



FINANCIAL YEAR 2010-11

BOARD OF DIRECTORS

Ajay Bankda
Managing Director

J.P. Bagaria
Director

Bharat Kumar Doshi
Director

Govind Das Pasari
Director

Avichal Kasliwal
Director

Company Secretary:
J.C. Paliwal

Auditors :
Sanjay Mehta & Associates
Chartered Accountants
204-206, Modi Tower
MTH Compound
Indore 452 001

Bankers:

Bank of India
Khajarana Branch
INDORE

Registered Office:
221, Vyapar Bhawan, P.D'mello Road
MUMBAI – 400 009, INDIA
Tel : (022)23725193

Corporate Office:
“SYNCOM HOUSE”
40, Niranjanpur, Dewas Naka
A.B. Road, INDORE (M.P.) - 452 010
TEL: (0731) 2577471 TO 73
Rim : (0731) 3200888
Fax : (0731) 2577470
e-mail : shl@syncomhealthcare.com

Works:
D-42, UPSIDC Industrial Area
Selaqui (Dehradun)
Uttarakhand -248 197
Tel : (0135) 2699131, 2699017
Fax : (0135) 2698220
e-mail : works@syncomhealthcare.com
Website: <http://www.syncomhealthcare.com>

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SYNCOM HEALTHCARE LIMITED

Regd. Office: 221, Vyapar Bhawan, P.D. Mello Road, Mumbai - 400 009

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of M/S **SYNCOM HEALTHCARE LIMITED** will be held on Friday, the 30th Day of September, 2011 at 2.00 PM at Hotel Imperial Residency, Plot No. 163, Shere Punjab, Behind Tolani College, Andheri (East), Mumbai- 400 093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date, together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Govind das Pasari, who retires by rotation and is being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Avichal Kasliwal, who retires by rotation and is being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s Sanjay Mehta & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company on such remuneration as shall be fixed by the Board of Directors"

**By Order Of the Board of Directors
For Syncom Healthcare Limited**

**AJAY BANKDA
Chairman**

Place: Indore
Date: 12 August, 2011

Note:

1. **A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Register of Members and Share Transfer Book shall remain closed from 27th September, 2011 to 30th September, 2011 (both days inclusive).
3. Members are requested to notify to the Company/ Registrar & Transfer Agent of any change in address holding shares in physical form and to their Depository in case of shares held in Demat form.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

5. Members are requested to bring their copy of the annual report to the meeting.
6. In case of the joint shareholders attending the meeting, only such joint shareholder who is higher in the order of the names will be entitled to vote.
7. As per the provisions of the Companies Act, 1956, facility for making nominations is available to individuals holding shares in the Company. The nomination forms- 2B prescribed by the Government can be obtained from the Share Transfer Agent or can be down loaded from the web site of the Ministry of the Corporate Affairs.
8. 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.
9. Pursuant to Clause 49 of the Listing Agreement, profile of the directors proposed for re-appointment at the ensuing annual general meeting is annexed hereto.

Details of the Directors seeking re-appointment in the ensuing Annual General Meeting:

Name of the Directors	Mr. Govind Das Pasari	Mr. Avichal Kasliwal
Date of Birth	29.01.1955	05.11.1958
Date of Appointment	28.05.2008	02.06.2008
Expertise/ Experience	He is having more than 30 years experience in the field of marketing of the pharmaceutical products. He is also working as C & F Agent of various leading pharmaceutical Companies.	He is having more than 18 years of experience in the field of furnishing. He has promoted Beleza Furnishing Pvt. Limited engaged in marketing of the furnishing materials.
Qualifications:	B.Com	B.Com. & LLB Hons.
No. of Equity Shares held:	NIL	NIL
List of out side Directorship held	Neeta Medicos Private Limited	Beleza Furnishing Private Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Chairman: a) Audit Committee b) Remuneration Committee	Member: a) Share Transfer & Investors Grievance Committee b) Remuneration Committee c) Audit Committee

**By Order Of the Board of Directors
For Syncom Healthcare Limited**

**AJAY BANKDA
Chairman**

Place: Indore
Date: 12 August, 2011

DIRECTORS' REPORT

The Shareholders,
 Syncom Healthcare Limited,
 Mumbai- 400 009

Your Directors have pleasure in presenting their 9th Annual Report along with the audited annual accounts for the year ended 31st March 2011 to the members of the Company.

FINANCIAL RESULTS:

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

	Year ended 31/03/2011	Year ended 31/03/2010
Sales and other income	7863.40	6882.49
Profit before Interest and Depreciation	868.23	945.56
Less : Interest	196.36	307.17
Profit before Depreciation	671.87	638.39
Less : Depreciation	181.45	186.85
Profit before Taxation	490.42	451.54
Extraordinary Items: Loss on Foreign Exchange Currency Fluctuation	412.92	-
Provision for Taxation	14.66	81.11
Provision for deferred tax Liability/ (Assets)	(199.18)	-
Profit after Taxation	262.02	370.43
Prior year (Income) / Expenses	(0.82)	-
Balance carried to Balance Sheet	262.84	370.43

REVIEW OF OPEATIONS:

During the year under review the Company has achieved a total income of Rs. 7863.40 Lacs as against the total income of Rs. 6882.49 Lacs in the previous year thereby registering an increase in turnover of 14%. The Company has earned a net profit of Rs. 490.42 Lacs before tax and extra ordinary loss by way of foreign exchange currency fluctuation during the year as against the profit of Rs. 451.54 Lacs in the previous year registering a marginal increase of profit. The loss on foreign exchange currency fluctuation represents the loss of exchange rates on the money lying in the Euram Bank, Austria raised against global depository receipts. These results could be achieved due to manufacture of a wide range branded quality of Ethical, OTC, Generic and Herbals products in its own Plant, contract manufacturing & other operations and marketing through an established distribution network. However, the operating profit was slightly lower due to increase in the prices of raw materials. The Company has carried out contract manufacturing for Rs. 17.00 Crores as against Rs. 10.00 Crores in the previous year from the well known Pharma players in the industry during the year under review. The Company intends to expand the contract manufacturing activities in near future.

DIVIDEND:

In order to conserve the financial resources for the future plans the Directors do not recommend any dividend to the members.

FUTURE PLAN

The Company entered in the capital market at the end of January, 2010 through Initial Public Issue of 7500000 equity shares of Rs. 10/- each at an issue price of Rs. 75/- per equity shares aggregating Rs.56.25 Crores. The issue proceeds were proposed to be utilized for setting up a Unit for Pharmaceutical Formulation in SEZ at Pithampur for catering the needs of global requirement. The Company also planned to add additional equipments in the existing Plant at Dehradun in Uttarakhand for smoothening of the existing production facilities. The provision for meeting the working capital needs and general corporate use also envisaged.

The Company has completed up gradation in the existing unit at Dehradun. The SEZ authority has given a written confirmation for the allotment of the land of our choice but with the long follow up they expressed their inability to allot the desired land and instead asked to take alternate land at the remote area which is not convenient for us. In the last budget the Government brings in all the SEZ units within MAT tax cover. The proposed Direct Tax Code also brought in all the SEZ units within tax net and thus there is no benefit in putting any unit in SEZ. Thus, the Company is also considering shifting the plan of the Pithampur unit to Indore to have economic and better control. The Company has utilized up to 31.03.2011 Rs. 33.47 Crores on the project. The remaining amount was invested in short term advance (Rs. 18.33 Crores) and temporary invested in working capital (Rs. 4.45 Crores).

The Company has established a wholly owned subsidiary in the name and style of Syncom Healthcare International FZE in Ras Al Khaimah Free Trade Zone, Dubai with a nominal capital of AED 200000. All the facilities are procured from Ras Al Khaimah, Free Trade Zone in a Flexi rental Office in RAK. The office will be used for the trading purpose only. The General Trading License was given by the RAK Free Trade Zone Authority 27th April, 2011.

DIRECTORS:

Shri Govid Das Pasari & Shri Avichal Kasliwal, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers them selves for re-appointment.

Smt. Jyoti Bankda, the whole time director resigned from the Board with effect from 7th July, 2010. The Board places on record its appreciation and thanks for the outstanding contribution made by Smt. Jyoti Bankda during her tenure as a Director on the Board.

None of the Directors of the company are disqualified under section 274(1) (g) of the Companies Act, 1956 from being appointed as a Director of any other public company.

DEPOSITS:

During the year under review, the Company neither accepted nor invited any deposits from the public in terms of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Therefore the information relating thereto is NIL.

PARTICULARS OF EMPLOYEES:

There was no employee in the Company who if employed throughout the financial year, was in receipt of remuneration, whose particulars if so employed, are required to be included in the Report 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.

CORPORATE GOVERNANCE:

The spirit of good Corporate Governance remains integral to the Company's corporate philosophy. The Company follows the code of Corporate Governance issued by the Stock exchanges for listed companies. For 2010-11 all information relating to Corporate Governance is given separately to this Report. A compliance certificate from the practicing Company secretary is appended to this report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo are enclosed as Annexure 1.

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 the annual accounts for the year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) That the Directors had 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts on a going concern basis.

AUDITORS' REPORT:

The report of the auditors of the company on the annual accounts of the company for the financial year ending on 31st March 2011 is attached herewith and the same is self-explanatory and needs no comments, except the note of the auditor that the provisions for the gratuity was made only for the employees eligible for gratuity as on 31.03.2011 instead of actuarial valuation basis as prescribed under the accounting standard. The Company made the provisions on the basis of accrual basis instead of actuarial valuation the net effect on profit was not felt material. The qualified actuarial valuer was also not available in vicinity. However, we are trying to have the actuarial valuation and provisions for gratuity will be made on actuarial valuation basis in subsequent years. As regards the persons engaged through contractors we are insisting them to get them selves registered with the appropriate authorities to discharge their legal responsibilities.

AUDITORS:

The auditors M/s Sanjay Mehta & Associates, Chartered Accountants, Indore retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. A certificate has been received from them to the effect that if they are re-appointed their appointment will be within the limits of section 224(1B) of the Companies Act, 1956.

