18th ANNUAL REPORT 2005-2006



Syncom Formulations (India) Limited

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Board of Directors

Kedarmal Bankda
Chairman

Vijay Bankda
Managing Director

Ramesh Mishra
Arpit Gupta
Sanjay Mehta

Audit Committee

Arpit Gupta (Chairman)
Ramesh Mishra
Sanjay Mehta

Shareholders/Investors Grievance Committee

Arpit Gupta (Chairman)
Ramesh Mishra
Sanjay Mehta

Remuneration Committee

Arpit Gupta (Chairman)
Ramesh Mishra
Sanjay Mehta

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 - 253121, 503122
E-mail : sfil_pth@hotmail.com

Share Transfer Agent

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

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NOTICE FOR THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **SYNCOM FORMULATIONS (INDIA) LTD.** will be held on Monday, the 25th September, 2006 at 1.00 P.M. at the registered office of the company situated at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400093 to transact the following business:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended 31st March 2006 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 Arpit Gupta who retires 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 SPECIAL RESOLUTION:

5. To consider and if thought fit, to pass with or without modification(s) if any, the following SPECIALRESOLUTION:

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 Kedarmal Bankda, the Chairman and Whole-time Director of the Company w.e.f. 3rd May, 2007 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 evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.

(ii) Re-imbursement of medical expenses of the Whole-time 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 and a cellphone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the whole-time 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 Kedarmal Bankda, the Whole-time Chairman 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 Kedarmal Bankda, the Whole-time Chairman 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 with hold 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.

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

RESOLVED THAT in terms of section 81(1A) and all other applicable provisions, if, any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment there, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investors Protection) Guidelines, 2000 (SEBI DIP Guidelines) as may be applicable on preferential issue of Equity Shares and other applicable regulations/ guidelines of SEBI, if any and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by these resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchange, Central Listing Authority, Govt. of India and/or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose the consent of the members of the Company be and is hereby accorded to the Board of directors of the Company to offer, issue and allot up to 2,95,000 (Two Lacs Ninty Five Thousand only) fully-paid-up Equity Shares of Rs.10/- (Rs.Ten only) each at a premium of Rs.44/- (Rs. Forty Four only) per share, determined in accordance with the SEBI Guidelines to Shri Kedarmal Bankda, promoter of the Company on preferential basis.

RESOLVED FURTHER THAT the pricing of the above said Equity Shares have been determined in accordance with the SEBI Guidelines on the 'Relevant Date' 26th August, 2006 and the allotment of Equity Shares shall be subject to the following conditions.

(a) The above said Equity Shares to be allotted shall be locked in for a period of three years from the date of their allotment.

(b) The allotment of the above said Equity Shares shall be completed within a period of 15 days from the date of passing of this resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from stock exchange, regulatory authority or the Central Govt., the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

RESOLVED FURTHER THAT the Equity Shares so issued shall upon allotment have the same rights of voting as the existing equity shares and be treated for all the purposes pari-passu with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to dividend and other corporate benefit, if any, declared for the financial year in which the allotment has been made and subsequent years.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to such issue and allotment and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the listing of the new equity shares as may be issued be made with the Bombay Stock Exchange Ltd.

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

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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 appointment of Mrs. Sulabh Bankda as the Executive of the Company w.e.f. 1/12/2005 on a total remuneration not exceeding Rs.20,000/- p.m., who is a relative of directors of the Company and that she will also be entitled for the reimbursement of travelling, 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 the attending the works/assignments of the Company.

8. 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 appointment of Shri Ankur Bankda as the Executive of the Company w.e.f. 1/12/2005 on a total remuneration not exceeding Rs.20,000/- p.m., who is a relative of directors of the Company and that he will also be entitled for the reimbursement of travelling, 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 the attending the works/assignments of the Company.

9. 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 appointment of Shri Ankit Bankda as the Executive of the Company w.e.f. 1/12/2005 on a total remuneration not exceeding Rs.20,000/- p.m., who is a relative of directors of the Company and that he will also be entitled for the reimbursement of travelling, 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 the attending the works/assignments of the Company.

