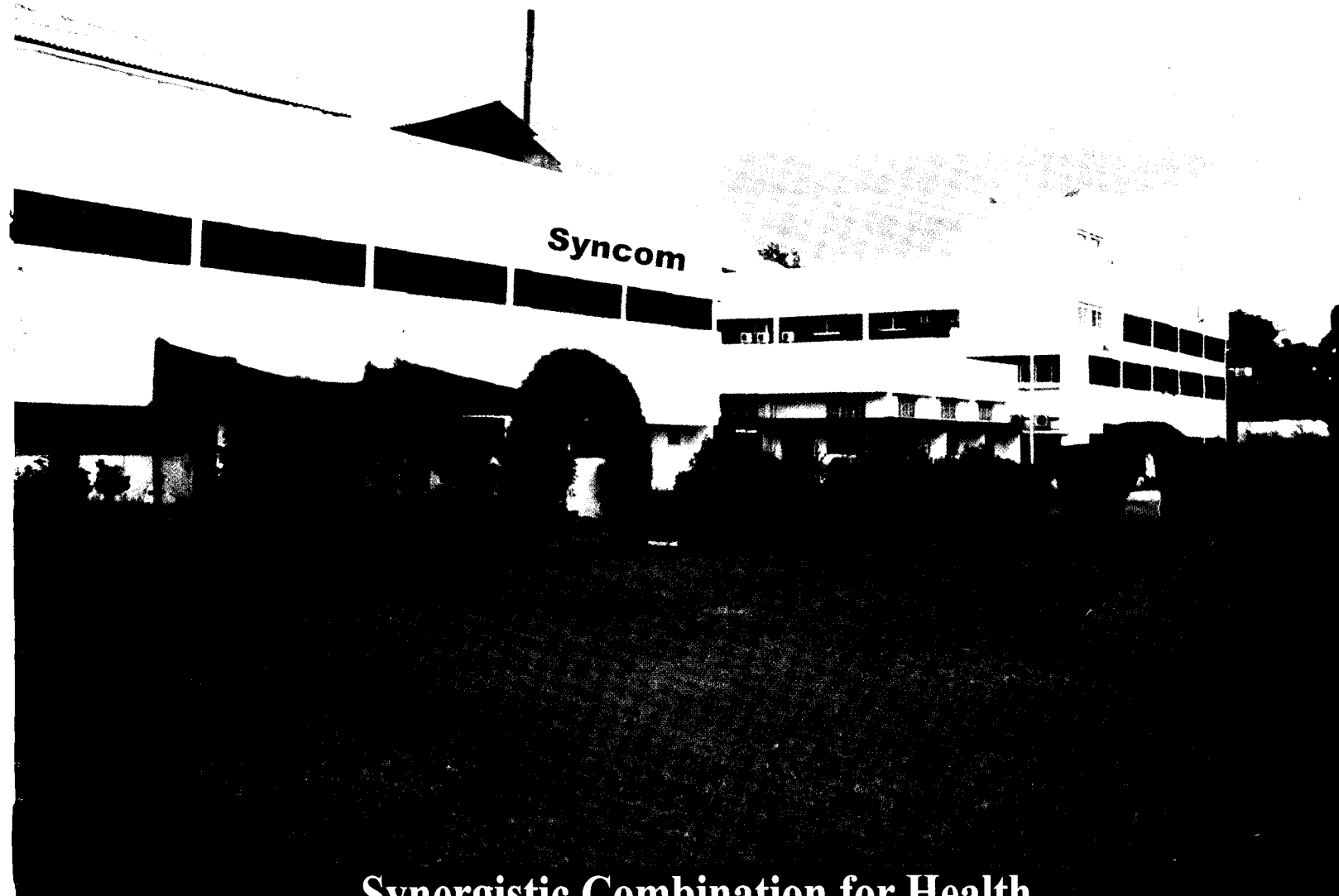
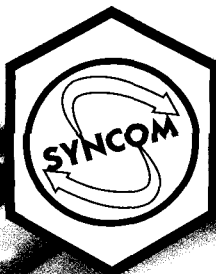


22nd Annual Report 2009-2010



Synergistic Combination for Health



Syncom Formulations (India) Limited

A WHO-GMP, ISO 9001:2008 Certified Company



Board of Directors

Kedarmal Bankda
Chairman

Vijay Bankda
Managing Director

C.A. Sanjay Mehta
Vinod Kabra
Krishna Das Neema

Audit Committee

Krishna Das Neema (Chairman)
C.A. Sanjay Mehta
Vinod Kabra

Shareholders/Investors Grievance Committee

Krishna Das Neema (Chairman)
C.A. Sanjay Mehta
Vinod Kabra

Remuneration Committee

Krishna Das Neema (Chairman)
C.A. Sanjay Mehta
Vinod Kabra

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

Corporate Office

2nd Floor, "Tagore Centre", (Dawa Bazar),
13-14, R.N.T. Marg, Indore (M.P.) 452001
P.O. Box No. GPO. 610
Tel. 91-731-3046868
Fax 91-731-3046872
E-mail : 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

Share Transfer Agent

Ankit Consultancy Pvt. Ltd.
Alankar Point, Geeta Bhawan Chouraha,
A.B. Road, Indore (M.P.) 452 001
E-mail: ankit_4321@yahoo.com

Contents	Page No.
Notice	1
Directors' Report	2-4
Report on Corporate Governance	4-8
Auditors' Report	8-9
Balance Sheet	10
Profit & Loss Account	11
Cash Flow Statement	12-13
Schedules	14-21
Balance Sheet Abstract	22
Proxy Form / Admission slip	23



NOTICE FOR THE 22nd ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the members of **SYNCOM FORMULATIONS (INDIA) LTD.** will be held on 29th Sept., 2010, 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:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March 2010 together with the Reports of the Board of Directors and Auditor thereon.
2. To consider and approve the dividend on the equity shares of the Company.
3. To appoint a director in place of C.A. Sanjay Mehta, who is liable to retire by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Vinod Kumar Kabra, who is liable to retire by rotation and being eligible offers himself for re-appointment.
5. 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.

II. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

6. To consider and if thought fit, to pass with or without modification(s) if any, the following **SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) the consent of the members of the Company be and is hereby granted for re-appointment of Shri Vijay Bankda as the Managing Director of the Company w.e.f. 1st Dec., 2009 for a further period of 5 years.

CATEGORY A:

- (a) Salary: Rs.25000/- per month, with the annual increment of Rs.5000/- only.
- (b) Perquisites: Subject to the ceiling of Rs.4,00,000/- per annum:
 - (i) Company shall provide rent-free residential accommodation or House Rent Allowance shall be paid to him subject to a maximum of 50% of the salary or the Company shall provide house accommodation and 10% of salary shall be recovered by way of rent. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
 - (ii) Re-imbursment of medical expenses of the Managing Director and his family, the total cost of which to the Company shall not exceeding one month salary in the year or three months salary in a block of three years.
 - (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
 - (iv) Club Fees: subject to a maximum of two clubs this will not include admission and life membership.
 - (v) Personal accident insurance premium not exceeding Rs.10,000/- P.A.

CATEGORY B:

- (i) Contribution to the Provident Fund, Family Benefit Fund, Superannuating Fund as per Rules of the Company.
- (ii) Gratuity not exceeding half a month salary for each completed year of service.
- (iii) Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

CATEGORY C:

- (i) Car: The Company shall provide a car with driver for the Company's business and if no car is provided reimbursement of the conveyance shall be as per actual on the basis of claims made by him.
- (ii) Telephone: Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Managing Director.