COST AUDIT:

The Central Government has prescribed that an audit of the cost accounts maintained by the Company in respect of formulations be conducted under Section 233B of the Companies Act, 1956. Consequently, your Company has appointed M. Goyal & co., Cost accountants, as Cost auditor for 2011-12, with the consent of the Central Government, for the audit of cost accounts maintained by the Company in respect of the formulations

ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by Banks, Financial Institutions, Government Authorities, Investors, 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 acknowledges their contribution towards sustained progress and performance of your company. Your Directors are thankful to the esteemed shareholders for their support and encouragement.

For and On Behalf of the
Board of Directors

Place: Indore

Date: 12th August, 2011

Ajay Bankda

Chairman

Annexure - 1
ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

FORM A

(Form of the Disclosure of particulars with respect to conservation of energy)

POWER AND FUEL CONSUMPTION	Current Year (2010-2011)	Previous Year (2009-2010)
ELECTRICITY		
Purchased unit (KWH)	869444	623783
Amount (Rs.)	3904284	2744645
Rate/unit (Rs.)	4.49	4.40
Electricity Generation unit (KWH)	180121	154551
Amount (Rs.)	2065616	1601767
Unit per Liter of Diesel oil	3.36	3.30
Rate / unit (Rs.)	11.47	10.36
Diesel for Boiler		
Purchased (KG)	38939	20358
Amount (Rs.)	1577207	773604
Rate / unit (Rs.)	40.50	38.00
Gas for Boiler		
Purchased (KG)	48642	41281
Amount (Rs.)	2877454	2074745
Rate / unit (Rs.)	59.15	50.26

Consumption per unit of production:

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

FORM B

Form for disclosure of particulars with respect to the technology absorption:

Research & Development:

1. Specific areas in which the company carries out R&D:
 - ✦ The Scope of activities covers process development in 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.
 - ✦ Improvement in quality and productivity.

Technology Absorption, Adoption and Innovation:

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

FOREIGN EXCHANGE EARNINGS & OUTGO:

During the year company has earned foreign exchange by effecting exports sales worth of Rs. NIL and total foreign outgo was Rs. NIL

For and On Behalf of the
Board of Directors

Place: Indore
Date: 12th August, 2011

Ajay Bankda
Chairman

Corporate Governance

Corporate Governance refers to the blend of law, regulations and voluntary practices that are able to attract the best of capital and talent. Strong corporate governance is indispensable for safeguarding interests of shareholders and other stakeholders. The Company understands and respects its fiduciary role and responsibility towards shareholders and strives hard to meet their expectations.

Effective Corporate Governance needs to internalize and adopt a core set of values which further strengthen the Management and the decision-making process, resulting in creation of value and wealth for the shareholders on sustainable and long-term basis. Corporate Governance is the key factor in attaining fairness for all stakeholders and achieving organizational efficiency. A detailed policy is established to provide a direction and framework for managing and monitoring the Company in accordance with the principles of good Corporate Governance, thus ensuring fairness in all transactions within and outside the Company with investors, customers, employees, partners, competitors and the society at large.

Syncom's Board of Directors and Management are deeply committed to pursuing growth by adhering to the highest national and international standards of Corporate Governance. As a Company, Syncom believes good Corporate Governance and transparency in actions of the Management to be the key to building strong trust with the Company's stakeholders. Good governance practices in the Company include adoption of best Board practices, respect and protection of minority views and interests and institutionalization of fair and transparent reporting systems in true spirit, beyond merely complying with mandatory requirements. The Company's commitment towards adoption of sound governance at par with global standards, on a sustained basis is evident from the fact that it had put in place systems and procedures well before these become mandatory. This attitude of Syncom has strengthened the bond of trust with its stakeholders and also with the society at large.

Corporate Governance Philosophy

Syncom's philosophy of Corporate Governance is based on preserving core values and ethical business conduct. Corporate Governance is integral to the philosophy of the Company in its pursuit of excellence, growth and value creation. The Company's philosophy is to achieve business excellence and optimize long-term value for its shareholders on a sustained basis through ethical business conduct. It envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations and all its interactions with shareholders, employees, lenders and government.

In line with Syncom's commitment to good Corporate Governance practices, the main role of the Company's Board of Directors is to oversee how the Management is serving the interests of all stakeholders. The Company has been focusing and always will focus on long-term value creation for all its shareholders, employees, creditors and regulatory bodies. Commitment to maximizing shareholder value on a sustained basis, while looking after the welfare of multiple stakeholders is a fundamental shared value of Syncom's Board of

Directors, Management and employees and critical to the Company's success. This value system translates into institutionalizing structures and procedures that enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the Company. Syncom's initiatives towards this end include: professionalization of the Board; fair and transparent process and reporting systems; and going beyond the mandated Corporate Governance Code requirements of SEBI.

1. Board of Directors

(i) Composition & Category of the Directors

The Board comprises of Five Directors, including Three Independent & Non-Executive Directors:

Name of Directors	Category	No. of outside Directorship held	No. of Board Committee membership held in other Companies
Mr. Ajay Bankda	Executive	10	None
Mr. J.P. Bagaria	Non- Executive	1	None
Mr. Bharat Kumar Doshi	Independent & Non- Executive	2	None
Mr. Govinddas Pasari	Independent & Non- Executive	1	None
Mr. Avichal Kasliwal	Independent & Non- Executive	1	None

(ii) Note on Directors appointment/ re-appointment:

Mr. Govinddas Pasari & Mr. Avichal Kasliwal, Directors of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

(iii) Attendance Record of the Directors:

During the financial year 2010-11, nine meetings of the Board of Directors were held on 15.05.2010, 28.06.2010, 07.07.2010, 14.08.2010, 18.08.2010, 03.09.2010, 15.11.2010, 25.01.2011 & 15.02.2011. The attendance record of all the Directors in the Board Meetings is as under:

Name of Directors	Board Meetings Held	Board Meetings Attended	Last AGM Attended
Mr. Ajay Bankda	9	9	Yes
Mrs. Jyoti Bankda	3	3	No
Mr. J.P. Bagaria	9	7	No
Mr. Bharat Kumar Doshi	9	6	No
Mr. Govinddas Pasari	9	7	Yes
Mr. Avichal Kasliwal	9	7	No

2. Committees of the Board

Syncom has three Board level committees:

- Audit Committee
- Remuneration cum Compensation Committee
- Shareholders/Investors Grievance and Share Transfer Committee

The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference for members of various committees. Details on the role and composition of these committees, including the number of meetings held during the financial year, the related details are provided below:-

a) Audit Committee

The Audit Committee has been constituted in terms of the provisions of Section 292A of the Companies Act, 1956 and in terms of the Clause 49 of the Listing agreements with the Stock Exchanges and in fulfilling the Board's overall responsibility. The Audit Committee consisting of two Independent Directors and Managing Director is continuously functioning. The Audit Committee has the following mandate in terms of the Board's authorization:

1. Reviewing of the Company's reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submissions to the board, focusing primarily on: any changes in accounting policies and practices, major accountings entries based on exercise based on judgment by management, qualification in draft audit report, significant adjustments arising out of audit, the going concern assumption, compliance with accounting standards, compliance with stock exchanges and legal requirements concerning financial statements and any related party transaction i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc, that may have potential conflict with the interest of the Company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and ensure compliance of internal control systems.
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

8. Discussion with external auditors before the audit commences, nature and scope of audit as well as to have post- audit discussion to ascertain any area of concern.
9. Reviewing the Company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
11. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly and annual financial statements.

The Audit Committee of the Company was constituted comprising of the Directors as named below and during the financial year 2010-11, five meeting of the Audit Committee were held on 15.05.2010, 28.06.2010, 14.08.2010, 15.11.2010 & 15.02.2011. The attendance of the members in the meetings is as follows:

NAME	DESIGNATION	POSITION IN THE COMMITTEE	NO. OF MEETINGS ATTENDED
Mr. Govinddas Pasari	Director	Chairman	5
Mr. Avichal Kasliwal	Director	Member	5
Mr. Ajay Bankda	Managing Director	Member	5

Members of the Audit Committee have requisite financial and management expertise. The head of internal audit and the representative of the statutory auditors are permanent invitees to the Audit Committee. Mr. J.C. Paliwal, Company Secretary is the Secretary to the Committee.

The Chairman of the Audit Committee attended the Annual General Meeting held on 5th August, 2010 to answer shareholders' queries.

(b) Remuneration cum Compensation Committee

As on March 31, 2011, the Remuneration cum Compensation Committee comprises of the followings and all are independent Directors.

NAME	DESIGNATION	POSITION IN THE COMMITTEE
Mr. Govinddas Pasari	Director	Chairman
Mr. Bharat Kumar Doshi	Director	Member
Mr. Avichal Kasliwal	Director	Member

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

The Remuneration cum Compensation Committee of the Company, inter-alia, recommends to the Board the compensation terms of Managing Director & Executive Director, approves and evaluates the Management compensation plans, policies and programmes of the Company. The responsibilities of the Committee include:

1. Framing and implementing, on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors, including ESOP, pension rights and any compensation payment.
2. Considering, approving and recommending to the Board changes in designation and increase in salary of the Executive Directors.
3. Ensuring that the remuneration policy is good enough to attract, retain and motivate the Directors.
4. Bringing about objectivity in determining the remuneration package, while striking a balance between the interests of the Company and the shareholders.
5. Framing the ESOP/ESOS and recommending the same to the Board/shareholders for their approval and implementing the Scheme approved by the shareholders.
6. Suggesting to Board/shareholders changes in the ESOP/ESOS.
7. To issue grant/award letters.

Remuneration policy

The remuneration paid to the Directors of the Company is approved by the Board of Directors on the recommendations of the Remuneration cum Compensation Committee. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

(c) Shareholders' / Investors' Grievance Committee:

(i) Brief description of terms of reference:

The Shareholders' / Investors' Grievance Committee is at the Board level to look in to the redressing of shareholders and investors' complaints like:

- Transfer & transmission of shares and delay in the process of transfer & transmission.
- Non receipt of Annual Report, etc.
- Non Receipt of any other general/ statutory communication.

