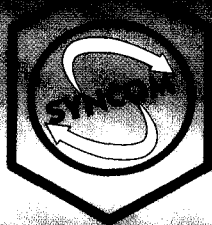


15th annual report 2002 - 2003



SYNCOM
FORMULATIONS (I) LTD.

Keeping Pace Globally

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

Kedarmal Bankda
Chairman

Vijay Bankda
Managing Director

Ramesh Mishra
Arpit Gupta
Atish Gupta

Audit Committee

Arpit Gupta (Chairman)
Ramesh Mishra
Atish Gupta

Shareholders/Investors Grievance Committee

Arpit Gupta (Chairman)
Ramesh Mishra
Kedarmal Bankda
Atish Gupta

Remuneration Committee

Arpit Gupta (Chairman)
Ramesh Mishra
Atish Gupta

Auditors

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

Bankers

Dena Bank

Registered Office

7, Niraj Industrial Estate, Off Mahakali Caves
Road, Andheri (East), Mumbai 400 093.
Tel. 91-022-26871467, 26873851, 26873895
Fax 91-22-26870294
E-Mail : sfil87@hotmail.com

Corporate Office

2nd Floor, "Tagore Centre", (Dawa Bazar),
P.O. Box No. GPO. 610, 13-14, R.N.T. Marg,
Indore (M.P.) 452001
Tel. 91-731-2704388
Gram : SYNERGIST.

Works

256-257, Sector 1, Pithampur
(Dhar) M.P. 454 775
Tel. 91-7292 - 253121, 253403, 503122
Fax : (07292) 253404
E-mail : syncompithampur@hotmail.com

Share Transfer Agent

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

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Syncom Formulations (I) Ltd.



NOTICE FOR THE 15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company "SYNCOM FORMULATIONS (INDIA) LTD." will be held on Monday, the 29th September, 2003 at 11.30 A.M. at the registered office of the Company situated at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended 31st March, 2003 together with the Reports of the Board of directors' and Auditor's thereon.
2. To declare a dividend.
3. To appoint a director in place of Shri Arpit Gupta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS:

ITEM No. 5

To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by substituting "the amount of fee not exceeding the amount as may be notified by the Central Government from time to time" for the figures and words "Rs. 500/- (Rupees Five Hundred)" in the Article No. 165 of the Articles of Association of the Company, thereby authorising the Company to pay sitting fees to its non-executive directors upto a maximum amount permissible as may be notified by the Central Government from time to time."

ITEM No. 6

To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 for Voluntary Delisting of Shares from the Stock Exchanges and subject to the provisions of the Securities Contract and Regulation Act, 1956, Listing Agreement, and any directions or modifications as may be issued by the Central Listing Authorities, SEBI, concerning Stock Exchanges or any regulating authority, the consent, approval and authority of the members of the Company be and is hereby accorded to the Board of directors to delist the equity shares of the Company from the Madhya Pradesh Stock Exchange, Ahmedabad Stock Exchange and the Delhi Stock Exchange Association Ltd."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any terms and conditions as may be imposed by the Stock Exchanges, Central Listing Authority, SEBI or any regulating authorities and to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above said Stock Exchanges and to take all necessary steps including execution of all writings, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above said resolution.