NOTE: For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Vijay Bankda, Managing Director shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Vijay Bankda, Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time be available to other senior executives of the Company.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to withhold the increments, decide break up of the remuneration within the above said maximum permissible limit, in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

By orders of the Board of Directors

Place: Indore
Date: 14th August, 2010

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 27/09/2010 to 29/09/2010 (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 2002-03 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 2002-03 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.
12. The dividend, if declared, will be paid on or after 04/10/2010 to the members so entitled, whose names appear in the register of members as on 27/09/2010 being the date of Annual General Meeting of the company.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation Of Appointee	Age/ Qualification Year	Expertise/ Experience	Date of appointment	Other Directorship	No. of shares held & %age
Shri Vijay Bankda, Managing Director	51 years B.Com, LLB	He has experience of more than 29 years in the Pharmaceutical Industry.	01/12/1999	Nil	24,27,657 shares consisting 19.56%
C.A. Sanjay Mehta, Independent Director	41 years B.Sc., F.C.A.	Practicing C.A. and Has experience of more than a decade in field of Corporate Law, Taxation and Finance.	31/07/2004	Director in MSK Projects India Ltd.	0
Shri Vinod Kumar Kabra Independent Director	58 years B.Ed., M.Com LLB	Experience more than 32 years in the educational field	30/04/2007	Nil	0

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS

Item No.6:

Shri Vijay Bankda, Managing Director was re-appointed by the Members for a period of five years and his tenure has been completed on 30th Nov., 2009. Therefore the Board of directors of the Company upon recommendation of the remuneration committee of the Board has re-appointed him for a period of 5 years w.e.f. 1st Dec., 2009 on the terms, conditions and remuneration as set out in the notice of the Annual General Meeting.

Shri Vijay Bankda is graduate degree in commerce and Laws and looking into all the marketing, finance and corporate affairs of the Company at the Registered office, Mumbai. Looking into the expanded business activities, and his contribution in the growth and success of the Company, your Board of directors recommend for re-appointment of Shri Vijay Bankda as proposed in Item No.6 of the notice by way of special resolution.

Except, being re-appointed and Shri Vijay Kumar Bankda and Shri Kedarmal Bankda being relatives none of the directors are interested or concerned in the resolution.

By orders of the Board of Directors

KEDAR MAL BANKDA
CHAIRMAN

Place:Indore
Date: 14th August, 2010

DIRECTORS' REPORT

To,
The Members,
Syncom Formulations (India) Limited

Your directors have pleasure in presenting their 22nd Annual Report and Audited Statements of Accounts for the year ended 31st March 2010.

1. FINANCIAL PERFORMANCE

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

Particulars	Year ended 31/03/2010	Year ended 31/03/2009
Net Sales and Other incomes	8,575.26	5,831.75
Profit before interest, depreciation and tax	956.18	747.76
Less: Financial Charges	54.73	53.17
Less: Depreciation	217.39	140.08
Profit before Taxation	684.06	554.51
Provision for Taxation for current year	217.44	122.20
Difference in income tax for previous year	10.09	116.60
Fringe Benefit Tax	0	14.34
Deferred Tax	15.18	36.98
Net Profit after tax	441.35	264.39
Add: Balance brought forward from previous years	364.94	305.16
Amount available for appropriation	806.29	569.55
Appropriation: Transfer to general Reserve	250.00	150.00
Proposed Dividend	86.67	46.69
Corporate Dividend Tax	14.73	7.93
Balance carried to the Balance Sheet	454.89	364.93
E.P.S. (in Rs.) (Annualized)	5.18	4.25

2. REVIEW OF OPERATIONS:

During the year under review Company achieve total turnover of Rs.8575.26 lacs as compared to Rs 5831.75 lacs during previous year thereby registering growth of 47.04% in turnover YOY basis. The company generated profit of Rs.441.35 as compared to Rs 264.39 lacs during the previous year thereby registering growth of 66.93% YOY basis.

3. MARKETING AND EXPORT:

During the year under review the export sales of the company increase to Rs 6860.77 lacs as compared to previous year Rs 4655.58 lacs which registered a growth 47.36%. The company increased efforts in building up of the export market in various countries and expects significant improvement in current and future years.

Company's prospects in domestic market

Cratus Life Care, is the domestic division of your company and is carrying marketing in the Ethical and OTC divisions of formulations products of the Company. Ethical division comprises mainly of therapeutic divisions such as Vitamins, Nutritional Supplements, Cough and Cold, Gynecology, Orthopedics & Dermatology divisions. In order the increase its market share, your company plans to make major investment on media promotions for its certain products to enable market seeding and market creation. This coupled with other marketing efforts of company is expected to enable the company to maintain and increase its market share in market segments in which it has presence.

Further that your company is making all the efforts to grow and develop revenue under its only two operating divisions 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 certain large companies in various therapeutic divisions. Your Company intends to expand the contract manufacturing activities on a major scale in near future to utilized its spare capacity in various divisions.

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 19th dividend @ Rs.0.50 per equity share including the new 49,24,000 equity shares allotted on 30th June, 2010 under the preferential issue subject to approval by members at the coming Annual General Meeting.

6. ISSUANCE OF NEW SECURITIES:

Looking into the expanded capacity available with the Company, in order to utilize the same, requirement for long term working capital has substantially increased for the increasing export and domestic turnover. Your company has raised new shares of Rs.10/- each at a premium of Rs.7/- per shares through right issue of equity 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 Right at a price of Rs.17/- per shares with the total capital being raised Rs.1051.42 lacs. The Company's issue was fully subscribed and the proposed new shares have been listed at the Bombay Stock Exchange Ltd.

The existing 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 29th March, 2008 were forfeited during the year under review.

Further that your company has issued 49,24,000 Equity Shares of Rs.10/- each at a premium of Rs.18/- per share aggregating Rs.1378.72 lacs on 30th June, 2010 as per the special resolution passed u/s 81(1A) of the Companies Act, 1956 by the members at their extra ordinary general meeting held on 16th May, 2010 for consideration otherwise then in cash for acquisition of various properties from the promoter group of the Company on preferential basis as per SEBI (ICDR) 2009.

Your company has further issued 49,70,000 Warrants convertible into equity shares of Rs.10/- each at a price of Rs.28/- per share (including premium of Rs.18/- per share) on 30th June, 2010 to the strategic investors as per the special resolution passed u/s 81(1A) of the Companies Act, 1956 by the members at their extra ordinary general meeting held on 16th May, 2010 to meet out the long term working capital requirements of the Company.

7. PURPOSE OF RAISING FUNDS AND ITS UTILISATION ON THE DATE OF DIRECTOR'S REPORT:

Date of issuance of securities	Purpose of raising capital	Amount raised (Rs. in Lacs)	Amount utilized (Rs. In Lacs)
On 25/05/2009 through Right issue	For long term working capital requirements	529.12	529.12
On 25/03/2010 conversion of warrants issued with right	— do —	522.38	522.38
On 30/06/2010 Preferential issue of shares	For acquisition of various properties	1,378.72	1,378.72
On 30/06/2010 Preferential issue of warrants	For long term working capital requirements	347.90	347.90

8. OPEN OFFER FOR ACQUISITION OF SHARES

The Board of Directors allotted 4924000 Equity Shares to the promoters and persons acting in concert with them by way of preferential allotment on 30th June 2010. This allotment led to compulsory triggering of takeover as per SEBI (SAST) Regulations, 1997 as amended and therefore the Promoters had to give Open Offer to the public for acquisition upto 20% of the Equity Shares of Rs. 10/- each. Therefore, the acquirers had made Public Announcement on 6th July 2010 for acquiring upto 34, 66,870 Equity Shares from Public Shareholders of the Company at an Offer Price of Rs. 34/- Per Share.

9. 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.

CA Sanjay Mehta and Shri Vinod Kumar Kabra are liable to retire by rotation at the ensuing Annual general meeting and being eligible offers himself for re-appointment.

Shri Vijay Bankda was re-appointed as the Managing Director by the Board at their meeting held on 30th Oct., 2009 for a further period of 5 years w.e.f. 1st Dec., 2009 on the terms and conditions as set out in the notice of the Annual General Meeting.