By order of the board of directors

Place: Indore
Date : 28th August , 2006

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 21.09.2006 to 25.09.2006 (both days inclusive).
3. The unpaid dividend for the year 1998-99 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 1998-99 and thereafter is 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.
4. The dividend, if declared, will be paid on or after 25th September 2006 to the members so entitled, whose names appear in the register of members as on 25th September, 2006 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:
   (a) The change in the residential status on return to India for permanent settlement.
   (b) The particulars of NRE Account with Bank in India, if not furnished earlier.
7. 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.
8. 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.
9. Members desires 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.
10. The Company has connectivity from 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 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, Geeta Bhawan Chouraha, A.B. Road, Indore (M.P.).
11. 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.
12. 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.
13. Explanatory Statement pursuant to the provisions of section 173(2) of the Companies Act, 1956 is annexed hereto.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation of Appointee	Age Year /Qualifi -cations	Expertise /Experience	Date of appoint	Other Director -ship
Shri Kedarmal Bankda Chairman and Whole -Time Director	54 years / M.Com.	30 years Experiencein Pharmaceuticals field in various capacity. He is the keyand found persons& promoters of thecompany.	13/4/1992	No
Shri Arpit Gupta Independent Director	32 years /B.com.	10 years working experience in the field of Real Estate and Trading activities.	31/7/2001	1. Alpine Properties Pvt.Ltd. 2. Aishwarya Builders Pvt. Ltd. 3. Exotic Exports Pvt. Ltd.

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 Kedarmal Bankda, the Chairman and Whole-time Director was re-appointed at the 13th Annual General Meeting for a period of five years and his tenure will be completed on 2nd May, 2007.

Shri Kedarmal Bankda having postgraduate degree in commerce and looking into all the manufacturing activities of the plant situated at Pithampur and Corporate Office administration at Indore. Looking into the expanded business activities, and his contribution in the growth and success of the Company, the Remuneration Committee of the Board has considered and approved his re-appointment for a further period of 5 years w.e.f. 3rd May 2007.

Therefore, your Board of directors recommend for re- appointment of Shri Kedarmal Bankda as proposed in Item No.5 of the notice by way of special resolution.

Except, Shri Kedarmal Bankda,being re-appointed and Shri Vijay Kumar Bankda,

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being relatives none of the directors are interested or concerned in the resolution.

Item No.6:

The Board has reconsidered the requirement of long term funds and decided to seek approval of the Members by way of special resolution for authorising the Board of Directors of the Company for issuance of 2,95,000 Equity Shares of Rs.10/- each on the price as determined in accordance with the SEBI (Disclosures and Investors Protections) Guidelines, 2000.

The Board of Directors of the Company give the following disclosures that is required to be given in the explanatory statement to the special resolution to be passed under section 81(1A) of the Companies Act, 1956 and in terms of the SEBI (Disclosure and Investors Protection) Guidelines, 2000

1. Object and manner of proceed of the Issue proposed to be utilised: The purposes of the issuance and allotment of the equity shares is to part finance of the expansion Cum Modernisation project of the Company being carried with the total investment of about Rs.1300.00 Lacs at the existing manufacturing plant of the Company at Pithampur.

2. Relevant date and pricing of the issue: The issue price of the Equity Shares of Rs. 10/- shall be Rs.54.00 (Rs. Fifty Four only). The price of the Equity shares of Rs.10/- each together with premium of Rs.44.00 (Rs. Forty Four only) has been fixed, based on the relevant date 26th August, 2006 calculated in the manner specified for pricing of shares to be allotted as per the SEBI (Disclosure and Investors Protection) Guidelines 2000.

As per the SEBI (Disclosure and Investors Protection) Guidelines, 2000, the price for equity shares of Rs.10/- each has been determined at Rs 54/- per Share on the relevant date 26th August, based on the quotations available at the web site of the Bombay Stock Exchange Ltd., The issue price of Rs.54/- per Shares is higher than the SEBI guidelines. A Certificate to that effect has been obtained from the Auditors of the Company on 28th August, 2006 which is also available for inspection at the Registered Office of the Company.