For and on behalf of
the Board of Directors

KEDARMAL BANKDA
Chairman

Place : Mumbai
Date : 9th June, 2003

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
3. The unpaid dividend for the year 1995-96 lying in the unpaid dividend account will be transferred to the "Investor Education and Protection Fund" as per the provisions of section 205C of the Companies Act, 1956. Members who have not encashed their dividend warrants for the year 1995-96 and thereafter are requested to lodge their claim with the Company immediately. It may be noted that once the unclaimed dividend is transferred to the "Investor Education and Protection Fund", as above, no claim shall lie in respect thereof.
4. The dividend, if declared, will be paid to those members whose names appear in the Register of Members on 29th September, 2003 being the date of Annual General Meeting of the Company. In respect of the shares held in electronic form, the dividend will be paid to those beneficial owners whose name appears in the statement furnished by the depositories for this purpose.
5. The Company has obtained connectivity from the CDSL & NSDL. Equity Shares of the Company may be held in Electronic form with any Depository Participant (DP) with whom the members/investors have their depository account. The ISIN No. for the Equity Shares of the Company is INE 312C01017. In case of any query/difficulty in any matter relating thereto contact our Electronic Share Transfer Agents M/s Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.)
6. (a) Members are requested to notify immediately any change of address (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and (ii) to the Company/its Share Transfer Agents in respect of their physical share folio, if any (b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
7. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturday between 11.00 A.M. to 1.00 P.M.
8. The Register of Members and Share Transfer Book of the Company will remain closed from 25th September, 2003 to 29th September, 2003 (both days inclusive).
9. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed herewith forming part of the notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

For Item No. 5

The present Article No. 165 of the Articles of Association of the Company contains provisions permitting the Company to pay to each director other than the Managing Director and/or Whole-time Director for attending every meeting of the Board or Committee thereof, an amount not exceeding Rs. 500/- (Rupees Five Hundred only). Such amount of Rs. 500/- being nominal in comparison to the valuable time devoted, guidance and expertise given by the directors by attending every meeting of the Board or any committee thereof the Board therefore proposes to provide the amount of sitting fees to these directors of such amount as may be notified by the Central Government from time to time. To incorporate the said provisions in Article No. 165 of the Company's Articles, it involves alteration in the existing Article No. 165 of the Articles of Association of the Company which requires the approval of the shareholders of the Company by way of special resolution as per provisions of section 31 of the Companies Act, 1956.

Syncom Formulations (I) Ltd.



Your directors therefore recommends the shareholders to pass the resolution as set out at Item No. 5 of the notice as a Special Resolution.

All the non-executive directors of the Company namely, Shri Ramesh Mishra, Shri Arpit Gupta and Shri Atish Gupta may be deemed to be interested in the resolution to the extent of the fees they are entitled to receive from time to time.

For Item No. 6

The Company's Equity Shares are presently enlisted with the Stock Exchange Mumbai (BSE), The Delhi Stock Exchange Association Limited, The Madhya Pradesh Stock Exchange and the Ahmedabad Stock Exchange. The trading activity of the Company's shares is insufficient or nil in Madhya Pradesh, Delhi and Ahmedabad Stock Exchanges for the past few years. Retaining the listing with BSE, it is proposed to voluntarily seek delisting of the Equity Shares from Madhya Pradesh, Delhi and Ahmedabad Stock Exchange.

In terms of the SEBI (Delisting of Securities) Guidelines, 2003, recently announced by the SEBI, now the Companies have been permitted for voluntary delisting of shares including from the Regional Stock Exchange, subject to the compliance of the terms and conditions of the said guidelines. The Board considered that the Mumbai Stock Exchange is having nationwide trading terminals and the investors have access to trade and deal in Company's shares across the country. Equity Shares of the Company listed on the Delhi, Ahmedabad & Madhya Pradesh Stock Exchange are not providing any significant tangible advantage to the shareholders and investors of the Company.

Therefore, the Board at their meeting held on 9th June, 2003 has considered to recommend for voluntary delisting of the Company's Equity Shares from the Delhi, Ahmedabad and Madhya Pradesh Stock Exchange and continue its listing only with the Stock Exchange, Mumbai to avoid unnecessary financial and administrative burden due to multiple compliance of the various clauses of the Listing Agreement from time to time and to provide better services to the investors through the nationwide Stock Exchange terminal.

Your directors recommend to pass the said resolution as Special Resolution as set out in Item No.6 of the notice, for voluntarily delisting the Shares of the Company from said Stock Exchanges.

None of the directors are concerned or interested in the above said resolution, except as a member of the Company.

