

# 16th Annual Report 2003-2004



OFFICE OF THE CONTROLLER, FOOD & DRUGS ADMINISTRATION  
MADHYA PRADESH

## WHO-GMP CERTIFICATE

This is to certify that

M/s Syncom Formulations (India) Ltd.,

250-257, Sector-I, Pithampur - 454 775,

Dist: Dhar (M.P.) India,

has been awarded

## WHO-GMP CERTIFICATE

bearing No. 6/03, validity dt. 08-10-2005.

The Licensee possesses Drugs Manufacturing

License No. 25/10/95, 28/14/95, 25D/6/97

in form No. 25, 28 and 25D respectively.



Date: 4.10.03

OFFICE OF THE CONTROLLER, FOOD & DRUGS ADMINISTRATION  
MADHYA PRADESH  
LICENSING OFFICE  
Food & Drugs Administration  
Bhopal, Madhya Pradesh

This is to certify that the  
Management System of

Syncom Formulations (India) Ltd.

has been assessed by  
International Certifications Ltd.  
and found to comply with the requirements of

ISO 9001:2000

For the purpose of  
certification, the scope is

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For the purpose of  
certification, the scope is



# Syncom Formulations (India) Ltd.

AN APPROACH TOWARDS HEALTHY GLOBE

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

Kedarmal Bankda  
Chairman

Vijay Bankda  
Managing Director

Ramesh Mishra  
Arpit Gupta  
Sanjay Mehta

**Audit Committee**

Sanjay Mehta (Chairman)  
Ramesh Mishra  
Arpit Gupta

**Shareholders/Investors Grievance Committee**

Sanjay Mehta (Chairman)  
Ramesh Mishra  
Kedarmal Bankda  
Arpit Gupta

**Remuneration Committee**

Sanjay Mehta (Chairman)  
Ramesh Mishra  
Arpit 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. 91-22-26871467, 26873851, 26873895  
Fax 91-22-26870294  
E-Mail : [sfil87@hotmail.com](mailto:sfil87@hotmail.com)

**Corporate Office**

2<sup>nd</sup> 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.  
E-mail : [sfilindore@rediffmail.com](mailto:sfilindore@rediffmail.com)

**Works**

256-257, Sector 1, Pithampur  
(Dhar) M.P. 454 775  
Tel. 91-7292 - 253121, 253403, 503122  
Fax : (07292) 253404  
E-mail : [syn\\_pth@hotmail.com](mailto:syn_pth@hotmail.com)

**Share Transfer Agent**

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

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# Syncom Formulations (I) Ltd.



## NOTICE FOR THE 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company "SYNCOM FORMULATIONS (INDIA) LTD." will be held on Wednesday, the 29th September, 2004 at 4.00 p.m. at the registered office of the Company situated at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400093 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended 31st March, 2004 together with the Reports of the Board of directors' and Auditor's thereon.
2. To declare dividend.
3. To appoint a director in place of Shri Kedarmal Bankda who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

### II. SPECIAL BUSINESS BY ORDINARY RESOLUTION:

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

RESOLVED THAT Shri Sanjay Mehta who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose, Shri Sanjay Mehta as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.

### III. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

6. To consider and if thought fit to pass the following Resolution with or without modification if any, as a Special Resolution:

RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) the consent of the members of the Company be and is hereby granted for revision in the remuneration and benefits payable to Shri Kedar Mal Bankda, the Whole-time Chairman of the Company from 1st Dec., 2004 for the remaining tenure of his appointment, as given herein under.

#### CATEGORY A:

- (a) Salary Rs. 15000 per month with an annual increment of Rs. 3000.
- (b) Perquisites: subject to the ceiling of Rs. 400000 per annum:
- (i) Company shall provide rent free residential accommodation or House Rent allowance shall be paid to him subject to a maximum of 50% of the salary or house accommodation shall be provided by the Company and 10% of salary shall be recovered by way of rent.  
Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- (ii) Re-imbursement of medical expenses of the Whole-Time Chairman and his family, the total cost of which to the Company shall not exceeding one month salary in a year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: subject to a maximum of two clubs this will not include admission and life membership.
- (v) Personal accident insurance premium not exceeding Rs. 4,000 p.a.