Your Directors recommend to pass necessary resolutions for the above said purposes as proposed in the notice of the Annual General Meeting.

10. 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, 2010 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. ACKNOWLEDGMENTS:

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

Place: Indore

Date : 14th August, 2010

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 (2009-2010)	Previous Year (2008-2009)
1. Electricity (Purchased) Units	18,79,620	14,66,840
Amount (Rs.)	1,05,01,729	80,56,979
Rate/unit (Rs)	5.59	5.49
2. Electricity (Generated) units	11,482	9,860
Amount (Rs.)	1,31,680	1,06,020
Unit per Litre of Diesel oil	3.61	3.53
Rate/unit (Rs.)	11.46	10.75

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

NIL (Previous Year : NIL)

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 6663.22 lacs (previous year 4615.32 lacs) (FOB value) and total foreign outgo was Rs.11.78 Lacs (previous year 141.21 Lacs).

For and on behalf of the Board of Directors

Place: Indore

Date : 14th August, 2010

KEDARMAL BANKDA
CHAIRMAN

Annexure 2 to the Directors' Report: CORPORATE GOVERNANCE REPORT REPORT OF COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES MANAGEMENT DISCUSSIONS AND ANALYSIS:

1. Industry Structure and Developments

(a) Industrial Scenario

According to IMS Health Inc., the global pharmaceutical market grew by 7% in 2009 compared with 4.8% growth in 2008. In 2010 market is expected to grow by 4% to 6%. This growth will be largely driven by strong overall growth in the emerging countries as well as the rising influence of Health Care access and funding on market demand.

The Indian pharmaceutical market has seen a CAGR of about 14% in the last five years. It continues to be highly fragmented and dominated by Indian Companies. The domestic pharmaceutical Industry grew by 18% in March 2010 compared to 10% in March 2009. The Government of India's vision 2015 indicates an 18% plus CAGR for the pharmaceutical sector, translating to a doubling of revenues over the next five years. According to this report, growth will be driven by all verticals: domestic formulations, generic exports and outsourcing.

The Indian Pharmaceuticals market valued at around USD 9 billion continues to be a highly fragmented market with more than 5000 players, the vast majority of which are in the unorganized sector. It is predominantly a "branded generics" market with over 25000 brands and is growing @ 10 % p.a.

Introduction of a product patent regime was widely welcomed but an environment of world class intellectual property rights including data protection continues to be elusive. There is a need to foster an ecosystem that recognizes, respects and rewards innovation.

The Pharmaceutical Policy 2002 which proposed to increase the scope of price control to all 354 drugs needs serious review. Industry hopes that its recommendation to government of price monitoring as opposed to price control of drugs will form the basis of the progressive new Pharmaceutical Policy.

The Indian over-the-counter (OTC) medicines market, valued at over USD 1.8 billion, is the 11th largest in the world. It is the second fastest growing market globally with a growth rate of around 9% per annum. The market has been performing well, partly due to switch of popular brands from prescription to OTC.

Despite strong growth, the OTC market development is still held back by several factors. OTC per capita spend remains low for several reasons, including reliance on herbal home remedies, regulatory restrictions, counterfeit medicines and price control. Pharmacies are mainly concentrated in urban areas and while they are increasingly being found in rural areas, doctor- dispensing is still the norm. The Government continued focus on economic reforms, its commitment to increase its investment in health care a robust service sector and India's demographic profiles are expected to sustain the growth momentum in the pharmaceuticals market.

(b) 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.

(c) 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.

(d) Outlook

Your company has been focusing on achieving higher sales growth in the two division in the same pharmaceutical segment viz Export business under Syncom Formulations India Limited and Domestic Business under Cratus Life Care (A Division Of Syncom Formulations India Limited).

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 2011 could be as optimistic with the economic environment getting favourable.

(e) 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.

(f) Cautionary statement:

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

2. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company 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.

3. BOARD OF DIRECTORS:

(a) 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
C.A. Sanjay Mehta	Independent/NED	1
Shri Krishna Das Neema	Independent/NED	0

(b) Details of director reappointment/seeking appointment.

Shri Vinod kumar Kabra and C.A. Sanjay Mehta, the Director of the company, are liable to retire by rotation and seeking there re-appointment.

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

During the financial year 2009-10, 9 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	C.A. Sanjay Mehta	Mr. Krishna Das Neema
Dates of Meetings					
29.04.2009	Yes	Yes	Yes	LOA	Yes
04.05.2009	Yes	Yes	Yes	LOA	Yes
10.07.2009	Yes	Yes	Yes	LOA	Yes
31.07.2009	Yes	Yes	Yes	LOA	Yes
28.08.2009	Yes	Yes	Yes	LOA	Yes
31.09.2009	Yes	Yes	Yes	LOA	Yes
23.01.2010	Yes	Yes	Yes	Yes	Yes
30.01.2010	Yes	Yes	Yes	LOA	Yes
25.03.2010	Yes	Yes	Yes	Yes	Yes

4. 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 Krishna Das Neema	Director	Member/Chairman
2.	C.A. Sanjay Mehta	Director	Member
3.	Shri Vinod Kabra	Director	Member

Shri Devendra Maheshwari, the G.M. (Accounts) and Compliance officer appointed by the Board is also functioning as the Secretary of the Committee. The Chairman and 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. Vinod Kabra	C.A. Sanjay Mehta	Mr. Krishna Das Neema
Dates of the Meeting			
29.04.2009	Yes	LOA	Yes
30.07.2009	Yes	LOA	Yes
28.08.2009	Yes	LOA	Yes
31.10.2009	Yes	LOA	Yes
30.01.2010	Yes	LOA	Yes

Remarks: "LOA" = leave of absence granted.

5. 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:



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

(b) Composition of Shareholders Grievance and Transfer Committee:

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

Shri Devendra Maheshwari, the G.M. (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. (Accounts)

(d) Status of the investors/shareholders Complaints :

- (i) Number of complaints received during the year : 53
 (ii) Number of complaints solved during the Year : 53
 (iii) 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.

6. 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 Krishna Das Neema	Director/NED	Chairman
2.	C.A. Sanjay Mehta	Director/NED	Member
3.	Shri Vinod Kabra	Director/NED	Member

A meeting of the remuneration committee was held on 31st Oct., 2009 for approval of re-appointment of Shri Vijay Bankda as the Managing Director of the Company in which proper quorum was present.

(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	3,00,000	0	3,00,000
Shri Vijay Bankda	0	3,00,000	0	3,00,000
Shri Vinod Kabra	10,000	0	0	10,000
C.A. Sanjay Mehta	10,000	0	0	10,000
Shri Krishna Das Neema	10,000	0	0	10,000

7. 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
21 st AGM	30 th September, 2009	03.00 p.m.	0	-
20 th AGM	26 th September, 2008	02.00 p.m.	5	-
19 th AGM	29 th September, 2007	12.30 p.m.	1	-

The Chairman/Member of the Audit Committee was also present at the Annual General Meeting. No extra ordinary general meeting was held during the year 2009-10

8. DISCLOSURES

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

- (i) 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.

- (ii) 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.

9. 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 2009-10, no employee has denied access to the audit committee.

10. 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.

11. 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.

