



Synergistic Combination for Health...



Syncom Formulations (India) Limited

A WHO-GMP & ISO 9001-2008 Certified Company

24th ANNUAL REPORT 2011-12

**Board of Directors**

Kedarmal Bankda
Chairman

Vijay Bankda
Managing Director

C.A. Sanjay Mehta (upto 12.07.2012)

Vinod Kabra

Krishna Das Neema

Praveen Jindal (from 12.07.2012)

Audit Committee

Krishna Das Neema (Chairman)

C.A. Sanjay Mehta (upto 12.07.2012)

Vinod Kabra

Praveen Jindal (from 12.07.2012)

Shareholders/Investors Grievance Committee

Krishna Das Neema (Chairman)

C.A. Sanjay Mehta (upto 12.07.2012)

Vinod Kabra

Praveen Jindal (from 12.07.2012)

Remuneration Committee

Krishna Das Neema (Chairman)

C.A. Sanjay Mehta (upto 12.07.2012)

Vinod Kabra

Praveen Jindal (from 12.07.2012)

Auditors

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

Company Secretary

Mrs. Shikha Sethi

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: info@sfil.in

Website: www.sfil.in

Corporate Office

2nd Floor, "Tagore Centre", (Dawa Bazar),
13-14, R.N.T. Marg, INDORE (M.P.) - 452 001

P.O. Box No. GPO. 610

Tel. 91-731-3046868

Fax 91-731-3046869

E-mail: info@sfil.in

Works

256-257, Sector 1, PITHAMPUR

(Dhar) M.P. 454 775

Tel./Fax 91-7292-253404, 403122

E-mail: info@sfil.in

Share Transfer Agent

Ankit Consultancy Pvt. Ltd.

Plot No. 60, Electronic Complex,
Pardeshi Pura, INDORE (M.P.)

E-mail: ankit_4321@yahoo.com

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NOTICE FOR THE 24th ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of SYNCOM FORMULATIONS (INDIA) LTD. will be held on 28th day of September, 2012, at 2:30 P.M. at the registered office of the company at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400 093 to transact the following businesses:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account and Cash Flow Statement for the year ended 31st March 2012 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 Shri Vijay Bankda, who 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 and if thought fit, to pass with or without modification(s) if any, the following ORDINARY RESOLUTION:
RESOLVED THAT Shri Praveen Jindal, who was appointed as an additional director by the Board w.e.f. 12th July, 2012 and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Shri Praveen Jindal as a candidate for the office of the director of the Company at the forth coming annual general meeting be and is hereby elected and appointed as a director and he is liable to retire by rotation.

III. 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 consent of the Company pursuant to the provisions of section 314(1)(b) and other applicable provisions if any of the Companies Act, 1956, be and is hereby accorded for the increase in the remuneration, payable to Mrs. Rinki Bankda, Sr. Executive of the Company w.e.f. 1st April, 2012, upto Rs.50,000/- p.m. who is a relative of the directors of the Company and that she will also be entitled for the reimbursement of traveling, conveyance and other actual out of pocket expenses as per the rules of the Company as applicable to other executives of the same grade for attending the works/assignments of the Company.

For and on behalf of the Board of Directors

Place: Indore
Date : 22nd August, 2012

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 COMMENCEMENT OF THE MEETING.
2. The Company has already notified closure of Register of Members and Share Transfer Books from 24th Sept., 2012 to 28th Sept., 2012 (both days inclusive) for the determining the names of members eligible for dividend on equity shares, if declared at the meeting.
The Dividend on equity shares if declared at the meeting, will be credited/dispatched to those members whose names shall appear on the Company's Register of Members on 28th Sept., 2012 in respect of the shares held in dematerialized form, the dividend will be paid to members, those names are furnished by NSDL/CDSL as beneficial owners as on that date.
3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.
4. (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 shares 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.
(c) Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
(i) Change in the residential status on return to India for permanent settlement.
(ii) The particulars of NRE Account with a bank in India, if not furnished earlier.
5. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M. up to the date of meeting.
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 desirous 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. The Company has connectivity with the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/Investors have their depository account. The ISIN for the Equity Shares of the Company is INE312C01017. In case of any query/difficulty, in any matter relating thereto, they may be addressed to the Share Transfer Agent M/s Ankit Consultancy Pvt. Ltd. Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.) 452010.
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 downloaded from the website of the Ministry of Company affairs.
10. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company shall transfer the unpaid dividend amount for the



year 2004-05 after expiry of 7 years period from transfer of the same to the Unpaid Dividend account. The Members are requested to please submit their request for revalidation of the dividend warrants for the unpaid dividend if any for the year 2004-05 and onward.

