)  
PROPRIETOR  
M.No. 073747



## BALANCE SHEET AS AT 31st March'2009

Particulars	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SOURCES OF FUNDS</b>			
Share holders' funds			
Share capital	1	6,22,50,000	6,22,50,000
Convertible warrant issued and allotted (Note 1 on schedule 16)		14,95,000	14,95,000
Reserves and surplus	2	34,75,76,650	32,65,99,212
		41,13,21,650	39,03,44,212
<b>Loan funds</b>			
Secured loans	3	1,79,96,259	1,36,99,073
Unsecured loans	4	8,94,40,899	5,85,80,999
		10,74,37,158	7,22,80,072
<b>Deferred Tax Liability (Net)</b>	-	4,58,86,045	4,21,88,115
<b>TOTAL</b>		<b>56,46,44,853</b>	<b>50,48,12,399</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	5	46,24,95,815	43,96,33,837
Less : Depreciation		13,93,60,946	12,53,53,046
		32,31,34,869	31,42,80,791
Add : Capital work in progress including advances for Capital Goods	6	2,94,689	25,75,678
		32,34,29,558	31,68,56,469
<b>Investments</b>	7	4,00,000	4,00,000
<b>Current assets, loans &amp; advances</b>			
<b>Current assets</b>	8		
Inventories		2,74,73,273	5,55,77,614
Debtors		12,86,89,866	17,79,52,886
Cash and Bank Balances		2,58,83,265	2,47,95,536
		18,20,46,405	25,83,26,036
<b>Loans &amp; advances</b>	9	12,64,79,135	10,42,39,518
		30,85,25,539	36,25,65,554
<b>Less : Current liabilities &amp; provisions</b>	10	6,84,15,210	17,50,09,624
<b>Net current assets</b>		24,01,10,329	18,75,55,930
Miscellaneous expenditure (To the extent not written off or adjusted)	11	704965	0
<b>TOTAL</b>		<b>56,46,44,853</b>	<b>50,48,12,399</b>
Significant Accounting Policies & Notes forming parts of the accounts	16		

As per our report of even date annexed  
For S.P. Moondra & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

(S.P.Moondra)  
Proprietor  
M. No. : 073747  
Place : Indore  
Dated the : 28<sup>th</sup> August, 2009

Kedarmal Bankda, Chairman

Vijay Bankda, Managing Director

Mrs. Shikha Maheshwari, Company Secretary



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March'2009

Particulars	Schedule	2008-09 Rs.	2007-08 Rs.
<b>INCOME</b>			
Sales	12	57,63,75,157	68,33,25,395
Less:-Excise Duty	-	7,38,777	48,88,323
Net Sales		57,56,36,380	67,84,37,072
Other income	13	51,11,822	1,05,24,405
<b>TOTAL</b>		<b>58,07,48,202</b>	<b>68,89,61,477</b>
<b>EXPENDITURE</b>			
Materials	14	35,65,50,579	45,78,26,429
Manufacturing and other expenses	15	15,18,48,726	15,31,37,268
Interest & Financing Charges	-	28,90,335	18,28,874
Depreciation	5	1,40,07,900	1,78,12,572
<b>TOTAL</b>		<b>52,52,97,539</b>	<b>63,06,05,143</b>
<b>Profit for the year before Taxation</b>		<b>5,54,50,663</b>	<b>5,83,56,334</b>
Less : Provision for income tax			
Current Tax		1,22,19,555	1,36,34,127
Deferred Tax		36,97,930	54,33,429
Fringe Benefit Tax		14,33,800	13,24,935
Income Tax related to Earlier Year		1,16,59,736	21,05,160
<b>NET PROFIT AFTER TAX</b>		<b>2,64,39,642</b>	<b>3,58,58,683</b>
Add : Balance brought forward from last year		3,05,16,352	3,32,99,138
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>5,69,55,994</b>	<b>6,91,57,821</b>
<b>APPROPRIATIONS</b>			
General Reserve		1,50,00,000	3,50,00,000
Proposed Dividend		46,68,750	31,12,500
Provision for Corporate Dividend Tax		7,93,454	5,28,969
<b>Surplus carried to balance sheet</b>		<b>3,64,93,790</b>	<b>3,05,16,352</b>
Basic Earning Per Share		4.25	6.06
Diluted Earning Per Share		4.04	5.74
<b>(Schedule 16 Note No.19)</b>			
Significant Accounting Policies & Notes forming parts of the accounts	16		

As per our report of even date annexed  
For S.P. Moondra & Co.  
Chartered Accountants

(S.P.Moondra)  
Proprietor  
M. No. : 073747  
Place : Indore  
Dated the : 28<sup>th</sup> August, 2009

