

## **BOARD OF DIRECTORS**

Mr. Kushal Pal Singh  
Mr. Ranjan Jain  
Mr. Jagmohan Arora  
Mr. Rajesh Gupta  
Mr. Shanti Lal Jain  
Mr. Balwant Singh Sandhu  
Mr. Sanjay Gupta

Managing Director  
Wholetime Director  
Wholetime Director  
Wholetime Director  
Independent Director  
Independent Director  
Independent Director

## **AUDITORS**

Bansal Vijay & Associates,  
Chartered Accountants  
SCO 3017-18, Sector 22-D,  
Chandigarh.

## **BANKERS**

HDFC Bank Ltd.  
Union Bank of India  
Punjab National Bank

## **WORKS & REGISTERED OFFICE**

Village Bargodam, Tehsil Kalka,  
Distt Panchkula, 133 302 Haryana

## **CORPORATE OFFICE**

S.C.O. 291, Sector 32C & D,  
Chandigarh – 160 034.

## **COMPLIANCE OFFICER:**

Mr. Naresh Batra

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## NOTICE

Notice is hereby given that Eighteenth Annual General Meeting of Syschem (India) Limited will be held on Friday, 30<sup>th</sup> September, 2011 at 11.00 A.M. at Registered Office Village Bargodam, Tehsil Kalka, Distt Panchkula, Haryana to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31st March 2011 and statement of profit and loss during the year ended on that date along with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shanti Lal Jain who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Balwant Singh Sandhu who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.
4. To appoint the Statutory auditors of the Company and in this regard to pass the following resolution as ordinary resolution :

“Resolved that M/s Bansal Vijay & Associates, Chartered Accountant, the retiring Statutory Auditors of the Company, be and are hereby reappointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next annual general meeting at a remuneration to be decided by the Board.”

### **SPECIAL BUSINESS:**

#### **5. To consider and if thought fit to pass with or without modification following resolution as Ordinary resolution :**

To regularize the appointment of Mr. Kushal Pal Singh as Director liable to retire by rotation :

“RESOLVED THAT in accordance with the provisions of Section 260 of the Companies, Act, 1956, Mr.Kushal Pal Singh, who was appointed as an Additional Director (Promoter) of the Company w.e.f. 31<sup>st</sup> August 2011 and holds office upto the date of ensuing AGM and in respect of whom the company has received a notice in writing in terms of section 257 of the Companies Act, be and is hereby appointed as director of the Company, liable to retire by rotation.”

#### **6. To consider and if thought fit to pass with or without modification following resolution as Ordinary resolution :**

To regularize the appointment of Mr. Ranjan Jain as Director liable to retire by rotation :

“RESOLVED THAT in accordance with the provisions of Section 260 of the Companies, Act, 1956, Mr. Ranjan Jain, who was appointed as an Additional Director (Promoter) of the Company w.e.f. 31<sup>st</sup> August 2011 and holds office upto the date of ensuing AGM and in respect of whom the company has received a notice in writing in terms of section 257 of the Companies Act 1956, be and is hereby appointed as director of the Company, liable to retire by rotation.”

**7. To consider and if thought fit to pass with or without modification following resolution as Ordinary resolution :**

To regularize the appointment of Mr. Jagmohan Arora as Director liable to retire by rotation :

“RESOLVED THAT in accordance with the provisions of Section 260 of the Companies, Act, 1956, Mr. Jagmohan Arora, who was appointed as an Additional Director (Promoter) of the Company w.e.f. 31<sup>st</sup> August 2011 and holds office upto the date of ensuing AGM and in respect of whom the company has received a notice in writing in terms of section 257 of the Companies Act 1956, be and is hereby appointed as director of the Company, liable to retire by rotation. “

**8. To consider and if thought fit to pass with or without modification following resolution as Ordinary resolution :**

To regularize the appointment of Mr. Rajesh Gupta as Director liable to retire by rotation :

“RESOLVED THAT in accordance with the provisions of Section 260 of the Companies, Act, 1956, Mr. Rajesh Gupta, who was appointed as an Additional Director (Promoter) of the Company w.e.f. 31<sup>st</sup> August 2011 and holds office upto the date of ensuing AGM and in respect of whom the Company has received a notice in writing in terms of section 257 of the Companies Act 1956, be and is hereby appointed as director of the Company, liable to retire by rotation. “

**9. To consider and if thought fit to pass with or without modification following resolution as Ordinary resolution :**

To regularize the appointment of Mr. Sanjay Gupta as Director liable to retire by rotation :

“RESOLVED THAT in accordance with the provisions of Section 260 of the Companies, Act, 1956, Mr. Sanjay Gupta, who was appointed as an Additional Director (Independent) of the Company, holds office upto the date of ensuing AGM and in respect of whom the Company has received a notice in writing in terms of section 257 of the Companies Act, 1956, be and is hereby appointed as director of the Company, liable to retire by rotation. “

**10. To consider and if thought fit to pass with or without modification following resolution as Special resolution :**

“RESOLVED THAT subject to the provisions of section 198, 269,309, 310,311 and Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 the consent of the shareholders be and is hereby accorded for the appointment of Mr. Kushal Pal Singh as Managing Director for a period of Five years w.e.f. 05/09/2011 on the following terms & conditions as decided by the remuneration committee.

Salary : Rs. 1,00,000/- per month payable w.e.f. 05.09.2011

RESOLVED FURTHER THAT Managing Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred in connection with the company's business and such other benefits/amenities, perquisites and other privileges, as may from time to time, be available to other Senior Executives of the Company .

**11. To consider and if thought fit to pass with or without modification following resolution as Special resolution :**

"RESOLVED THAT subject to the provisions of section 198, 269,309, 310,311 and Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 the consent of the shareholders be and is hereby accorded for the appointment of Mr.Ranjan Jain as Wholetime Director for a period of Five years w.e.f. 05/09/2011 on the following terms & conditions as decided by the remuneration committee :

Salary : Rs. 1,00,000/- per month payable w.e.f. 05.09.2011

RESOLVED FURTHER THAT Wholetime Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred in connection with the company's business and such other benefits/amenities, perquisites and other privileges, as may from time to time, be available to other Senior Executives of the Company . "

**12. To consider and if thought fit to pass with or without modification following resolution as Special resolution :**

"RESOLVED THAT subject to the provisions of section 198, 269,309, 310,311 and Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 the consent of the shareholders be and is hereby accorded for the appointment of Mr. Jagmohan Arora as Wholetime Director for a period of Five years w.e.f. 05/09/2011 on the following terms & conditions as decided by the remuneration committee.