#### CATEGORY B:

- (i) Contribution to the Provident Fund, Family Benefit Fund, Super annuation Fund as per Rules of the company.
- (ii) Gratuity not exceeding half a month salary for each completed year of service.
- (iii) Earned privilege leave: As per the Rules of the Company subject to the conditions that the leave accumulated but not availed will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

#### CATEGORY C:

- (i) Car: The Company shall provide a car with driver for the Company's business and if no car is provided reimbursement of the conveyance shall be as per actual on the basis of claims made by him.

- (ii) Telephone: Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the whole-time Director.

NOTE: For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Kedar Mal Bankda, the whole-time Chairman shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

7. To consider and if thought fit to pass the following Resolution with or without modification if any, as a Special Resolution:

RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) the consent of the members of the Company be and is hereby granted for re-appointment of Shri Vijay Bankda as the Managing Director of the company for a period of five years w.e.f. 1st Dec., 2004 and payment of remuneration and benefits as given here under.

#### CATEGORY A:

- (a) Salary Rs. 15000 per month with an annual increment of Rs. 3000.
- (b) Perquisites: subject to the ceiling of Rs. 400000 per annum:
- (i) Company shall provide rent free residential accommodation or House Rent allowance shall be paid to him subject to a maximum of 50% of the salary or house accommodation shall be provided by the Company and 10% of salary shall be recovered by way of rent.  
Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- (ii) Re-imbursement of medical expenses of the Managing Director and his family, the total cost of which to the Company shall not exceeding one month salary in a year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: subject to a maximum of two clubs this will not include admission and life membership.
- (v) Personal accident insurance premium not exceeding Rs. 4,000 p.a.

#### CATEGORY B:

- (i) Contribution to the Provident Fund, Family Benefit Fund, Super annuation Fund as per Rules of the company.
- (ii) Gratuity not exceeding half a month salary for each completed year of services.
- (iii) Earned privilege leave: As per the Rules of the Company subject to the conditions that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

#### CATEGORY C:

- (i) Car: The Company shall provide a car with driver for the Company's business and if no car is provided reimbursement of the conveyance shall be as per actual on the basis of claims made by him.
- (ii) Telephone: Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the company to the Managing Director.

NOTE: For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Vijay Bankda, the Managing Director shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

By Order of  
the Board of Directors

Place : INDORE  
Date : 26th August, 2004

KEDARMAL BANKDA  
Chairman



# Syncom Formulations (I) Ltd.



## 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 1996-97 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 1996-97 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, 2004 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 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 there to 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 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 is 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 27th September, 2004 to 29th September, 2004 (both days inclusive).
9. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
  - a) The change in the residential status on return to India for permanent settlement.
  - b) The particulars of NRE Account with Bank in India, if not furnished earlier.
10. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
11. As per the provisions of the Companies Act, 1956, facility for making nominations is available to Individuals holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be downloaded from the website of the Department of Company Affairs.
12. Pursuant to the Clause No.49 of the Listing Agreement, profile of the directors proposed for appointment/re-appointment being given in a statement containing details of the concerned directors is annexed hereto.

13. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed here to

## STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name & Designation of Appointee	Age/ Years	Qualifications	Expertise/ Experience	Date of Appoint	Other directorship If any
Mr. Sanjay Mehta Director (Independent-NED)	38	F.C.A.	Finance & Accounts	31.07.2004	One
Mr. Kedarmal Bankda Whole-Time Chairman	52	M.Com.	Production	13.04.1992	Nil
Mr. Vijay Bankda	46	M.Com.	Marketing	01.12.1999	Nil

## Annexure to the Notice

**Explanatory Statement in Pursuant to the Provisions of section 173(2) of the Companies Act, 1956 in Respect to the Special Business.**

### ITEM No. 5 :

To broad base the Board of Directors and to comply with the requirement of Clause 49 of the listing agreement Shri Sanjay Mehta, was appointed by the Board as an Additional Director in the category of non-executive independent director of the Company w.e.f 31.07. 2004 to hold office till the date of the ensuing Annual General Meeting.