(ii) Composition of Shareholders Grievance & Transfer Committee:

The Composition of Shareholders Grievance & Transfer Committee is given here in below. The Committee during the year 2010-11 met four times and the record of attendance of the members in the Committee is as follows:

NAME	DESIGNATION	POSITION IN THE COMMITTEE	NO. OF MEETINGS ATTENDED
Mr. Bharat Kumar Doshi	Director	Chairman	4
Mr. Avichal Kasliwal	Director	Member	4
Mr. Ajay Bankda	Managing Director	Member	4

Mr. J.C. Paliwal, Company Secretary of the Company is also functioning as the Secretary of the Committee.

(iii) Name and designation of the Compliance Officer:

Mr. J.C. Paliwal, V.P. Finance & Company secretary

(iv) Status of the investors/ shareholders Complaints:

- | | | |
|---|---|-----|
| (a) Number of complaints received during the year | : | 12 |
| (b) Number of complaints solved during the year | : | 12 |
| (c) Number of complaints pending at the end of the year | : | NIL |

The Company has authorised to implement transfer, transmission and D-mat of shares of the Company to the Share Transfer Agent M/s Link Intime India Pvt. Ltd., Mumbai and to deal with and resolve the relating problems and the complaints of the shareholder as professional agency.

3. Remuneration of Executive and Non Executive Directors:

The terms of remuneration of Mr. Ajay Bankda, Managing Director and Mrs. Jyoti Bankda, Whole Time Director are in accordance with the approval of the shareholders and are within the limits of Schedule XIII of the Companies Act, 1956. During the year 2010-11 the Company has paid the following remuneration to the Directors:

Director	Sitting fee	Salary & Perks (Rs.)	Commission	Total (Rs.)
Mr. Ajay Bankda	0	1111930	0	1111930
Mrs. Jyoti Bankda	0	127742	0	127742
Mr. J.P. Bagaria	0	0	0	0
Mr. Bharat Kumar Doshi	0	0	0	0
Mr. Govinddas Pasari	0	0	0	0
Mr. Avichal Kasliwal	0	0	0	0

4. GENERAL MEETINGS:

The last three Annual General Meetings of the Company was held at the Registered Office of the Company on the following dates and times:

	Date	Time	No. of Special Business
6th AGM	18.08.2008	12.30 PM	3
7th AGM	05.08.2009	12.00 Noon	NIL
8th AGM	05.08.2010	02.00 PM	8

There was no resolution passed by postal ballot process during the last three Annual General meetings. The Chairman of the Audit Committee was also present at the Annual General Meeting.

5. 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 interest 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 penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets.

6. WHISTLE-BLOWER POLICY:

We have established a mechanism for employee to report concerns about unethical behaviour, actual or suspected fraud, or violation of our code of conductor ethics policy. The mechanism also provides for adequate safeguard against victimization of employee who avails of the mechanism also provides for direct access to the chairperson of the audit committee in exceptional cases. We further affirm that during the financial year 2010-11, no employee has denied access to the audit committee.

7. CODE OF CONDUCT:

- The Company is having code of conduct for prevention of insider trading.
- The Board has laid down code of conduct for all Board members and senior management of the Company. The code of conduct has been posted on the notice board of the Company and also on the web site of the Company. All Board members and the senior management personnel have affirmed compliance with the code on an annual basis.

8. MEANS OF COMMUNICATION:

Quarterly results of the Company are published in leading newspapers such as Free Press, Nav Shakti, etc. in both the English and Hindi. The results are promptly submitted to the Stock exchanges where the shares of the Company are listed.

9. GENERAL INFORMATION TO SHAREHOLDERS & INVESTORS:

- Date, time & Venue of the Annual General Meeting : 30th September, 2011
2.00PM at Imperial Residency,
Plot No.163, Shere Punjab,
Mumbai- 400 093
Behind Tolani College, Andheri (East)
- Financial Calendar : April 2011 to March 2012
Results for the quarter ended 30.06.2011
: Second week of August 2011
Results for the quarter ended 30.09.2011
: Second week of November 2011
Results for the quarter ended 31.12.2011 : Second week of February 2012
Results for the quarter ended 31.03.2012
: Second week of May 2012
- Board meeting for consideration of Annual A/cs : 30th May, 2011
- Posting of Annual Report : On or before 05th September, 2011
- Last date for receipt of Proxy : 28.09.2011
- Dates of Book Closure : From 27.09.2011 to 30.09.2011
- Listing on Stock Exchanges : The Bombay Stock Exchange &
The National Stock Exchange
- Stock Code : BSE Code 533157
: NSE Code SYNCOM
- Global Depository Receipts (GDR) are listed at : Luxembourg Stock Exchange
Bourse de Luxembourg
- D-mat ISIN No. for CDSL & NSDL : INE602K01014
- No. of Shareholders on 31.03.2011 : 15,171

(xi) Stock Market Data:

The monthly High & Low stock quotations during the financial year ended 31st March, 2011 on BSE & NSE are as under (Source- the website of BSE & NSE)

Month	Bombay Stock Exchange Limited (Rs. Per Share)			National Stock Exchange of India Limited (Rs. Per Share)		
	High (Rs)	Low (Rs.)	Volume of Shares Traded	High(Rs)	Low (Rs.)	Volume of Shares Traded
April,2010	126.80	67.75	26131107	126.50	68.10	55886632
May, 2010	70.00	35.30	2318533	70.00	35.25	6675138
June,2010	51.50	37.70	2512772	52.15	36.50	4849411
July, 2010	48.75	40.30	1081052	48.70	41.05	2566657
Aug, 2010	46.00	35.00	976886	44.85	37.10	2003571
Sept,2010	59.90	37.75	7977662	59.70	35.40	17496625
Oct, 2010	58.70	49.00	4022602	58.65	49.00	6969813
Nov, 2010	58.40	38.00	1675603	58.50	38.25	2756132
Dec, 2010	56.00	34.05	3981330	56.10	34.00	7569190
Jan, 2011	49.70	36.60	780204	49.95	36.55	1503492
Feb, 2011	39.46	28.55	368441	39.50	28.30	977373
March,2011	37.25	30.90	1999650	40.95	30.70	2524318

(xiii) Registrar and Transfer Agent : M/s Link Intime India Pvt. Ltd.
For Physical and Demat Shares C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West), Mumbai – 400 078

(xiv) Share Transfer System:

The shares lodged for transfers in physical forms are processed by the Shareholders/ Investors' Grievance Committee and the share certificates returned after transfer within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. All requests for dematerialisation of securities are processed and confirmation is given to the depositories within 15 days.

(xv) Dematerialisation/ Rematerialisation:

As per the directives of the BSE, Company's shares are traded in electronic form. As on 31st March, 2011, 3,97,26,302 equity shares of the Company are held by the shareholders in dematerialisation form, consisting of 99.32% equity shares capital of the Company.

CDSL : 3,50,67,682 forming 87.67% of the total paid up capital

NSDL : 46,58,620 forming 11.65% of the total paid up capital

(xvi) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out reconciliation of share capital every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and central Depository services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialize shares held with NSDL and CDSL.

(xvii) Distribution of shareholdings as on 31st March, 2011

Nominal Value of Shareholdings (Rs.)	Shareholders (Numbers)	%	Share Amount (Rs.)	%
1 - 5000	13202	87.0221	18927650	4.7319
5001 - 10000	1087	7.1645	8625130	2.1563
10001 - 20000	480	3.1637	7275600	1.8189
20001 - 30000	129	0.8503	3259250	0.8148
30001 - 40000	49	0.3230	1785720	0.4464
40001 - 50000	57	0.3757	2644930	0.6612
50001 - 100000	79	0.5207	5748400	1.4371
Above - 100000	88	0.5800	351733320	87.9333
TOTAL	15171	100.0000	400000000	100.0000

(xviii) Category wise Shareholdings as on 31st March, 2011

S.No.	Categories Shares Held	No. of % of	Shareholdings
1.	Indian Promoters	10000000	25.0000
2.	Persons Acting in concert	0	0
3.	Banks, Financial Institutions	22905	0.0572
4.	FII's	79000	0.1975
5.	Bodies Corporate	3507997	8.7700
6.	NRI/ OCBs	74146	0.1854
7.	GDR with Custodian	21050000	52.6250
8.	Indian Public	5265952	13.1649
	TOTAL	40000000	100.0000

(xix) Particulars of the Promoters shares under pledge:

The particulars of the Promoters shares under pledge as on 31.03.2011 are as under:

Name	No. of Shares held	No. of Shares Pledge	% age of down holding	% age of total shares
Mr. Ajay Bankda	6217206	6,25,000	10.0527	1.5625
Mrs. Jyoti Bankda	3459101	6,50,000	18.7910	1.6250
Total	9676307	12,75,000	28.8438	3.1875

(xx) Legal Proceedings:

There is no pending case relating to the disputes on the title of the shares.

(xxi) Updation of E-mail IDs:

The Ministry of Corporate Affairs has taken a 'Green Initiative' in the Corporate Governance by allowing paperless compliances by the Companies. As a result, Companies are allowed to send all communications / documents in electronic mode to its members. In order to support the green initiative and to reduce the uses of the papers, your Company requests all the shareholders to update their e-mail ids with their respective depository participant, where they hold shares in electronic form and to the Company Registrar and Share Transfer agent, if the shares are held in physical form.

(xx) Address for Correspondence:

Shareholders/ Investors should address their communication to the Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd., C- 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078 and may also contact Company Secretary of the Company at the Corporate Office at Indore at the address given herein below.

(xxi) Registered Office Location:

221, Vyapar Bhawan,
 P.D'Mello Road,
 Mumbai – 400 009
 Telefax: 022- 23725193

(xxii) Corporate Office Location:

"Syncom House"
 40, Niranjapur, Dewas Naka,
 AB Road, Indore – 452 010
 Phones: 0731- 2577471 to 3 & 3200888
 Fax: 0731- 4038712
 e-mail: shl@syncomhealthcare.com

(xxiii) Plant Location:

D-42, UPSIDC Industrial Area,
 Selaqui (Dehradun), Uttarakhand
 Phones: 0135- 2699131, 2699017 & 3246453
 Fax: 0135- 2698220
 e-mail: works@syncomhealthcare.com

For and On Behalf of the
 Board of Directors

Place: Indore

Date: 12th August, 2011

Ajay Bankda
 Chairman

MANAGEMENT DISCUSSION AND ANALYSIS:

(i) Industry Structure and Developments:

The global pharmaceutical market was estimated at US\$ 875 billion, of which the US market, the largest, accounted for roughly 38%. According to IMS Health, the global pharmaceutical market is expected to grow 5-7% in 2011, compared to 4-5% in 2010. Growth will be driven by low-cost factors, increasing prevalence of diseases and rising per capita income. The global generics market was worth about US\$ 89 BILLION IN 2009-10 and is expected to reach US\$ 135 billion by 2015, growing at a 10% CAGR.