For and on behalf of the Board of Directors

Kedarmal Bankda, Chairman

Vijay Bankda, Managing Director

Mrs. Shikha Maheshwari, Company Secretary


**Cash Flow Statement For The Year Ended 31st March'2009**

(Rs. in Lacs)

		Year Ended 31.03.2009		Year Ended 31.03.2008
<b>A Cash flow from operating activities :</b>				
Increase in profit	59.78		(27.83)	
Provision for Dividend	46.69		31.13	
Provision for Dividend Tax	7.93		5.29	
Provision for Tax (Including Deferred Tax)	290.11		224.98	
Increase in General Reserve	150.00		350.00	
Profit before tax		554.51		583.57
<b>Adjustments for non cash expenses :</b>				
Depreciation	140.08		178.13	
Sundry Balances Written off	(0.02)		(0.03)	
		140.06		178.10
<b>Adjustment for non operating incomes :</b>				
Interest received	(24.26)		(21.57)	
Dividend received	0		0	
		(24.26)		(21.57)
<b>Operating profit before Working Capital changes</b>		670.31		740.10
<b>Adjustment for changes in working capital :-</b>				
(Increase)/ Decrease in inventories	281.04		(214.08)	
(Increase)/ Decrease in debtors	492.63		(335.12)	
(Increase)/ Decrease in other receivable	(222.39)		(271.71)	
Increase/( Decrease) in trade payable & other Liabilities	(1065.94)		851.49	
		(514.66)		30.58
<b>Cash generated from operation</b>		155.65		770.68
Add. Profit from extraordinary item				
Interest & Dividend	(25.44)		(14.26)	
Dividend paid	(46.69)		(31.13)	
Dividend tax paid	(7.93)		(5.29)	
Provision for Income Tax	(253.13)		(170.64)	
		(333.19)		(221.32)
<b>Net cash from operating activities.....A</b>		(177.54)		549.36



## Cash Flow Statement For The Year Ended 31st March'2009

(Rs. in Lacs)

	Year Ended 31.03.2009	Year Ended 31.03.2008
<b>B Cash Flow From Investing Activities</b>		
Purchase of Fixed assets (including capital Investment work in progress & expenditure during construction)	(205.81)	(736.64)
Net Cash Used In Investing Activities .....B	(205.81)	(736.64)
<b>C Cash Flow From Financing activities :-</b>		
Unsecured Loan From Promoters	308.60	153.44
Increase/(decrease) in bank borrowings	42.98	(134.54)
Increase in share capital	0	31.00
Interest expenses	49.70	35.83
Convertible warrants issued and allotted	0	14.95
Increase in share premium	0	111.60
Right issue expenses	(7.05)	0
Net cash From Financing Activities ....C	394.23	212.28
<b>D Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	10.88	25.00
Cash & cash equivalents at the beginning of the year	247.95	222.95
Cash & cash equivalents at the end of the year	258.83	247.95

Note :-  
Figures in brackets represent outflow

As per our report of even date annexed  
For S.P. Moondra & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Kedarmal Bankda, Chairman

(S.P.Moondra)  
Proprietor  
M. No. : 073747  
Place : Indore  
Dated the : 28<sup>th</sup> August, 2009

Vijay Bankda, Managing Director

Mrs. Shikha Maheshwari, Company Secretary



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March'2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>1 SHARE CAPITAL</b>		
<b>Authorised capital</b>		
1,40,00,000 equity share of Rs. 10/- each (Previous Year 1,00,00,000)	14,00,00,000	10,00,00,000
<b>Issued, subscribed &amp; paid up</b>		
62,25,000 Equity shares (Previous Year 62,25,000) of Rs. 10/- each, Fully paid up	6,22,50,000	6,22,50,000
<b>TOTAL</b>	<b>6,22,50,000</b>	<b>6,22,50,000</b>
Note : Of the above shares, 75,000 equity shares were allotted as fully paid up bonus shares by capitalisation of general reserve		
<b>2 RESERVES &amp; SURPLUS</b>		
<b>Capital reserve</b>		
State capital subsidy (As per last balance sheet)	7,50,000	7,50,000
On account of forfeiture of shares (As per last balance sheet)	1,24,300	1,24,300
	8,74,300	8,74,300
<b>Share Premium Account</b>		
As per last balance sheet	8,52,08,560	7,40,48,560
Addition during the year	0	1,11,60,000
	8,52,08,560	8,52,08,560
<b>General reserve</b>		
(As per last balance sheet)	21,00,00,000	17,50,00,000
Add: Set aside during the year	1,50,00,000	3,50,00,000
	22,50,00,000	21,00,00,000
Surplus as per Profit & Loss Account	3,64,93,790	3,05,16,352
<b>TOTAL</b>	<b>34,75,76,650</b>	<b>32,65,99,212</b>
<b>3 SECURED LOANS</b>		
<b>Working Capital finance :</b>		
From Dena Bank (Against Pledge of F.D.R. of the Company)	1,79,96,259	1,36,99,073
<b>TOTAL</b>	<b>1,79,96,259</b>	<b>1,36,99,073</b>
<b>4 UNSECURED LOANS</b>		
From Companies \ Directors	8,94,40,899	5,85,80,999
<b>TOTAL</b>	<b>8,94,40,899</b>	<b>5,85,80,999</b>