11. There is no instance which requires to transfer undelivered shares to the separate escrow account as required under the Listing Agreement.
12. The SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participant with whom they are maintaining their D-mat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Share Transfer Agent, M/s Ankit Consultancy Pvt. Ltd.
13. Pursuant to the Clause No.49 of the Listing Agreement, the requirement of the profile of the Directors proposed for appointment/re-appointment is being given in a statement containing details of the concerned Directors and is attached hereto.
14. The Ministry of Corporate Affairs ("MCA") Govt. of India by its Circular Nos. 17/2011 dt. 21.04.2011 & 18/2011 dt. 29.04.2011, has allowed companies to send annual report and other communications through electronic mode at the Registered email address of the members/ beneficiaries, keeping in view of the underline and the circulars issued by MCA, we propose to send future communications in electronic mode. Members who hold shares in physical form and desirous of receiving the documents in electronic mode are requested to please promptly provide their details (name, LF No., email ID) to the Registrar and Share Transfer agent of the Company. Accordingly, your Company proposes to henceforth affect electronic delivery of communication/ documents including the Annual Reports and such other necessary communication/documents from time to time to the Members, who have provided their e-mail address to their Depository Participant (DP). E-mail addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered e-mail address for serving the necessary communication/documents. Thus, the necessary communication would be sent in electronic form to the registered e-mail address. Members who wish to inform any updates/changes of their e-mail address, are requested to promptly update the same with their DP. The annual report and other communications/documents sent electronically would also be displayed on the Company's website: www.sfil.in. As a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you. We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company's Registrar, as the case may be, in the interest of the environment.

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
Vijay Bankda Managing Director	53 years B.Com. LLB	32 years experience in Pharmaceutical filed in various capacity. He is the key and founder persons & promoters of the company	01/01/1999	Nil	16,72,965 equity shares, i.e. 7.50% of the total paid up capital.
Praveen Jindal	28 years B.E. (E. & T.C.)	6 yrs. experience in Electronic & IT Field	12/07/2012	Nil	Nil

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.5:

Shri Praveen Jindal was appointed by the Board as additional director of the Company w.e.f. 12th July, 2012 in order to broad base the Board of directors and to utilize his expert knowledge and advises.

The Company has received a notice u/s 257 of the Companies Act, 1956 from members proposing his appointment for the office of the director of the Company. Looking into his experience and qualifications, your Board recommends the appointment of him as the director of the Company and proposes to pass the respective resolution as set out in item No. 5 of the Notice for approval as an Ordinary Resolution.

Except, Shri Praveen Jindal, none other directors are interested or concerned in the resolution.

ITEM No. 6:

Mrs. Rinki Bankda was appointed by the Board as the Sr. Executive of the Company w.e.f. 1st April, 2012 subject to the approval of members by way of special resolution at the monthly remuneration upto Rs.50,000/- p.m.

The above said executive is a relative of Shri Kedarmal Bankda and Shri Vijay Bankda, therefore her appointment needs approval of the members by way of special resolution as per provisions of section 314(1)(b) of the Companies Act, 1956 read with the Directors Relatives (Office of Profit) Amendment Rules 2011. Your directors propose to pass the resolution No. 6 as stated in the notice of the meeting by way of special resolution.

Shri Kedarmal Bankda and Shri Vijay Bankda are deemed to be concerned or interested in the proposed resolution.

For and on behalf of the Board of Directors

Place: Indore
Date : 22nd August, 2012

KEDARMAL BANKDA
CHAIRMAN



DIRECTORS' REPORT

To,
The Members,
Syncom Formulations (India) Limited
Your Directors have pleasure in presenting their 24th Annual Report and Audited Statements of Accounts for the year ended 31st March 2012.