India's pharmaceutical market overview: The Indian pharmaceutical industry ranks third by drug volume (10% of global share) and fourteenth by value – about US\$ 24.8 billion (3% of global sales). The industry is growing at around 1.5-1.6 times the country's GDP growth (Source: The Financial Express). Industry growth is propelled primarily by exports, expanding 18.7% CAGR to US\$ 9 billion in 2009 – 10 (2005 – 2010). During the same period, the domestic market grew at 13.5% CAGR to US\$ 13.8 billion. The Indian pharmaceutical market growth continues to be driven by formulations for chronic therapies; acute therapies are expected to be largely driven by Tier-III cities and rural penetration.

Demand drivers: India's low per capita expenditure on health is expected to correct to the global average, owing to steady economic growth, increasing disposable incomes and growing health awareness. Per capita income in rural areas is expected to increase from Rs.19,000 at present to Rs.24,000 by 2015, resulting in increased Pharma spending. Indian drug prices increased by only 1-2% annually over the last decade according to the IMS; per capita income of the average Indian accelerated 16.7% between 2006-07 and 2010-11, making healthcare more affordable. Indian government spending on healthcare increased 20% CAGR over the last four years (US\$ 6.7 billion in 2005-06 to US\$ 11.7 billion in 2008-09). The Government of India plans to cover 45% of India's population by 2020. The government plans to establish a Rs.20 billion venture capital fund to promote drug discovery and strengthen infrastructure in the pharma sector to boost local innovation.

However it is worth noting that within such an adverse overall economic scenario, Indian Pharmaceutical Market has remained almost insulated from the global financial crisis.

Two key primary focus areas of the Government, as many will agree, should be education and health of its citizen. The current National Health Policy has planned an overall increase in health spending of the Country as 6% of GDP by 2010. However, in 2008, India spent both public and private sector put together, around 5% of GDP on health.

India has 16% of the world's population, 18% of its mortality, 20% of morbidity, yet the country's healthcare expenditure is a minuscule, just 1% of global expenditure. As one of the fastest growing economies, India cannot continue to be ranked 171 out of the 175 countries surveyed by WHO based on percentage of GDP spent on public sector healthcare.

If we look at only the spending by the Government of India towards healthcare, it is just 1.2% of GDP, against 2% of GDP in China and 1.6% of GDP in Sri Lanka, as reported in the World Health Report 2006. It is therefore high time for India to give the necessary impetus to grow for the healthcare sector.

Strong GDP growth and significant cost advantages have resulted in the Indian Pharmaceutical industry growing significantly by 20% from around US \$ 6.9 Bn in 2002-03 to around US \$ 17 Bn in 2007-08. Indian participation in the international pharmaceutical market has increased and with more products going generic in the developed economies, the country's domestic formulations and bulk drug exports have grown significantly. In addition, increasing cost pressures on global innovator companies has resulted in appreciable growth in Contract Research and Manufacturing Services (CRAMS) business in India. Driven by all these factors, Indian Pharmaceutical exports have grown at a CAGR of 27% in last six years to reach US \$ 8.6 Bn in 2007-08.

(ii) Threats, Risks and Concerns:

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

Introduction of new taxes and changes in existing tax laws as well as other statutes particularly in the pharmaceutical sector continue to pose challenge to the industry. The Direct Tax Code, 2009 is also not clear about the income tax exemption for the units set up in SEZ.

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

(iii) Opportunity:

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

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

(iv) Outlook:

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

The company's strategies for enhancement in key areas have presented an optimistic growth path to look forward. To create a sharper focus on market share expansion globally, the company is in process of establishing a pharmaceutical formulation unit in SEZ. On the growth front, we express cautions optimism against the backdrop of an unsatisfactory and progressively adverse economic environment.

(v) Segmental Analysis:

The company is working under single segment pharmaceuticals.

(vi) Internal control systems and their adequacy:

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

The internal control systems are documented with clearly defined authority limits. These systems are designed to ensure accuracy and reliability of accounting data, promotion of operation 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 System 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. Cost control measures on major cost determinants have been implemented. The Company's internal audit team also carries out extensive audits throughout the year, across all functional areas.

(vii) Cautionary statement:

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

For and on behalf of the Board of Directors

For SYNCOM HEALTHCARE LIMITED

Place: Indore

Date: 12th August, 2011

Ajay 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-ended 31st March, 2011. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the Company's financial condition, and results of operations. To ensure this, the company has installed a system of internal controls, which is reviewed evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the company's established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s Sanjay Mehta & Associates, Chartered Accountants, Statutory Auditors of the Company.

Place: Indore
12th August, 2011

Ajay Bankda
Managing Director

J.C. Paliwal
V.P. (Finance & Accounts)

**CERTIFICATE OF PRACTICING COMPANY SECRETARIES ON
CLAUSE 49 OF THE LISTING AGREEMENT WITH
THE STOCK EXCHANGES**

To,
The Members of
Syncom Healthcare Limited,
Mumbai

We have examined the compliance of conditions of Corporate Governance by Syncom Healthcare Limited (the Company) for the year ended on 31st March, 2011 as stipulated in Clause 49 of Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ajit Jain & CO.
Company Secretaries

Place: Indore
12th August, 2011

Ajit Jain
Proprietor
Membership No. FCS- 3933
CP No. 2876

CEO CERTIFICATION**PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT FOR THE ACCOUNTING
YEAR 2010-11**

To,
The Board of Directors
Syncom Healthcare Limited
Mumbai – 400 009

1. We have reviewed the financial statement and the cash flow statement for the accounting year ended 31st March, 2011 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true & fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during accounting year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee:
 - i. Significant changes in internal control over financial reporting during the accounting year;
 - ii. Significant changes in accounting policies during the accounting year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Indore

Date: 12th August, 2011

Ajay Bankda

Managing Director

AUDITOR'S REPORT
TO THE SHAREHOLDERS OF M/S SYNCOM HEALTHCARE LIMITED

We have audited the attached Balance Sheet of M/S SYNCOM HEALTHCARE LIMITED as at 31st March, 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further and subject to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 subject to the Note (A) (i) (1) and (2) of the Notes to the Account;

On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011; and
- b. in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- c. in the case of Cash flow statement, of the cash flows for the year ended on that date.

For Sanjay Mehta & Associates
Chartered Accountants

Manish Mittal
Partner

M .No. 079452
Firm Regn. 011524C

Indore, 30/05/2011

ANNEXURE TO THE AUDITOR'S REPORTS**(Referred to in Paragraph (3) of our report of even date)**

With reference to the Annexure referred to in paragraph 3 of our report of even date to the members of M/s Syncom Healthcare Limited for the year ending 31st March 2011, we report that in our opinion and to the best of our information and explanations furnished to us and the books and records examined by us in the normal course of Audit:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us physical verification of a major portion of fixed assets as at 31 March, 2011 was conducted by the management during the year. In our opinion the frequency of physical verification is reasonable having regard to the size of the Company and nature of its Assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company has not undertaken disposal of a substantial part of fixed Assets of the Company during the year.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the management at periodic intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory. The discrepancies noticed on between physical stock and book stock during periodic physical verification of stock by the management were not material having regard to the size of operations of the company and have been properly dealt with in Books of accounts.
- (iii) The Company has not granted or taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. As the Company has neither granted nor taken any loans, secured or unsecured, to or from parties listed in the register maintained under Section 301 of the Companies Act, 1956
 - (iv) In our opinion and according to explanation given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit we have not observed any major weaknesses in internal control.
- (v) Based on the audit procedures applied by us and according to information and explanations given to us, there were no transactions /contract or arrangement which have been entered into with parties who are covered under section 301 of the Companies Act, 1956 during the year.
- (vi) During the year, the company has not accepted any deposits from public, which fall within the purview of section 58A or 58AA of the Companies Act 1956 and the rules framed there under. Also there have been no proceedings before Company Law Board in this matter nor has any order been passed.
- (vii) In our opinion the company has a formal internal Audit system commensurate with its size and the nature of its business.
- (viii) The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) According to information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it, except as stated as under

- (a) The company has made certain labour payments for its Dehradun plant through unregistered labour contractors and the liability of provident fund on the same has not been determined and thus remains unpaid.
- (b) According to information and explanations given to us, no undisputed amounts payable except stated as above in respect of the statutory dues were outstanding as at 31st March 2011 for a period of more than 6 months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanation given to us the company has not defaulted in repayment of dues to any financial institution or bank. The company did not issue any debentures during the year and nor had outstanding debentures from previous year.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Provisions of any special statute applicable to Chit funds, Nidhis or Mutual benefit funds/Societies are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures, or other investments. The only investments in shares which are outstanding as on 31/3/2011 are as investment of surplus funds of the company. The outstanding shares held and owned by the company as on 31/3/2011 are held in the own name of company.
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) No debentures have been issued during the year.
- (xx) The management has disclosed the end use of the money raised by public issues and the same had been verified by us.
- (xxi) To the best of our knowledge and belief and as per the information given to us, no fraud on or by the company has been noticed or reported during the year.