### SCHEDULE NO. 5 : FIXED ASSETS

(In rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 31.03.08	Additions during the year	As at 31.03.09	Up to 31.03.08	For the Year	Written back	Up to 31.03.09	As at 31.03.09	As at 31.03.08
Lease hold land	11,86,605	0	11,86,605	1,07,874	11,986	0	1,19,860	10,66,745	10,78,731
Buildings	14,80,00,551	63,22,240	15,43,22,791	2,56,73,496	49,08,216	0	3,05,81,712	12,37,41,079	12,23,27,055
Plant & machinery	21,36,12,710	66,05,843	22,02,18,553	6,53,91,216	1,03,46,935	0	7,57,38,150	14,44,80,403	14,82,21,494
Electrical installation	1,92,82,139	11,87,534	2,04,69,673	92,85,252	9,32,438	31,35,178	70,82,512	1,33,87,161	99,96,887
Furniture & fixture	3,30,51,759	32,33,007	3,62,84,766	1,15,43,472	21,17,407	8,25,606	1,28,35,273	2,34,49,493	2,15,08,287
Office & factory equipments	2,45,00,073	55,13,354	3,00,13,427	1,33,51,736	24,52,657	28,00,954	1,30,03,439	1,70,09,988	1,11,48,337
<b>TOTAL</b>	<b>43,96,33,837</b>	<b>2,28,61,978</b>	<b>46,24,95,815</b>	<b>12,53,53,046</b>	<b>2,07,69,638</b>	<b>67,61,738</b>	<b>13,93,60,946</b>	<b>32,31,34,869</b>	<b>31,42,80,791</b>
Previous Year	36,16,43,689	7,79,90,148	43,96,33,837	10,75,40,474	1,78,12,572	0	12,53,53,046	31,42,80,791	25,41,03,215





## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March'2009

Particulars	As at	As at
	31.03.2009	31.03.2008
	Rs.	Rs.
<b>6 CAPITAL WORK-IN-PROGRESS</b>		
Advances for Capital Goods	2,94,689	25,75,678
<b>TOTAL</b>	<b>2,94,689</b>	<b>25,75,678</b>
<b>7 INVESTMENTS</b>		
Investment in Capital of Partnership Firm M/s. Syncom International	4,00,000	4,00,000
<b>TOTAL</b>	<b>4,00,000</b>	<b>4,00,000</b>
<b>8 CURRENT ASSETS</b>		
<u>Inventories</u> (as taken, valued and certified by the management)		
Raw materials	99,83,260	2,60,94,280
Finished goods	71,48,508	98,91,137
Semi finished goods	53,58,104	91,08,304
Packing material	47,24,867	98,08,768
Stores & spares and others	2,58,534	6,75,125
	<b>2,74,73,273</b>	<b>5,55,77,614</b>
<u>Debtors</u> (Unsecured, considered good)		
Within Six Month	9,38,84,604	16,78,71,203
Over Six Months	3,48,05,262	1,00,81,683
	<b>12,86,89,866</b>	<b>17,79,52,886</b>
<u>Cash &amp; bank balances</u>		
Cash in hand (as certified)	2,10,678	11,27,143
<u>Balances with Scheduled Banks</u>		
In Current accounts	17,11,502	15,24,346
In Fixed deposit accounts	2,39,61,086	2,21,44,047
	<b>2,58,83,265</b>	<b>2,47,95,536</b>
<b>TOTAL</b>	<b>18,20,46,405</b>	<b>25,83,26,036</b>
<b>9 LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	6,04,55,387	7,68,72,014
Deposits for premises	6,10,00,000	1,50,00,000
Deposits	18,65,150	13,74,718
Prepaid expenses	51,209	3,52,373
Advance Income Tax	31,07,389	1,06,40,413
<b>TOTAL</b>	<b>12,64,79,135</b>	<b>10,42,39,518</b>
<b>10 CURRENT LIABILITIES &amp; PROVISIONS</b>		
<u>Current Liabilities</u>		
Sundry creditors		
a) Dues of micro enterprise & small enterprise	508,140	0
b) Dues of creditors other than micro enterprise & small enterprise	2,54,93,782	13,48,79,904
Advances received from customers	23,91,172	14,83,411
Other liabilities	1,77,45,622	1,84,89,665
Unclaimed Dividend	17,72,558	15,99,358
	<b>4,79,11,274</b>	<b>15,64,52,337</b>
<u>Provisions</u>		
Provision for gratuity	15,89,053	9,56,756
Proposed dividend	46,68,750	31,12,500
Corporate Dividend Tax	7,93,454	5,28,969
Provision for income tax	1,34,52,679	1,39,59,062
	<b>2,05,03,936</b>	<b>1,85,57,287</b>
<b>TOTAL</b>	<b>6,84,15,210</b>	<b>17,50,09,624</b>
<b>11 MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off)		
Right Issue Expenses	7,04,965	0
<b>TOTAL</b>	<b>7,04,965</b>	<b>0</b>



## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON 31st March'2009

Particulars	2008-09 Rs.	2007-08 Rs.
<b>12 SALES &amp; INCOME FROM OPERATION</b>		
Manufacturing Sales	47,32,24,051	57,03,95,319
Sales Trading	7,63,52,388	8,31,63,689
Export incentives (DEPB)	2,67,98,718	2,97,66,388
<b>TOTAL</b>	<b>57,63,75,157</b>	<b>68,33,25,395</b>
<b>13 OTHER INCOME</b>		
Job Work Income	46,95,240	1,00,67,952
Miscellaneous Income	4,16,582	4,56,453
<b>TOTAL</b>	<b>51,11,822</b>	<b>1,05,24,405</b>
<b>14 MATERIALS</b>		
<b>A. Raw materials &amp; packing materials</b>		
Opening stock	3,59,03,048	1,95,36,071
Purchases during the year	29,52,20,374	43,55,73,320
LESS: Closing stock	33,11,23,422	45,51,09,391
Consumption	1,47,08,127	3,59,03,048
<b>B. Purchase of traded goods</b>	<b>3,36,42,454</b>	<b>4,32,43,391</b>
<b>C. (Increase)/Decrease in stocks</b>		
<u>Closing stock:</u>		
Finished goods	71,48,508	98,91,137
Semi finished goods	53,58,104	91,08,304
<u>Opening stock:</u>	<u>1,25,06,612</u>	<u>1,89,99,441</u>
Finished goods	98,91,137	93,17,388
Semi finished goods	91,08,304	50,58,748
(Increase)/Decrease in stocks	1,89,99,441	1,43,76,136
	64,92,829	(46,23,305)
<b>TOTAL</b>	<b>35,65,50,579</b>	<b>45,78,26,429</b>
<b>15 MANUFACTURING &amp; OTHER EXPENSES</b>		
Salaries, wages & other benefits	5,25,06,580	4,99,48,444
Contribution to provident & other funds	22,25,888	25,29,036
Staff welfare expenses	54,80,645	72,29,996
Directors' remuneration	3,60,000	3,60,000
Power & fuel	95,20,269	1,22,80,159
Rent	16,30,485	13,46,149
Insurance	4,69,578	3,93,876
<u>Repairs &amp; maintenance:</u>		
Plant & machinery	25,58,586	26,19,515
Factory Building	1,29,755	28,806
Others	68,235	2,09,279
Travelling & conveyance	2,96,69,054	2,00,06,827
Sales expenses	1,35,94,692	1,44,60,188
Forward Contract Cancellation Charges	36,33,157	3,87,593
Export Expenses	1,33,14,008	2,12,53,896
Vehicle hire charges	5,10,808	6,89,778
Vehicle running & maintenance	1,05,371	3,49,574
Postage, Telegram & Telephone	18,95,671	22,64,497
Legal & Professional	22,93,079	26,89,605
Sundry expenses	1,13,82,865	1,40,90,050
<b>TOTAL</b>	<b>15,18,48,726</b>	<b>15,31,37,268</b>



## 16. SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS AS ON 31st MARCH, 2009

### A. Significant accounting policies :

#### i) Recognition of income & expenditure :

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

The company generally follow mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

#### ii) Use of estimates :

The presentation of financial statements is in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the period. Differences between the actual result and estimates are recognised in the period in which the results are known/materialised.

#### iii) Fixed Assets :

Fixed assets are stated at cost net of modvat/cenvat on construction and includes proportionate financial cost till commencement of production less accumulated depreciation.

#### iv) Depreciation :

Depreciation on all Assets is being provided on straight line basis as per schedule XIV of the Companies Act, 1956.

#### v) Impairment of Assets

An asset is treated as impaired when the carrying cost of Assets 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 recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount..

#### vi) Inventory valuation :

- Stock of raw materials/packing materials are valued at cost (net of modvat credit) on FIFO basis or net realisable value which ever is Lower.
- Stores & Spares and gift articles are valued at cost or net realisable value which ever is Lower..
- Semi finished goods are valued at approximate cost of input, depending on the stage of completion or net realisable value which ever is Lower..
- Finished goods are valued at cost or net realisable value which ever is lower. Cost for this purpose is determined by reducing the estimated gross margin from the billing price.