Salary : Rs. 1,00,000/- per month payable w.e.f. 05.09.2011

RESOLVED FURTHER THAT Wholetime Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred in connection with the company's business and such other benefits/amenities, perquisites and other privileges, as may from time to time, be available to other Senior Executives of the Company . "

**13. To consider and if thought fit to pass with or without modification following resolution as Special resolution :**

"RESOLVED that subject to the provisions of section 198, 269,309, 310,311 and Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 the consent of the shareholders be and is hereby accorded for the appointment of Mr. Rajesh Gupta as Wholetime Director for a period of Five years w.e.f. 05/09/2011 on the following terms & conditions as decided by the remuneration committee :

Salary : Rs. 1,00,000/- per month payable w.e.f. 05.09.2011

RESOLVED FURTHER THAT Wholetime Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred in connection with the company's business and such other benefits/amenities, perquisites and other privileges, as may from time to time, be available to other Senior Executives of the Company."

For Board of Directors  
Syschem India Limited

DATE : 05.09.2011  
PLACE : BARGODAM

Managing Director

**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/herself and such proxy need not to be the member of the Company.
2. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
3. Members who holds shares in physical form are requested to notify any change in their registered address to Registrar and share transfer agent i.e. Beetal Financial & Computer Services Private Limited, New Delhi.
4. Members are requested to bring the copy of annual report and attendance slip duly filled in the meeting. Members who are holding shares in demat form are requested bring their Client Id and DP Id for easing identification of attendance.
5. Register of members and register of transfer will remain closed from 28th September 2011 to 30th September 2011 both days inclusive.
6. Relevant explanatory statement pursuant to section 173 of the Companies Act 1956 is attached and forms part of the notice.
7. Nomination forms for availing the nomination facility are available at Registered Office.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT 1956**

### **ITEM NO. 5, 6, 7,8 & 9**

Consequent to completion of public offer process under SEBI (Substantial Acquisition and Takeover) Regulations 1997) the management of the Company has changed hands. The Company has inducted Mr. Kushal Pal Singh, Mr. Ranjan Jain, Mr. Jagmohan Arora, Mr. Rajesh Gupta and Mr. Sanjay Gupta as Additional directors w.e.f. 31<sup>st</sup> August 2011. In terms of the provisions of section 260 of the Act they hold office upto the date of ensuing AGM. The company has received notice u/s 257 of the Act for their confirmation as regular directors. The resolutions are put before members for their approval.

None of the director except for those being appointed above are interested in the resolution.

### **ITEM NO. 10**

The new promoters have been inducted on the Board of the Company. Considering the administrative knowledge and expertise of Mr. Kushal Pal Singh in the field of pharma industry, the Board has appointed him as the Managing Director of the Company w.e.f. 5<sup>th</sup> September 2011 & pay him a remuneration of Rs. 1,00,000/- per month alongwith other benefits and perquisites as mentioned in the resolution for a period of five years w.e.f. 05.09.2011 within the limit specified in schedule XIII of the Companies Act, 1956.

Taking into account the present effective capital of the Company as per Schedule XIII of the Companies Act, 1956, the company can pay remuneration upto Rs. 1,00,000/- per month to the executive directors , subject to the approval of the members in the general meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company solicits the consent of share holders by way of special resolution within limit provided under clause 1(B) of section II of Part II of schedule XIII of the Companies Act, 1956

Mr. Kushal Pal Singh is interested in the resolution.

### **ITEM NO. 11**

Considering the expertise of Mr. Ranjan Jain in financial and other administrative matters the Board has considered it appropriate to appoint Mr. Ranjan Jain as Whole time Director of the Company for a period of five years w.e.f. 5<sup>th</sup> September 2011 at a remuneration of Rs. 1,00,000/- p.m. Mr. Ranjan Jain will look after the financial affairs of the Company.

Taking into account the present effective capital of the Company as per schedule XIII of the Companies Act, 1956, the company can pay remuneration upto Rs. 100000/- per month to the executive directors , subject to the approval of the members in the general meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company solicits the consent of share holders by way of special resolution within limit provided under clause 1(B) of section II of Part II of schedule XIII of the Companies Act, 1956

Mr. Ranjan Jain is interested in the resolution.

**Item No. 12**

The Board is of the view that Mr. Jagmohan Arora be appointed as the Wholetime Director of the Company and look after the marketing area of the Company at a remuneration of Rs. 1,00,000/- per month.

Taking into account the present effective capital of the Company as per schedule XIII of the Companies Act, 1956, the company can pay remuneration upto Rs. 100000/- per month to the executive directors, subject to the approval of the members in the general meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company solicits the consent of share holders by way of special resolution within limit provided under clause 1(B) of section II of Part II of schedule XIII of the Companies Act, 1956

Mr. Jagmohan Arora is interested in the resolution.

**Item No. 13**

The Board is of the view that Mr. Rajesh Gupta be appointed as the Wholetime Director (Commercial) of the Company at a remuneration of Rs. 1,00,000/- per month.

Taking into account the present effective capital of the Company as per schedule XIII of the Companies Act, 1956, the company can pay remuneration upto Rs. 100000/- per month to the executive directors , subject to the approval of the members in the general meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company solicits the consent of share holders by way of special resolution within limit provided under clause 1(B) of section II of Part II of schedule XIII of the Companies Act, 1956

Mr. Rajesh Gupta is interested in the resolution.

## DIRECTORS REPORT

Your Directors are pleased to present their Eighteenth Annual Report for the financial year ended on 31st March 2011.