1. FINANCIAL PERFORMANCE

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

Financial Results		(₹ In Lacs)	
Particulars	Year ended 31/03/2012	Year ended 31/03/2011	
Net Sales and Other incomes	11,938.64	7,668.68	
Profit before interest, depreciation and tax	859.35	331.41	
Less: Financial Charges	41.69	50.18	
Less: Depreciation	271.58	236.42	
Profit before Taxation	546.08	44.81	
Provision for Taxation for current year	109.04	8.31	
Difference in income tax for previous year	0.55	11.81	
Deferred Tax	86.93	4.28	
Net Profit after tax	349.56	20.41	
Add: Balance brought forward from previous years	345.68	454.88	
Amount available for appropriation	695.24	475.29	
Appropriation: Transfer to general Reserve	100.00	0.00	
Proposed Dividend	133.83	111.52	
Corporate Dividend Tax	21.71	18.09	
Balance carried to the Balance Sheet	439.70	345.68	
E.P.S. (in Rs.) (Annualized)	1.57	0.14	

2. REVIEW OF OPERATIONS:

During the year under review Company could achieve a total turnover of Rs. 11,938.64 lacs as compared to Rs. 7,668.68 Lacs during previous year thereby registering growth of 55.68% in turnover YOY basis. The company generated profit of Rs. 349.56 lacs as compared to Rs 20.41 lacs during the previous year.

Your management is hopeful for further improvement in the business climate in the coming period.

3. MARKETING AND EXPORT:

During the year under review the export sales of the company increased to Rs. 9,130.11 lacs which registered a growth of 79.80% over the previous year sales of Rs. 5,077.43 lacs. The Company has stepped up efforts in increasing the export market to new geographical locations / countries and expects significant improvement in future years.

Company's prospects in domestic market

Cratus Life Care, domestic division of the company is now a known name and enjoys a good image in the domestic market. Generic segment launched during the year under review to enlarge the domestic market share.

The results of OTC & Ethical segment remain satisfactory. It is expected that these segment shall become growth driver of company in coming years.

4. DIVIDEND:

Your Director's philosophy is to enhance stakeholders and customers satisfaction value. In continuation of said philosophy your directors are pleased to recommend payment of 21st dividend @ Rs.0.60 (6%) per equity share of Rs.10/-each, and proposes to pay Rs.133.83 Lacs to the members subject to approval by the members at the coming Annual General Meeting. (Pre. Yr. @ Rs.0.50 (5%) Rs. 111.52 Lacs).

5. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, unclaimed dividend of Rs. 1,62,619 for the year 2003-04 was transferred to the Investor Education and Protection Fund (IEPF), as required by the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The Company is having un-paid/ unclaimed dividend amount of Rs. 21,82,648 as at 31st March, 2012 (from 2004-05 to 2010-11).

6. BUSINESS

Setting up of a wholly owned subsidiary in UAE with the object of trading in Pharmaceutical Products, Medical, Surgical Articles & Requisites Trading and Medical, Surgical Equipment & Instruments Trading.

The subsidiary is expected to commence operation in 2013-14.

7. BOARD OF DIRECTORS:

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

Shri Vijay Bankda, the Managing Director is liable to retire by rotation at the ensuing Annual General meeting and being eligible offers himself for re-appointment. Your directors recommend to pass necessary resolution as proposed in the notice of the Annual General Meeting.

Shri Praveen Jindal, was appointed as the Additional Director of the Company w.e.f. 12th July, 2012. The Company has received a notice from a member under section 257 of the Companies Act, 1956, signifying his intention for appointment as a director of the Company at the forthcoming annual general meeting.

Further Mr. Sanjay Mehta has resigned from directorship with effect from 12th July 2012.

8. DIRECTORS RESPONSIBILITY STATEMENT:

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

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2012 and the profit of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the Company have been prepared on a going concern basis.

9. PARTICULARS OF THE EMPLOYEES:

There 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.

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

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

11. PUBLIC DEPOSITS:

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

12. AUDITORS AND THEIR REPORT:

M/s S.P. Moondra & Co., the statutory auditors of the Company (R.No. 004879C) will retire at the conclusion of the forthcoming Annual General Meeting and the company has in receipt of confirmation from them that if they are reappointed, their appointment will be in accordance with the limit mentioned in section 224(1B) of the Companies Act, 1956.