#### vii) Foreign Currency Transaction :

- Transactions denominated in foreign currencies are normally recorded on exchange rate prevailing at the time of the transaction. Current liabilities related to foreign currency transaction are being converted at the

year end at the closing rates for revenue transactions and exchanges gains/ losses in fluctuations of exchange rate are being dealt in the profit & loss account.

- Monetary items denominated in foreign currencies and covered by forward exchange contracts are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference have been recognised over the life of the contract.

#### viii) Investments :

The Investments are long term & stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary in the opinion of the management.

#### ix) Sales :

Sales include excise duty and sales tax recovered wherever applicable.

#### x) Modvat/cenvat :

Modvat/cenvat credit is accounted on accrual basis on purchase of materials and capital goods and appropriated against payment of excise duty on clearance of the finished goods.

#### xi) Excise Duty :

Excise duty has been accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses.

#### xii) Treatment of retirement benefit :

Retirement benefit to employees viz, gratuity is being accounted for on actuarial basis.

#### xiii) Borrowing cost :

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### xiv) Provision for current and deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961.

Deferred tax resulting from "timing differences" between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

#### xv) Contingent liabilities :

Contingent liabilities are not provided for. These are being disclosed by way of a note in the notes to Accounts.



## B NOTES ON ACCOUNTS

1. Pursuant to the approval of the members of the company in accordance with SEBI guidelines 3,25,000 convertible warrants of Rs. 46 each with an option to subscribe to one equity shares of Rs. 10 each fully paid at premium of Rs. 36 each, within 18 months of the date of allotment i.e. 29.03.2008 on preferential basis upon upfront payment of 10% of the total subscription money to the person acting in concert with the promoters of the company.

2. PARTICULARS REGARDING FIRM IN WHICH THE COMPANY IS A PARTNER:

Name of the firm & partner	Share%
----------------------------	--------

M/s Syncom International

Total Capital Rs. 4.00 Lacs

a) M/s. Syncom Formulations (India) Ltd. 99%

b) Mr. Vijay Bankda 1%

3. Depreciation :

Hitherto, it was the practice of the company to provide depreciation on written down value method on all assets situated at Pithampur unit except Factory Building, Plant & Machineries, this has now been changed to straight line method.

In compliance with the accounting standard issued by ICAI, depreciation has been recomputed from the date of commissioning of these assets at the SLM rates applicable to the year. Consequent to this change the charge of depreciation is lower by Rs. 67,61,738 relating to earlier years. Had there been no change in the method of depreciation, the charge of the year would have been lower by Rs. 9,55,682 excluding the charge relating to earlier years. Consequently, profit for the year, reserve and surplus and net block of fixed assets would have been lower by Rs. 77,17,420.

4. Loans & Advance Include :

Deposit given to directors against the properties let out by them to the company is Rs. 221 lacs (Previous year Rs. 45 lacs) and given to relatives of Directors Rs. 389 lacs (Previous year Rs. 105 lacs).

5. Debtors Include :

Due from companies/firms in which some of the directors are interested as Director/Proprietors/Partners Rs. 15,13,751 (Previous year Rs.9,51,054) Maximum outstanding during the year Rs.15,13,751 (Previous year Rs.9,51,434)

6. Interest & Financial Charges Rs 28,90,335 (Previous year Rs. 18,28,874) includes interest paid Rs. 25,44,540 (Previous year Rs. 14,26,163) [net of interest received Rs. 24,26,392(Previous year Rs. 21,57,401)] and financial charges 3,45,795 (Previous year Rs 4,02,711).

7. Travelling and Conveyance includes Directors travelling Inland Rs. 1,12,842 Foreign travelling Rs.9,72,224 and Foreign travelling of others Rs. 9,95,631.

8. The company has addressed letters to suppliers seeking confirmation as to registration under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information available with the company, an amount of Rs. 5.08 lacs is due to Micro, Small and Medium Enterprises, as detailed below:

S.No.	Vendor Name	Amount (in Lacs.)
1	Ideal Cures Pvt. Ltd., Mumbai	0.04
2	Lux Flavours	0.05
3	P.G. Holographic Pro., Indore	0.08

4	Packwell Packaging	0.15
5	Packwell Products	0.46
6	Panna Flex Pack, Indore	0.40
7	Shree Packers	3.90
	<b>Total</b>	<b>5.08</b>

All the amounts outstanding are due for a period less than that prescribed under the Act and all the payments during the year have been paid within the period less than that prescribed under the Act.

Interest Paid / Payable is Rs. NIL.

9. Fixed deposits includes Rs. 2,00,35,000 (previous year Rs. 2,00,35,000) pledged with Banks and Govt. Departments.

10. Balance of Sundry Debtors, Sundry Creditors, Trade Deposit and Loans & Advances are subject to confirmation. However, in the opinion of the management these accounts will fetch the amount as stated in the books of accounts on realisation in the ordinary course of business.