### FINANCIAL RESULTS

(Amount in Lacs)

<b>PARTICULARS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Sales	591.30	703.99
Profit/(loss) before intt, dep & tax	21.59	407.03
Interest	18.77	20.00
Profit/(loss) before dep & tax	2.82	387.03
Depreciation	58.48	63.84
Profit/(loss) before tax	(55.66)	323.19
Tax including deferred/provision for tax	(16.83)	128.10
Net Profit/(loss) after tax	(38.83)	195.09
Amount of loss transferred to balance sheet	476.41	437.58

During the financial year the sales of the Company has been dropped by 16% as compare to last year as production facilities were under renovation and upgradation and plant was not working up to its optimum level.

### TAKEOVER

The takeover process of the company as per SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997 is complete in the running fiscal year. Subsequently the new promoters have been inducted on the Board of the Company and old promoters have resigned from directorship.

### DIVIDEND

Due to the losses incurred during the current financial year, the Directors have not recommended any dividend.

### FIXED DEPOSIT

The Company has not accepted any deposit from the public within the meaning of Section 58-A of the Companies Act,1956.

## **DIRECTORS**

Mr. Shanti Lal Jain and Mr. Balwant Singh Sandhu, Directors of the Company who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. Kushal Pal Singh, Mr. Ranjan Jain, Mr. Jagmohan Arora and Mr. Rajesh Gupta have been inducted as additional directors (Promoter) of the Company and Mr. Sanjay Gupta has been inducted as independent additional director of the Company. The Board has also appointed as Mr. Kushal Pal Singh as Managing Director and Mr. Ranjan Jain, Mr. Jagmohan Arora and Mr. Rajesh Gupta as wholetime directors of the Company.

## **LISTING**

The shares of the Company is listed in Bombay Stock Exchange Limited and Delhi Stock Exchange Limited. It is regular in complying with other listing requirements. The shares of the Company are being regularly traded in Bombay Stock Exchange.

## **AUDITORS**

M/s Bansal Vijay & Associates, Chartered Accountants, Chandigarh, the retiring Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment for the Financial Year 2011-12. The Company received a certificate from them as required under Section 224 (1B) of the Companies Act, 1956. Your Board recommends their appointment for your approval.

## **CORPORATE GOVERNANCE REPORT**

As required under clause 49 of Listing Agreement the Corporate Governance Report along with Auditors certificate regarding compliance of conditions of corporate governance report is enclosed.

## **AUDIT COMMITTEE**

Pursuant to provisions of section 292A and Listing Agreement the Company has constituted the Audit Committee of the company in the financial year ending 31<sup>st</sup> March 2011. The following are the members of the committee.

Mr. Satish Kumar Pandit  
Mr. Balbir Chand  
Mr. Kuldeep Kumar

## **AUDITORS REPORT**

Observations in the Auditors Report are dealt with in the notes to the Accounts and being self explanatory need no further explanation.

## **PARTICULARS OF EMPLOYEES**

None of the employees is covered Under Section 217(2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules,1975 as amended.

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

### **a. Conservation of energy:**

The Company is taking utmost care in conserving the energy resources. All the existing resources are being used up to the optimum capacity. The Company has provided effective insulation to conserve the wastage of energy.

### **b. Technology Absorption:**

The Company is using indigenous technologies in the manufacturing of process. The updation of technology is an ongoing process and Company is complying with all the statutory guidelines in this regard.

### **c. Foreign Exchange earnings and Outgo:**

The Company has not earned any income or incurred any expenditure in foreign exchange during the financial year.

## **DIRECTORS RESPONSIBILITY STATEMENT**

As required u/s 217 ( 2AA) of the companies Act ,1956 the Directors states that :

1. That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That 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 or loss of the company for that period.
3. That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That Directors have prepared the annual accounts on going concern basis.

## **ACKNOWLEDGEMENT**

The Board expresses its deep gratitude and thanks to its clients, bankers, associates and shareholders for their valuable contributions towards growth of the company. Your directors particularly wish to place on record their sincere appreciation for the best efforts put in by the employees towards upliftment of the Company.

For Board of Directors  
M/S SYSCHEM INDIA LIMITED

DATE : 05.09.2011  
PLACE : BARGODAM

CHAIRMAN

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practice and compliance of laws and regulations leading to effective control and management of the affairs of the Company. The Company believes that good corporate governance contemplates that corporate actions balance the interest of all stockholders and satisfy the tests of accountability, transparency and fair play. The Company gives high priority to core value and ethics and believes that all its operations and actions must be directed towards overall share holder value.

### 2. BOARD OF DIRECTORS

The constitution of the board of directors of the company is in compliance with Clause 49 of Listing Agreement. The Board of Directors consists of six Directors out of which five are independent directors. Mr. Anil Nibber, Managing Director of the company is Chairman of the Board.

During the financial year ending 31<sup>st</sup> March 2011 Mr. Shanti Lal Jain and Mr. Balwant Singh Sandhu were appointed as additional directors of the Company and their appointment was confirmed in the last Annual General Meeting. No independent director has any material pecuniary interest in the Company. The Company has hold seven Board meeting during the financial year. The members of Board have access to all the information of the Company. The minutes of the meetings are being properly recorded. The minutes of the meeting are entered in the minutes book within 30 days of end of each meeting.

The details of directors attendance in Board meetings and last annual general meeting along with details of other directorship is given below.

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other directorships
Mr. Anil Nibber	Managing Director	7	Yes	Nil
Mr. Balbir Chand	Independent	5	Yes	Nil
Mr. Satish Kumar Pandit	Independent	6	Yes	Nil
Mr. Kuldeep Kumar	Independent	7	Yes	Nil
Mr. Shanti Lal Jain	Independent	4	No	Nil
Mr. Balwant Singh Sandhu	Independent	4	No	Nil

### 3. AUDIT COMMITTEE

The Audit Committee comprises of three directors namely Mr. Satish Kumar Pandit, Mr. Balbir Chand and Mr. Kuldeep Kumar. All members of Audit Committee are financially literate. Mr. Satish Kumar Pandit is Chairman of Audit Committee.

The Board has defined the scope of Audit committee to cover the all areas provided in Companies Act, 1956 and Listing Agreement with the Stock Exchange. The terms of reference of the Audit Committee are given below :

(a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Recommend the appointment, reappointment and replacement of auditors.