12. GENERAL INFORMATION TO SHAREHOLDERS & INVESTORS

- (i) Date, Time & Venue of Annual General Meeting : 29th September, 2010 at 3.00 P.M. at the Regd. Office of the Company.
- (ii) Financial Calendar : April 2010 to March 2011
 Result for the quarter ended 30.06.2010 : On 14th Aug., 2010
 Result for the quarter ended 30.09.2010 : Before 15th Nov., 2010
 Result for the quarter ended 31.12.2010 : Before 15th Feb., 2011
 Result for the quarter ended 31.03.2011 : Before 15th June, 2011
- (iii) Board meeting for consideration of Annual A/cs : 14th August, 2010
- (iv) Posting of Annual Report : On or before 4th Sept., 2010
- (v) Last date for receipt of Proxy : 27th Sept., 2010
- (vi) Date of dispatch of dividend warrants/cheques : on or before 28th Oct., 2010
- (vii) Dates of Book Closure : From 27th Sept., 2010 to 29th Sept., 2010
- (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 31.03.2010 : 7,272

(xii) Stock Market Data:

The monthly High and Low stock quotations during the financial year ended 31st March 2010 on BSE are as under (Source the Website: bseindia.com)

Month	High (Rs.)	Low (Rs.)	Volume of shares traded
Apr-2009	18.50	13.20	76,936
May-2009	23.80	14.85	1,31,523
Jun-2009	23.60	15.10	4,05,396
July-2009	20.00	15.80	1,42,385
Aug-2009	24.80	17.30	3,20,687
Sep-2009	24.95	19.30	3,16,907
Oct-2009	25.00	17.35	1,58,570
Nov-2009	23.75	17.10	1,02,658
Dec-2009	28.00	19.15	3,37,471
Jan-2010	29.85	23.10	6,26,157
Feb-2010	31.00	23.00	3,62,250
Mar-2010	30.50	22.00	6,61,976



(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 31st March, 2010, the Company's 89,12,277 shares are held by shareowners in dematerialised form, aggregating 71.81% of the Equity Share Capital.

CDSL: 13,60,129 forming 10.96% of the total paid up capital

NSDL: 75,52,148 forming 60.85% of the total paid up capital.

(xv) Distribution of shareholding pattern as on 31st March' 2010:

Shareholding of Nominal Value Rs.	No. of shareholder	%	Shares Amount in Rs.	%
Up to 1000	3,070	42.22	25,17,550	2.03
1001-2000	1,462	20.10	27,79,000	2.24
2001-3000	677	9.31	19,41,530	1.56
3001-4000	303	4.17	11,73,040	0.95
4001-5000	526	7.23	25,96,490	2.09
5001- 10000	630	8.66	51,90,050	4.18
10001-20000	320	4.40	50,17,900	4.04
20001-30000	103	1.42	26,41,880	2.13
30001-40000	39	0.54	14,12,940	1.14
40001-50000	28	0.39	13,09,240	1.05
50001-100000	58	0.80	41,51,300	3.35
100000-Above	56	0.77	9,33,72,560	75.24
Total	7,272	100.00	12,41,03,480	100.00

(xvi) Categories of Shareholders as on 31st March, 2010:

S.No.	Categories	No. of Shares Held	% of Share holding
1.	Indian promoters	85,24,274	68.69
2.	Foreign promoters	0	0
3.	Institutions	0	0
4.	Bodies Corporate	5,12,412	4.13
5.	Individual SHs holding nominal sh. cap. up to Rs. 1 Lakh	28,35,721	22.85
6.	Individual SHs holding nominal sh. cap. in excess of Rs. 1 Lakh	4,83,578	3.90
7.	Clearing Members	48,530	0.39
8.	NRI/OCBs	5,833	0.05
Total		1,24,10,348	100.00

(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 upto 31st March 2010. However 2150000 shares were pledged with the Dena Bank dated 1st July 2010 consisting 27.76% of the promoters holding and 12.40% of the total paid up capital of the Company.

(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 30887744-45

Fax : 091 22 30887755

E-mail: sfil87@hotmail.com

(xxi) Location of Plant : 256-257, Sector-1, Pithampur Dist. Dhar (M.P.) 454775
Phone / Fax : 091 7292 253404

(xxii) Location of Corporate Office : 2nd 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

Place: Indore
Date : 14th August, 2010

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
14th August 2010

Vijay Bankda
Managing Director

Devendra Maheshwari
G.M. (Accounts)

DECLARATION

This is to confirm that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March, 31, 2010

For, **SYNCOM FORMULATIONS (INDIA) LTD.**

Place: Indore
Date : 14th August, 2010

KEDARMAL BANKDA
CHAIRMAN

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 1st April 2009 and ending on 31st March 2010.

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 ACCOUNTANTS

(S.P. MOONDRA)
PROPRIETOR
M.No. 073747
F.R. No. 004879C

PLACE : INDORE
DATED : 14th August, 2010

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., as at March 31, 2010 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 31st March, 2010; 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

(S.P. MOONDRA)
PROPRIETOR
M.No. 073747
F.R. No. 004879C

PLACE : INDORE
DATED : 14th August, 2010

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, 2010, 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 on the basis of available information
- 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. 7,20,38,090 (Number of Parties -02) and the maximum amount involved during the year was Rs. 14,47,92,018 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 carryout 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 follows:

Sr. no.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Amount for which dispute is pending (₹ In Lacs)	Amount Not Deposited (₹ In Lacs)
1.	Income Tax Act	Income Tax A.Y. 2006-07	Appellate Comm. Income Tax, Mumbai	73.47	73.47

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 held 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 management has disclosed the end use of money raised by rights issue (refer note no. 16 of Schedule 16) and the same has been verified by us.

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

(S.P. MOONDRA)
PROPRIETOR
M.No. 073747
F.R. No. 004879C

PLACE : INDORE
DATED : 14th August, 2010



BALANCE SHEET AS AT 31st March'2010

Particulars	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Share holders' funds			
Share capital	1	12,41,03,480	6,22,50,000
Convertible warrant issued and allotted (Note 1 on schedule 16)		0	14,95,000
Reserves and surplus	2	42,63,63,741	34,75,76,650
		55,04,67,221	41,13,21,650
Loan funds			
Secured loans	3	2,09,31,716	1,79,96,259
Unsecured loans	4	7,40,88,090	8,94,40,899
		9,50,19,806	10,74,37,158
Deferred Tax Liability (Net)	-	4,74,04,245	4,58,86,045
TOTAL		69,28,91,272	56,46,44,853
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		47,69,03,906	46,24,95,815
Less : Depreciation		16,11,00,313	13,93,60,946
		31,58,03,593	32,31,34,869
Add : Capital work in progress including advances for Capital Goods	6	4,47,664	2,94,689
		31,62,51,257	32,34,29,558
Investments	7	4,00,000	4,00,000
Current assets, loans & advances			
Current assets	8		
Inventories		7,74,36,218	2,74,73,273
Debtors		23,23,16,734	12,86,89,866
Cash and Bank Balances		9,18,10,189	2,58,83,265
		40,15,63,141	18,20,46,405
Loans & advances	9	20,28,62,968	12,64,79,135
		60,44,26,109	30,85,25,539
Less : Current liabilities & provisions	10	23,02,97,340	6,84,15,210
Net current assets		37,41,28,769	24,01,10,329
Miscellaneous expenditure (To the extent not written off or adjusted)	11	21,11,246	7,04,965
TOTAL		69,28,91,272	56,46,44,853
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
F.R. No. : 004879C
Place : Indore
Dated the : 14th August, 2010

Kedarmal Bankda, Chairman

Vijay Bankda, Managing Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March'2010