For and on behalf of the
Board of Directors

KEDARMAL BANKDA
Chairman

Place : Mumbai
Date : 9th June, 2003

Relevant Information in respect of directors seeking re-appointment at the Annual General Meeting is as under :

Name	Shri Arpit Gupta
Age	29 Years
Qualification	Commerce Graduate
Experience	He had rich experience of managing the Company for more than 10 years. He takes active participation in the management of the Company and regularly attends the Meetings of Board and Committee of the Company and contributes to his best in the functioning of the Company. He is a director of M/s RCG Construction Pvt. Ltd.

Shri Arpit Gupta was appointed as an Additional Director of the Company under section 260 of the Companies Act 1956 by the Board w.e.f. 31.07.2001 and he held office pursuant to that appointment upto the date of Annual General Meeting held on 28th September, 2001. He was appointed as director of the Company subject to retirement by rotation by the members in the said Annual General Meeting held on 28th September, 2001. In the ensuing Annual General Meeting, he is liable to retire by rotation and is eligible for re-appointment.

DIRECTORS' REPORT

Your Directors have pleasure to present the 15th Annual Report and the audited statements of accounts of the Company for the year ended 31st March, 2003.

Financial Results :

(Rs. In Lacs)

	Year ended 31/03/2003	Year ended 31/03/2002
Sales and other income	3455.15	4673.87
Profit before Interest and Depreciation	342.80	456.30
Less : Interest	116.19	173.92
Profit before Depreciation	226.61	282.38
Less : Depreciation	60.42	46.03
Profit before Taxation	166.19	236.35
Provision for Taxation	11.14	0.90
Net Profit before deferred tax	155.05	235.45
Deferred Tax	66.89	4.16
Net Profit	88.16	231.29
Add : Balance brought forward from previous year	247.33	383.55
Amount available for appropriation	335.49	614.84
Appropriation :		
Transfer to General Reserve	200.00	357.35
Proposed Dividend	10.15	10.15
Corporate Dividend Tax	1.33	-
Balance carried to Balance Sheet	124.01	247.34
CASH PROFIT	215.47	281.48
C.E.P.S. (in Rs.) (Annualised)	4.25	5.54

Operations :

Your Company's net turnover for the year amounted to Rs. 3455.15 lacs as compared to Rs. 4673.87 lacs of last year. The result for the year shows net profit before deferred tax of Rs. 155.05 lacs as compared to Rs. 235.45 lacs of previous year.

The turnover of last year was higher as it was inclusive of sale of products, whose brand name have been sold during the year, as these were at the end of their life cycle.

The Company has taken major steps to restructure the product mix of the Company and/or trading activity to make your Company competitive and fragmented, similar to global pharma situation.

During the period under review, the Company opened up new markets in various countries and entered into various contracts in the areas of pharmaceuticals whose benefits from such contracts will accrue in the future years.

Your Company's focus will be on improving asset utilisation through market expansion and better penetration, managing through efficiency, reduction in cycle time of processes and activities through Benchmarking and Stringent Cost control measures.

In view of positive growth being witnessed in pharma industry and with the proposed enhancement of export market share, your directors are optimistic that your Company's turnover and profitability will improve during the current year.

Exports :

Your Company has got success in capturing a good share of market in Africa, Latin America, C.I.S. and South East Asian Countries for its products. The exports of the Company during the year under review was Rs. 16 Crores (Including indirect exports) despite stiff competition in the global market.

Syncom Formulations (I) Ltd.



Modernisation and Expansion :

Your Company has carried out an expansion program of the installed capacities of its manufacturing unit at Pithampur, Dist. Dhar to enable the increase in capacity of tablet section by 35% and also doubling of the capacity of capsule section. Capacity of packing section have also been increased in line with the increase in capacity of the said formulation sections. The expansion cum modernization program was implemented at a total cost of Rs. 134.00 Lacs out of which the major expenditure was incurred in 2002-03. The expanded capacities are available for production from May, 2003.

Dividend :

Your directors are pleased to recommend a dividend @ 2% on equity shares amounting to Rs. 10,15,394 for the year ended 31st March, 2003 for the consideration of the shareholders in the ensuing Annual General Meeting. This would make a track record of continuous dividend paying company since twelve years.