For Sanjay Mehta & Associates

Chartered Accountants

Firm Regn. 011524C

Manish Mittal
(Partner)

M.No. 079452

Indore, 30/05/2011

SYNCOM HEALTHCARE LIMITED
Balance Sheet as on 31/03/2011

Particulars	Schedule No.	Amount in Rs. 31/03/2011	Amount in Rs. 31/03/2010
<u>SOURCES OF FUND</u>			
1 Shareholders Funds			
(a) Share Capital	1	400000000	175000000
(b) Reserves and Surplus	2	1317461979	588818042
2 Loan Funds			
(a) Secured	3	101262567	171271221
(b) Unsecured	4	75090346	72306436
Total		1893814892	1007395699
<u>APPLICATION OF FUNDS</u>			
1 Fixed Assets	5		
(a) Gross Block		262506937	206249453
(b) Less - Depreciation		89260962	71116185
(c) Net Block		173245975	135133268
(d) Capital Work-in-Progress		0	34524546
2 Investments	6	40210416	40210416
3 Current Assets Loans And Advances	7		
Inventory		110293759	107074965
Sundry Debtors		430849463	477612933
Loans & Advances		321769947	219600862
Cash And Bank Balances		895803435	159672953
Total (a)		1758716603	963961713
Less : Current Liabilities And Provisions	8		
Liabilities		88896759	150406842
Provisions		9798106	16655703
Total (b)		98694865	167062545
Net Current Assets	Total (a-b)	1660021738	796899168
Deferred Tax Assets		19917896	
4 Miscellaneous Expenditure	9	418867	628301
(To the Extent not written off Or Adjusted)			
Total		1893814892	1007395699

Accounting Policies and Notes of Accounts
 Schedules referred to herein form an integral
 part of the Balance Sheet

AS PER OUR REPORT OF EVEN DATE ATTACHED
 FOR M/S SANJAY MEHTA AND ASSOCIATES
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MANISH MITTAL
 PARTNER

AJAY BANKDA
 MANAGING DIRECTOR

J.P. BAGARIA
 DIRECTOR

M .No. 079452
 Indore, 30/05/2011

JAGDISH CHANDRA PALIWAL
 COMPANY SECRETARY

SYNCOM HEALTHCARE LTD.
Profit and Loss Account for the year ended on 31/03/2011

Particulars	Schedule No.	Amount in Rs. 31/03/2011	Amount in Rs. 31/03/2010
INCOME			
1 Sales		755907814	668514851
2 Other Income	11	32040518	4479251
3 Increase /(Decrease) In Stock		(1607908)	15255141
	TOTAL	786340424	688249243
EXPENDITURE:			
1 Material Consumed	12	183627788	161181714
2 Finished Goods Purchased	13	379106433	332576832
3 Manufacturing & Other Expenses	14	136574154	99725108
4 Interest And Finance Charges	15	19636222	30716890
5 Depreciation	5	18144776	18685056
6 Preliminary Expenses written off		209434	209434
	TOTAL	737298806	643095034
Profit/(-)Loss Before extra ordinary and prior period		49041617	45154209
7 Extra Ordinary Items	16	41291531	0
Prior Period Expenses / (Incomes)		(81849)	
Profit Before Tax		7831936	45154209
<u>Provision For Tax</u>			
8 Current Tax		1466200	8111176
9 Deferred Tax Liability / (Assets)		(19917896)	0
Net Profit after Tax		26283632	37043033
10 Add Balance Brought Forward From Previous Year		143939031	106895998
Amount Available For Appropriation		170222663	143939031
(d) General Reserve		0	0
Balance carried to Balance Sheet		170222663	143939031
		170222663	143939031
12 EARNINGS PER SHARE			
a) Basic	Rupees	0.86	3.29
b) Diluted	Rupees	0.86	3.29

13 Accounting Policies and Notes of Accounts 10

Schedules referred to herein form an integral part of the Profit and Loss Account

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR M/S SANJAY MEHTA AND ASSOCIATES

FOR AND ON BEHALF OF BOARD OF DIRECTORS

CHARTERED ACCOUNTANTS

MANISH MITTAL
PARTNER

AJAY BANKDA
MANAGING DIRECTOR

J.P. BAGARIA
DIRECTOR

M .No. 079452
Indore, 30/05/2011

JAGDISH CHANDRA PALIWAL
COMPANY SECRETARY

SYNCOM HEALTHCARE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2011

Particulars	2010-2011	2009-2010
A. Cash Flow Provided /(Required) by operating Activities		
Profit after tax	26283632	37043033
Adjustment for:		
Depreciation	18144776	18685056
Profit on Sale of Fixed Assets /Investments / Dividend Income	(5479)	(318343)
Amortization expenditure	209434	209434
Tax expense	(19917896)	
Intrest & Financial Charge	19636222	26760840
Operating Profit before working capital changes	44350689	82380020
Adjustment for:		
(Increase)/Decrease in Trade Recievables	46763470	(192721693)
(Increase)/Decrease in other Current Assets		0
(Increase)/Decrease in Inventories	(3218794)	(10790517)
(Increase)/decrease in Loans & Advances	(102169085)	(165422341)
Increase/(decrease) in Current Liabilities except provision for Dividend & Dividend Tax	(68367680)	106935599
Subsidy received		
Net Cash (Required) /provided by Operations		
B. Cash Flow (Provided) / Required by Investing Activities		
Addition to Fixed Assets	21732938	42053403
Purchase / (Sale) of Investments	0	39925380
Miscellaneous Expenses		0
Dividend Income	(5479)	(70725)
Proceeds from Sale of Assets		
Net Cash Provided (Required) by Investing activities	(21727459)	81908058
C. Cash Flow Provided/ (Required) by Financing Activities		
SOURCES OF FUND		
Proceeds from Share Capital (Net of Bonus shares Issued)	225000000	75000000
Unsecured Loan obtained	211594919	281167819
Term Loans Obtained	0	66512000
Increase in Working Capital Facilities	(31087433)	11743357
Proceeds from Share Premium	742500000	487500000
TOTAL	1148007486	921923176
APPLICATION OF FUNDS		
Repayment of Unsecured Loans	208811009	319336257
Repayment of Term Loans	22257221	106572585
Decrease in Working Capital Facilities	16664000	0
Share issue expenses incurred	40139694	49503725
Interest Paid	19636222	26760840
TOTAL	307508146	502173407
Net Cash Surplus /(Required) by Financing activities	840499340	419749769
D. Net Increase/(Decrease) in Cash and Cash Equivalents	736130482	158222781
E. Cash and Cash Equivalents at beginning of Period	159672953	1450172
F. Cash and Cash Equivalents at end of Period	895803435	159672953

AS PER OUR REPORT OF EVEN DATE ATTACHED
 FOR M/S SANJAY MEHTA AND ASSOCIATES
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MANISH MITTAL
 PARTNER

AJAY BANKDA
 MANAGING DIRECTOR

J.P. BAGARIA
 DIRECTOR

M .No. 079452
 Indore, 30-5-2011

JAGDISH CHANDRA PALIWAL
 COMPANY SECRETARY

SYNCOM HEALTHCARE LTD.
SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31/03/2011

Particulars	Amount in Rs. 31/03/2011	Amount in Rs. 31/03/2010
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
40000000 EQUITY SHARES OF (PREVIOUS YEAR		
20000000 EQUITY SHARES) OF RS 10 EACH	400000000	200000000
PAID UP CAPITAL		
40000000 EQUITY SHARES OF RS 10 EACH (PREVIOUS YEAR		
17500000 EQUITY SHARES OF RS.10/- EACH) FULLY PAID UP	400000000	175000000
TOTAL	400000000	175000000
SCHEDULE - 2		
RESERVE & SURPLUS		
SECURITIES PREMIUM		
OPENING BALANCE	440998704	6611670
RECEIVED DURING THE YEAR	742500000	487500000
LESS :- ISSUE EXPENSES WRITTEN OFF INCURRED		
DURING THE YEAR	40139694	53112965
CLOSING BALANCE	1143359010	440998705
CAPITAL SUBSIDY		
(FROM STATE GOVERNMENT OF UTTARAKHAND)	3000000	3000000
GENERAL RESERVE		
OPENING BALANCE	880306	880306
SET ASIDE DURING THE YEAR	0	0
SUBTOTAL	880306	880306
PROFIT & LOSS ACCOUNT	170222663	143939031
TOTAL	1317461979	588818042
SCHEDULE - 3		
SECURED LOAN		
TERM LOAN FROM BANK OF INDIA		
SECURED AGAINST FIRST CHARGE IN THE FORM OF MORTGAGE		
OF LAND & BUILDING AND HYPOTHECATION OF PLANT AND		
MACHINERY OF THE COMPANY'S UNIT AT SELAQUI NEAR		
DEHRADOON (REPAYABLE WITHIN A YEAR 1,35,73,344/-)	13573344	35241701
HDFC CAR LOAN		
(SECURED BY FIRST CHARGE IN THE FORM OF HYPOTHECATION		
OF CAR . REPAYABLE WITH IN ONE YEAR RS.6,84,019/-)	871374	1460238
WORKING CAPITAL FACILITIES FROM BANK OF INDIA		
A. CASH CREDIT FACILITIES	86817849	117905282
B. WORKING CAPITAL DEMAND LOAN	0	16664000
(THE WORKING CAPITAL FACILITIES ARE SECURED AGAINST		
FIRST CHARGE ON CURRENT ASSETS OF THE COMPANY)		
TOTAL	101262567	171271221
SCHEDULE - 4		
UNSECURED LOAN		
FROM DIRECTORS AND RELATIVES	14841249	33337276
INTERCORPORATE DEPOSITS	32900000	10900000
ICICI BANK	27349097	28069160
(AN AMOUNT OF Rs.8,19,455/- IS PAYABLE WITHIN NEXT TWELVE		
MONTHS PREVIOUS YEAR RS. 720063/-)		
TOTAL	75090346	72306436