3. Intention of the promoters or their associates and relatives to subscribe to the offer: The proposed allottee for preferential issuance of 2,95,000 equity Shares of Rs.10/- each is the Chairman and Whole-time Director of the Company as referred in the resolution.

4. Proposed time within which the allotment shall be completed: The allotment of equity shares shall be completed within a period of 15 days from the date of passing of these special resolution by the shareholders provided, that where any approval from any regulatory authority, including stock exchange, the Central Govt., etc. the allotment shall be completed by the Company within a period of 15 days from the date of such approvals. If the allotment of instrument and dispatch/credit of the shares are not completed within a period of three months from the date of these special resolutions, a fresh consent of the shareholders shall be obtained.

5. Shareholding pattern before and after the offer: The shareholding pattern of the Company, before and after the preferential allotment would be as follows:-

Category	Pre-issue equity holdings	% of the total pre-issued capital	Post issue equity holding	% of the total post -issued capital
1A. Promoters and Person Acting in Concert (Non participating in offer)	18,44,652	32.82	18,44,652	31.19
1B. Promoters and PAC (participating in offer) Shri Kedarmal Bankda	4,22,226	7.51	7,17,226	12.13
2. Banks, Mutual Funds Financial Institution, Central/State Govt Institutions	0	0.00	0	0.00
3. NRIs/OBCs/FIIS.	46,615	0.83	46,615	0.78
4. Bodies Corporate (others)	4,96,994	8.84	4,96,994	8.40
5. Indian General Public	28,09,513	50.00	28,09,513	47.50
Total Paid-up Capital	**56,20,000**	**100.0**	**59,15,000**	**100.00**

Note: The above post issue pattern is based on the assumption that the Company will receive full subscription of the equity shares.

6. Identity of the proposed allottees and percentage of post issued capital that may be held:

As stated earlier, it is proposed to allot 2,95,000 equity shares of Rs. 10/- each to the promoters. The percentage that may be held by allottees in post-issued capital shall be as set out in 5 above. The Propose allottee Shri Kedarmal Bankda, is the Chairman and Whole-time Director of the Company and Shri Vijay Bankda, the Managing Director is Brother of Shri Kedarmal Bankda.

7. Approvals: The Company is taking necessary steps to obtain the required approvals from the Stock Exchange, SEBI or any other regulatory agency as may be applicable, for the proposed preferential issue of equity shares.

8. SEBI Takeover Code: In terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the investors are not required to and do not intent to make an open offer and comply with formalities related to an open offer for this preferential allotment

9. Holding of shares in the D-mat Account, non disposal of shares by the proposed allottee and lock-in period of shares: The proposed allottee are holding his entire pre-issued shareholding in the D-mat form and he has not sold or disposed of any equity share of the company during the six months period prior to the relevant date and further that he will not sell or dispose any shares held by him during the period of six months from the date of allotment on preferential basis. The equity shares so allotted shall be under lock-in period of 3 years from the date of allotment.

10. Auditors Certificate: Auditor's Certificate confirming that the proposed issue of the Equity Shares are in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000, will be available for inspection up to the date of the Annual General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.

11. Approval under the Companies Act, 1956: Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956, SEBI Guidelines and the provisions of the Listing Agreement with the Stock Exchange for authorising the Board of directors to offer, issue and allot equity shares as stated in the resolution, which would result in a further issuance of equity shares of the Company to the promoters on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board of Directors may in its absolute discretion deem fit.

The Board of directors recommends the passing of this resolution as a Special Resolution as set out in item No.6 of the Notice.

Shri Kedarmal Bankda, The Chairman and whole time Director being allottee and Shri Vijay Bankda, Managing Director, being the relative may be deemed to be interested in the resolution. Except them, none of the other directors are concerned or interested in the above said resolution, however they may by deemed to be concerned to the extent of change in the percentage of their voting rights in the post equity shareholding in the Company.