Directors :

Shri Arpit Gupta retires by rotation in accordance with the Articles of Association and as per the provisions of section 256 of the Companies Act, 1956 being eligible, offers himself for reappointment.

Directors' Responsibility Statement :

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the annual accounts have been prepared on a going concern basis.

Particulars of Employees :

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

Particulars of Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

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

Public Deposits :

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

Auditors :

M/s S.P. Moondra & Co., the Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and the Company is in receipt of confirmation from them that if they are reappointed, their appointment will be in accordance with the limits mentioned in section 224(1B) of the Companies Act, 1956.

Corporate Governance :

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

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

Acknowledgement :

Your Directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by banks, financial institutions, government authorities, clients and suppliers. The Directors are pleased to record their sincere appreciation for the devotion and sense of commitment shown by the employees at all levels and acknowledge their contribution towards sustained progress and performance of your company.

For and On behalf of the
Board of Directors

Place : Mumbai
Date : 9th June, 2003

KEDARMAL 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)

I. POWER AND FUEL CONSUMPTION

I Electricity	Current Year (2002-2003)	Previous Year (2001-2002)
a. Purchased unit (KWH)	9,00,760	6,94,390
Amount (Rs.)	42,36,277	33,58,376
Rate/unit (Rs.)	4.70	4.84
b. Own Generation unit (KWH)	56,100	1,45,180
Amount (Rs.)	2,81,622	6,91,057
Unit per Litre of Diesel oil	3.45	3.36
Rate / unit (Rs.)	5.02	4.76

II. CONSUMPTION PER UNIT OF PRODUCTION :

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

FORM B

(Form for disclosure of particulars with respect to absorption)

A. RESEARCH & DEVELOPMENT (R&D)

Your company has not incurred any expenditure on research and development during the year.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The technology used and proposed to be used is entirely indigenous.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year company has earned foreign exchange by effecting exports sales worth of Rs. 629.18 Lac (Previous year Rs. NIL) and total foreign outgo was Rs. 22.10 Lacs (Previous year Rs. 65.53 Lacs).

For and on behalf of the
Board of Directors

Place : Mumbai
Date : 9th June, 2003

KEDARMAL BANKDA
Chairman

Syncom Formulations (I) Ltd.



Annexure - 2

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance:

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

2. Board of Directors :

Composition and category of the Directors :

Director	Executive / Non-executive/ Independent	No. of Outside Directorship held
Mr. Kedarmal Bankda	Executive	4
Mr. Vijay Bankda	Executive	2
Mr. Arpit Gupta	Independent Non-Executive	1
Mr. Atish Gupta	Independent Non-Executive	1
Mr. Ramesh Mishra	Independent Non-Executive	1

Dates of the Board Meetings and Attendance Record of the Directors :

During the financial year 2002-03, 13 meetings of the Board were held. The following table gives the attendance record of all the directors at the Board meetings, as well as at the last Annual General Meeting.

Name of the Director	Mr. Mukesh R. Patel	Mr. Ajay Bankda	Mr. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Arpit Gupta	Mr. Atish Gupta	Mr. Ramesh Mishra
Dates of Board Meeting	If attended or not						
30.04.2002	LOA	Yes	Yes	LOA*	Yes	Yes	-
02.05.2002	LOA	Yes	Yes	LOA	Yes	Yes	LOA
19.06.2002	-	-	Yes	LOA	Yes	LOA	LOA
27.07.2002	-	-	Yes	Yes	Yes	Yes	LOA
31.07.2002	-	-	Yes	Yes	Yes	LOA	LOA
07.08.2002	-	-	Yes	Yes	Yes	Yes	LOA
27.08.2002	-	-	Yes	LOA	LOA	Yes	LOA
31.08.2002	-	-	Yes	Yes	Yes	Yes	LOA
01.10.2002	-	-	Yes	LOA	Yes	Yes	LOA
31.10.2002	-	-	Yes	LOA	Yes	Yes	LOA
31.01.2003	-	-	Yes	LOA	Yes	Yes	LOA
26.02.2003	-	-	Yes	LOA	Yes	Yes	LOA
25.03.2003	-	-	Yes	LOA	Yes	Yes	LOA

The symbol "*" represents Leave of absence granted. The symbol "-" represents that the respective director was not the director at the date of that meeting.