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

13. COST AUDITORS

The Company has appointed Cost Auditors M/s M. Goyal & Co., Cost Accountant (Membership No. 00051/07/2008) with the approval of the Central Government for the Financial Year 2011-12. The Cost Audit Report for the year 2010-11 was due on 30th Sept., 2011 which is in process for filing and shall be filed after notifying the XBRL forms by the Central Government. The Company has reappointed the above said firm as the Cost Auditors for the company for the financial year 2012-13 which has already been approved by the Central Government.



14. CORPORATE GOVERNANCE:

Your Company is committed to good Corporate Governance Practices and follows 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.

15. 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.

16. ACKNOWLEDGMENTS:

Your directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by the banks, government authorities, customers 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 : 22nd August, 2012

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 (2011-2012)	Previous Year (2010-2011)
1. Electricity (Purchased) Units	23,27,526	19,02,860
Amount (₹)	1,61,27,371	1,03,50,558
Rate/unit (₹)	6.73	5.44
2. Electricity (Generated) units	17,525	12,587
Amount (₹)	1,81,357	1,46,034
Unit per Litre of Diesel oil	4.34	3.62
Rate/unit (₹)	10.35	11.60

II. CONSUMPTION PER UNIT OF PRODUCTION:

In view of varied nature of products, of their units of 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 :

In Lacs (₹)	2011-12	2010-11
a. Capital	NIL	NIL
b. Revenue	NIL	NIL
c. Total	NIL	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. 8,874.30 lacs (previous year Rs.4,970.38 lacs) (FOB value) and total foreign outgo was Rs. 41.15 Lacs (previous year Rs.13.17 Lacs).

For and on behalf of the Board of Directors

Place: Indore

Date : 22nd August, 2012

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

India's pharmaceutical sector is gaining its position as a global leader. The Indian pharmaceutical industry accounts for over 8 per cent of global pharmaceutical production. Three out of the top 10 fastest-growing generic companies globally are now from India. Domestic pharma companies are accepted in the world for their command on manufacturing processes, innovation and marketing muscle at a global scale. The industry has over 60,000 generic brands across 60 therapeutic categories and manufactures more than 500 different active pharmaceutical ingredients (APIs). India is a major destination for manufacturing of generic drug.

India's exports of drugs, pharmaceutical and fine chemicals grew by 27 per cent to US\$ 10.85 billion for the year ended March 2012. Moreover, the size of the Indian formulations market, which currently stands at around US\$ 11.21 billion, is growing at 15-20 per cent annually. Due to its cost advantage, India is increasingly becoming a hub for clinical trials with an estimated market value worth US\$ 400 million in 2009.

(b) Threats, Risks and Concerns:

India's own domestic market is among the least developed pharma market in Asia with extremely low per capita consumption. The government drug pricing and reimbursement policy is opaque and biased.

Besides this a considerable counterfeit drug industry is developing which is lowering the brand image of Indian companies in the world market. According to recent reports India is a source of one-third of total counterfeit drug trade in Asia.

Another major concern is that of regulatory changes. In India the companies manufacturing and exporting drugs not only need to adhere to the standards imposed by the state FDA, Indian FDA, DCGI, but also standards set by the FDA of the countries to which the product is being exported. The regime of compliance is becoming stronger as regulators look for greater compliance from the industry given the mounting consumer pressures, and increasing healthcare standards

(c) Opportunity:

The Government of India (GOI) unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture and also reduced approval time for new facilities to boost investments in the sector. The Government allows zero duty for technology upgrades in the pharmaceutical sector through the



Export Promotion Capital Goods (EPCG) Scheme and also facilitates 100 per cent foreign direct investment (FDI) through automatic route. GOI further plans to set up a US\$ 640 million venture capital (VC) fund to boost drug discovery and strengthen the pharma infrastructure.

According to various studies, India is among the leaders in the clinical trial market. Due to a genetically-diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. The Indian clinical trial market is estimated to be worth USD1.5 billion.

With 70 percent of India's population residing in rural areas, there are immense opportunities for pharma companies to tap this market. Your company has very good representation in the rural market and is continuously investing in the distribution network in rural area.

(d) Outlook

The Indian pharmaceutical market is poised to grow to US\$ 55 billion by 2020 from the 2009 levels of US\$ 12.6 billion, The industry further holds potential to reach US\$ 70 billion, at a compound annual growth rate (CAGR) of 17 per cent.