**SCHEDULE - 5
 SCHEDULE OF THE FIXED ASSETS FOR THE PERIOD 01/04/2010 to 31/03/2011**

PARTICULARS	G R O S S B L O C K						D E P R E C I A T I O N			N E T B L O C K	
	OP.BAL. AS ON 1.4.2010	ADDITIONS DURING THE YEAR	SOLD/REV/ DISPOSED DURING YEAR	GROSS TOTAL BALANCE	CLOSING BALANCE AS ON 31/03/2011	OPENING BALANCE AS ON 01/04/10	FOR THE YEAR	TOTAL	NET BLOCK 31.3.2011	NET BLOCK 31.3.2010	
FIXED ASSETS											
LAND	2927498	0	0	2927498	2927498.00	0	0	0.00	2927498.00	2927498	
FACTORY BUILDING	87108323	25142046	0	112250369	112250369.45	23845510	6333170	30178679.58	82071689.87	63262813	
PLANT & MACHINERY	59227891	28257858	0	87485749	87485748.72	21847283	5896971	27744254.14	59741494.58	37380608	
ELECTRICAL INSTALLATION	687806	5800	0	693606	693606.00	376786	57218	434004.00	259602.00	31020	
FURNITURE AND FIXTURES	5301227	139594	0	5440821	5440821.00	2246363	564780	2811143.00	2629678.00	3054864	
VEHICLES	4478208	1500000	0	5978208	5978208.00	1681611	803837	2485447.80	3492760.20	2796597	
COMPUTERS	5071811	233440	0	5305251	5305251.00	4035259	548562	4583820.93	721430.07	1036552	
OFFICE AND FACTORY EQUIPMENTS	36848419	276582	0	37125001	37125000.61	13582815	3297060	16879875.00	20245125.61	23265604	
INTANGIBLE ASSETS	4598270	702164	0	5300434	5300434.00	3500559	643179	4143738.00	1156696.00	1097711	
TOTAL	206249453	56257484	0	262506937	262506937	71116186	18144776	89260962	173245975	135133267	
PREVIOUS YEAR	198720596	7528857	0	206249453	206249453	52431129	18685056	71116185	135133268	146289467	

**SYNCOM HEALTHCARE LTD.
 SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31/03/2011**

Particulars	Amount in Rs. 31/03/2011	Amount in Rs. 31/03/2010
SCHEDULE - 6		
INVESTMENTS		
<u>INVESTMENT IN QUOTED SHARES</u>		
968 EQUITY SHARES OF D.B.CORP LIMITED	205216	205216
<u>INVESTMENT IN UNQUOTED SHARES</u>		
20000 EQUITY SHARES OF SOUND CRAFT IND. LTD.	5200	5200
40000 EQUITY SHARES OF SAVIT CAPITAL LIMITED OF Rs.1000/- EACH	40000000	40000000
TOTAL	40210416	40210416
SCHEDULE - 7		
CURRENT ASSETS LOANS AND ADVANCES		
<u>INVENTORY</u>		
RAW MATERIAL	19764995	18693224
PACKING MATERIAL	16078234	12300381
WORK IN PROGRESS	15343730	13662492
FINISHED GOODS	49675702	52964848
GIFTS ITEMS	9431098	9454021
SUB-TOTAL(A)	110293759	107074965
<u>SUNDRY DEBTORS</u>		
(UNSECURED CONSIDERED GOOD):		
A) DEBTS OUTSTANDING FOR A PERIOD WITHIN SIX MONTHS	164186943	337312554
B) DEBTS OUTSTANDING FOR A PERIOD OVER SIX MONTHS	266662520	140300379
SUB-TOTAL(B)	430849463	477612933
<u>LOANS AND ADVANCES</u>		
(UNSECURED CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO RECEIVED	279213164	170889674
TAX DEDUCTED AT SOURCE /ADVANCE TAX / VAT	1172564	4497131
SECURITY AND OTHER DEPOSITS	41384219	44214057
SUB-TOTAL(C)	321769947	219600862

**SYNCOM HEALTHCARE LTD.
 SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31/03/2011**

Particulars	Amount in Rs. 31/03/2011	Amount in Rs. 31/03/2010
<u>CASH & BANK BALANCES</u>		
CASH IN HAND	999683	4048755
BANK BALANCES (WITH SCHEDULED BANK)		
- IN CURRENT ACCOUNTS	434303	155521569
- IN FIXED DEPOSIT ACCOUNTS	111089	102629
(PLEGDED WITH GOVERNMENT AGAINST EXPORT OBLIGATION UNDERTAKEN UNDER EPCG SCHEME)		
- WITH FOREIGN BANK		
- IN CURRENT ACCOUNTS	811859	0
- IN MONEY MARKET DEPOSIT ACCOUNT	893446501	0
SUB-TOTAL(D)	895803435	159672953
TOTAL(A+B+C+D)	1758716603	963961713
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
<u>CURRENT LIABILITIES</u>		
SUNDRY CREDITOR		
- FOR SUPPLIES	84439640	126919685
- FOR CAPITAL GOODS	407477	18004311
- FOR EXPENSES	3520970	5309309
CUSTOMER CREDIT BALANCE	528672	173537
TOTAL(A)	88896759	150406842
<u>PROVISIONS</u>		
PROVISION FOR EXPENSES	7061234	6671976
PROVISION FOR STATUTORY DUES	2736872	1872551
PROVISION FOR INCOME TAX		8111176
TOTAL(B)	9798106	16655703
GROSS TOTAL (A+B)	98694865	167062545
SCHEDULE - 9		
<u>MISCELLANEOUS EXPENDITURE</u>		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
A) PRELIMINARY EXPENSES		
OPENING BALANCE	628301	837735
ADD :-		
EXPENDITURE INCURRED DURING THE YEAR	0	0
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
LESS :-		
WRITTEN OFF DURING THE YEAR	209434	209434
(1/5TH EVERY YEAR)		
SUB-TOTAL (A)	418867	628301
B) PREOPERATIVE & PRELIMINARY EXPENDITURE		
OPENING BALANCE	0	3609240
ADD :-		
PUBLIC ISSUE EXPENDITURE INCURRED DURING THE YEAR	40139694	49503725
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
LESS :-		
WRITTEN OFF DURING THE YEAR AGAINST SECURITY PREMIUM	40139694	53112965
SUB-TOTAL (B)	0	0
TOTAL (A+B)	418867	628301

SYNCOM HEALTHCARE LTD.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING ON 31/03/2011

Particulars	Amount in Rs. for the year ended 31/03/2011	Amount in Rs. for the year ended 31/03/2010
SCHEDULE - 11		
OTHER INCOME		
DIVIDEND RECEIVED	5479	70725
MISC. INCOME	0	204858
MISC. BALANCES W/ OFF	50832	0
COMMISSION RECEIVED	1020725	0
INTEREST RECEIVED	30963481	3956050
PROFIT ON SALE OF SHARES	0	247618
TOTAL	32040518	4479251
SCHEDULE - 12		
RAW MATERIAL CONSUMED		
OPENING STOCK		
RAW MATERIAL	18693224	23541270
PACKING MATERIAL	12300381	13955910
ADD :-		
RAW MATERIALS PURCHASED	110287568	88442799
PACKING MATERIAL PURCHASED	76117671	63819425
OTHER STORE CONSUMPTION	1399073	793029
FREIGHT AND CARTAGE	673100	1622885
LESS: CLOSING STOCK		
RAW MATERIAL	19764995	18693224
PACKING MATERIAL	16078234	12300381
CONSUMPTION	183627788	161181714
SCHEDULE - 13		
PURCHASE FINISHED GOODS		
PURCHASES (NET OF RETURN)	378928358	331733561
PURCHASE PACKING MATERIALS	0	10296
FREIGHT AND CARTAGE	178075	832975
TOTAL	379106433	332576832
SCHEDULE - 14		
MANUFACTURING & OTHER EXPENSES		
STAFF SALARY, WAGES AND OTHER BENEFITS	64206663	45356002
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	1240743	991586
STAFF WELFARE	2774481	2139765
DIRECTORS REMUNERATION AND BENEFITS	1239672	1527943
POWER AND FUEL	11150452	7694569
RENT AND VEHICLE HIRE CHARGES	1651000	1873000
INSURANCE EXPENSES	361475	304772
REPAIR AND MAINTENANCE	5503932	3463571
TRAVELLING AND CONVEYANCE - DIRECTORS	666425	0
TRAVELLING AND CONVEYANCE -OTHERS	14052529	11081932
SALES EXPENSES	24310572	18281485
VEHICLE RUNNING AND MAINTENANCE	534368	517677
POSTAGE TELEGRAM AND TELEPHONE	1629773	1353792
LEGAL AND PROFESSIONAL EXPENSES	3202734	2063640
RATES AND TAXES	180868	124718
SUNDRY EXPENSES	3868468	2950656
	136574154	99725108

SYNCOM HEALTHCARE LTD.
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING ON 31/03/2011

Particulars	Amount in Rs. for the year ended 31/03/2011	Amount in Rs. for the year ended 31/03/2010
SCHEDULE - 15		
INTEREST & FINANCE CHARGES		
INTEREST ON UNSECURED LOANS	2459003	7466871
INTEREST ON TERM LOAN	6611126	8832295
INTEREST ON WORKING CAPITAL FACILITIES		
- CASH CREDIT FACILITIES	8719933	11015217
- DEMAND LOAN	1026836	2803011
OTHER INTEREST	489184	0
INTEREST ON VEHICLE LOAN		
BANK CHARGES AND COMMISSION	330140	599496
TOTAL	19636222	30716890
SCHEDULE - 16		
EXTRA ORDINARY ITEMS		
LOSS ON FOREIGN CURRENCY EXCHANGE FLUCTUATION	41291531	0
<u>PRIOR YEAR EXPENSES /(INCOMES)</u>		
PRIOR YEAR EXPENSES	52849	0
LESS:		
PRIOR YEAR INCOME	134698	0
NET PRIOR YEAR EXPENSES /(INCOME)	(81849)	0
TOTAL	41209682	0

SCHEDULE – 10
ACCOUNTING POLICIES AND NOTES OF ACCOUNTS

YEAR: - 2010-2011

(A) ACCOUNTING POLICIES:

(i) **System of accounting.**

1. The company is following the accrual system of accounting as per the provisions of sec. 209 (3)(b) of the companies Act, 1956 and its accounts are in compliance with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 as amended vide Companies (Accounting Standards) Amendment Rules, 2009 except to the extent that the provision for gratuity has been made only for the employees eligible for gratuity as on 31/03/2011 and not on the basis of actuarial valuation as laid down under AS 15 notified under the said rules.
2. There is no change in method of accounting during the year.
3. The company is maintaining separate books of accounts for a) Dehradun Industrial unit which is treated as a separate division with in the company and b) trading activities which are head quartered at Indore.

(ii) **REVENUE RECOGNITION:**

All revenues and expenses are accounted for on accrual basis except to the extent stated otherwise.

(iii) **Fixed Assets**

Fixed assets are stated at cost of acquisition/construction.