Particulars	Schedule	2009-10 Rs.	2008-09 Rs.
INCOME			
Sales	12	85,73,95,180	57,63,75,157
Less:-Excise Duty	-	33,33,526	7,38,777
Net Sales		85,40,61,654	57,56,36,380
Other income	13	34,63,983	75,38,214
	TOTAL	85,75,25,637	58,31,74,594
EXPENDITURE			
Materials	14	54,94,44,476	35,65,50,579
Manufacturing and other expenses	15	21,24,63,390	15,18,48,726
Interest & Financing Charges	-	54,72,556	53,16,727
Depreciation	5	2,17,39,367	1,40,07,900
	TOTAL	78,91,19,789	52,77,23,932
Profit for the year before Taxation		6,84,05,848	5,54,50,662
Less : Provision for income tax			
Current Tax		2,17,43,824	1,22,19,555
Deferred Tax		15,18,200	36,97,930
Fringe Benefit Tax		0	14,33,800
Income Tax related to Earlier Year		10,09,008	1,16,59,736
NET PROFIT AFTER TAX		4,41,34,816	2,64,39,642
Add : Balance brought forward from last year		3,64,93,790	3,05,16,352
BALANCE AVAILABLE FOR APPROPRIATION		8,06,28,606	5,69,55,994
APPROPRIATIONS			
General Reserve		2,50,00,000	1,50,00,000
Proposed Dividend		86,67,174	46,68,750
Provision for Corporate Dividend Tax		14,72,987	7,93,454
Surplus carried to balance sheet		4,54,88,445	3,64,93,790
Basic Earning Per Share		5.18	4.25
Diluted Earning Per Share		5.18	4.04
(Schedule 16 Note No.19)			
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
F.R. No. : 004879C
Place : Indore
Dated the : 14th August, 2010

Kedarmal Bankda, Chairman

Vijay Bankda, Managing Director



Cash Flow Statement For The Year Ended 31st March'2010

(Rs. in Lacs)

		Year Ended 31.03.2010		Year Ended 31.03.2009
A Cash flow from operating activities :				
Increase in profit	89.95		59.78	
Interest & financing charges	54.73		53.16	
Provision for Dividend	86.67		46.69	
Provision for Dividend Tax	14.73		7.93	
Provision for Tax (Including Deferred Tax)	242.71		290.11	
Increase in General Reserve	250.00		150.00	
Profit before tax		738.79		607.67
Adjustments for non cash expenses :				
Depreciation	217.39		140.08	
Right issue expenses written off	5.28		0	
Sundry Balances Written off	0.00		(0.02)	
		222.67		140.06
Adjustment for non operating incomes :				
Interest received	(31.54)		(24.26)	
Dividend received	0.00		0.00	
		(31.54)		(24.26)
Operating profit before Working Capital changes		929.92		723.47
Adjustment for changes in working capital :-				
(Increase)/ Decrease in inventories	(499.63)		281.04	
(Increase)/ Decrease in debtors	(1,036.27)		492.63	
(Increase)/ Decrease in other receivable	(763.84)		(222.39)	
Increase/(Decrease) in trade payable & other Liabilities	1,618.82		(1,065.94)	
		(680.92)		(514.66)
Cash generated from operation		249.00		208.81
Add. Profit from extraordinary item				
Interest & Dividend	31.54		24.26	
Dividend paid	(86.67)		(46.69)	
Dividend tax paid	(14.73)		(7.93)	
Provision for Income Tax	(227.52)		(253.13)	
		(297.38)		(283.49)
Net cash from operating activities.....A		(48.38)		(74.68)



Cash Flow Statement For The Year Ended 31st March'2010

(Rs. in Lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
B Cash Flow From Investing Activities		
Purchase of Fixed assets (including capital investment work in progress & expenditure during construction)	(145.60)	(205.81)
Net Cash Used In Investing ActivitiesB	(145.60)	(205.81)
C Cash Flow From Financing activities :-		
Unsecured Loan From Promoters	(153.53)	308.60
Increase/(decrease) in bank borrowings	29.35	42.98
Increase in share capital	618.53	0
Interest expenses	(54.73)	(53.16)
Increase in share premium	432.97	0
Right issue expenses	(19.34)	(7.05)
Net cash From Financing ActivitiesC	853.25	291.37
D Net increase/(decrease) in cash & cash equivalents (A+B+C)	659.27	10.88
Cash & cash equivalents at the beginning of the year	258.83	247.95
Cash & cash equivalents at the end of the year	918.10	258.83

Note :-

Figures in brackets represent outflow

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

(S.P.Moondra)
Proprietor
M. No. : 073747
F.R. No. : 004879C
Place : Indore
Dated the : 14th August, 2010

For and on behalf of the Board of Directors

Kedarmal Bankda, Chairman

Vijay Bankda, Managing Director



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March'2010

Particulars	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
1 SHARE CAPITAL		
Authorised capital		
1,40,00,000 equity share of Rs. 10/- each (Previous Year 1,40,00,000)	14,00,00,000	14,00,00,000
Issued, subscribed & paid up		
1,24,10,348 Equity shares (Previous Year 62,25,000) of Rs. 10/- each, Fully paid up	12,41,03,480	6,22,50,000
TOTAL	12,41,03,480	6,22,50,000
Note : Of the above shares, 75,000 equity shares were allotted as fully paid up bonus shares by capitalisation of general reserve		
2 RESERVES & SURPLUS		
Capital reserve		
State capital subsidy (As per last balance sheet)	7,50,000	7,50,000
On account of forfeiture of shares/warrant (As per last balance sheet)	1,24,300	1,24,300
Addition during the year (Refer Note No. 1 of Schedule 16)	14,95,000	0
	23,69,300	8,74,300
Share Premium Account		
As per last balance sheet	8,52,08,560	8,52,08,560
Addition during the year	4,32,97,436	0
	12,85,05,996	8,52,08,560
General reserve		
(As per last balance sheet)	22,50,00,000	21,00,00,000
Add: Set aside during the year	2,50,00,000	1,50,00,000
	25,00,00,000	22,50,00,000
Surplus as per Profit & Loss Account	4,54,88,445	3,64,93,790
TOTAL	42,63,63,741	34,75,76,650
3 SECURED LOANS		
Working Capital finance :		
From Dena Bank (Against Pledge of Fixed Deposit Receipt)	2,09,31,716	1,79,96,259
TOTAL	2,09,31,716	1,79,96,259
4 UNSECURED LOANS		
From Companies	7,20,38,090	8,94,40,899
Trade Deposit	20,50,000	0
TOTAL	7,40,88,090	8,94,40,899

SCHEDULE NO. 5 : FIXED ASSETS								(In rupees)	
PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31.03.09	Additions during the year	As at 31.03.10	Up to 31.03.09	For the Year	Up to 31.03.10	As at 31.03.10	As at 31.03.09	
Lease hold land	11,86,605	0	11,86,605	1,19,860	11,986	1,31,846	10,54,759	10,66,745	
Buildings	15,43,22,791	18,37,719	15,61,60,510	3,05,81,712	50,64,538	3,56,46,250	12,05,14,259	12,37,41,079	
Plant & machinery	22,02,18,553	1,04,89,446	23,07,07,999	7,57,38,150	1,04,99,534	8,62,37,684	14,44,70,315	14,44,80,403	
Electrical installation	2,04,69,673	1,26,580	2,05,96,253	70,82,512	9,75,071	80,57,583	1,25,38,670	1,33,87,161	
Furniture & fixture	3,62,84,766	14,47,188	3,77,31,954	1,28,35,273	23,25,576	1,51,60,849	2,25,71,105	2,34,49,493	
Office & factory equipments	3,00,13,427	5,07,159	3,05,20,586	1,30,03,439	28,62,662	1,58,66,101	1,46,54,485	1,70,09,988	
TOTAL	46,24,95,815	1,44,08,092	47,69,03,907	13,93,60,946	2,17,39,367	16,11,00,313	31,58,03,593	32,31,34,869	
Previous Year	43,96,33,837	2,28,61,978	46,24,95,815	12,53,53,046	1,40,07,900	13,93,60,946	32,31,34,869	31,42,80,791	