11. Income Tax assessment have been completed up to Assessment year 2006-2007

12. Sales Tax and Purchase Tax Assessment are at various stages. According to company's is management the provision for the same is sufficient.

13. Excise Duty is net of Excise Duty refund received against export under the central excise rules amounting to Rs. 2,98,85,302.

14. Sales includes export incentives.

15. Payment of auditors :

i) For audit fees Rs.50,000 (Previous year Rs. 50,000)

ii) For tax audit fee Rs.10,000 (Previous year Rs. 10,000)

iii) Other services Rs.18,000 (Previous year Rs. 7,810)

iv) Service Tax Rs 6,180 (Previous Year Rs.8,381)

16. Deferred Tax :

The breakup of net deferred tax liability as on 31 March 2009 is as follows.

	As at 31.03.2009		As at 31.03.2008	
	Deferred Tax Assets	Deferred Tax Liability	Deferred Tax Assets	Deferred Tax Liability
Timing differences on account of : Difference between book depreciation and depreciation Under the Income Tax Act, 1961	-	4,58,86,045	-	4,21,88,115
Expenditure Under Section 43 B of the Income Tax Act, 1961	-	-	-	-
Unabsorbed Depreciation	-	-	-	-
Total	-	-	-	-
Net Deferred Tax Liability	-	4,58,86,045	-	4,21,88,115



## 17. Segment Information :

The company is operating in single segment.

## 18. Related Party Disclosures :

### A. List of related parties :

Parties where control exists :

- Syncom International, Mumbai, Synmax Pharma, Indore

- ARP Pharma Pvt. Ltd., Strand Developers Pvt. Ltd.

Other Related parties with whom transactions have taken place during the year :

Fellow Subsidiaries : Nil

Associates : Nil

Directors : Mr. Kedarmal Bankda, Mr. Vijay Bankda, Mr. Sanjay Mehta, Mr. Vinod Kabra, Mr. K.D. Neema and Mr. Arpit Gupta

### B. Transactions with related parties :

(Rs. in lacs)

#### i) Sales services and

Other income Nil (Previous year NIL)

#### ii) Purchases of raw materials and components

Nil (Previous year NIL)

#### iii) Expenditures on other services

##### a) Paid to Directors

i) Car hire charges Rs.5,16,000 (Previous year Rs. 5,16,000)

ii) Rent Rs.2,40,000 (Previous year Rs. 2,40,000)

iii) Sitting Fees (NED) Rs.30,000 (Previous year Rs. 5000)

##### b) Paid to Relatives

i) Car hire charges Rs.3,24,000 (Previous year Rs.3,84,000)

ii) Rent Rs.10,20,000 (Previous year Rs. 4,80,000)

iii) Salary Rs.8,64,000 (Previous year Rs.8,64,000)

#### iv) Outstanding balances as at 31st March 2009

Debtors Rs. 15.14 Lacs(Previous year Rs. 9.51 lacs)

Creditors NIL

#### v) Director Remuneration :

Salary Rs. 3,60,000 (Previous year Rs. 3,60,000)

Value of perquisites\*.

Rent free house accommodation Rs.25,080 (Previous year Rs. 54,000)

Water & electricity charges Rs.38,093 (Previous year Rs. 22,653)

\* Value of perquisites is taken as per salary certificates issued by the company.

## 19. Earnings per Share : 2008-09 2007-08

### A. Calculation of weighted average number of equity shares of Rs. 10 each

No. of shares at the Beginning of the year 62,25,000 59,15,000

No. of equity shares outstanding at the end of the year 62,25,000 62,25,000

Weighted average number of equity shares

outstanding during the year 62,25,000 59,17,541

Effect of convertible warrants 3,25,000 3,25,000

Weighted average number of equity shares outstanding for computing diluted EPS 65,50,000 62,42,541

### B. Net profit after tax available for equity shareholders

2,64,39,642 3,58,58,683

### C. Basic earnings per share (in Rs.)

4.25 6.06

Diluted earnings per share (in Rs.) 4.04 5.74

20. Computation of net profit in accordance with section 349 of the Companies Act, 1956 has not been given, as commission by way of percentage of profit is not payable for the year to any of the director of the company.

21. Previous year figures have been reworked, regrouped, rearranged and reclassified where ever necessary.

22. Figures have been rounded off to the nearest rupee.

23. In the opinion of the Board, Current Assets, Loans and advances have a value on realisation in the ordinary course of business at least to the amount at which these are stated and that the provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary and there is no contingent liability other than below.