Cost of acquisition is inclusive of freight, duties, taxes but net of CENVAT and inclusive of other incidental expenses and interest attributable to construction, production or acquisition of qualifying assets.

- (iv) Depreciation on fixed and movable assets has been charged on WDV basis on pro-rata basis on the rates prescribed in Schedule XIV of the Companies Act 1956. Assets costing up to Rs.5000/- are fully depreciated in the year of purchase.

(v) **Investments:**

Long term investments are stated at cost less diminution other than temporary diminution in value, if any. Current investments are stated at lower of cost and fair value.

(vi) **Expensing out of Intangible Assets**

In accordance with Accounting Standard 26 –“Intangible assets “ the useful life of company’s patents , trademarks and designs have been amortised over a period of 10 years. Cost of computer software is amortised/expensed out equally over a period of five years.

(vii) **Inventory Valuation**

- a) Closing stocks of finished goods is valued at cost or net realizable value which ever is lower. Closing Stock of Raw Materials, Packing Materials is valued at the weighted average cost or net realizable value which ever is lower.
- b) Closing stock of Gifts item to be used as part of sale promotion expenses is valued at cost.
- c) Closing Stock of Work in process is valued at the cost of materials used there in plus conversion cost depending on the stage of completion.

(viii) **Borrowing cost:**

Borrowing Costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of the assets, up to the date the assets are put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

(ix) **Preliminary expenses**

Preliminary expenses upto 31/03/2009 are shown as miscellaneous expenditure in the balance sheet. Expenditure incurred for increase in authorised capital has also been included in this head as and when the same are incurred. The same are being amortised over a period of five years.

The Expenses incurred after 31/03/2009 are written off in the year of incurrence itself. In case the expenses are incurred for issue of shares at premium the expenses are written off against the security premium received from the issue proceeds.

(x) Foreign Currency Transactions

a. Transactions in foreign exchange which are covered by forward contracts are accounted for at the contracted rates, the difference between the contracted rate and the exchange rate on the date of transaction is recognized in Profit & Loss Account. Difference relating to transactions involving more than one financial year are carried over the period of transaction. In respect of forward contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed at the end of the contract. However there were no forward contracts taken by the company during the previous year.

Transactions other than those covered by forward contracts are recognized at the exchange rate prevailing on date of transaction. Gains & losses arising on account of realization are accounted for in Profit & Loss Account.

b. Monetary Assets & Liabilities in foreign currency that are outstanding at the year end and are not covered by forward contracts are translated at the year end exchange rates.

(XI) Impairment of Assets:

No asset whose carrying cost exceeds its recoverable value is held by the company as on 31/03/2011

(xii) The cash subsidy received in the year 2007-08 and 2008-09 from the government for set up of the Dehradun Industrial unit of the company has been disclosed as Capital reserve in the balance sheet.

(B) NOTES OF ACCOUNTS:

(i) CLAIM, DEMANDS AND CONTINGENCIES:

Disputed and / or contingent liabilities are either provided for or disclosed depending on the management's judgment of the outcome. However for the year under report there are no disputed liabilities at all outstanding on the company.

Following Contingent Liabilities were not provided in the books.

1. Legal suits filed by past employees towards salary claims with total Financial impact Rs.589326/-. (Previous year Rs. 589326/-)
2. A legal suit filed against the company for ownership of certain trademark where an ex-parte decree has been passed against the company for Rs. 5.00 lacs. The company has deposited the demand under protest as security money and has filed an appeal against the captioned order.(Previous year Rs. 5.00 Lacs)
3. There is an Export Obligation of Rs. 7.50 Lacs on the company for towards exemption of Custom Duty availed by the company on import of machinery under the EPCG Scheme of the government. (Previous year Rs.7.50 Lacs).
4. There is demand of Rs. 580606/- raised by Assistant Commissioner of Provident Fund against which company has filed appeal. (Previous Year Nil)
5. Bank Guarantee of Rs. 10 lacs have been given by the company to Health Department of Government of Punjab for tender business. (Previous Year Nil)
6. There is demand of Rs. 854268/- raised by Income Tax Department for A.Y. 2005-06. Company has filed appeal against this demand and deposited Fifty percent of such demand.

There were no significant events and contingencies which have occurred after 31/03/2011 up to the date of signing of these final accounts which result in the impairment of any asset of the company outstanding and owned by the company as on 31/03/2011 and which results in any contingent loss for which provision has to be done in the profit and loss account for the year.

(ii) End Use of Proceeds of the Public Issue:

- a) The company has issued to public 75.00 Lacs equity shares of Rs.10/- each at a premium of Rs.65/- per share and has received total proceeds of Rs. 56.25 Crores in the financial year 2009-10. The same has been utilised as under:-

(iv) **Director's Remuneration**

Activity	Total Fund Requirements	Fund Deployed
To set up new Unit in Sez Pithampur	204800000	2010000
To Undertake the up gradation/modernization at the existing unit at Dehradun	66200000	63403650
To meet Working Capital Requirement	150000000	150000000
For Opening Export office at Mumbai	40000000	49350000
For Brand & Product Registration and Approvals	30000000	0
General Corporate Purpose	16825000	16825000
Issue Expenses	54675000	53112965
TOTAL	562500000	334701615
Utilisation of the Un-deployed Fund		AMOUNT
- Invested in Short term advances		183300000
- Temporary investment in Working Capital		44498385
TOTAL		227798385

- b) The company came out with its GDR issue of 45 Lac GDR underlying 2.25 Crores equity shares of Rs. 10/- each at a premium of Rs. 33/- per share during the year and has received total proceeds of Rs. 96.75 Crores and the same were received in USD amounting to USD 20.745 million. The usage of the same as per prospectus were as under
- i. Capital expenditure
 - ii. Long term working capital requirement
 - iii. Investment in proposed overseas subsidiary companies in UAE

The actual usage of the above till 31.03.2011 were as under:-

Activity	Rs.
GDR Proceeds	967500000
Usage	
Issue Expenses	40139694
Exchange Loss	41209682
Unutilized Funds in Bank Balances at Euram Bank Austria	886150624
TOTAL	967500000

(iii) Share Issue Expenses

The company had come out with its GDR issue during the year and has issued 22500000 equity share of Rs. 10 each at a premium of Rs. 33 each, during the year 2010-11. Share issue Expenses of Rs. 40139694/- represents the expenses incurred by the company in respect of GDR issue for equity shares which have been written off against the security premium received by the company on allotment of shares in the said GDR issue.

- (iv) Extra Ordinary Items – The Company has incurred loss due to fluctuations in foreign exchange value Rs. 1785305/- on amounts remitted in India and Rs. 39506226/- on the balance of GDR issue proceeds parked in foreign bank account of the company. Total loss due to fluctuation in foreign currency exchange rates of Rs. 41291531/- has been considered by the company as one time expenses and an extra ordinary item not arising from normal business operations.
- (v) The Unsecured Loans from Promoters have been brought in to meet the fund requirements of the Company's business and Project at Selaqui, near Dehradun in pursuance to and in accordance with terms and conditions of sanction of Term Loan and other facilities from Bank of India. Hence these loans are exempt from the company deposit rules notified under section 58A of the companies Act 1956 vide sub clause I of rule 2 of the company deposit rules notified therein.

(vi) Auditor's Remuneration**(Amount in Rs.)**

PARTICULARS	2010-11	2009-10
a. For Statutory Audit fees	62000	55000
b. For Tax Audit	15000	15000
c. For company law matters	7250	Nil
d. For Certification and other matters	11500	35000
Total:	95750	105000
Add :- Service tax	9863	10815
Total	105613	115815

(vii) Director's Remuneration**(Amount in Rs.)**

Sn. No.	Particular	Ajay Bankda		Jyoti Bankda	
		31/03/11	31/03/10	31/03/11	31/03/10
1	Salaries	600000	600000	127742	480000
2	Other perquisites/Benefits	511930	Nil	Nil	482017

(viii) Deferred Tax Liability / (Assets)

Calculation of Deferred Tax Assets Carried Forward		
Timing Differences		
Difference of WDV of Fixed Assets		
- WDV as per Income Tax Act	172328051	
- WDV as per Companies Tax Act	171868239	
		459813
Unabsorbed Depreciation C/f		8333042
Expenses to be allowed on payment basis		
- Bonus Payable	598925	
- Balance of Leave encashment	724260	
- Gratuity Payable	793817	
Preliminary Expenses allowable U/s 35D in next years	49136755	51253757
Total		59935892
Deferred Tax Assets @ 33.22%		19910703

(ix) Segment information

The Company operates exclusively in the Pharmaceuticals business segment and as such there is no reportable segment information as per Accounting Standard 17.

(x) Related party Disclosure under Accounting Standard (AS-18). The List of the related parties as identified and certified by the management is as under:-

1. Enterprises that directly or indirectly control (through subsidiaries) or are controlled by or are under common control with the reporting enterprise
 - a. Syncom Healthcare International FZE – Subsidiary
2. Individuals owning voting power giving control or significant influence; Nil

3. Key management personnel and their relatives;
- a. Key Managerial Personnel
 - i. Shri Ajay Bankda
 - ii. Smt Jyoti Bankda
 - b. Relatives of Key Managerial Persons
 - i. Ajay Bankda
 1. Shri Prateek Bankda – Son
 2. Shri Pranav Bankda – Son
 3. Ajay Bankda HUF – HUF of Director
 - ii. Smt Jyoti Bankda
 1. Shri Prateek Bankda – Son
 2. Shri Pranav Bankda – Son
 3. Ajay Bankda HUF – HUF of Director
 4. Shri J.P. Bagaria - Father
 5. Smt. Umadevi Bagaria - Mother
4. Enterprises over which any of the persons in (iii) or (iv) are able to exercise significant influence over the Company.
- i. Sinorita Biotech Private Limited
 - ii. Ajay Jyoti Estate Private Limited.
 - iii. Bankda Estate Private Limited.
 - iv. Bankda Reality Private Limited.
 - v. Vimla Housing Private Limited.
 - vi. Bankda Developers Private Limited.
 - vii. Bankda Housing Private Limited.
 - viii. Kedar Vijay Housing Private Limited.
 - ix. Ajay Laxmi Housing Private Limited.
 - x. Ultratech Energy Private Limited
 - xi. Styler Textiles Private Limited
 - xii. SYNCOM HEALTHCARE INTERNATIONAL FZE

Transactions with the related persons during the year.
(Amount in Rs.)