The Company have received a notice u/s 257 of the Companies Act, 1956 from a member proposing his appointment for the office of the Director of the Company. Shri Sanjay Mehta who is a Chartered Accountant having thorough experience in the field of Finance, Accounts and Auditing.

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

Except, Shri Sanjay Mehta, none of the directors of the Company are interested or concerned in the resolution.

### ITEM No. 6 & 7 :

Shri Kedar Mai Bankda is having post graduate degree in commerce. He was re-appointed as the Whole-Time Chairman of the Company w.e.f. 3rd May, 2002 for a period of five years on the monthly remuneration of Rs. 10,000 p.m. Shri Kedarmal Bankda is looking after all the manufacturing activities of the plant situated at Pithampur and Corporate office administration at Indore. Looking into the expanded business activities, and his contribution in the growth and success of the Company, the Remuneration Committee of the Board has considered that the remuneration being paid to Shri Kedarmal Bankda is inadequate and recommended for increase in his remuneration w.e.f. 1st Dec., 2004 for the remaining part of his tenure.

Shri Vijay Bankda is M.Com. He was appointed as the Managing Director of the Company for a period of five years w.e.f. 1st Dec., 1999, therefore, his tenure is being expired on 30th Nov., 2004. Shri Vijay Kumar Bankda is looking after entire domestic and export sales activities from the Registered Office of the Company at Mumbai, apart from other duties and responsibilities of the Managing Director of the Company. The Remuneration Committee of the Board has considered that he should be re-appointed for a further period of five years w.e.f. 1st Dec., 2004.

Looking into their involvement and whole efforts for the growth and success of the Company, and the trend for managerial remuneration in the pharmaceutical industries, the Board considered that the remuneration payable to the above said directors is still less than generally paid in other similar size companies. Further that in view of the amendments made in the Schedule XIII of the Companies Act, 1956, now the Company may pay remuneration upto Rs. 1,25,000 per month to the above said directors.

Therefore, your Board of Director recommend for approval for revision in the remuneration payable to Shri Kedarmal Bankda and re-appointment of Shri Vijay Kumar Bankda as proposed in Item No. 6 & 7 of the notice by way of special resolution. Except, Shri Kedarmal Bankda and Shri Vijay Kumar Bankda, being appointees and relatives of each other, none of the directors are interested or concerned in the resolution.

**By Order of  
the Board of Directors**

Place : Indore  
Date : 26th August, 2004

**KEDARMAL BANKDA  
Chairman**

# Syncom Formulations (I) Ltd.



## DIRECTORS' REPORT

Your Directors have pleasure to present the 16<sup>th</sup> Annual Report and the audited statements of accounts of the Company for the year ended 31<sup>st</sup> March, 2004.

### Financial Results :

	(Rs. In Lacs)	
	Year ended 31/03/2004	Year ended 31/03/2003
Sales and other income	4646.93	3455.15
Profit before Interest and Depreciation	556.09	342.80
Less : Interest	94.08	116.19
Profit before Depreciation	462.01	226.61
Less : Depreciation	66.96	60.42
Profit before Taxation	395.05	166.19
Provision for Taxation	35.92	11.14
Net Profit before deferred tax	359.13	155.05
Deferred Tax	58.23	66.89
<b>Net Profit</b>	<b>300.90</b>	<b>88.16</b>
Add : Balance brought forward from previous year	124.01	247.33
Amount available for appropriation	424.91	335.49
Appropriation :		
Transfer to General Reserve	200.00	200.00
Proposed Dividend	50.77	10.15
Corporate Dividend Tax	6.50	1.33
Balance carried to Balance Sheet	167.63	124.01
CASH PROFIT	426.08	215.47
C.E.P.S. (in Rs.) (Annualised)	<b>8.39</b>	<b>4.25</b>

### REVIEW OF OPERATIONS:

Your Company has recorded a stellar performance for the year. Turnover, Gross Profit and Net Profit, have all registered substantive increases.

During the year, under review the sales and other income of your company has increased to Rs. 4646.93 lacs which registered a growth of 35% over the sales and other income of Rs. 3455.15 lacs in the previous year. The net profit of company has also increased to Rs. 300.90 lacs which registered a growth at the rate of 241% over the previous year net profit of Rs. 88.16 lacs. As a result our annualised cash EPS has moved up to Rs. 8.39 from Rs. 4.25 previous year ago.

