

19th ANNUAL REPORT 2006 - 2007

Additions....



Strengthening the Roots



**Syncom Formulations
(India) Ltd.**

Syncom Formulations (I) Ltd.**Board of Directors**

Kedarmal Bankda
Chairman

Vijay Bankda
Managing Director

Ramesh Mishra (upto 30-04-2007)
Arpit Gupta
Sanjay Mehta
Vinod Kabra (w.e.f. 30-04-2007)

Audit Committee

Arpit Gupta (Chairman)
Ramesh Mishra (upto 30-04-2007)
Sanjay Mehta
Vinod Kabra (w.e.f. 30-04-2007)

Shareholders/Investors Grievance Committee

Arpit Gupta (Chairman)
Ramesh Mishra (upto 30-04-2007)
Sanjay Mehta
Vinod Kabra (w.e.f. 30-04-2007)

Remuneration Committee

Arpit Gupta (Chairman)
Ramesh Mishra (upto 30-04-2007)
Sanjay Mehta
Vinod Kabra (w.e.f. 30-04-2007)

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. 91-731-3046869
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

Contents	Page No.
Notice	1
Directors' Report	2-6
Report on Corporate Governance	7
Auditors' Report	7-8
Balance Sheet	9
Profit & Loss Account	10
Cash Flow Statement	11-12
Schedules	13-15
Balance Sheet Abstract	21
Proxy Form / Admission slip	22

**NOTICE FOR THE 19TH ANNUAL GENERAL MEETING**

Notice is hereby given that the Nineteenth Annual General Meeting of the members of **SYNCOM FORMULATIONS (INDIA) LTD.** will be held on Saturday, the **29th September, 2007** at 12.30 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 2007 and the Profit and Loss Account for the year ended 31st March 2007 together with the Reports of the Board of Director and Auditor thereon.
2. To declare dividend on the equity share capital of the Company.
3. To appoint a director in place of Shri Sanjay Mehta, who is liable to retire by rotation and being eligible offers himself for re-appointment.
4. 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 ORDINARY RESOLUTION:

5. To consider if thought fit, to pass with or without modification(s) if any, the following Ordinary Resolution:
RESOLVED THAT Shri Vinod Kabra who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose, Shri Vinod Kabra as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.

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

Place: Indore

Date : 29th August, 2007

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 24.09.2007 to 29.09.2007 (both days inclusive).
3. The unpaid dividend for the year 1999-2000 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 1999-2000 and thereafter are requested to lodge their claims 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.
4. The dividend, if declared, will be paid on or after 29th September 2007 to the members so entitled, whose names appear in the register of members as on 29th September 2007 being the date of Annual General Meeting of the company. In respect of shares held in electronic form, the dividend will be paid to those beneficial owners whose name appears in the statement furnished by the depositories for the purpose.
5. (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.
6. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately.
7. (a) the change in the residential status on return to India for permanent settlement.

- (b) the particulars of NRI Account with Bank in India, if not furnished earlier.
8. 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.
9. Members who are holding shares in identical order of names in more than one folio are requested to send to the share transfer Agent 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.
10. 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.
11. 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.).
12. 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 Company Affairs.
13. Pursuant to the Clause No.49 of the Listing Agreement, profile of the directors proposed for appointment/re-appointment being given in a statement containing details of the concerned directors is annexed hereto.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation of Appointee	Age/Qualifications Year	Expertise/Experience	Date of appointment	Other Directorship
Shri Sanjay Mehta, Independent Director	41 (B.Sc., F.C.A.)	Is a practitioner C.A. based out of Indore having expertise in fields of corporate laws, taxation and finance.	31.07.2004	• MSK Project India Ltd. • Pyramid Consultant & Services Pvt. Ltd.
Shri Vinod Kabra	55 Year B.Com., LLB	32 years experience in the educational field.	30/04/2007	NIL

They are not holding any equity shares in the company

ANNEXURE TO THE NOTICE

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

ITEM NO. 5:

To broad base the Board of Director and to comply with the requirement of Clause 49 of the listing agreement Shri Vinod Kabra, was appointed by the Board as an Additional Director in the category of non-executive independent director of the Company w.e.f 30th April, 2007 to hold office till the date of the ensuing Annual General Meeting.

The Company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing his appointment for the office of the Director of the Company. Shri Vinod Kabra is having through experience in the field of education for more than 32 years, presently he is Principle of Model College, Ujjain (M.P.).