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st March'2010

Particulars	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
6 CAPITAL WORK-IN-PROGRESS		
Advances for Capital Goods	4,47,664	2,94,689
TOTAL	4,47,664	2,94,689
7 INVESTMENTS		
Investment in Capital of Partnership Firm M/s. Syncom International	4,00,000	4,00,000
TOTAL	4,00,000	4,00,000
8 CURRENT ASSETS		
<u>Inventories</u> (as taken, valued and certified by the management)		
Raw materials	1,53,21,424	99,83,260
Finished goods	2,95,98,024	71,48,508
Semi finished goods	1,56,07,691	53,58,104
Packing material	1,54,53,064	47,24,867
Stores & spares and others	14,56,015	2,58,534
	7,74,36,218	2,74,73,273
<u>Debtors</u> (Unsecured, considered good)		
Within Six Month	22,18,92,799	9,38,84,604
Over Six Months	1,04,23,935	3,48,05,262
	23,23,16,734	12,86,89,866
<u>Cash & bank balances</u>		
Cash in hand (as certified)	5,91,656	2,10,678
<u>Balances with Scheduled Banks</u>		
In Current accounts	5,44,88,437	17,11,502
In Fixed deposit accounts	3,67,30,096	2,39,61,086
	9,18,10,189	2,58,83,266
TOTAL	40,15,63,141	18,20,46,405
9 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	12,98,33,538	6,04,55,387
Deposits for premises	6,10,00,000	6,10,00,000
Deposits	15,69,150	18,65,150
Prepaid expenses	1,15,700	51,209
Advance Income Tax	1,03,44,580	31,07,389
	20,28,62,968	12,64,79,135
TOTAL	20,28,62,968	12,64,79,135
10 CURRENT LIABILITIES & PROVISIONS		
<u>Current Liabilities</u>		
Sundry creditors		
a) Dues of micro enterprise & small enterprise	78,39,767	5,08,140
b) Dues of creditors other than micro enterprise & small enterprise	15,30,44,946	2,54,93,782
Advances received from customers	39,50,101	23,91,172
Other liabilities	2,87,20,133	1,77,45,622
Unclaimed Dividend	20,86,567	17,72,558
Right Issue Refund Payble	19,567	0
	19,56,61,081	4,79,11,274
<u>Provisions</u>		
Provision for gratuity	22,77,612	15,89,053
Proposed dividend	86,67,174	46,68,750
Corporate Dividend Tax	14,72,987	7,93,454
Provision for income tax	2,22,18,486	1,34,52,679
	3,46,36,259	2,05,03,936
TOTAL	23,02,97,340	6,84,15,210
11 MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Right Issue Expenses		
As Per Last Balance Sheet	7,04,965	0
Add: Incurred during the year	19,34,092	7,04,965
	26,39,057	7,04,965
Less: Written off during the year	5,27,811	0
TOTAL	21,11,246	7,04,965



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON 31st March'2010

Particulars	2009-10 Rs.	2008-09 Rs.
12 SALES & INCOME FROM OPERATION		
Manufacturing Sales	68,59,72,257	47,32,24,051
Sales Trading	12,36,07,662	7,63,52,388
Export incentives (DEPB)	4,78,15,261	2,67,98,718
TOTAL	85,73,95,180	57,63,75,157
13 OTHER INCOME		
Job Work Income	0	46,95,240
Interest Received - Bank	31,54,163	24,26,392
Miscellaneous Income	3,09,820	4,16,582
TOTAL	34,63,983	75,38,214
14 MATERIALS		
A. Raw materials & packing materials		
Opening stock	1,47,08,127	3,59,03,048
Purchases during the year	54,54,44,983	29,52,20,374
	56,01,53,110	33,11,23,422
LESS : Closing stock	3,07,74,488	1,47,08,127
Consumption	52,93,78,622	31,64,15,295
B. Purchase of traded goods	5,27,64,957	3,36,42,454
C. (Increase)/Decrease in stocks		
<u>Closing stock:</u>		
Finished goods	2,95,98,024	71,48,508
Semi finished goods	1,56,07,691	53,58,104
	4,52,05,715	1,25,06,612
<u>Opening stock:</u>		
Finished goods	71,48,508	98,91,137
Semi finished goods	53,58,104	91,08,304
	1,25,06,612	1,89,99,441
(Increase)/Decrease in stocks	(3,26,99,103)	64,92,829
TOTAL	54,94,44,476	35,65,50,578
15 MANUFACTURING & OTHER EXPENSES		
Salaries, wages & other benefits	5,94,06,532	5,25,06,580
Contribution to provident & other funds	24,99,301	22,25,888
Staff welfare expenses	67,49,825	54,80,645
Directors' remuneration	6,00,000	3,60,000
Power & fuel	1,27,95,606	95,20,269
Rent	14,64,232	16,30,485
Insurance	4,94,754	4,69,578
<u>Repairs & maintenance:</u>		
Plant & machinery	17,06,586	25,58,586
Factory Building	1,52,610	1,29,755
Others	15,458	68,235
Travelling & conveyance	4,24,25,885	2,96,69,054
Sales expenses	4,69,70,703	1,35,94,692
Forward Contract Cancellation Charges	0	36,33,157
Deferred revenue expenses written off (Right issue)	5,27,811	0
Export Expenses	1,95,40,567	1,33,14,008
Vehicle hire charges	7,30,144	5,10,808
Vehicle running & maintenance	4,42,437	1,05,371
Postage, Telegram & Telephone	28,84,146	18,95,671
Legal & Professional	16,26,369	22,93,079
Sundry expenses	1,14,30,424	1,18,82,865
TOTAL	21,24,63,390	15,18,48,726



16. SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS AS ON 31st MARCH, 2010

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 recognizes 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 :

- a) 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.
- b) Stores & Spares and gift articles are valued at cost or net realisable value which ever is Lower.
- c) Semi finished goods are valued at approximate cost of input, depending on the stage of completion or net realisable value which ever is Lower.
- d) 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 :

- a) 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.
- b) 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 :

The company recognises sales at the point of dispatch of goods to the customer. Sales are net of discounts, Sales Tax, Excise Duty and returns.

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) Earning per share :

Basic EPC is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

xv) 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.

xvi) Contingent liabilities :

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

xvii) Miscellaneous expenditure :

Miscellaneous expenditure is written off to the profit and loss account over a period of up to five years, depending upon the nature and expected future benefits of such expenditure. The management reviews the amortization period on a regular basis and if expected future benefits from such expenditure are significantly lower from previous estimates, the amortization period is accordingly changed.



B NOTES ON ACCOUNTS

1. Warrant holder for 3,25,000 warrants of Rs. 46 per warrant convertible into equity shares of Rs. 10 each at a premium of Rs. 36 per share which were issued on 29th March, 2008 has not availed the option for conversion of the warrants into equity shares within the stipulated time as per SEBI (DIP.) Guidelines and the terms of the issue within a period of 18 months from the date of allotment i.e. 28th Sept., 2009.

Resulting in terms of the issue the upfront amount of Rs. 4.60 per warrant paid by the warrant holder has been forfeited by 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. Loans & Advance Include:

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

4. Debtors Include:

Due from companies/firms in which some of the directors are interested as Director/Proprietors/Partners Rs. 15,13,752 (Previous year Rs.15,13,752) Maximum outstanding during the year Rs.15,13,752 (Previous year Rs. 15,13,752)

5. Interest & Financial Charges Rs 54,72,556 (Previous year Rs. 53,16,727) includes interest paid Rs. 47,46,874 (Previous year Rs. 49,70,932) and financial charges 7,25,682 (Previous year Rs 3,45,795).

6. Travelling and Conveyance includes Directors travelling Inland Rs. 1,61,632 (Previous year Rs. 1,12,842) Foreign travelling Rs. Nil (Previous year Rs. 9,72,224) and Foreign travelling of others Rs. 9,19,626 (Previous year 9,95,631).

7. 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. 78.40 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	0.16
2	Lux Flavours	0.32
3	P.G. Holographic Pro., Indore	5.47
4	Packwell Packaging	13.24
5	Packwell Products	0.53
6	Panna Flex Pack, Indore	38.91
7	Shree Packers	19.77
Total		78.40

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.