( c ) Recommending and approval of payments of statutory auditors for various assignments.

(d) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

- i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
- ii. Changes, if any, in accounting policies and practices and reasons for the same
- iii. Major accounting entries involving estimates based on the exercise of judgment by management
- iv. Significant adjustments made in the financial statements arising out of audit findings
- v. Compliance with listing and other legal requirements relating to financial statements
- vi. Disclosure of any related party transactions
- vii. Qualifications in the draft audit report.

(e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval

(f) Reviewing, with the management, the statement of uses / application of funds raised through public issue, rights issue, preferential issue, etc.

(g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

(h) 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.

(i) Discussion with internal auditors on any significant findings and follow up there on.

(j) Reviewing the findings of internal investigations by the internal auditors into the requisite matters

- (k) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain area of concern.
- (l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (m) Discussion with internal auditors of any significant findings and follows up thereon.

#### **Details of meeting of Audit Committee**

Four meetings of audit committee were held during the financial year.

Name of the Members of Audit committee	No. of meetings held	No. of Meetings attended
Mr. Satish Kumar Pandit	4	4
Mr. Kuldeep Kumar	4	4
Mr. Balbir Chand	4	4

The gap between two meetings of the audit committee is not more than four months.

#### **4. REMUNERATION COMMITTEE**

The Company has constituted a Remuneration Committee. The Members of the remuneration committee are Mr. Satish Kumar Pandit, Mr. Kuldeep Kumar and Mr. Balbir Chand. Mr. Balbir Chand is the Chairman of the remuneration committee. The remuneration has been framed to determine the remuneration payable to directors. During the financial year ending 31<sup>st</sup> March 2011 the details of remuneration paid is as under:

Name	Remuneration	Perquisites & others	Total
Mr. Anil Nibber	1,00,000/-	Nil	1,00,000/-

#### **5. SHAREHOLDERS/INVESTORS GRIEVANCES/ SHARE TRANSFER COMMITTEE :**

The followings are the members of the committee.

- Mr. Anil Nibber (Managing Director)
- Mr. Kuldeep Kumar (Director)
- Mr. Balbir Chand (Director)
- Mr. Naresh Batra (Senior Manager)

Mr. Kuldeep Kumar is the Chairman of the committee.

Meetings of the Committee were regularly held during the financial year. The Committee met to approve the transfer of shares and to redress the shareholders grievances. The share certificates submitted for dematerialisation were also approved by the committee. Some shares of the Company are in physical form. There were no pending transfers and there is no complaint pending as on 31/03/2011.

## Brief information on the Directors proposed for reappointment

Mr. Shanti Lal Jain and Mr. Balwant Singh Sandhu, Directors of the Company are liable to retire by rotation and being eligible they have offered themselves for reappointment. Mr. Balwant Singh Sandhu is a graduate. He has worked with Punjab State Co-op Agricultural Development Bank and has retired as General Manager in the year 2008. He is now involved in trading of various agricultural products. Mr. Shanti Lal Jain is a Chartered Accountant by profession. He is doing his practice for last three years and has experience of 5 years in the field of accounts and taxation

## Details of Annual/Extra Ordinary General Meeting :

The Annual General Meeting of the Company for the last financial year was held on 29<sup>th</sup> September 2010 at Registered Office. No special business was transacted in the Annual General Meeting. Neither the Company has convened any Extra Ordinary General Meeting during the year nor passed any resolution through postal ballot.

YEAR	DATE OF AGM	TIME	PLACE
2007-08	30 <sup>th</sup> September 2008	11.00 a.m.	Regd office Village Bargodam, Tehsil Kalka, Distt Panchkula
2008-09	29 <sup>th</sup> September 2009	11.00 a.m	Regd office Village Bargodam, Tehsil Kalka, Distt Panchkula
2009-2010	29 <sup>th</sup> September 2010	11.00 a.m.	Regd office Village Bargodam, Tehsil Kalka, Distt Panchkula

## Disclosures

### (a) Transactions with related party:

The company has not entered into any materially significant related party transactions during the period under review that may have potential conflict with the interest of the company.

### (b) Accounting treatment

In preparation of the financial statements the company has followed the accounting standards issued by Institute of Chartered accountants of India and has applied the standard accounting policies.

### © Penalties and Non Compliances

There have been no instances of any penalties imposed on the company on any matter relating to the capital market. The Board receives a certificate of compliance of the applicable laws from the Managing director in every Board meeting.



## Distribution of shareholding as on 31<sup>st</sup> March 2011

### By Ownership

HOLDING PATTERN	NO. OF SHARES OF RE. 1/- EACH	%AGE OF HOLDING
Promoters & Promoter group	1,80,92,500	14.70%
Indian Public	7,50,77,925	20.38%
NRIs	26,08,822	2.12%
Bodies Corporate	2,50,85,093	60.99%
Others	22,39,660	1.81%
<b>TOTAL</b>	<b>12,31,04000</b>	<b>100%</b>

### By Size

RANGE OF SHARES	NO. OF SHARE HOLDERS	NO. OF SHARES OF RE. 1/- EACH	%AGE OF HOLDING
Less than 5000	9,185	1,43,36,826	11.6461
5001 – 10000	945	80,30,504	6.5234
10001 – 20000	407	62,72,822	5.0955
20001 – 30000	132	33,66,586	2.7348
30001 – 40000	54	19,28,567	1.5666
40001 – 50000	50	24,07,393	1.9556
50001 – 100000	106	78,54,558	6.3804
100001 and above	103	7,89,06,744	64.0976
<b>TOTAL</b>	<b>10,982</b>	<b>12,31,04,000</b>	<b>100.0000</b>

### Registered Office & Works

Village Bargodam,  
Tehsil Kalka,  
Distt Panchkula [Haryana]

### Administrative office:

SCO 291, 1<sup>st</sup> Floor,  
Sector 32-C,  
CHANDIGARH – 160 034.

**Opportunities, threats and risks:**

The management of the Company has been changed. The new management is very experienced and capable in the pharma industry and the company is expecting to explore more business opportunities. The management is constantly keeping a watch on various global and indigenous scenarios and is not foreseeing any immediate threat. The new management will continue to assess the business risks in the market.