The share of generic drugs is expected to continue to increase; it could represent 90 per cent of the prescription drug market by 2015.

The OTC market is forecasted to be worth USD4.7 billion by 2015. The inclusion of various other drugs and cosmetics under the OTC market may provide a further boost to this sector

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, Administrative expenses, Selling expenses and Manufacturing expenses.

We believe that 2012-13 could be as optimistic with the economic environment getting favorable.

(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 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. Further that the Company is carrying the cost audit from the cost auditors and it reviews the cost audit report and take corrective steps to reduce the cost of production.

The Audit 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 constitute "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.

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

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 as on 31st March 2012 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
Shri Praveen Jindal*	Independent/NED	0

*CA Sanjay Mehta has ceased to be director and Shri Praveen Jindal was appointed as an Additional Director w.e.f 12th July 2012

(b) Details of director reappointment/seeking appointment.

Shri Vijay Bankda, Director of the company, is liable to retire by rotation and seeks his re-appointment. Further that the Company has received notice u/s 257 for the appointment of Shri Praveen Jindal at the AGM

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

During the financial year 2011-12, 5 meetings of the Board of directors were held. The following table gives the attendance record of all the directors at the Board Meetings.

Dates of Meetings	Name of Director				
	Mr. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Vinod Kr. Kabra	C.A. Sanjay Mehta	Mr. Krishna Das Neema
14.05.2011	Yes	Yes	Yes	Yes	Yes
11.08.2011	Yes	Yes	Yes	Leave	Yes
22.08.2011	Yes	Yes	Yes	Yes	Yes
14.11.2011	Yes	Yes	Yes	Leave	Yes
14.02.2012	Yes	Yes	Yes	Leave	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
4.	Shri Praveen Jindal*	Director	Member

*CA Sanjay Mehta has ceased to be director and Shri Praveen Jindal was appointed as an Additional Director w.e.f 12th July 2012.

Shri Devendra Maheshwari, the General Manager (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 are 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			
14.05.2011	Yes	Yes	Yes
11.08.2011	Yes	Leave	Yes
22.08.2011	Yes	Yes	Yes
14.11.2011	Yes	Leave	Yes
14.02.2012	Yes	Leave	Yes

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:

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

(b) Composition of Shareholders Grievance and Transfer Committee:

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

* CA Sanjay Mehta has ceased to be director and Shri Praveen Jindal was appointed as an Additional Director w.e.f 12th July 2012

Shri Devendra Maheshwari, the GM (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 :

- Number of complaints received during the year : 22
- Number of complaints solved during the Year : 22
- 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	Member/Chairman
2.	C.A. Sanjay Mehta*	Director/NED	Member
3.	Shri Vinod Kabra	Director/NED	Member
4.	Shri Praveen Jindal*	Director/NED	Member

* CA Sanjay Mehta has ceased to be director and Shri Praveen Jindal was appointed as an Additional Director w.e.f 12th July 2012

No meeting of the remuneration committee was required to be held during the year 2011-12.

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

Director	Sitting Fees (₹)	Salary & Perquisites (₹)	Commission (₹)	Total (₹)
Shri Kedarmal Bankda	0	3,60,000	0	3,60,000
Shri Vijay Bankda	0	3,60,000	0	3,60,000
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
23 rd AGM	30 th September, 2011	03.00 p.m.	9	-
22 nd AGM	29 th September, 2010	03.00 p.m.	1	-
21 st AGM	30 th September, 2009	03.00 p.m.	0	-

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

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

9. WHISTLE-BLOWER POLICY:

We have 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 Chairman of the audit committee in exceptional cases. We further affirm that during the financial year 2011-12, no employee has been 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

- Date, Time & Venue of Annual General Meeting : at 28th Sept., 2012, 2.30 P.M. at the Regd. Office of the Company.
- Financial Calendar : April 2012 to March 2013
- Result for the quarter ended 30.06.2012 : On 11th Aug., 2012
- Result for the quarter ended 30.09.2012 : Before 14th Nov., 2012
- Result for the quarter ended 31.12.2012 : Before 14th Feb., 2013
- Result for the quarter ended 31.03.2013 : Before 14th May, 2013