8. Fixed deposits includes Rs. 3,00,35,000 (previous year Rs. 2,00,35,000) pledged with Banks and Govt. Departments.

9. 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.

10. Income Tax assessment have been completed up to Assessment year 2007-2008

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

12. Excise Duty is net of Excise Duty refund received against export under the central excise rules amounting to Rs. 2,49,10,054.

13. Sales includes export incentives.

14. Payment of auditors:

- | | | |
|-----------------------|-----------|----------------------------|
| i) For audit fees | Rs.50,000 | (Previous year Rs. 50,000) |
| ii) For tax audit fee | Rs10,000 | (Previous year Rs. 10,000) |
| iii) Other services | Rs.14,250 | (Previous year Rs. 18,000) |
| iv) Service Tax | Rs 7,650 | (Previous Year Rs.6,180) |

15. Deferred Tax:

The breakup of net deferred tax liability as on 31 March 2010 is as follows.

	As at 31.03.2010		As at 31.03.2009	
	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	-	4,74,04,245	-	4,58,86,045
Expenditure Under Section 43 B of the Income Tax Act, 1961	-	-	-	-
Unabsorbed Depreciation	-	-	-	-
Total	-	-	-	-
Net Deferred Tax Liability	-	4,74,04,245	-	4,58,86,045

16. During the financial year 2009-10, the company concluded its rights issue offering through which 61,85,348 equity shares of Rs. 10 each were issued by the company at a premium of Rs. 7 per share.

The company has received total proceeds of Rs. 1,051.51 Lacs for working capital deployment & utilised the right issue proceeds for the same as at 31.03.2010.

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, C.A. Sanjay Mehta, Mr. Vinod Kabra, Mr. K.D. Neema	

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	(Previous year Rs. 5.16)
ii) Rent Rs.	2.40	(Previous year Rs. 2.40)
iii) Sitting Fees (NED) Rs.	0.30	(Previous year Rs. 0.30)
b) Paid to Relatives		
i) Car hire charges Rs.	3.89	(Previous year Rs. 3.24)
ii) Rent Rs.	10.20	(Previous year Rs. 10.20)
iii) Salary Rs.	8.64	(Previous year Rs. 8.64)
iv) Unsecured loan from Enterprises controlled or managed by Directors or Relatives of Directors:		
-Received	837.51	(Previous year Rs. 1,359.35)
-Repayment	1,011.54	(Previous year Rs. 1,050.75)
v) Outstanding balances as at 31st March 2010		
Balance Receivable		
-Enterprises controlled	15.14	(Previous Rs. 15.14)
-Directors & Relatives of Directors	610.00	(Previous Rs. 610.00)
Balance Payable		
-Enterprises controlled	720.38	(Previous Rs. 894.41)
vi) Director Remuneration :		
Salary Rs.	6.00	(Prev. year Rs. 3.60)
Value of perquisites*:		
Rent free house accommodation Rs.	0.43	(Previous year Rs. 0.25)
Water & electricity charges Rs.	0.36	(Previous year Rs. 0.38)

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

19. Earnings per Share :	2009-10	2008-09
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	62,25,000
No. of equity shares outstanding at the end of the year	1,24,10,348	62,25,000
Weighted average number of equity shares outstanding during the year	85,26,745	62,25,000
Effect of convertible warrants	0	3,25,000

Weighted average number of equity shares outstanding for computing diluted EPS	85,26,845	65,50,000
B. Net profit after tax available for equity shareholders	4,41,34,816	2,64,39,642
C. Basic earnings per share (in Rs.)	5.18	4.25
Diluted earnings per share (in Rs.)	5.18	4.04

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 31/03/2010	As at 31/03/2009
i) Income tax demand for A.Y. 04-05	Nil	42.99
ii) Income Tax demand for A.Y.06-07	73.47	79.86
iii) Income Tax Demand for A.Y.05-06	Nil	Nil
iv) Sales Tax Demand for F.Y.05-06	Nil	0.50
v) Capital Commitment (Net of Advances)	6.00	2.00
vi) Bank guarantees	3.68	1.03

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

Syncom Formulations (India) Limited



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 31.03.2010		For the year ended 31.03.2009	
	Quantity		Amount (Rs.)	Quantity	Amount (Rs.)	
i. Licensed capacity			Not applicable			Not applicable
ii. Installed capacity : (Annual-on single shift working; as assessed and certified by the management)						
Tablets						
Capsules	'000	54,00,000		54,00,000		
Dry Powder	'000	6,00,000		6,00,000		
Liquids	Kgs.	3,00,000		3,00,000		
Injectable	Ltrs.	12,50,000		12,50,000		
Ointment	'000	68,500		68,500		
Inhaler	Kgs.	1,57,500		1,57,500		
iii. Production :						
Tablets						
Capsules	'000	25,93,638		16,13,700		
Dry Powder	'000	3,09,471		2,48,552		
Liquids	Kgs.	13,409		9,572		
Injectable	Ltrs.	3,94,457		4,25,553		
Ointment	'000	3,664		3,274		
Inhaler	Kgs.	16,453		26,936		
	'000	76		470		
Notes : a) Production includes production of samples.						
iv. Turnover :						
A. Manufactured Goods						
Tablets						
Capsules	'000	25,03,404	48,40,79,152	16,26,919	29,86,03,761	
Dry Powder	'000	3,01,067	10,70,08,317	2,50,204	9,74,43,043	
Liquids	Kgs.	12,788	71,68,289	10,038	51,16,844	
Injectable	Ltrs.	3,77,987	4,30,06,292	4,32,871	4,08,37,310	
Ointment	'000	4,326	3,93,78,644	2,861	1,69,69,311	
Inhaler	Kgs.	11,371	48,21,326	32,721	1,12,47,318	
	'000	66	5,10,237	471	30,06,464	
Total A			68,59,72,257		47,32,24,051	
B. Traded goods						
1. Basic drugs & chemicals	M.T.	3	6,13,772	1	12,49,645	
Sub Total			6,13,772		12,49,645	
2. Finished Goods						
Tablets						
Capsules	'000	1,02,903	5,14,33,371	16,503	3,59,87,026	
Dry Powder	'000	5,515	1,59,51,621	2,006	49,10,747	
Liquids	Kgs.	13,372	42,08,294	8,976	9,58,767	
Injectable	Ltrs.	1,89,566	3,57,12,601	1,33,791	2,53,95,986	
Ointment	'000	39	25,68,859	0	0	
	Kgs.	12,802	1,31,19,144	9,492	78,50,217	
Sub Total			12,29,93,890		7,51,02,743	
Total B			12,36,07,662		7,63,52,388	
V. Stocks :						
Opening stock						
Tablets						
Capsules	'000	22,742	27,00,886	36,042	44,33,891	
Dry Powder	'000	7,132	13,61,307	8,788	18,15,753	
Liquids	Kgs.	228	45,642	695	2,34,626	
Injectable	Ltrs.	7,374	3,38,630	14,692	8,76,023	
Ointment	'000	677	26,96,049	264	14,23,728	
Inhaler	Kgs.	45	5,994	6,254	11,04,621	
	'000	0	0	1	2,495	
Total			71,48,508		98,91,137	