**Internal Control System:**

The company has very effective internal control system. All the assets of the Company are properly safeguarded and used to their optimum capacity. The use of assets is properly recorded. The internal control system is properly documented. The system is reviewed and updated by the management periodically. The finding and suggestions of internal control are reviewed by the Board of Directors & Audit Committee and they make sure that internal control system is properly complied with

**Human Resources and Industrial relation:**

The company is maintaining very cordially relations with all concerned people. With the change in management, new faces have been inducted in the company. The relations with banks and pother statutory departments are also very cordial.

## **CORPORATE GOVERNANCE CERTIFICATE**

### **TO THE MEMBERS OF SYSCHEM (INDIA) LIMITED**

We have examined the compliance of conditions of Corporate Governance by Syschem (India) Limited for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereto, adopted by the Company for ensuring the compliance of conditions of the corporate governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the examinations 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 state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

Date : 05.09.2011  
Place: Chandigarh

Kanwaljit Singh  
Company Secretary

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**AUDITOR'S REPORT  
TO THE MEMBERS OF SYSCHEM (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of Syschem (India) Limited as at 31<sup>st</sup> March 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those statements 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 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in Annexure - 'A', a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - (iii) The Balance Sheet and Profit And Loss Account dealt with in this report is in agreement with the books of accounts.
  - (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - (v) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> 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.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account, read with the 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 accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011.
    - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
    - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for Bansal Vijay & Associates  
Chartered Accountants

Place : Panchkula  
Date : 03.09. 2011

(VIJAY KUMAR)  
PARTNER  
M. No. 093412  
FRN : 014930N

## ANNEXURE 'A' TO THE AUDITOR'S REPORT

[Referred to in paragraph 3 of our Report of even date on the Statement of Accounts of Syschem (India) Limited as at and for the year ended 31<sup>st</sup> March 2011.]

Subject to notes on accounts we further report that :-

(i) (a) In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, all fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.

(c) In our opinion and according to the explanations given to us, during the year the Company has not disposed off any substantial part of its fixed assets and hence the going concern of the Company is not affected.

(ii) (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) As explained to us no material discrepancies have been noticed on physical verification. The balances of stock as established on physical verification as at the year end have been incorporated in the books of accounts. Consequently, the shortage/excess, if any, have been adjusted in consumption of material.

(iii) (a) In our opinion and according to explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such Clauses (iii)(b), iii(c) and iii(d) of the Order are not applicable to the Company.

(c) In our opinion and according to the explanations given to us, the Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(d) The Company has not granted loans any secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such Clauses (iii) (f) and iii (g) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.

(v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that during the year there were no transactions that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(b) In our opinion and according to the information and explanations given to us, no transactions were made during the year in pursuance of contracts or arrangements which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of the Five Lac rupees in respect of any party at prices which were not reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other provisions of the Companies Act, 1956 the rules framed thereunder.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of it business.

(viii) We were informed that the Central Government has not prescribed the maintenance of cost records in respect of any of the products of the Company.

- (ix) (a) According to the records of the Company, except TDS, the Company is regular in depositing with appropriate authorities, undisputed statutory dues applicable to it.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Education Cess and Provident Fund which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of more than five years and its accumulated losses at the end of the financial year are not more than 50% of its net worth. It has not incurred any cash losses in the financial year under review and also in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company was not in default in repayment dues to a financial institutions or bank or debentureholders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is neither a chit fund nor nidhi / mutual benefit fund / society and hence Clause (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause (xiv) of the Order is not applicable to the Company.
- (xv) As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not raised any term loan during the year.
- (xvii) As informed to us, the Company has not used funds raised on short term basis for long term investments.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year and therefore the question of creating security in respect thereof does not arise.
- (xx) The Company has not made any public issue during the year and therefore the question of disclosing the end use of money does not arise.
- (xxi) According to the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

for Bansal Vijay & Associates  
Chartered Accountants

Place : Panchkula  
Date : 03.09.2011

(VIJAY KUMAR)  
PARTNER  
M. No. 093412  
FRN : 014930N

**SYSCHEM (INDIA) LIMITED**  
BALANCE SHEET AS AT 31 MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011		AS AT 31.03.2010	
		AMOUNT (Rupees)	AMOUNT (Rupees)	AMOUNT (Rupees)	AMOUNT (Rupees)
<b>SOURCES OF INCOME</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	<b>A</b>	123104000.00	140332500.00	113902000.00	132579500.00
Share Application Money		9000000.00		11050000.00	
Reserves and Surplus		8228500.00		7627500.00	
<b>LOANS FUNDS</b>					
Secured Loans	<b>B</b>	0.00	41360818.00	17052039.00	19552039.00
Unsecured Loans		41360818.00		2500000.00	
<b>TOTAL</b>			<b>181693318.00</b>		<b>152131539.00</b>
<b>APPLICATIONS OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	<b>C</b>	128797548.00	99285231.00	136239146.00	90994874.00
Less : Depreciation		57366687.00		56802761.00	
<b>Net Block</b>		<b>71430861.00</b>		<b>79436385.00</b>	
<b>Capital Work in Progress</b>		<b>27854370.00</b>		<b>11558489.00</b>	
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	<b>D</b>	13841600.00	31273404.00	7575000.00	15141338.00
Sundry Debtors	<b>E</b>	18307772.00		5113453.00	
Cash and Bank	<b>F</b>	1406866.00		4597891.00	
Loans and Advances	<b>G</b>	22172145.00		24376958.00	
Less :Current Liability	<b>H</b>	55728383.00		41663302.00	
NET CURRENT ASSETS		24454979.00		26521964.00	
Deferred Tax Assets			3493155.00		1810076.00
MISCELLANEOUS EXPENDITURE	<b>I</b>		0.00		427500.00
PROFIT AND LOSS ACCOUNT			47641528.00		43757751.00
<b>TOTAL</b>			<b>181693318.00</b>		<b>152131539.00</b>