As part of its ongoing endeavors toward shareholder value enhancement, your Company had initiated a slew of restructuring measures in the recent past. These have translated into superior performance of the Company during the year.

Your Company's performance has been driven by four major factors:

First, growth in volumes; Secondly, higher realisations;

Thirdly, savings in operating costs resulting from ongoing modernisation efforts, up-gradation of plants and energy optimisation and

Fourthly, Lowering of financing cost.

Your Company's businesses pitched in remarkable performances resulting in a far higher growth over the previous year. Your company remains committed to deliver shareholders value through increased sales, control over costs and better profitability.

The company continues to have main focus on development of export markets and to enhance capacity utilisation to have over all cost competitive position in the markets.

Your company also intensified its efforts on quality improvement including process capabilities and productivity in order to meet requirement of international market.

### MARKETING AND EXPORT :

During the year under review the export sales of company increase to Rs. 27 Crores which registered a growth of 69% over the previous year export sales of Rs. 16 Crores (including in direct export) despite highly competitive conditions in the world economy.

Further the Company has successfully established its hands in Export market in more than 15 countries including the Guinea, Nigeria, Ghana, Kenya, Haiti, Tanzania, Azerbaijan, Turkmenistan, Cambodia, Almati, Sri Lanka, Vietnam, and Myanmar.

With increasing efforts for exploring new business markets your company expects to achieve significant improvement in the current year.

### ISO-9001:2000 CERTIFICATION :

Your directors are pleased to report that the Company has been awarded ISO:9001:2000 Certificate.

### Dividend :

Your Company believe in rewarding the shareholders consistently. The directors are pleased to recommend a dividend @ 10% on equity shares amounting to Rs. 50,76,966 for the year ended 31<sup>st</sup> March, 2004 for the consideration of the shareholders in the ensuing Annual General Meeting. **This would make a track record of dividend paying company since thirteen years in a row.**

### Board of Directors :

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

Shri Atish Gupta has resigned from the office of the director as well as membership of the various committees w.e.f. 29th April, 2004. Your directors place on record their appreciation for the valuable services rendered by him in the capacity of director of the Company.

Shri Sanjay Mehta was appointed as the additional director by the Board w.e.f. 31.07.2004 in the category of the independent director to broad base the Board of Directors and to comply with the requirement of Clause No.49 of the listing agreement. The Company has received a notice in writing from a members signifying his candidature for the office of the director of the Company. Shri Sanjay Mehta is an independent director and the Board recommend for his appointment.

Shri Kedar Mal Bankda, the Whole-Time Chairman, re-appointed at the 14th Annual General Meeting held on 30th Sept., 2002 for a period of five years w.e.f. 3rd May, 2002 is liable to retire by rotation and being eligible offers himself for re-appointment. Your directors recommend for his re-appointment. Further that the Remuneration Committee of the Board of Directors has considered and recommended for the increase in the remuneration payable to Shri Kedar Mal Bankda, the Whole-Time Chairman w.e.f. 1st Dec., 2004 for the remaining part of his tenure. Your directors recommend to pass necessary resolution as set out in the Item No.6 of the notice of the annual general meeting.

Shri Vijay Kumar Bankda, the Managing Director was appointed at the 12th Annual General Meeting held on 20th May, 2000 for a period of five years w.e.f. 1st Dec., 1999 therefore his tenure will expire on 30th Nov., 2004. The Remuneration Committee of the Board of Directors has considered and recommended for his re-appointment as the Managing Director w.e.f. 1st Dec., 2004 for further period of five years. Your directors recommend to pass necessary resolution as set out in the Item No.7 of the notice of the annual general meeting.

### 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.

# Syncom Formulations (I) Ltd.



## 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 will retire at the conclusion of the forthcoming Annual General Meeting and the Company is in receipt of confirmation from them that if they are reappointed, their appointment will be in accordance with the limits mentioned in section 224(1B) of the Companies Act, 1956.

## Share Capital and Listing :

Your Company is having connectivity with the Central Depository Services Ltd. (CDSL) and National Depository Services Ltd. (NSDL) and has provided facilities to all its members and investors to hold the Company's shares in dematerialised (Electronic) form.