The Board recommended for the appointment of Shri Vinod Kabra and proposes to pass the resolutions as set out in item No. 5 of the Notice as an Ordinary Resolution.

Except, Shri Vinod Kabra, none of the director of the Company are interested or concerned in the resolution.

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

Place: Indore

Date : 29th August, 2007

KEDARMAL BANKDA
CHAIRMAN



Syncom Formulations (I) Ltd.**DIRECTORS' REPORT**

Your directors have pleasure in presenting their 19th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2007.

Financial Results**(Rs. in Lacs)**

Particulars	Year ended 31/03/2007	Year ended 31/03/2006
Sales and Other incomes (Net)	6162.31	5439.75
Profit before interest, depreciation and tax	845.31	869.76
Less: Financial Charges	5.83	8.20
Less: Depreciation	146.97	141.41
Profit before Taxation	692.49	720.15
Provision for Taxation for current year	190.71	236.79
Difference in income tax for previous year	46.65	18.50
Fringe Benefit Tax	9.06	2.17
Deferred Tax	38.33	(28.74)
Net Profit after tax	407.74	491.43
Add: Balance brought forward from previous years	244.45	249.14
Amount available for appropriation	652.19	740.57
Appropriation: Transfer to general Reserve	250.00	400.00
Proposed Dividend	59.15	84.30
Corporate Dividend Tax	10.05	11.82
Balance carried to the Balance Sheet	332.99	244.45
E.P.S. (in Rs.) (Annualized)	7.08	9.03

REVIEW OF OPERATIONS:

During the year under review Company has achieved total turnover of Rs.6162.31 lacs as compared to Rs.5439.75 lacs during the previous year, which register growth of 13.28%. The company recorded net profit of Rs.407.74 lacs as compared to Rs.491.43 lacs during the previous year.

India is home to more than one billion people, making India's pharmaceutical market the second largest in Asia, growing by more than 9% annually. The Indian pharmaceutical industry is estimated at US\$ 5.40 billion and projected to grow up to US\$ 7.40 billion. In the year under review Your company had launched a new division "Cratus Life Care" to expand its operations in the huge and fast growing domestic market. We have recruited more than 300 people in this division and have created a very good distribution network. Cratus Life Care in spite of being in the initial stages of launch has received good response from the market and customers. Your company has invested huge amount of capital for the launch of Cratus and expects this division to become the driver for growth in the coming years.

FINANCE

Your company is maintain the status of DEBT FREE company also sufficient cash to match our strategic objectives. The company had sufficient liquidity to undertake the expansion cum modernization project.

MARKETING AND EXPORT

During the year under review the export sales of the company increase to Rs. 5297.98 Lacs. Which registered a growth of around 20.11% over the previous year export sales of Rs. 4410.97 Lacs. The company continues to devote increased efforts in building up of the export market and expects to achieve a significant improvement in future years.

At present the company's products have established their market sharing in more than 15 countries including China, Vietnam, Latin American Countries Kenya, Uganda, Sudan, Russia, Ukraine, Moldova and Domino Republic.

CONTRACT MANUFACTURING:

Your company is towards expansion of its business activities and it has been doing contract manufacturing for the various Companies.

DIVIDEND:

Your company's philosophy is to enhance stakeholders and customers satisfaction value. In continuation of said philosophy your directors are please to recommend payment of 16th dividend @ 10% (Rs.1.00 per equity share) for financial year 2006-07 subject to the approval by members at the Annual General Meeting.

EXPANSION CUM MODERNISATION PROJECTS:

Your directors are pleased to report that prestigious expansion cum modernisation project at Pithampur unit is expected to complete by end of Dec'07 with the total investment of Rs 1400.00 Lacs. The same is ongoing since Feb'06.

The Company planned to set up one more Unit at Pithampur SEZ (District Dhar), near Indore for manufacturing of tablets and capsules, etc. with the proposed investment of Rs. 4.50 Crores. The Company submitted a project report to the Assistant Development Commissioner, SEZ on 20th September, 2006. The SEZ authority had however, subsequent to grant of LOP, shifted project of the Company from Phase I to Phase II of Pithampur SEZ area as per Central Government letter dated 22nd August, 2006. Having found the new location logistically not as sound as Phase-1 the project has been postponed.

The Company also ordered for wind power project at Satara for 1200 MW with the total investment cost of Rs 710.00 lacs and made payment of advances of Rs 218.40 lacs as advance to Suzlon Energy Ltd. However, the Suzlon was failed to install the project and therefore, the Company cancelled its order and realized the advance amount paid for that purpose.