**NOTES TO ACCOUNTS**

**R**

Schedules A to R form an  
Integral part of the Accounts

For and on behalf of the Board

As per our report of even date  
for **BANSAL VIJAY & ASSOCIATES**  
Chartered Accountants

**(VIJAY KUMAR)**

**PARTNER**  
**M.NO. 093412**  
**FRN : 014930N**

**PLACE: PANCHKULA**  
**DATE : 03.09.2011**

**(SHANTI LAL  
JAIN)**

**DIRECTOR**

**(ANIL  
NIBBER)  
MG.  
DIRECTOR**

**SYSCHEM (INDIA) LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	AS AT 31.03.2011		AS AT	
		AMOUNT (Rupees)	AMOUNT (Rupees)	31.03.2010	AMOUNT (Rupees)
<b>INCOME</b>					
Sales & Other Income	J		59130061.00		70399177.00
Increase/(Decrease in stock) Finished and semi finished Goods	K		969900.00		772500.00
<b>TOTAL</b>			<b>60099961.00</b>		<b>71171677.00</b>
<b>EXPENDITURE</b>					
Material Cost	L		36311008.00		5437609.00
Manufacturing Expenses	M		13335930.00		16546419.00
Salary Wages & Other Benefits	N		5941302.00		3920728.00
Financing Expenses	O		1928490.00		2059102.00
Administration & Other Expenses	P		2012878.00		3302128.00
Selling & Distribution Expenses	Q		288635.00		1201939.00
Depreciation	C		5848574.00		6384231.00
<b>TOTAL</b>			<b>65666817.00</b>		<b>38852156.00</b>
Profit / (Loss) Before Tax			-5566856.00		32319521.00
Less : Provisions for taxation			0.00		0.00
Less : Provisions for FBT Earlier Years			0.00		22036.00
Add/Deduct:Deferred Tax			1683079.00		-12788249.00
<b>Profit / (Loss) After Tax</b>			<b>-3883777.00</b>		<b>19509236.00</b>
Loss brought forward			43757751.00		63266987.00
<b>Net Balance transferred to Balance Sheet</b>			<b>47641528.00</b>		<b>43757751.00</b>

**NOTES TO ACCOUNTS**

R

Schedules A to R form an  
Integral part of the Accounts

For and on behalf of the Board

As per our report of even date  
for **BANSAL VIJAY & ASSOCIATES**  
Chartered Accountants

**(VIJAY KUMAR)**

**PARTNER**  
**M.NO. 093412**  
**FRN : 014930N**

**PLACE: PANCHKULA**  
**DATE : 03.09.2011**

**(SHANTI LAL  
JAIN)**

**DIRECTOR**

**(ANIL  
NIBBER)  
MG.  
DIRECTOR**

**SYSCHEM (INDIA) LIMITED**  
**SCHEDULES TO THE ACCOUNTS**

(Rupees)

PARTICULARS	As at 31-03-2011	As at 31-03-2010
<b><u>SCHEDULE - A</u></b>		
<b>SHARE CAPITAL</b>		
Authorised Capital 200000000 Equity shares of Re.1/- each (Previous Year 160000000 Equity Shares of Re. 1/- each)	200000000.00	160000000.00
Issued & Subscribed Capital 123104000 Equity shares of Re.1/- each (Previous Year 113902000 Equity Shares of Re. 1/- each)	123104000.00	113902000.00
Paid Up Capital	123104000.00	113902000.00
<b>Total</b>	<b>123104000.00</b>	<b>113902000.00</b>
<b><u>SCHEDULE - B</u></b>		
<b><u>SECURED LOANS</u></b>		
<b>FROM BANKS</b>		
Term Loan (from The Panchkula Central Co-operative Bank by way of mortgage of immovable Properties & Specified Movable Properties)	0.00	17052039.00
<b><u>UNSECURED LOANS</u></b>		
From Others	41360818.00	2500000.00
<b>TOTAL</b>	<b>41360818.00</b>	<b>19552039.00</b>

**SCHEDULE C****FIXED ASSETS**

PARTICULARS	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	AS ON 01.04.2010	SALES / ADJ.	ADDITIONS	COST AS AT 31.03.2011	UP TO 01.04.2010	SALES / ADJ.	DURING THE YEAR	UP TO 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011
Land	1906613	0	0	1906613	0	0	0	0	1906613	1906613
Building	18202090	0	0	18202090	6482827	0	607950	7090777	11719263	11111313
Plant & Machinery	112400123	6782419	0	105617704	48308291	4717187	5016840	48607944	64091832	57009760
Tools & Equipment	804983	0	0	804983	286746	0	38237	324983	518237	480000
Electrical Fittings & Installation	889732	0	73605	963337	416968	0	45759	462727	472764	500610
Vehicle	1128284	778284	45500	395500	836355	567461	44731	313625	291929	81875
Furniture & Fixture	165432	0	0	165432	128180	0	10472	138652	37252	26780
Office Equipments	741889	0	0	741889	343394	0	84585	427979	398495	313910
<b>TOTAL</b>	<b>136239146</b>	<b>7560703</b>	<b>119105</b>	<b>128797548</b>	<b>56802761</b>	<b>5284648</b>	<b>5848574</b>	<b>57366687</b>	<b>79436385</b>	<b>71430861</b>
<b>PREVIOUS YEAR</b>	<b>140101013</b>	<b>4100565</b>	<b>238698</b>	<b>136239146</b>	<b>53217125</b>	<b>2798595</b>	<b>6384231</b>	<b>56802761</b>	<b>86883888</b>	<b>79436385</b>

**SYSCHEM (INDIA) LIMITED**  
**SCHEDULES TO THE ACCOUNTS- (Contd.)**

(Rupees)