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- (iii) Board meeting for consideration of Annual A/cs : 22nd August, 2012
 (iv) Posting of Annual Report : On or before 4th Sept., 2012
 (v) Last date for receipt of Proxy : 26th Sept., 2012
 (vi) Dates of Book Closure : From 24th Sept., 2012 to 28th Sept., 2012
 (vii) Date of dispatch of dividend warrants/cheques : on or before 27th Oct., 2012
 (viii) Listing on Stock Exchange: : The Bombay Stock Exchange Ltd.
 (ix) Stock Code : BSE Code 523144
 (x) D-mat ISIN No. For CDSL and NSDL : INE312C01017
 (xi) No. of Shareholders on 31.03.2012 : 5,753
 (xii) Stock Market Data:

The monthly High and Low stock quotations during the financial year ended 31st March 2012 on BSE are as under (Source the Website: bseindia.com)

Month	High (₹)	Low (₹)	Volume of shares traded	Total No. of shares traded
Apr-2011	32.45	29.50	428	90,034
May-2011	31.50	26.70	493	82,233
Jun-2011	31.55	23.90	554	94,324
July-2011	28.85	23.35	350	52,282
Aug-2011	40.00	26.65	2,242	4,31,734
Sep-2011	36.80	28.70	283	46,014
Oct-2011	35.65	31.65	234	46,048
Nov-2011	38.00	28.00	304	47,654
Dec-2011	41.90	31.85	1,019	1,62,808
Jan-2012	46.80	34.65	1,619	2,88,402
Feb-2012	63.50	43.05	2,781	6,54,678
Mar-2012	79.85	46.20	8,654	62,90,236

(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, 2012, the Company's 2,21,37,717 shares are held by share owners in dematerialized form, aggregating 99.25% of the Equity Share Capital. CDSL: 65,22,845 forming 29.24% of the total paid up capital
 NSDL: 1,56,14,872 forming 70.01% of the total paid up capital.

(xv) Distribution of shareholding pattern as on 31st March' 2012:

Shareholding of Nominal Value ₹	No. of shareholder	%	Shares Amount in ₹	%
Up to 1000	2,756	47.90	21,96,890	0.98
1001-2000	1,136	19.75	21,55,530	0.97
2001-3000	499	8.67	14,33,610	0.64
3001-4000	185	3.22	7,19,800	0.32
4001-5000	341	5.93	16,81,380	0.75
5001- 10000	399	6.94	32,68,590	1.47
10001-20000	190	3.30	29,87,840	1.34
20001-30000	71	1.23	17,81,140	0.80
30001-40000	32	0.56	11,50,370	0.52
40001-50000	26	0.45	11,99,710	0.54
50001-100000	54	0.94	37,99,620	1.70
100000-Above	64	1.11	20,06,69,000	89.97
Total	5,753	100	22,30,43,480	100

(xvi) Categories of Shareholders as on 31st March, 2012:

S.No.	Categories	No. of Shares Held	% of Share holding
1.	Indian promoters	1,40,25,449	62.88
2.	Foreign promoters	0	0
3.	Institutions	0	0
4.	Bodies Corporate	42,53,388	19.08
5.	Individual SHs holding nominal sh. cap. up to Rs. 1 Lakh	20,31,213	9.11
6.	Individual SHs holding nominal sh. cap. in excess of Rs. 1 Lakh	18,62,459	8.35
7.	Clearing Members	99,348	0.45
8.	NRI/ OCBs	32,491	0.14
Total		2,23,04,348	100.00

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

(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., Plot No. 60, Electronic Complex, Pardeshi Pura, 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 - 400 093
 Phone : 091 22 30887744-54
 Fax : 091 22 30887755
 E-mail: sfil87@hotmail.com

(xxi) Location of Plant : 256-257, Sector-I, Pithampur Dist. Dhar (M.P.) 454 775
 Phone / Fax : 091 7292 253404

(xxii) Location of Corporate Office : 2nd Floor, "Tagore Centre" (Dawa Bazar), 13-14, RNT Marg, Indore - 452 001
 Phone : 091 731 3046868-71
 Fax : 091 731 3046869
 E-mail: info@sfil.in

(xxiii) Website of the Company : www.sfil.in

For and on behalf of the Board of Directors

Place: Indore

Date : 22nd August, 2012

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 for the year 2011-12 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

Date : 22nd August 2012

Vijay Bankda
 Managing Director

Devendra Maheshwari
 G.M. (Accounts)