Mr. Ajay Bankda has resigned from the directorship of the Company with effect from 15th June, 2002 and Mr. Atish Gupta and Mr. Ramesh Mishra were appointed as Additional Directors with effect from 30th April, 2002.

Details of Outside Directorships / Committee Positions held as on 31st March, 2003

Name of the Director	Mr. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Arpit Gupta	Mr. Atish Gupta	Mr. Ramesh Mishra
List of outside directorship held	1. Bankda Housing Pvt. Ltd. 2. Kedar Vijay Housing Pvt. Ltd. 3. Bankda Realty Pvt. Ltd. 4. Vimla Housing Pvt. Ltd.	1. KVA Pharma Ltd. 2. Bankda Developers Pvt. Ltd.	RCG Construction Pvt. Ltd.	RCG Construction Pvt. Ltd.	IFCI Ltd.
Chairman / Member of the committees of the Board of the Companies on which he is a Director	NIL	NIL	NIL	NIL	Chairman of Audit Committee and Remuneration Committee of IFCI Ltd.

Pecuniary Relationship or Transactions of Executive and Non-Executive Directors :

The Company has entered into transactions for supply of goods to M/s Synmax Pharma, a firm in which Mr. Kedarmal Bankda, the director is interested for the sale of various goods of the Company. The sale value of all such transactions during the year was Rs. 17.09 lacs.

The Company has also entered into the transactions for supply of goods to Syncom International, a firm in which Mr. Vijay Bankda is interested. The sale value of goods for all such transactions during the year was Rs. 721.87 lacs.

The above mentioned transactions were in accordance with the provisions of section 297 of the Companies Act, 1956. The Company has entered the particulars of all such transactions in the Register of Contracts maintained pursuant to section 301 of the Companies Act, 1956.

Further, the Company has no pecuniary relationship or transaction with any of its non-executive director or any firm or company in which they are interested.

3. Audit Committee :

Constitution and Composition :

The Company set up its Audit Committee on 31st July, 2001 pursuant to section 292 A of the Companies Act, 1956.

The Audit Committee were reconstituted and now it consists of following three independent and non executive directors :

1. Mr. Arpit Gupta (Chairman)
2. Mr. Ramesh Mishra (Member) (ex chairman of Dena Bank)
3. Mr. Atish Gupta (Member)

Meetings and Attendance during the year :

Name of the Director	Mr. Kedarmal Bankda*	Mr. Arpit Gupta	Mr. Atish Gupta	Mr. Ramesh Mishra*	Mr. Mukesh R. Patel*
Dates of the Meeting	If attended or not				
29.04.2002	Yes	Yes	-	-	Yes
26.07.2002	Yes	Yes	Yes	-	-
31.07.2002	Yes	Yes	Yes	-	-
28.10.2002	-	Yes	Yes	LOA	-
30.09.2002	Yes	Yes	Yes	-	-
31.01.2003	Yes	Yes	Yes	No	-
26.03.2003	-	Yes	Yes	No	-

* Office of the committee membership held by Shri Mukesh R. Patel ceased on 15/06/2002 due to his sad demises. Shri Kedarmal Bankda has resigned from committee and Shri Ramesh Mishra was inducted in the committee w.e.f. 19/10/2002 due to reconstitution of the committee.

The meetings were scheduled well in advance. In addition to the members of the Audit Committee, these meetings were attended by the Manager (Finance), the statutory auditors of the Company and those executives of the company who were considered necessary for providing inputs to the Committee.