Item No.7 to 9:

Mrs.Sulabh Bankda, Shri Ankur Bankda and Shri Ankit Bankda were appointed by the Board w.e.f. 1st December, 2005 as the executives of the Company on a monthly remuneration of Rs.8,000/- p.m. looking into the calever of the persons, it would be desired to increase their remuneration and package competitive in the industry and in general to retain the qualified and experienced executives, which shall not be in excess Rs.20,000/- p.m. depending upon the circumstance, the above said appointees are having adequate educational/professional background and having adequate exposure to deal with the Corporate Business Affairs of the Company's products.

Since the above said appointees are relatives of Shri Kedarmal Bankda, the Chairman and Shri Vijay Kumar Bankda, the Managing Director of the Company any payment proposes to made way of salary/remuneration in excess of Rs.10,000/- p.m. requires approval of the Members in General Meeting by way of Special Resolution in terms of the provisions of section 314(1)(b) of the Companies Act, 1956.Looking into their qualification and experience, your Directors recommend to pass the special resolution as set out in Item No.7 to 9 of the notice.

Except, Shri Kedarmal Bankda, the Chairman & Shri Vijay Kumar Bankda, the Managing Director, being relative no, other directors of the Company are concerned or interested in the Resolution.

By orders of the Board

For. SYNCOM FORMULATIONS (INDIA) LTD.

Place: Indore
Date : 28th August , 2006

Kedarmal Bankda
CHAIRMAN

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DIRECTORS' REPORT

Your Directors have pleasure to present the 18th Annual Report and the audited statements of accounts of the Company for the year ended 31st March, 2006.

Financial Results (Rs. In Lacs)

Particulars	Year ended 31/03/2006	Year ended 31/03/2005
Sales and Other incomes	5440.12	5648.42
Profit before interest and depreciation	869.76	1057.44
Less: Interest	8.20	67.21
Profit before Depreciation	861.56	990.23
Less: Depreciation	141.41	74.45
Profit before Taxation	**720.15**	**915.78**
Provision for Taxation	257.46	252.34
Deferred Tax	(28.74)	91.33
Net Profit after tax	**491.43**	**572.11**
Add: Balance brought forward from previous years	249.14	167.63
Amount available for appropriation	740.57	739.74
Appropriation: Transfer to general Reserve	400.00	400.00
Proposed Dividend	**84.30**	**80.13**
Corporate Dividend Tax	11.82	10.47
Balance carried to the Balance Sheet	244.45	249.14
E.P.S. (in Rs.) (Annualised)	**9.03**	**11.25**

REVIEW OF OPERATIONS:

As a results of various restructuring initiatives and reengineer the operations to enable the Company to compete better in time profound in competitive regime the company has been able to increase the Production and reduction of low margin trading activity. Despite reduction in trading turnover, rate of export incentive and increase in cost of packing & raw material the company had achieved turnover Rs. 5440.12 lacs as compared to Rs. 5648.42 lacs during previous year. The Company recored net profit of Rs. 491.93 as compared to Rs. 572.11 lacs during previous year

The Company is now focusing on domestic market and to setup a new domestic sales division in the name of **"CRATUS Life Care"**. The directors believe that there are tremendous growth opportunities in the domestic market and the Company would capitalize on these to the maximum extent.

FINANCE

Your company continue to be DEBT FREE and maintain sufficient cash to mach our strategic objectives. The company had sufficient liquidity to undertake the expansion cum modernization scheme.

MARKETING AND EXPORT:

During the year under review the export sales of the company increase to Rs. 4410.97 Lacs which registered a growth of around 17% over the previous year export sales of Rs. 3774.62 lacs. The company is further exploring off new business markets in China, Vietnam, and latin American contries besides excisting markets like Kenya, Uganda, Sudan, Russia, Ukraine, Maldova and Domino Republic. Your company expect to achieve significant improvement in the current year.

DIVIDEND:

Your company's philosophy is to enhance customer's satisfaction and stakeholders value. In continuation of said philosophy your directors are pleased to recommend payment of 15th dividend in a row @.15% (Rs.1.50 per equity share) for financial year 2005-06 subject to the approval by members at the Annual General Meeting.