PARTICULARS	As at 31-03-2011	As at 31-03-2010
<b><u>SCHEDULE - D</u></b>		
<b>INVENTORY</b>		
Raw - Material - At Cost	10407500.00	5584500.00
Stock in Progress-At Estimated Cost	1770600.00	850500.00
Finished Goods-At cost or realisable value whichever is less	111800.00	62000.00
Consumables Stores- At cost	1551700.00	1078000.00
<b>Total</b>	<b>13841600.00</b>	<b>7575000.00</b>
<b><u>SCHEDULE - E</u></b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Debts exceeding Six months	4840699.00	493874.00
Less than Six Months	13467073.00	4619579.00
<b>Total</b>	<b>18307772.00</b>	<b>5113453.00</b>
<b><u>SCHEDULE - F</u></b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	714974.00	1780617.00
Balances with Scheduled Banks	691892.00	142274.00
Cheque Pending Realisation	0.00	2675000.00
<b>Total</b>	<b>1406866.00</b>	<b>4597891.00</b>
<b><u>SCHEDULE - G</u></b>		
<b>LOANS AND ADVANCES</b>		
(unsecured -considered good)		
Advances recoverable in Cash or in kind of for value to be received	17045810.00	4659645.00
Security Deposits	1405194.00	1266801.00
Advances to Suppliers	3103550.00	18445340.00
Excise Duty Advance	282976.00	3672.00
Service Tax Advance	334615.00	1500.00
<b>Total</b>	<b>22172145.00</b>	<b>24376958.00</b>
<b><u>SCHEDULE - H</u></b>		
<b>CURRENT LIABILITIES AND PROVISION</b>		
<b>A. CURRENT LIABILITIES</b>		
Advances from Customers	200000.00	6461684.00

Sundry Creditors	15782249.00	16468206.00
Cheques Pending Encashment	5908371.00	1770891.00
Other Liabilities	1768143.00	1144967.00
<b>Total</b>	<b>23658763.00</b>	<b>25845748.00</b>
<b>B. PROVISION</b>		
Provision for Gratuity	796216.00	676216.00
<b>TOTAL</b>	<b>24454979.00</b>	<b>26521964.00</b>

**SYSCHEM (INDIA) LIMITED**  
SCHEDULES TO THE ACCOUNTS- (Contd.)

(Rupees)

PARTICULARS		As at 31-03-2011		As at 31-03-2010
<b><u>SCHEDULE - I</u></b>				
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)				
Deferred revenue Expenditure		427500.00		1505000.00
Less: Written off (1/5)		427500.00		1077500.00
<b>Total</b>		<b>0.00</b>		<b>427500.00</b>
<b><u>SCHEDULE - J</u></b>				
<b>SALES &amp; OTHER INCOME</b>				
Sales of Intermediate & Chemicals		49221162.00		4941368.00
Processing Charges		9438582.00		24224330.00
Waiver from One Time Settlement		0.00		40813621.00
Other Incomes		470317.00		419858.00
<b>Total</b>		<b>59130061.00</b>		<b>70399177.00</b>
<b><u>SCHEDULE - K</u></b>				
<b>INCREASE/DECREASE IN STOCKS</b>				
<b>OPENING STOCKS</b>				
Finished goods	62000.00		12000.00	
Work-in-process	850500.00	912500.00	128000.00	140000.00
<b>CLOSING STOCKS</b>				
Finished Goods	111800.00		62000.00	
Work-in-process	1770600.00	1882400.00	850500.00	912500.00
<b>Total</b>		<b>969900.00</b>		<b>772500.00</b>
<b><u>SCHEDULE - L</u></b>				
<b>MATERIAL COST</b>				
Opening Stock		5584500.00		524000.00
Add: Purchases		41134008.00		10498109.00
		46718508.00		11022109.00

Less : Closing Stock		10407500.00	5584500.00
<b>Total</b>		<b>36311008.00</b>	<b>5437609.00</b>
<b><u>SCHEDULE - M</u></b>			
<b>DIRECT MANUFACTURING EXPENSES</b>			
Power & Fuel		6845906.00	12117992.00
Carriage Inward		1622757.00	102310.00
Excise Duty		2311352.00	471664.00
Oils & Lubricants		121918.00	132550.00
Repairs & Maintenance - Machinery		42907.00	177730.00
Material Handling Expenses		0.00	2150750.00
Other Consumables Store & Spares		2391090.00	1393423.00
<b>Total</b>		<b>13335930.00</b>	<b>16546419.00</b>

**SYSCHEM (INDIA) LIMITED**  
**SCHEDULES TO THE ACCOUNTS - (Contd.)**

(Rupees)

PARTICULARS		As at 31-03-2011		As at 31-03-2010
<b><u>SCHEDULE - N</u></b>				
<b>SALARY, WAGES AND OTHER BENEFITS</b>				
Salary, Wages, Bonus and other Benefits		4346125.00		2432643.00
Staff Welfare		26408.00		61779.00
Contribution to Provident Fund & Other Funds		248769.00		136306.00
Provision for Gratuity		120000.00		90000.00
Remuneration to Directors		1200000.00		1200000.00
<b>Total</b>		<b>5941302.00</b>		<b>3920728.00</b>
<b><u>SCHEDULE - O</u></b>				
<b>FINANCING EXPENSES</b>				
<b>Interest On</b>				
-Fixed Loans (WC & TL)	1056597.00		1790295.00	
-Others	820113.00	1876710.00	209896.00	2000191.00
Bank charges	51780.00	51780.00	58911.00	58911.00
<b>Total</b>		<b>1928490.00</b>		<b>2059102.00</b>
<b><u>SCHEDULE - P</u></b>				
<b>ADMINISTRATION AND OTHER EXPENSES</b>				
Advertisement		30905.00		24570.00
Auditors Remuneration		50000.00		50000.00
Books & Periodicals		4267.00		4405.00
Business Promotion		0.00		22213.00
Conveyance		25108.00		297363.00
Fees and Taxes		241658.00		501070.00
Insurance		154093.00		83193.00
Legal & Professional Charges		86250.00		392662.00

Misc. Expenditure written off	427500.00	1077500.00
Misc. Office Expenses	4730.00	15303.00
Postage and Telephone	15847.00	20176.00
Printing & Stationary	45532.00	70402.00
Rent (Office)	609450.00	60000.00
Rent (D.G)	0.00	75000.00
Security Charges (Works)	0.00	183000.00
Service Tax	44269.00	5960.00
Telephone Expenses	26716.00	177205.00
Travelling Expenses	37345.00	25378.00
Vehicle Running & Maintenance	209208.00	26797.00
Water/Electricity Charges	0.00	189931.00
<b>Total</b>	<b>2012878.00</b>	<b>3302128.00</b>
<b><u>SCHEDULE - Q</u></b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Carriage Outward	288635.00	137745.00
Discount & Commission	0.00	1064194.00
<b>Total</b>	<b>288635.00</b>	<b>1201939.00</b>

## **SCHEDULE - R**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

##### **1) BASIS OF ACCOUNTING**

The accompanying financial statements are prepared under the historical cost conventions following accrual basis of accounting. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

##### **2) REVENUES RECOGNITION**

The incomes and expenditures are accounted for on accrual basis. The sales are net of returns and inclusive of applicable excise duties.