Terms of Reference :

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

4. Remuneration Committee :

The Company has constituted on 30th April, 2002 a Remuneration Committee consisting of Mr. Atish Gupta, Mr. Arpit Gupta and Mr. Mukesh R. Patel in accordance with the provisions of Schedule XIII to the Companies Act, 1956. The meeting of the Remuneration Committee was held on 1st May, 2002. Thereafter, no Remuneration Committee meeting was held. The Board has reconstituted the Remuneration Committee on 1st October, 2002 by the introduction thereto of Mr. Ramesh Mishra due to the sad demise of Mr. Mukesh R. Patel. The said Remuneration Committee was constituted to decide the remuneration of executive directors. However, the Company is not paying any remuneration to its non-executive directors.

Syncom Formulations (I) Ltd.



Remuneration of Executive Directors :

The terms of remuneration of Mr. Kedarnal Bankda and Mr. Vijay Bankda, whole time directors are in accordance with the approval of share holders at fourteenth and twelfth annual general meeting held on 30th Sep., 2002 and 20th May 2000 respectively with the authority to vary the same within the limits of Schedule XIII of the Companies Act 1956.

The Board has not varied any terms during the year.

Remuneration Paid / Payable to Directors during 2002-03

Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kedarnal Bankda	NIL	1,20,000 plus rent free unfurnished accommodation	NIL	1,20,000/-
Mr. Vijay Bankda	NIL	1,20,000 plus rent free unfurnished accommodation	NIL	1,20,000/-

Note : No bonus, pension or incentive is paid to any of the directors. The company has not issued any stock options to any of the directors. The term of executive directors is for a period of five years from the date of appointment.

During the year 2002-03, the Company has not given any advance or loans to any of its executive and /or non-executive directors.

5. Management Discussion And Analysis

This is given as a separate part in this report.

Follow up of measures against Insider Trading :

The Company has properly advised and cautioned the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the Company in the light of the recent SEBI (Insider Trading) Amendment Regulations, 2002. The code of conduct and corporate disclosure practices framed by the Company will help in ensuring compliance of the amended regulations.

6. Shareholders

Shareholders and Investors Grievance Committee:

The Board of directors of the Company have constituted the Shareholder's and Investor's Grievance Committee on 1st October, 2002 which, comprises of Mr. Ramesh Mishra, Mr. Arpit Gupta, Mr. Atish Gupta and Mr. Kedarnal Bankda. All the directors except Mr. Kedarnal Bankda are independent directors. The Committee is chaired by a non-executive director.

Mr. M.P. Kothari, Manager (Finance) has been appointed as the Compliance Officer to look into the shareholders' grievances on a day-to-day basis.

During the year 2002-03, a total number of ten complaints were received by the Company, which were duly solved to the satisfaction of the shareholders. The Company attends to shareholders' queries through correspondence by post. No query/complaint received during the year under review has remained pending to be addressed/resolved. All the shares received for transfer during the year 2002-03 have been duly transferred and there are no pending transfer cases with the Company.

Information on General Body Meetings :

The last three Annual General Meetings of the Company were held at the registered office of the Company on the following dates and time :

	Date	Time
14 th AGM	30 th September, 2002	2.30 p.m.
13 th AGM	28 th September, 2001	2.00 p.m.
12 th AGM	20 th May, 2000	11.00 a.m.

Resolutions Put Through Postal Ballot :

During the year 2002-03, the Company has passed resolution by adopting the means of postal ballot for the purpose of sale of its brand names, related logos, related trade marks alongwith transfer of related business relationships involving distributors and stockists of the Company u/s 293(1)(a) of the Companies Act, 1956. Mr. Manish Jain, Proprietor, Manish Jain & Co., Company Secretaries were appointed as scrutinizer by the Company for conducting the Postal Ballot process in a fair and transparent manner. The report of the scrutinizer was submitted to the Chairman after completion of the scrutiny of the Postal Ballot forms received on or before 27th September, 2002. The results of the Postal Ballot were announced by

the Chairman at the 14th Annual General Meeting of the Company held on 30th September, 2002 at the registered office of the company situated at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai 400 093. The calendar of the event for passing of resolution by Postal Ballot and the proposed resolution were duly submitted to the Registrar of Companies, Maharashtra on 30th August, 2002 in compliance of the provisions of section 192A of the Companies Act, 1956 and Companies (Passing of Resolution By Postal Ballot) Rules, 2001.