FINANCIAL ARRANGEMENT AND ISSUANCE OF EQUITY SHARES:

The Company had made preferential allotment of 2,95,000 fully Equity shares of Rs.10 each at a premium of Rs.44 per share aggregating Rs.159.30 Lacs only to promoter on 09th Oct., 2006 for the purpose of meeting requirement of finance and working capital requirements as per its objects. Your Company has duly complied the provisions of the Companies Act, 1956, SEBI (Disclosure and Investors Protection) Guidelines, 2000 and has obtained listing approval of the Bombay Stock Exchanges Ltd. for the same.

In order to minimize the interest burden, the promoters have provided strong financial support to the Company for repayment of secured interest bearing loan liabilities. Your Board of Directors appreciates the confidence shown by them in the management of the Company.

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.

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

Shri Ramesh Mishra, has resigned w.e.f. 30.04.2007 as director. The Board appreciates the valuable services and guidance rendered by him in the capacity of director of the Company.

Shri Vinod Kabra was appointed as an additional director by the Board w.e.f. 30th April 2007 in the category of the independent director to broad base the Board of Directors and to comply with the requirement of Clause No.49 of the listing agreement. The Company has received a notice in writing from a member signifying his candidature for the office of the director of the Company. Shri Vinod Kabra is an independent director and the Board recommend for his appointment.

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 applicable 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, 2007 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.

PARTICULARS OF THE EMPLOYEES:

There were 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.

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,

Syncom Formulations (I) Ltd.



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.

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.

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 limits 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.

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.

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.

ACKNOWLEDGMENTS:

Your Directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by Banks, financial institutions, government authorities, customer and suppliers. The Directors are pleased to record their sincere appreciation for the devotion and sense of commitment shown by the employees at 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 : 29th August, 2007

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 (2006-2007)	Previous Year (2005-2006)
1. Electricity (Purchased) Units	18,12,820	14,67,160
Amount (Rs.)	92,69,918	75,97,220
Rate/unit (Rs.)	5.11	5.18
2. Electricity (Generated) units	6,800	9,800
Amount (Rs.)	89,304	64,688
Unit per Litre of Diesel oil	2.39	3.77
Rate/unit (Rs.)	13.13	6.60

The Company has made investment of Rs.50.59 towards installation of Vapour Absorption Refrigeration System to reduce the power consumption and the same has been capitalised by the company in the Fixed Assets.

II. CONSUMPTION PER UNIT OF PRODUCTION:

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

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

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

The company has so far not imported any technology. The company manufactures standard products for which technology is established, and therefore, no further research is being done to confirm to the changing quality requirements of customers.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

During the year company has earned foreign exchange by effecting export sales worth of Rs. 4843.13 Lacs (previous year 4112.60 lacs) and total foreign outgo was Rs 375.50 Lacs (previous year 325.45Lacs).

For and on behalf of the Board of Directors

Place: Indore

Date : 29th August, 2007

KEDARMAL BANKDA
CHAIRMAN

Annexure 2

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

2(i) Constitution of the Board of Directors.

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

Details of the directors are as under:

Director	Executive /Independent	No. Of outside directorship held
Shri Kedarmal Bankda	Executive	0
Shri Vijay Bankda	Executive	0
Shri Ramesh Mishra*	Independent/NED	1
Shri Arpit Gupta	Independent/NED	3
Shri Sanjay Metha	Independent/NED	2
Shri Vinod Kabra*	Independent/NED	0

* Shri Ramesh Mishra has resigned from the directorship w.e.f. 30th April, 2007 and Shri Vinod Kabra was appointed as additional Director w.e.f. 30th April, 2007.

2(ii) Details of director reappointment/seeking appointment.

Mr. Sanjay Mehta, the Director of the company, is liable to retire by rotation and seeking his re-appointment.

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

During the financial year 2006-07, 10 meeting of the Board of directors were

Syncom Formulations (I) Ltd.



held. The following table gives the attendance record of all the directors at the Board Meetings.