(Rs. in lacs)

PARTICULARS	As at	As at
	31/03/2009	31/03/2008
i) Income tax demand for A.Y. 04-05	42.99	22.68
ii) Income Tax demand for A.Y.06-07	79.86	Nil
iii) Income Tax Demand for A.Y.05-06	Nil	42.47
iv) Sales Tax Demand for F.Y.05-06	0.50	Nil
v) Capital Commitment (Net of Advances)	2.00	48.15
vi) Bank guarantees	1.03	3.30

24. Schedules referred to herein are under the same signature and form an integral part of the accounts.



25. Information pursuant to the provisions of paragraph 3,4C and 4D of part II of Schedule VI to the Companies Act, 1956.

ITEMS	UNIT	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
<b>i. Licensed capacity</b>			Not applicable		Not applicable
<b>ii. Installed capacity :</b> (Annual-on single shift working; as assessed and certified by the management)					
Tablets	'000	54,00,000		54,00,000	
Capsules	'000	6,00,000		6,00,000	
Dry Powder	Kgs.	3,00,000		3,00,000	
Liquids	Ltrs.	12,50,000		12,50,000	
Injectable	'000	68,500		68,500	
Ointment	Kgs.	1,57,500		1,57,500	
Inhaler	'000	500		500	
<b>iii. Production :</b>					
Tablets	'000	16,13,700		25,99,381	
Capsules	'000	2,48,552		3,09,368	
Dry Powder	Kgs.	9,572		11,037	
Liquids	Ltrs.	4,25,553		4,08,370	
Injectable	'000	3,274		4,014	
Ointment	Kgs.	26,936		48,637	
Inhaler	'000	470		84	
Notes : a) Production includes production of samples.					
b) Production on Job Basis of 26,09,096 nos. Injectable are not included in the above figures.					
<b>iv. Turnover :</b>					
<b>A. Manufactured Goods</b>					
Tablets	'000	16,26,919	29,86,03,761	25,88,964	39,34,65,735
Capsules	'000	2,50,204	9,74,43,043	3,04,435	9,51,29,503
Dry Powder	Kgs.	10,038	51,16,844	10,548	48,56,161
Liquids	Ltrs.	4,32,871	4,08,37,310	4,09,220	4,13,64,088
Injectable	'000	2,861	1,69,69,311	3,899	2,34,57,642
Ointment	Kgs.	32,721	1,12,47,318	45,571	1,15,99,132
Inhaler	'000	471	30,06,464	85	5,23,058
		<b>Total A</b>	<b>47,32,24,051</b>		<b>57,03,95,319</b>
<b>B. Traded goods</b>					
1. Basic drugs & chemicals	M.T.	1	12,49,645	2	4,45,509
		<b>Sub Total</b>	<b>12,49,645</b>		<b>4,45,509</b>
2. Finished Goods					
Tablets	'000	16,503	3,59,87,026	1,16,721	4,00,92,865
Capsules	'000	2,006	49,10,747	11,357	1,11,50,768
Dry Powder	Kgs.	8,976	9,58,767	10,753	31,86,895
Liquids	Ltrs.	1,33,791	2,53,95,986	1,32,327	1,73,67,474
Ointment	Kgs.	9,492	78,50,217	73,909	1,09,20,178
		<b>Sub Total</b>	<b>7,51,02,743</b>		<b>8,27,18,180</b>
		<b>Total B</b>	<b>7,63,52,388</b>		<b>8,31,63,689</b>
<b>V. Stocks :</b>					
<b>Opening stock</b>					
Tablets	'000	36,042	44,33,891	26,664	48,94,315
Capsules	'000	8,788	18,15,753	4,201	10,43,159
Dry Powder	Kgs.	695	2,34,626	410	1,01,258
Liquids	Ltrs.	14,692	8,76,023	16,126	12,94,859
Injectable	'000	264	14,23,728	151	4,87,332
Ointment	Kgs.	6,254	11,04,621	3,398	14,11,993
Inhaler	'000	1	2,495	7	84,472
		<b>Total</b>	<b>98,91,137</b>		<b>93,17,388</b>