Communication to Shareholders :

The notice of the date of the Board meeting for the consideration of the unaudited quarterly financial results is published by the Company in newspapers as mentioned hereinafter seven days before the date of the meeting. The unaudited quarterly financial results are also published by the Company in the newspapers.

The names of the newspapers in which the Company normally publishes the notice of the date of its Board meetings and unaudited quarterly financial results are the following :

1. Navshakti Maratha Edition, Marathi being the vernacular language circulating in the district and the State where the registered office of the Company is situated.
2. Free Press Journal, English Edition circulating all over the country.

General Shareholder Information :

Annual General Meeting :	Monday, 29 th September, 2003 at 11.30 a.m. at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai 400 093
Financial Calendar : (Tentative) Result for the quarter ended 30.06.03 Result for the quarter ended 30.09.03 Result for the quarter ended 31.12.03 Result for the quarter ended 31.03.04 Annual General Meeting	Last week of July 2003 Last week of Oct. 2003 Last week of Jan. 2004 Last week of April 2004 Sep. 2004
Book Closure Dates	Thursday, the 25 th September, 2003 to Monday, the 29 th September, 2003, both days inclusive for the payment of dividend.
Dividend Payment date	On or after 30 th Sep. 2003
Listing of Equity Shares on Stock Exchanges at	1. The Stock Exchange, Mumbai. 1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. 2. Madhya Pradesh Stock Exchange, Indore 2 nd Floor, Palika Plaza, M.T.H. Compound, Indore. 3. The Stock Exchange, Ahmedabad Kamdhenu Complex, Opp. Sahjanand College, Panzarapole, Ahmedabad- 380015 4. The Delhi Stock Exchange Association 3/1, Asaf Ali Road, New Delhi 110002
Stock Code	BSE Mumbai-524470
Demat ISIN No. in NSDL & CDSL	INE 312C01017
Plant Locations	256-257, Sector 1, Industrial Area, Pithampur (Dhar), M.P. 454 775
Corporate Office	2 nd Floor, "Tagore Centre", (Dawa Bazar), P.O. Box No. GPO 610, 13-14, R.N.T. Marg, Indore (M.P.) 452 001 Tel: 91-731-2704388 E-mail: sfil@sanchamel.in
Registered Office :	7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400 093 Tel: 91-022-26871467, 26873851, 26873895 Fax: 91-22-26870294 E-mail: sfil87@hotmail.com
Share Transfer Agent	Ankit Consultancy Services, Alankar Point, Gitabhawan Chauraha, Indore (M.P.).

Voluntary Delisting of Shares :

The Board of Directors of the Company have passed resolution at their meeting held as 9th June, 2003 for voluntary delisting of shares from the M.P., Ahmedabad and Delhi Stock Exchanges and wish to continue it's listing only with the BSE, having nation wide terminals for facilitating the investors to deal in the shares of the Company. Your directors seek approval by way of special resolution as set out in the Item No. 6 of the notice, enabling them to approach to the concern Stock Exchanges for seeking orders for delisting of share from these Stock Exchanges.

Syncom Formulations (I) Ltd.



Market Price Data :

The monthly highs and lows stock quotations during the financial year ended 31st March, 2003 on BSE :

Month	High	Low
April 2002	43.00	34.50
May 2002	41.40	34.25
June 2002	48.00	34.25
July 2002	41.00	32.00
August 2002	41.60	24.35
September 2002	34.80	25.75
October 2002	36.00	22.25
November 2002	44.00	24.00
December 2002	32.50	24.05
January 2003	30.40	22.40
February 2003	30.00	20.60
March 2003	29.40	18.05

Performance in Comparison to Broad Based Indices :

The following table/chart depicts the comparable movements of the Company's Share Price against the BSE 200 Index during the year ended 31st March, 2003.