Pursuant to special resolution passed by the members at their 15th Annual General Meeting for voluntary delisting of equity shares. Approval for delisting w.e.f. 8th July 2004 from Ahmedabad Stock Exchange has been received. The similar approval from M.P. Stock Exchange and Delhi Stock Exchanges are still awaited.

Your Company is regular in payment of annual listing fee to the Stock Exchanges.

## 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, customer and suppliers. The Directors are pleased to record their sincere appreciation for the devotion and sense of commitment shown by the employees at all levels and acknowledge their contribution towards sustained progress and performance of your company.

For and on behalf of the Board,

Place : Indore  
Dated the : 26/08/2004

KEDARMAL BANKDA  
CHAIRMAN

## Annexure - 1

### ANNEXURE TO THE DIRECTORS' REPORT :

[Information as per the Companies (Disclosure of particular in the Report of Board of Directors) Rules, 1988]

### A CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE :

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 is given hereunder :

## I. POWER & FUEL CONSUMPTION :

1 Electricity	Current Year (2003-2004)	Previous Year (2002-2003)
a. Purchased unit (KWH)	11,09,385	9,00,760
Amount (Rs.)	54,66,436	42,36,277
Rate/unit (Rs)	4.93	4.70
b. Own Generation unit (KWH)	16,248	56,100
Amount (Rs.)	1,18,923	2,81,622
Unit per Litre of Diesel oil	2.50	3.45
Rate/unit (Rs)	7.31	5.02

## II. CONSUMPTION PER UNIT OF PRODUCTION :

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

## RESEARCH & DEVELOPMENT :

Expenditure on research and development during the year : Nil

## TECHNOLOGY ABSORPTION, ADOPTION AN INNOVATION :

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

## FOREIGN EXCHANGE EARNING AND OUTGO :

During the year company has earned foreign exchange by effecting exports sales worth of Rs. 2688.19 lacs (previous year Rs. 629.18 lacs) and Total foreign outgo was Rs. 65.91 lacs (previous year Rs. 22.10 lacs).

For and on behalf of the Board,

Place : Indore  
Dated the : 26.08.2004

KEDARMAL BANKDA  
CHAIRMAN

## Annexure - 2

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the listing agreement)

### 1. COMPANY'S PHILOSOPHY ON CODE OF 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 :

(a) **Constitution of the Board of Directors.** The Company is having Whole-Time Executive Chairman and Managing Director, who discharge their duties and obligations under the superintendence and control of the Board of Directors of the Company. In the Board of Directors of the Company, the majority of the directors are independent and non-executive having varied and rich experience.

Details of the directors are as under:

Director	Executive/Independent	No. of outside Directorship held
Shri Kedarmal Bankda	Executive	0
Shri Vijay Bankda	Executive	0
Shri Ramesh Mishra	Independent / NED	1
Shri Arpit Gupta	Independent / NED	1
Shri Atish Gupta*	Independent / NED	1
Shri Sanjay Mehta**	Independent / NED	1



# Syncom Formulations (I) Ltd.



\*Shri Atish Gupta has resigned from the office of the director of the Company w.e.f. 29.04.2004.

\*\*Shri Sanjay Mehta was appointed w.e.f. 31.07.2004.

## (b) Details of director reappointment / seeking appointment.

Mr. Kedarmal Bankda, Chairman retire by rotation and Mr. Sanjay Mehta is seeking appointment. Relevant details relating to them are furnished in the notice convening Annual General Meeting to be held on 29th Sep., 2004 along with Annual Report.

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

During the financial year 2003-04, 8 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. Kedarmal Bankda	Mr. Vijay Bankda	Mr. Arpit Gupta	Mr. Atish Gupta	Mr. Ramesh Mishra
Dates of Board Meeting	Attended or Not				
30.04.2003	Yes	Yes	Yes	Yes	LOA
09.06.2003	Yes	Yes	LOA	LOA	Yes
31.07.2003	Yes	Yes	Yes	Yes	LOA
22.10.2003	Yes	Yes	Yes	Yes	LOA
31.10.2003	Yes	Yes	Yes	Yes	LOA
25.11.2003	Yes	Yes	Yes	Yes	LOA
31.01.2004	Yes	Yes	Yes	Yes	LOA
29.03.2004	Yes	Yes	Yes	Yes	LOA

The symbol "LOA" represents Leave of absence granted.