# Syncom Formulations (India) Limited



ITEMS	UNIT	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
<b>Closing stock</b>					
Tablets	'000	22,742	25,72,332	36,042	44,33,891
Capsules	'000	7,132	12,96,617	8,788	18,15,753
Dry Powder	Kgs.	228	43,468	695	2,34,626
Liquids	Ltrs.	7,374	3,22,520	14,692	8,76,023
Injectable	'000	677	26,26,372	264	14,23,728
Ointment	Kgs.	45	5,710	6,254	11,04,621
Inhaler	'000	0	0	1	2,495
<b>Total</b>			<b>68,67,019</b>		<b>98,91,137</b>
<b>vi. Materials</b>					
a) Raw materials consumed for production*					
Paracetamol	Kgs.	2,72,360	4,71,91,975	5,86,243	7,32,89,617
Ibuprofen	Kgs.	31,180	1,53,74,599	28,384	1,26,52,148
Chloroquine Phosphate	Kgs.	13,612	98,12,709	44,844	2,96,50,349
Others**		0	13,55,49,164	0	18,14,98,813
b) Packing Materials**		0	10,84,86,848	0	12,21,15,417
**( Individual items each being less than 10 % of Total)					
<b>Total</b>			<b>31,64,15,295</b>		<b>41,92,06,344</b>
c) Purchase of goods traded :					
Basic drugs & chemicals	M.T.	1	12,36,945	2	4,84,771
<b>Total</b>			<b>12,36,945</b>		<b>4,84,771</b>
d) Finished Goods					
Tablets	'000	16,503	1,43,34,401	1,16,721	2,28,19,060
Capsules	'000	2,006	18,00,584	11,357	64,05,052
Dry Powder	Kgs.	8,976	4,73,552	10,753	12,57,318
Liquids	Ltrs.	1,33,791	1,24,74,244	1,32,327	86,46,561
Ointment	Kgs.	9,492	33,22,729	73,909	36,30,629
<b>Total</b>			<b>3,24,05,509</b>		<b>4,27,58,620</b>
<b>vii. CIF value of Imports :</b>			1,24,33,710		4,01,41,856
<b>viii. Expenditure in foreign currency</b>					
Travelling			14,29,100		2,11,050
Product Registration Charges			2,58,488		0
<b>ix. Earning in Foreign Exchange</b>					
Export on FOB basis			46,15,32,128		54,79,50,445
<b>x. Value of Imported/Indigenous</b>					
<u>Materials, components and spares consumed :</u>					
Machinery Parts			0		2,98,605
<u>Materials :</u>					
Imported		3.93%	1,24,33,710	9.58%	4,01,41,856
Indigenous		96.07%	30,39,81,585	90.42%	37,90,64,487
Payment of dividend on equity shares in foreign Currency			NIL		NIL

As per our report of even date annexed  
For S.P. Moondra & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Kedarmal Bankda, Chairman

(S.P.Moondra)  
Proprietor  
M. No. : 073747  
Place : Indore  
Dated the : 28<sup>th</sup> August, 2009

Vijay Bankda, Managing Director

Mrs. Shikha Maheshwari, Company Secretary



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31/03/2009

### i. Registration details

Registration no.   
 Balance sheet date

State code

### ii. Capital raised during the year (Amount in Rs. Thousands)

Public issue

Right issue

Bonus issue

Private placement

### iii. Position of mobilisation and deployment of funds (Amount in Rs. Thousand)

Total liabilities

Total assets

#### Sources of funds

Paid up capital

Reserves and surplus

Secured loans

Unsecured loans

#### Deferred Tax Liability

#### Application of funds

Net fixed assets

Investments

Net current assets

Miscellaneous expenditure

Accumulated losses

### iv. Performance of company (Amount in Rs. Thousand)

Turnover including other income

Total expenditure

Profit / loss before tax  
 + -

Profit / Loss after Tax  
 + -

Earning per share in Rs.

Dividend Rate %

### v. Generic names of three principal products of company

Item Code No.

Product description

Item Code No.

Product description

Item Code No.

Product description





## SYNCOM FORMULATIONS (INDIA) LIMITED

Registered Office : 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400 093

### TWENTY FIRST ANNUAL GENERAL MEETING - 30th SEPTEMBER, 2009 ADMISSION SLIP

(To be handed over at the entrance of the Meeting hall)

Folio No. \_\_\_\_\_

DPID\* \_\_\_\_\_

No. of Share held \_\_\_\_\_

Client ID\* \_\_\_\_\_

I certify that I am a Registered Share holder of the Company  
I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the company.

\_\_\_\_\_  
Name of the member in BLOCK LETTERS

\_\_\_\_\_  
Member's Signature

\* Applicable for investors holding shares in electronic form.

#### Notes :

1. A member/proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete the proxy-form given below and deposit it at the Company's Registered Office at least 48 hours before the meeting.

## SYNCOM FORMULATIONS (INDIA) LIMITED

Registered Office : 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400 093

### PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being the Member / Members of SYNCOM FORMULATIONS (INDIA) LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ Of \_\_\_\_\_ or failing

him \_\_\_\_\_ of \_\_\_\_\_

as my / our proxy attend and vote for me / us and on my / our behalf at the 21st Annual General Meetings of the company to be held on 30th September, 2009 and or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Affix Rs.  
One  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Proxy

\_\_\_\_\_  
(Signature of Member)

Name in Block Letters \_\_\_\_\_

Ledger Folio No. \_\_\_\_\_

DPID\* \_\_\_\_\_

Client ID\* \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.

Note : The proxy must be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting.

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