Comparable movements of the Company's Share against the BSE 200 Index during the year ended 31st March, 2003

Month	BSE 200 INDEX		Company's share price	
	High	Low	High	Low
April 2002	411.77	389.90	43.00	34.50
May 2002	409.89	377.32	41.40	34.25
June 2002	405.37	385.34	48.00	34.25
July 2002	403.19	360.97	41.00	32.00
August 2002	377.70	359.72	41.60	24.35
September 2002	378.57	353.86	34.80	25.75
October 2002	362.43	342.64	36.00	22.25
November 2002	379.33	354.04	44.00	24.00
December 2002	394.62	376.17	32.50	24.05
January 2003	358.99	340.37	30.40	22.40
February 2003	404.34	353.84	30.00	20.60
March 2003	404.95	389.57	29.40	18.05

Registrar and Transfer Agents :

The Company has appointed M/s Ankit Consultancy Pvt. Ltd. as its Registrar and Transfer Agents (RTA). The RTA's have attended during the year to share transfer formalities every fortnightly.

Distribution of Shareholding :

The following table depicts the distribution of shareholding as on 31st March, 2003 :

No. of shares	Number of shareholders		Shares held in each class	
	Number	%	Number	%
1 to 500	3301	95.49	544115	10.70
501 to 1000	90	2.60	70903	1.40
1001 to 5000	39	1.13	80525	1.59
5001 to 10000	4	0.11	31200	0.61
10001 and above	23	0.66	4350223	85.70
Total	3457	100	5076966	100.00

Dematerialisation Of Shares and Liquidity:

	Categories No. of shares	Position as on 31 st March, 2003 % of total shareholding
Physical	10,14,300	20%
Demat	40,62,666	80%
NSDL	40,46,031	79.7%
CDSL	16,635	0.3%
Total	5,07,69,66	100%

Management Discussion and Analysis :

Industry Structure and Developments :

The pharmaceutical industry is a knowledge driven industry and is heavily dependent on research and development for new products and growth. However basic research is a time consuming and expensive process and is thus dominated by huge global multinationals. Indian Companies have recently entered the area and initial results have been encouraging.

In the global pharmaceuticals market, western markets are the largest and fastest growing due to introduction of new molecules at high prices. A well-established reimbursement and insurance system implies that per capita drug expenditure is abnormally high in western countries as compared to the developing countries.

The Indian Pharmaceutical industry is highly fragmented, but has grown rapidly due to friendly patent regime and low cost manufacturing structure. The country's production of bulk drugs and formulations grew at a CAGR of 18% over the past nine years. Even when the domestic pharma industry slowed down in the last two years, it maintained a growth rate of around nine percent. (2000-01) Exports have been rising at around 30% CAGR over the last five years. There is a shift in export profile towards value added formulations from low value added bulk drugs. The Drug price control order announced by the Government in February 2002 has enabled the reduction to the extent of 50% in the number of drugs which are regulated by the government. The new WTO rules imply that India shall have to switch to a product patent regime post 2005 from its current process patent regime. While this may cause a fundamental shift in the industry, it is unlikely to any earnings impact in the medium term.

Opportunities And Threats :

Low per capital expenditure on Pharmaceuticals

India has one of the lowest per capita health care expenditure in the world. The per capita expenditure on Pharmaceuticals in India is only \$3 , well below USA (\$191), Canada (\$124) , Germany (\$222) and United Kingdom (\$97). This is indicative of the potential of growth over the coming years.

Privatisation of Insurance

Presently only two million Indians, 0.2% of the population are medically insured even as recent study indicates that 315 millions are potentially insurable. Insurance companies have estimated that household healthcare spending will rise from 2% to 6% over the coming years translating into a bigger growth of Indian Pharmaceutical industry.

Rising Income levels

Rising income levels are leading to healthy and growing surpluses in the hands of the population who with the spread of education are more willing to spend on healthcare and on modern allopathic formulations for treatment of various ailments then depending on the traditional and alternate medicinal treatments.