## 3. AUDIT COMMITTEE :

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

### (a) Terms of Reference :

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

### (b) Composition of the Audit Committee :

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

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

\* Shri Atish Gupta has ceased from the membership of the committee w.e.f. 29.04.2004.

\*\* Shri Sanjay Mehta was included as a Chairman of the Committee w.e.f. 31.07.2004.

Shri M.P. Kothari, Manager (Finance) and Compliance officer appointed by the Board is also functioning as the Secretary of the Committee.

## (c) Meetings and Attendance during the year :

Name of the Director	Mr. Arpit Gupta	Mr. Atish Gupta	Mr. Ramesh Mishra
Dates of the Meeting	Attended or Not		
30.04.2003	Yes	Yes	LOA
09.06.2003	Yes	Yes	Yes
31.07.2003	Yes	Yes	LOA
31.10.2003	Yes	Yes	LOA
31.01.2004	Yes	Yes	LOA

The symbol "LOA" represents Leave of absence granted.

## 4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Board of directors of the Company have constituted the Shareholder's and Investor's Grievance Committee on 1<sup>st</sup> October, 2002 which, comprises of Mr. Ramesh Mishra, Mr. Arpit Gupta, Mr. Atish Gupta and Mr. Kedarmal Bankda. All the directors except Mr. Kedarmal 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 2003-04, a total number of Sixteen 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 2003-04 have been duly transferred and there are no pending transfer cases with the Company.

## 5. REMUNERATION/COMPENSATION COMMITTEE :

### (a) Brief description of terms of reference:

The terms of reference of the Committee are to review and recommend compensation payable to the executive directors. The Committee also ensures that the compensation policy of the Company provides for performance oriented incentives to management.

### (b) Composition of the Committee :

S.N.	Name	Designation	Position in Committee
1.	Shri Sanjay Mehta**	Director	Chairman
2.	Shri Ramesh Mishra	Director	Member
3.	Shri Arpit Gupta	Director	Member
4.	Shri Atish Gupta*	Director	Member

\* Shri Atish Gupta has ceased from the membership of the Committee w.e.f. 29.04.2004.

\*\* Shri Sanjay Mehta was included as a Chairman of the committee w.e.f. 31.07.2004.

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

### (c) Remuneration of Executive Directors :

The terms of remuneration of Mr. Kedarmal 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.

### (d) Remuneration Paid / Payable to Directors during 2003-04

Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kedarmal 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.

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During the year 2003-04, the Company has not given any advance or loans to any of its executive and/or non-executive directors.

## 6. Management Discussion And Analysis :

This is given as a separate part in this report.

## 7. 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
15 <sup>th</sup> AGM	29 <sup>th</sup> September, 2003	11.30 a.m.
14 <sup>th</sup> AGM	30 <sup>th</sup> September, 2002	2.30 p.m.
13 <sup>th</sup> AGM	28 <sup>th</sup> September, 2001	2.00 p.m.

## 8. Disclosures :

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

(i) There are no material significant related party transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives, that may have potential conflict with the interests of Company at large. The register of contracts containing transactions in which directors are interested is placed before the Board regularly for its approval.

(ii) During the last three years there was no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets.

## 9. 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, Marathi Edition 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, National News Paper circulating all over the country.