EXPANSION CUM MORDENISATION PROJECT AND FURTHER ISSUE OF SHARES:

During the year the Company had made preferential allotment of 2,78,000 fully Equity shares of Rs.10/- each at a premium of Rs.92/- per share aggregating Rs.283.56 Lacs only to promoters and persons acting in concert with them on 18th November, 2005 for the purpose of meeting requirement of part Financing of the Wind Power Project of Rs.200.00 Lacs and to meet out working capital requirements Rs.83.56 Lacs. 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.

Due to inability of Suzlon Energy Ltd, for the supply of wind power mill the Company has to cancel the Wind Power Project near Sangli in Maharastra and the amount raised for that purposes has been utilised towards to new expansion cum modernization project being carried at the Pithampur Plant of the Company

In order to meet the cost of the expansion cum modernization project being carried for the capital investments about Rs 1300.00 Lacs at Pithampur Unit, your company further proposes to raise Rs.159.30 Lacs by way of preferential issue of 2,95,000 equity shares of Rs. 10/- each to the promoters at price of Rs. 54/- per share (including premium of Rs.44/- per share aggregating Rs.159.30 Lacs only subject to the approval of shareholders in the forthcoming Annual General Meeting. The Company proposes to meet out remaining part of the project by way of internal resources.

The Company has already invested Rs. 400.00 Lacs till 31st July, 2006 on the ongoing expansion program and it has targetted to complete the expansion cum modernization project by November 2006.

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 Kedarmal Bankda, the Whole-time Chairman, was re-appointed at the 13th Annual General Meeting for a period of five years w.e.f. 3rd May, 2002 and his tenure will be ended on 2nd May, 2007. Your directors propose for his re-appointment for a further period of 5 years w.e.f. 3rd May 2007.Your directors recommend to pass necessary resolution as set out in the item no 5 of the notice of the annual general meeting.

Further that Shri Arpit Gupta 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.

DIRECTORS RESPONSIBILITY STATEMENT:

As required by sub-section (2AA) of section 217 of the Companies Act, 1956, your Directors state and confirm as under :

i. that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.

ii. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. that the annual accounts 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 Repport of the 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:

Information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo as required under the provisions of section 217(1)(e) of the Companies Act, 1956 are set out in the statement annexed hereto forming part of this report. (Annexure 1)

PUBLIC DEPOSITS:

During the year under review the Company has neither accepted nor invited any public deposits and hence the provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 are not attracted and the information relating thereto is NIL.

AUDITORS

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.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange(s), a separate section titled 'Corporate Governance' has been included in this annual report alongwith management discussion and analysis report as Annexure 2..

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A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to this report as Annexure 3.

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.

ACKNOWLEDGEMENTS:

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,

Place : Indore **KEDARMAL BANKDA**

Dated : 28th August, 2006 **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. POWER & FUEL CONSUMPTION:

Electricity	Current Year (2005-2006)	Previous Year (2004-2005)
1 Electricity (Purchased) Units	14,67,160	12,92,580
Amount (Rs.)	75,97,220	66,32,855
Rate/unit(Rs.)	5.18	5.13
2. Electricity (Own Generated) units	9,800	22,600
Amount (Rs.)	64,688	1,58,956
Unit per Liter of Diesel oil	3.77	3.53
Rate/unit(Rs.)	6.60	7.03

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 R&D is carried out by the company:

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

	2005-06 Amount(Rs.)	2004-05 Amount(Rs.)
a.Capital	2,68,066	60.79.162
b. Revenue	4,43,537	3,59,765
c. Total	7,11,603	64,38,927
d. Total R&D expenditure as a % to total turnover	0.13	1.15

TECHNOLOGY ABSORPTION, ADOPTION AN 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 in 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. 4112.60 Lacs (previous year 3520.12 lacs) and total foreign outgo was Rs 325.45 Lacs (previous year 74.85Lacs).

By order of the Board

For, SYNCOM FORMULATIONS (INDIA) LTD.