ITEMS	UNIT	Quantity	For the	Quantity	For the
			year ended 31.03.2010 Amount (Rs.)		year ended 31.03.2009 Amount (Rs.)
Closing stock					
Tablets	'000	1,12,914	1,98,07,957	22,742	27,00,886
Capsules	'000	15,468	55,62,957	7,132	13,61,307
Dry Powder	Kgs.	844	4,46,021	228	45,642
Liquids	Ltrs.	23,802	22,44,634	7,374	3,38,630
Injectable	'000	12	1,67,535	677	26,96,049
Ointment	Kgs.	5,119	13,12,833	45	5,994
Inhaler	'000	10	56,087	0	0
Total			2,95,98,024		71,48,508
vi. Materials					
a) Raw materials consumed for production*					
Paracetamol	Kgs.	7,51,856	14,86,67,485	2,72,360	4,71,91,975
Chloroquine Phosphate	Kgs.	41,143	3,07,17,513	13,612	98,12,709
Ibuprofen	Kgs.	21,532	95,55,762	31,180	1,53,74,599
Others **		0	18,38,65,532	0	13,55,49,164
b) Packing Materials **					
		0	15,65,72,330	0	10,84,86,848
**(Individual items each being less than 10 % of Total)					
Total			52,93,78,622		31,64,15,295
c) Purchase of goods traded :					
Basic drugs & chemicals	M.T.	3	6,13,772	1	12,36,945
Total			6,13,772		12,36,945
d) Finished Goods					
Tablets	'000	1,02,903	2,13,30,782	16,503	1,43,34,401
Capsules	'000	5,515	49,81,082	2,006	18,00,584
Dry Powder	Kgs.	13,372	17,80,109	8,976	4,73,552
Liquids	Ltrs.	1,89,566	1,80,86,749	1,33,791	1,24,74,243
Injectable	'000	39	11,34,576	0	0
Ointment	Kgs.	12,802	48,37,887	9,492	33,22,729
Total			5,21,51,185		3,24,05,509
vii. CIF value of Imports :			0		1,24,33,710
viii. Expenditure in foreign currency					
Travelling			7,52,500		14,29,100
Product Registration Charges			4,25,408		2,58,488
ix. Earning in Foreign Exchange					
Export on FOB basis			66,63,22,347		46,15,32,128
x. Value of Imported/Indigenous					
Materials, components and spares consumed :					
<u>Materials :</u>					
Imported		0.00%	0	3.93%	1,24,33,710
Indigenous		100.00%	52,93,78,622	96.07%	30,39,81,585

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

(S.P.Moondra)
Proprietor
M. No. : 073747
F.R. No. : 004879C
Place : Indore
Dated the : 14th August, 2010

For and on behalf of the Board of Directors

Kedarmal Bankda, Chairman

Vijay Bankda, Managing Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31/03/2010

i. Registration details

Registration no.

4 7 7 5 9

State code

1 1

Balance sheet date

3 1 0 3 2 0 1 0

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

Public issue

N I L

Right issue

1 0 5 1 5 1

Bonus issue

N I L

Private placement

N I L

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

Total liabilities

6 9 2 8 9 1

Total assets

6 9 2 8 9 1

Sources of funds

Paid up capital

1 2 4 1 0 3

Reserves and surplus

4 2 6 3 6 4

Secured loans

2 0 9 3 1

Unsecured loans

7 4 0 8 8

Deferred Tax Liability

4 7 4 0 4

Application of funds

Net fixed assets

3 1 6 2 5 1

Investments

4 0 0

Net current assets

3 7 4 1 2 9

Miscellaneous expenditure

2 1 1 1

Accumulated losses

N I L

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

Turnover including other income

8 5 7 5 2 6

Total expenditure

7 8 9 1 2 0

Profit / loss before tax

6 8 4 0 6

Profit / Loss after Tax

4 4 1 3 5

Earning per share in Rs.

0 5 1 8

Dividend Rate %

0 5

v. Generic names of three principal products of company

Item Code No.

3 0 0 4 9 0 1

Product description

NORFLOXACIN - FORMULATIONS THEREOF, IN TABLETS ETC.

Item Code No.

3 0 0 4 9 0 0

Product description

PARACETAMOL - FORMULATIONS THEREOF, IN TABLETS ETC.

Item Code No.

3 0 0 4 2 0 1 1

Product description

CIPROFLOXACIN - FORMULATIONS THEREOF, IN TABLETS ETC.



SYNCOM FORMULATIONS (INDIA) LIMITED

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

TWENTY FIRST ANNUAL GENERAL MEETING - 29th SEPTEMBER, 2010 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 SECOUND 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 Raod, 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 22nd Annual General Meetings of the company to be held on 29th September, 2010 and or at any adjournment thereof.

Signed this _____ day of _____ 2010.

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.

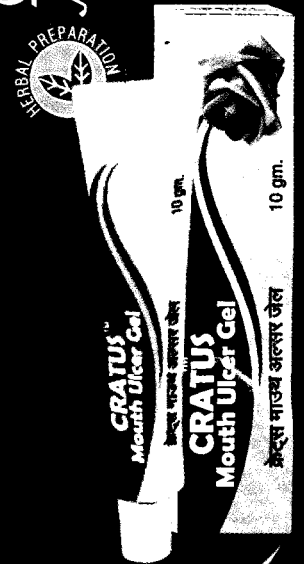
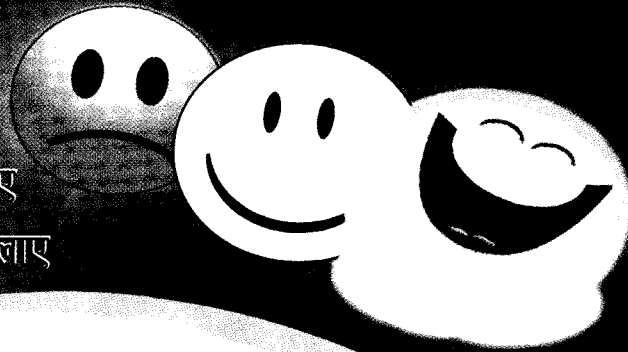
Note : The proxy must be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting.

मुँह के छालों को भगाए
हर चेहरे पर मुस्कान लौटाए

CRATUS

Bringing a smile on every face

- जलन मिटाए
- मुँह के छालों से राहत दिलाए
- मसूँडों के सुजन से राहत दिलाए



क्रेटस[®] माउथ अल्सर जेल



CRATUS

Bringing a smile on every face

फिमेलटोन[™]
FIMALETON[®]

रहो एक्टिव
महीने के हर दिन

- कमर एवं जांघों की तकलीफ में लाभदायक
- हारमोनल संतुलन को बनाए रखे



सिरप/कॅप्सूल



CRATUS

Bringing a smile on every face

लिवोक्रैट
LIVOCRAT

लिवर फिट तो
लाइफ फिट

- लिवर को मजबूत बनाए
- लिवर टॉक्सिन्स से सुरक्षा दिलाए
- भूख बढ़ाए



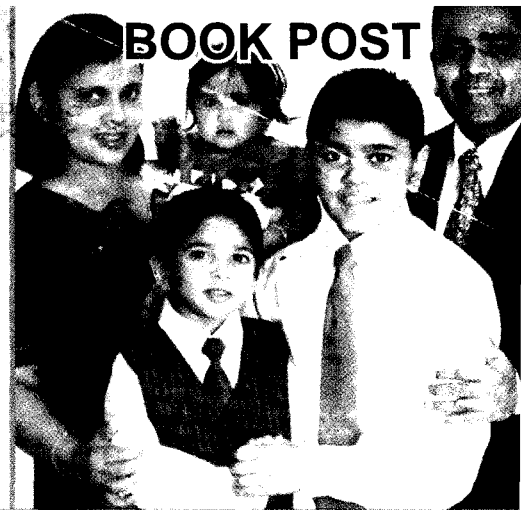
सिरप/कॅप्सूल

Presence in Domestic
Market as:

CRATUS
LIFE CARE

(A DIVISION OF SYNCOM FORMULATIONS (I) LTD.)

To,



BOOK POST

If undelivered please return to:
**Syncom Formulations
(India) Limited**
7, Niraj Industrial Estate,
Off Mahakali Caves Road,
Andheri (East),
MUMBAI - 400 093.



Bringing a smile on every face

Presence in Domestic
Market as:

CRATUS
LIFE CARE

(A DIVISION OF SYNCOM FORMULATIONS (I) LTD.)