## 10. General Shareholder Information :

(i)	<b>Annual General Meeting :</b>	Wednesday, 29 <sup>th</sup> September, 2004 at 4.00 p.m. at 7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai 400 093
(ii)	<b>Financial Calender : (Tentative)</b> Result for the quarter ended 30.06.04 Result for the quarter ended 30.09.04 Result for the quarter ended 31.12.04 Result for the quarter ended 31.03.05 Annual General Meeting	Last week of July 2004 Last week of Oct. 2004 Last week of Jan. 2005 Last week of April 2005 Sep. 2005
(iii)	<b>Book Closure Dates</b>	27.09.2004 to 29.09.2004 (Both days inclusive)
(iv)	<b>Dividend Payment date</b>	On or after 29.09.2004
(v)	<b>Listing of Equity Shares on Stock Exchanges at *</b>	1. The Stock Exchange, Mumbai. 2. Madhya Pradesh Stock Exchange, Indore* 3. The Delhi Stock Exchange Association*
(vi)	<b>Stock Code</b>	BSE Mumbai-524470
(vii)	<b>Demat ISIN No. in NSDL &amp; CDSL</b>	INE 312C01017
(viii)	<b>Plant Locations</b>	256-257, Sector 1, Industrial Area, Pithampur (Dhar), M.P. 454 775
(ix)	<b>Corporate Office</b>	2 <sup>nd</sup> 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: <a href="mailto:sfilindore@rediffmail.com">sfilindore@rediffmail.com</a>
(x)	<b>Registered Office :</b>	7, Niraj Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai-400 093 Tel: 91-22-26871467, 26873851, 26873895 Fax: 91-22-26870294 E-mail: <a href="mailto:sfil87@hotmail.com">sfil87@hotmail.com</a>
(xi)	<b>Share Transfer Agent</b>	Ankit Consultancy Services, Alankar Point, Gitabawan Chauraha, Indore (M.P.).

\*The Company has received the order for the delisting of the shares w.e.f 08.07.2004 from the Ahmedabad Stock Exchange, the Company's request for the delisting of the equity shares are under consideration for approval with the Delhi and M.P. Stock Exchanges.

## (xii) Stock Market Data :

The Monthly Highs and lows stock quotations during the financial year ended 31st March, 2004 on BSE :

Month	High (Rs)	Low (Rs)	Volume
Apr-2003	35.25	31.85	98
May-2003	30.30	20.00	3727
Jun-2003	24.95	21.10	9665
Jul-2003	29.15	22.95	12093
Aug-2003	26.90	22.40	13314
Sep-2003	34.90	23.10	21403
Oct-2003	40.90	21.25	54865
Nov-2003	43.30	32.25	195691
Dec-2003	48.00	37.00	863035
Jan-2004	50.30	38.00	1048132
Feb-2004	44.90	38.00	474594
Mar-2004	41.95	37.25	178957

## (xiii) Share Transfer System :

Shareholders/Investors' Grievance Committee also approves share transfers and meets at frequent intervals. The Company's Share Transfers Agent Ankit Consultancy Pvt. Ltd. process these transfers. Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. In cases where shares are transferred after sending notice to the transferors, in compliance of applicable provisions, the period of transfer is reckoned from the date of expiry of the notice.

## (xiv) Dematerialisation/Rematerialisation :

Based on a SEBI directive, Company's shares are traded in electronic (demat) form. As on 31st March, 2004, the Company's 46,93,366 shares are held by shareowners in dematerialised form, aggregating 92.44% of the Equity Share Capital.

**CDSL :** 101765 Shares forming 02.00% of the total paid up capital

**NSDL :** 4591601 Shares forming 90.44% of the total paid up capital.

## (xv) Distribution of shareholding pattern as on 31st March, 2004

No. of shares	No. of Shareholder	Shares held in each class
Up to 5000	3008	5,36,461
5001-10000	41	32,608
10001-50000	41	1,05,043
50001-100000	8	59,592
100001-Above	19	43,43,262
<b>Total</b>	<b>3117</b>	<b>50,76,966</b>

## (xvi) Categories of Shareholders as on 31st March, 2004 :

Sr.	Categories	No. of Shares held	% of Share holding
1.	Indian Promoters	37,76,566	74.39
2.	Persons Acting in Concert	15,300	0.30
3.	Banks, Financial Institutions,	100	0.00
4.	Private Corporate Bodies	5,50,079	10.83
5.	Indian Public	7,18,821	14.16
6.	NRI/OCBs	16,100	0.32
	<b>Total</b>	<b>50,76,966</b>	<b>100.00</b>

## Address for Communication :

Shareholders should address their correspondence to the Company's Corporate, Head office or R.T.A. M/s. Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B.Road, Indore (M.P.)

By order of the Board

Place : Indore  
Dated : 26/08/2004

**KEDARMAL BANKDA**  
CHAIRMAN