Particular	Enterprises that controlled by reporting enterprise		Key Managerial Persons Managerial Persons		Relatives of Key	
			2010-11	2009-10	2010-11	2009-10
Debits						
Repayment of Unsecured Loans	0	0	127263794	160943223	1300000	4607668
Advances Given	677141	0	10288547	0	0	0
Credits						
Directors Remuneration/Salary	0	0	727742	1080000	340000	240000
Travelling Expenses	0	0	625944	212137	0	0
Interest Paid	0	0	0	6923927	0	0
Office Rent	0	0	720000	810000	582000	582000
Car Rent	0	0	0	240000	0	180000
Rent Free House	0	0	424000	390000	0	0
Other Benefits	0	0	87930	92017	0	0
Unsecured Loan received	0	0	27535353	107953059	9046553	31795000
Balances at Year End						
Balance Payable	0	0	0	0	194057	2975735
Balance Receivable	677141	0	23906576	8289670	11041855	607164

(xi) Payments to Micro/Small Enterprises

There are no dues outstanding to any Micro/Small enterprises for a period over 15 days as on 31/03/2011 nor was outstanding at any time during the year ended on 31/3/2011 hence there is no liability for interest which would be payable under the Micro, Small and Medium Enterprises Act 2006. Moreover, the company has also not received any claims in respect of interest from any undertaking.

- (xii) Computation of net profit in accordance with section 349 of the Companies Act is not disclosed as commission by way of percentage of profit is not payable for the year to any of the directors of the company.

- (xiii) The previous year figures have been regrouped and reclassified and rearranged wherever necessary.
- (xiv) Balances of Debtors, Creditors and Loans and advances are subject to confirmation.
- (xv) There are Debtors to the extent of Rs.42512398/- against whom cases u/s 138 of the Negotiable Instrument Act, are filed by the company. In the opinion of the management, except above debtors, other current assets, Loans and Advances are realizable at the values at which they are stated in the balance sheet, if realized in the ordinary course of business. The provision for Depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- (xvi) The figures in the Balance Sheet & Profit & Loss Account have been rounded-off to nearest rupee.
- (C) Additional information pursuant to paragraph 6 & 7 of part II of schedule VI of the companies Act, 1956
- (a) Capacity:

	ITEMS	UNIT	2010-11	2009-10
I	Licensed Capacity		Not Applicable	Not Applicable
II	Installed Capacity (Annual on single shift working; as assessed and certified By Management)			
	Tablet	Nos. (Crores)	150.00	150.00
	Capsule	Nos. (Crores)	10.00	10.00
	Liquid Oral	Ltrs. (Lacs)	15.00	15.00
	Ointment	Kg (Lacs)	1.50	1.50
	Eye /Ear Drop	Ltrs. (Lacs)	0.80	0.80
	Dry Powder	Kg (Lacs)	6.00	6.00

	ITEMS	UNIT	2010-11	2009-10
III	Production			
	Tablet	Nos.	646041205	398437910
	Capsules	Nos.	14005233	24764590
	Dry Powder	Kg	148891	239825
	Liquid Orals	Ltrs.	852755	289400
	Ointment	Kg	166062	151794
	Vial/Drops	Ltrs.	37177	34139

(Amount in Rs.)

IV Turnover :		2010-11		2009-10	
		Quantity	Value	Quantity	Value
A. Manufactured Goods					
Tablet	Nos.	639785965	182347758	273120218	119026303
Capsules	Nos.	14286309	24580472	23721296	34633050
Dry Powder	Kg	148447	19626467	249583	32062611
Liquid Orals	Ltrs.	819619	67406143	391382	44760853
Ointment	Kg	160705	45579105	144789	80506237
Vial/Drops	Ltrs.	37293	25676122	28958	24161985
Add/(Less) Rate Difference Allowed				324006	
Net Sales	Total		365216067		335475045
B. Traded Goods					
Caustic Soda	Kg	2573100	53739920	4372800	90647573
Potassium Hydroxide	Kg	2521000	143415000	4122900	233216912
Butyl Acetate	Kg	1318200	117233195		
Others			68082799		9175320
Net Sales	Total		382470914		333039805

V	Stocks:		Quantity	Value	Quantity	Value
	Opening Stock					
	Tablet	Nos.	182826100	23267272	57508408	18614683
	Capsules	Nos.	6928130	11509373	5884836	4355322
	Dry Powder	Kg	174	75060	9932	877312
	Liquid Orals	Ltrs.	57160	5849925	159142	8849219
	Ointment	Kg	10288	8613174	3283	2384597
	Vial/Drops	Ltrs.	8639	3266333	3458	974053
	Others	Kg	0	383711	0	0
	Total			52964848		36055186
	Closing Stock					
	Tablet	Nos.	189081340	23161258	182826100	23267272
	Capsules	Nos.	6647054	7378645	6928130	11509373
	Dry Powder	Kg	618	251159	174	75060
	Liquid Orals	Ltrs.	90296	6895384	57160	5849925
	Ointment	Kg	15645	8140101	10288	8613174
	Vial/Drops	Ltrs.	8523	3658984	8639	3266333
	Others		0	190171	0	383711
	Total			49675702		52964848

(Amount in Rs.)

VI	Materials		2010-11		2009-10	
			Quantity	Value	Quantity	Value
A)	Raw Material Consumed For Production*			108937330		93290845
B)	Packing Materials * *(Individual Items Each Being Less Than 10% Of Total consumption)			72339818		65474955
	Total			181277148		158765800
C)	Purchase Of Goods Traded Basic Drugs & Chemicals					
	Caustic Soda	Kg	2573100	53658165	4372800	90428933
	Potassium Hydroxide	Kg	2521000	143275970	4122900	233010766
	Butyl Acetate	Kg	1318200	117133365	0	0
	Others		0	64860858	0	8293862
	Total			378928358		331733561

Note: 1. Amount of sales (quantity and value) are net of sales return.
 2. The quantities of sales as above are inclusive of samples distributed free for sales promotional efforts.

	Particular	2010-2011	2009-2010
a)	CIF VALUE OF IMPORTS	Nil	Nil
b)	EARNING IN FOREIGN EXCHANGE	9158295/-	Nil
c)	EXPENDITURE IN FOREIGN EXCHANGE	35742375/-	188798/-
d)	REMITTANCE IN FOREIGN CURRENCY	35616814/-	188798/-

AS PER OUR REPORT OF EVEN DATE ATTACHED
 FOR M/S SANJAY MEHTA AND ASSOCIATES
 CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MANISH MITTAL
 PARTNER

AJAY BANKDA
 MANAGING DIRECTOR

J.P. BAGARIA
 DIRECTOR

M.No. 079452
 Indore, 30/05/2011

JAGDISH CHANDRA PALIWAL
 COMPANY SECRETARY



The Companies Act (1 of 1956)

SCHEDULE IV - PART IV

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE*

I. Registration Details :

Registration No.

1	3	6	6	5	2
---	---	---	---	---	---

 State Code

1	1
---	---

 (Refer Code List)

Balance Sheet

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Date

--	--

 Date

--	--

 Month

--	--

 Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

2	2	5	0	0	0	.	0	0
---	---	---	---	---	---	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1	8	9	3	8	1	4	.	8	9
---	---	---	---	---	---	---	---	---	---

Total Assets

1	8	9	3	8	1	4	.	8	9
---	---	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

4	0	0	0	0	0	.	0	0
---	---	---	---	---	---	---	---	---

Reserves and Surplus

1	3	1	7	4	6	1	.	9	7
---	---	---	---	---	---	---	---	---	---

Deferred Tax Liability

						0	.	0	0
--	--	--	--	--	--	---	---	---	---

Unsecured Loans

	7	5	0	9	0	.	8	7
--	---	---	---	---	---	---	---	---

Secured Loans

1	0	1	2	6	2	.	5	6
---	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

1	7	3	2	4	5	.	9	7
---	---	---	---	---	---	---	---	---

Investments

			4	0	2	.	1	0
--	--	--	---	---	---	---	---	---

Net Current Assets

1	6	6	0	0	2	1	.	7	3
---	---	---	---	---	---	---	---	---	---

Misc. Expenditure

			4	1	4	.	8	6
--	--	--	---	---	---	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

7	8	7	9	4	8	.	3	3
---	---	---	---	---	---	---	---	---

Total Expenditure

7	3	8	9	0	6	.	7	1
---	---	---	---	---	---	---	---	---

+ / - Profit/Loss Before tax

	4	9	0	4	1	.	6	1
--	---	---	---	---	---	---	---	---

+ / - Profit/Loss After tax

	2	6	2	8	3	.	6	3
--	---	---	---	---	---	---	---	---

Please tick appropriate box + for profit - for loss)

Earning per share in Rs.

						0	.	8	6
--	--	--	--	--	--	---	---	---	---

Dividend

0	0								
---	---	--	--	--	--	--	--	--	--

V. Generic Names of Three Principal Products/Services of company (as per monetary terms)

Item Code No. (ITC Code)

3	0	0	4	9	0	6	1				
---	---	---	---	---	---	---	---	--	--	--	--

Product Description

PARACETAMOL - FORMULATIONS THEREOF, IN TABLETS ETC.

Item Code No. (ITC Code)

3	0	0	4	9	0	3	1				
---	---	---	---	---	---	---	---	--	--	--	--

Product Description

CETEIRZINE - FORMULATIONS THEREOF, IN TABLETS ETC.

Item Code No. (ITC Code)

3	0	0	4	9	0	2	9				
---	---	---	---	---	---	---	---	--	--	--	--

Product Description

ANTIHISTAMINICS DRUGS



SCHEDULE IX

FORM OF PROXY

SYNCOM HEALTHCARE LIMITED

I / We _____ of _____ in the district of _____ being a member / members of the above - named company hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my /our proxy to vote for me /us on my / our behalf at the annual general meeting / general meeting (not being an annual general meeting) of the company to be held on the **30th day of September, 2011** and at any adjournment thereof.

<p>Affix Stamp</p>

Signed this _____ day of September, 2011