Name of the Director	Mr. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Ramesh Mishra*	Mr. Arpit Gupta	Mr. Sanjay Mehta
Dates of Meetings					
29.04.2006	Yes	Yes	Yes	Yes	Yes
31.07.2006	Yes	Yes	Yes	Yes	LOA
17.08.2006	Yes	Yes	LOA	Yes	LOA
25.08.2006	Yes	Yes	LOA	Yes	LOA
28.08.2006	Yes	Yes	LOA	Yes	LOA
09.10.2006	Yes	Yes	LOA	Yes	LOA
11.10.2006	Yes	Yes	LOA	Yes	LOA
31.10.2006	Yes	Yes	Yes	Yes	LOA
30.11.2006	Yes	Yes	LOA	Yes	LOA
31.01.2007	Yes	Yes	Yes	Yes	LOA

3. AUDIT COMMITTEE:

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

1. Oversight of Company's financial reporting process and the disclosure of the financial information in the annual accounts.
2. To review and discuss with management, internal audit team and external auditors regarding any significant finding of material nature.
3. To consider and review the adequacy of management control system and internal audit function and frequency of internal audit process.
4. To review with Management the quarterly and annual financial statements before submission to the Board focusing primarily on any change in accounting policies and compliance with accounting standards, requirements of stock exchanges and other legal compliance.
5. To review Balance Sheet & Profit and Loss Accounts to be placed before the Board.
6. To consider and review the financial and risk management policy of the Company.
7. To consider and review the defaults, if any in payment to the creditors, financial institutions and reasons thereof.
8. To consider the Directors responsibility statement to be given by the Board in the Directors Report.
9. To consider the matter relating the recommendation for appointment of the external auditors and fixation of their audit fee and also approval for payment of any other services.

(a) Composition of the Audit Committee:

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

S. No.	Name	Designation	Position in Committee
1.	Shri Arpit Gupta	Director	Chairman
2.	Shri Ramesh Mishra*	Director	Member
3.	Shri Sanjay Mehta	Director	Member
4.	Shri Vinod Kabra*	Director	Member

* Shri Ramesh Mishra has resigned from the directorship w.e.f. 30th April, 2007 and Shri Vinod Kabra was appointed as member of the committee w.e.f. 30th April, 2007. Shri Devendra Maheshwari, the Manager (Accounts) and Compliance officer is also functioning as the Secretary of the Committee. The Statutory Auditor of the Company is the special invitee to the meeting of the Audit Committee.

(b) Meetings and Attendance during the year:

Name of the Director	Mr. Arpit Gupta	Mr. Ramesh Mishra	Mr. Sanjay Mehta
Dates of the Meeting			
29.04.2006	Yes	Yes	Yes
31.07.2006	Yes	Yes	LOA
31.10.2006	Yes	Yes	LOA
31.01.2007	Yes	Yes	LOA

The symbol "LOA" represents Leave of absence granted.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

4(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.

4(b) Composition of Shareholders Grievance and Transfer Committee:

S. No.	Name	Designation	Position in committee
1.	Shri Arpit Gupta	Director/NED	Chairman
2.	Shri Sanjay Mehta	Director/NED	Member
3.	Shri Ramesh Mishra*	Director/NED	Member
4.	Shri Vinod Kabra*	Director	Member

* Shri Ramesh Mishra has resigned from the directorship w.e.f. 30th April, 2007 and Shri Vinod Kabra was appointed as member of the committee w.e.f. 30th April, 2007. Shri Devendra Maheshwari, the Manager (Accounts) and Compliance officer is also functioning as the Secretary of the Committee.

(C) Name and designation of Compliance Office : Shri Devendra Maheshwari
Manager-Accounts

(D) Status of the investors/shareholders complaints

- (i) Number of complaints received during the year : 127
- (ii) Number of complaints solved during the year : 127
- (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.

5. REMUNERATION/COMPENSATION COMMITTEE:

5(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.

5(b) Composition of the Committee

S. No.	Name	Designation	Position in committee
1.	Shri Arpit Gupta	Director/NED	Chairman
2.	Shri Sanjay Mehta	Director/NED	Member
3.	Shri Ramesh Mishra*	Director/NED	Member
4.	Shri Vinod Kabra*	Director	Member

* Shri Ramesh Mishra has resigned from the directorship w.e.f. 30th April, 2007 and Shri Vinod Kabra was appointed as member of the committee w.e.f. 30th April, 2007. The said committee was constituted to decide the remuneration of the executive directors. One meeting on 29th April 2006 was held during the year under review in which all the members were present. The Company is not paying any remuneration to the Non-Executives Director.

5(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 are within the limits of Schedule XIII of the Companies Act 1956.

Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total
Shri Kedarmal Bankda	NIL	1,29,000 plus rent free unfurnished accommodation	NIL	1,29,000
Shri Vijay Bankda	NIL	1,29,000 plus rent free unfurnished accommodation	NIL	1,29,000

6. Management discussion and analysis:

This is given as a separate part in this report



**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
18 th AGM	25 th September, 2006	01.00 p.m.	5	-
17 th AGM	30 th September, 2005	03.00 p.m.	2	1
16 th AGM	29 th September, 2004	04.00 p.m.	3	-

8. DISCLOSURES

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

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

9. WHISTLE-BLOWER POLICY:

We have a established a mechanism for employees 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 2006-07, no employee has denied access to the audit committee.

10. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company is having code of conduct for prevention of insider trading.

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

- Date, Time and Venue of Annual General Meeting : 29th September, 2007 at 12:30 P.M. at the Regd. Office of the Company.
- Financial Calendar : April 2007 to March 2008
Result for the quarter ended 30.06.07 : 31st July 2007
Result for the quarter ended 30.09.07 : Last week of Oct., 2007
Result for the quarter ended 31.12.07 : Last week of Jan., 2008
Result for the quarter ended 31.03.08 : Last week of April, 2008
- Board meeting for consideration of Annual Accounts : 29th August 2007
- Posting of Annual Report : On or before 2nd Sept., 2007
- Last date for receipt of Proxy : 27th Sept., 2007
- Date of dispatch of dividend warrants/cheques : On or before 28th Oct., 2007
- Dates of Book Closure : From 24.09.2007 to 29.09.2007
- Listing on Stock Exchanges: : M.P. Stock Exchange, Indore*
The Bombay Stock Exchange Limited

* The Company has applied for voluntary delisting of Shares from the M.P. Stock Exchange, necessary orders for delisting is yet to be received.

- Stock Code:
The Stock Exchange, Madhya Pradesh : N.A.
Bombay Stock Exchange Limited, Mumbai : 523144
- D-mat ISIN No. for CDSL and NSDL : INE312C01017
- No. Of Shareholders on 31.03.2007 : 8,215
- Stock Market Data:

The monthly High and Low stock quotations during the financial year ended 31st March 2007 on BSE are as under (Source the Website: bseindia.com)

Month	High (Rs)	Low (Rs)	Volume of shares traded
Apr-2006	74.90	60.25	583663
May-2006	78.50	49.00	1164167
Jun-2006	56.20	35.50	311417
July-2006	47.00	36.00	202538
Aug-2006	57.00	37.00	565665
Sep-2006	56.15	47.05	371450
Oct-2006	57.30	49.00	384918
Nov-2006	51.00	43.00	244713
Dec-2006	47.00	37.85	229485
Jan-2007	54.00	43.50	330266
Feb-2007	53.80	38.55	250002
Mar-2007	45.00	35.05	178529

(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, 2007, the Company's 57,12,440 shares are held by shareowners in dematerialised form, aggregating 96.58% of the Equity Share Capital.

CDSL: 9,85,460 forming 16.66% of the total paid up capital

NSDL: 47,26,980 forming 79.92% of the total paid up capital.

(xv) Distribution of shareholding pattern as on 31st March' 2007:

Shareholding of Nominal Value Rs.	No. of shareholder	%	Shares Amount in Rs.	%
Up to 1000	3,694	44.97	31,31,610	5.29
1001-2000	1,739	21.16	33,23,290	5.62
2001-3000	766	9.32	21,98,100	3.72
3001-4000	295	3.59	11,48,450	1.94
4001-5000	569	6.93	28,12,110	4.75
5001-10000	634	7.72	52,47,330	8.87
10001-20000	294	3.58	44,72,870	7.56
20001-30000	88	1.07	22,14,660	3.74
30001-40000	30	0.37	10,79,640	1.83
40001-50000	31	0.38	14,47,850	2.45
50001-100000	37	0.45	26,02,800	4.40
100000-Above	38	0.46	2,94,71,290	49.83
Total	8215	100.00	5,91,50,000	100

(Xvii) Categories of Shareholders as on 31st March, 2007:

S.No.	Categories	No. of Shares Held	% of Share holding
1.	Indian promoters & PAC	2561878	43.32
2.	Banks, Financial Institutions	0	0
3.	FII's	0	0
4.	Bodies Corporate	458018	7.74
5.	Indian Public	2845149	48.10
6.	NRI/OCBs	49955	0.84
Total		5915000	100.00

(Xviii) 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.