Place : Indore **KEDARMAL BANKDA**

Dated : 28th August 2006 **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 thereunder 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

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

Arpit Gupta, the Director of the company, is liable to retire by rotation and seeking his re-appointment. Further that the tenure of Shri Kedarmal Bankda, Chairman and Whole-time Director, being expired on 2nd May, 2007, the remuneration committee of the Board has approved his re-appointment and your Board of Director proposes for re-appointment for a further period of 5 years w.e.f.3rd May, 2007 on the terms and conditions as set out in the notice of the annual general meeting. Relevant details relating to them are furnished in the notice convening Annual General Meeting to be held on 25th Sep. 2006 along with Report.

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

During the financial year 2005-06, 9 meeting of the Board of directors were held. The following table gives the attendance record of all the directors at the Board Meetings.

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Name of the director	Mr. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Ramesh Mishra	Mr. Arpit Gupta	Mr. Sanjay Mehta
Dates of Meetings	Attended or not				
18.04.2005	Yes	Yes	LOA	Yes	LOA
25.04.2005	Yes	Yes	Yes	Yes	LOA
25.05.2005	Yes	Yes	LOA	LOA	Yes
25.07.2005	Yes	Yes	LOA	Yes	Yes
26.08.2005	Yes	Yes	LOA	LOA	Yes
11.10.2005	Yes	Yes	LOA	Yes	Yes
25.10.2005	Yes	Yes	LOA	Yes	Yes
18.11.2005	Yes	Yes	LOA	Yes	Yes
30.01.2006	Yes	Yes	LOA	Yes	Yes

The Symbol "LOA" represents leave of absence granted.

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:

a. Terms of reference:

The terms of reference of the Audit Committee are extensive and include all that is mandated in Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. Apart from overseeing and monitoring the financial reporting system within the Company and considering unaudited and audited financial results for the relevant quarter, half year and the year before being adopted by the Board, the Audit Committee focused its attention on topics such as legal compliance reporting system, review of internal control system, major accounting policies and practices, compliance with accounting standards.

(b) 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

Shri Devendra Maheshwarii, the Manager - Accounts and Compliance officer appointed by the Board is also functioning as the Secretary of the Committee. Shri S.P.Moondra, the Statutory Auditor of the Company is the special invitee to the meeting of the Audit Committee.

3(b) Meetings and Attendance during the year:

Name of the Director	Mr. Arpit Gupta	Mr.Ramesh Mishra	Mr.Sanjay Mehta
Dates of the Meeting	Attended or Not		
25.04.2005	Yes	Yes	Yes
25.07.2005	Yes	LOA	Yes
25.10.2005	Yes	LOA	Yes
30.01.2006	Yes	LOA	Yes

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 investors 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

Shri Devendra Maheshwari , the Manager Accounts and Compliance officer appointed by the Board is also functioning as the Secretary of the Committee.

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

(D) Status of the investors/shareholders complaints

(i) Number of complaints received during the year : 38

(ii) Number of complaints solved during the year : 38

(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

The said committee was constituted to decide the remuneration of the executive directors. However, no meeting of the Committee was held during the year under review, as no reference was made to the Committee by the Board. The Company is not paying any remuneration to the Non-Executives Director, except the sitting fee.

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 Directors are in accordance with the approval of shareholders at are within the limits of Schedule XIII of the Companies Act1956.

Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs)	Commission (Rs)	Total (Rs)
Shri Kedarmal Bankda	Nil	1,20,000 plus rent free unfurnished accommodation.	Nil	1,20,000
Shri Vijay Bankda	Nil	1,20,000 plus rent free unfurnished accommodation.	Nil	1,20,000
Shri Ramesh Mishra	5,000	Nil	Nil	Nil

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 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
17th AGM	30th September, 2005	03.00 p.m.	2	1
16th AGM	29th September, 2004	04.00 p.m.	3	-
15th AGM	29th September, 2003	11.30 a.m.	2	-

An extra Ordinary General Meeting was also held during the year 2005-06 on 5th Nov., 2005. Shri Kedar Mal Bankda, the Whole-time Chairman, Shri Vijay Kumar

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