##### **3) FIXED ASSETS AND DEPRECIATION**

The fixed assets are stated at historical cost less depreciation. The cost includes the cost of purchase or construction together with interest of borrowing for the purpose of acquiring fixed assets up to the date of commissioning of fixed assets and other incidental expenses incurred up to that date. Depreciation has been provided on straight-line method, on single shift basis, at the rates provided in Schedule xiv of the Companies Act, 1956.

##### **4) EXCISE DUTY**

CENVAT credits are taken into account at the time of purchase of Capital Goods and raw materials, to the credit of respective purchases and utilised for the clearance of goods manufactured. Expenditure in respect of excise duty on finished products is accounted for as and when the clearance is made from factory premises. The amount of excise duty payable on the finished goods, not cleared from the factory as at 31<sup>st</sup> March 2011, has not been added to the value of closing stocks of finished goods. However, the non-provision of such excise duty will not effect the profits for the year.

##### **5) INTANGIBLE ASSETS**

The preliminary and public issue expenses are written off over a period of ten year. The deferred revenue expenses are written off over a period of ten subsequent years.

##### **6) BORROWING COSTS**

Borrowing costs attributable to the acquisition, construction or production of an asset is capitalized as part of the cost of that asset. The borrowing costs, which are not related to fixed assets, are recognized as an expense in the period in which they are incurred.

##### **7) INVENTORIES**

The stocks of Raw Material and Stores & Spares are valued at cost price. The Finished Goods have been valued at cost or net realizable value whichever is less, work- in process is valued at estimated cost as certified by management. Goods in transit are carried at cost.

##### **8) EMPLOYEE TERMINAL BENEFITS**

The contribution to provident fund, under the defined contribution plans is charged to revenue. The Company has also provided towards the Gratuity benefits, of the eligible employees. No provision is made towards bonus during the year. No provision is made towards Leave encashment. The provisions for the above benefit relating to the current year are charged to the revenue.

##### **9) INCOME TAXES**

- a. No provision is made for income tax for the current year.
- b. Deferred income tax is provided using the asset method on all timing differences at the balance sheet date between the tax base of assets all liabilities and their carrying amounts for financial reporting purposes.
- c. Deferred tax assets are recognized only to the extent that there is reasonable / virtual certainty of their realization.
- d. Deferred tax assets and liabilities are measured using the tax laws that have been enacted or subsequently enacted at the balance sheet date.

## B) NOTES TO ACCOUNTS

### 1. SHARE CAPITAL

1.1 The Company has made an allotment of 92,02,000 (Previous year NIL) Equity Shares during the current financial year (80,00,000 equity shares upon conversion of Convertible Warrants and 12,02,000 on re-allotment of forfeited shares), now paid up share capital is Rs. 12,31,04,000/- (Previous year Rs. 11,39,02,000/-). No amount is due from Directors.

### 2. Secured Loans

2.1 The Company has fully paid the Term Loan from The Panchkula Central Cooperative Bank Limited under One Time Settlement (OTS) as per Agreement Dated 26.09.2009 during the current year. Hence, there is secured loan outstanding at the end of the year.

### 3. Current Liabilities and Provisions

3.1 The sundry creditors includes a sum of Rs. 23,95,440/- (Previous year Rs. 57,44,990/-) for creditors against Capital Goods and a sum of Rs. 1,33,86,809/- (Previous year Rs. 39,78,394/-) for other creditors. The balance of the sundry creditors are subject to confirmation.

3.2 The amount due to Small Scale Industrial undertakings is Rs. NIL ( Previous year Rs. NIL) This has been compiled on the basis of information available with the Company, in respect of suppliers form Small Scale Industries.

3.3 Other Liabilities includes the tax deducted at source amounting to Rs. 2,21,087/- (Previous year Rs. 4,21,489/-) and provident fund dues of Rs. 35,758/- (Previous year Rs. 21,925/-)

### 4. Fixed Assets

4.1 During the year the Company has made additions of Rs. 1,19,105/- (Previous year Rs. 2,38,698/-) to the fixed assets, till the time the assets were put to use.

4.2 The management has certified the fixed assets installed and put to use & relied upon by the auditors, being a technical matter.

### 5. Loan & Advances

5.1 The amount of loans and advances in cash or kind or value to be received includes Rs. 2,16,694/- (Previous Year Rs. 2,16,694/-) as pending claims of the Company for Excise Duty refunds, which have not been accepted by the department. The Company has preferred an appeal to the Commissioner of Central Excise (Appeals) Gurgaon and CESAT New Delhi. In the matter, which is pending for consideration / decision.

5.2 The Security Deposit include Earnest Money Deposit with customers/suppliers in the ordinary course of the business of the Company.

5.3 In the opinion of the Directors, the current assets, loan and advances are of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known liabilities is adequate and considered reasonable.

5.4. The inventory of stocks, stores and spares has been taken, valued and certified by the management.

5.5 The balance of sundry debtors are subject to confirmation.

### 6. Miscellaneous Expenditure

(to the extent not written off or adjusted)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
-Deferred Revenue Expenses	0	4,27,500
Total	0	4,27,500

## 7. Contingent Liabilities

7.1

(Rs. / Lacs)

Particulars	Current Year	Previous year
i) Disputed demands/show Cause Notice under Sales Tax, Customs & Excise / Provident Fund	—	164.26
ii) Commitments on capital account	NIL	NIL
iii) Claim against the Company not acknowledged as debt	45.28	45.28

7.2 The Company has received Eligibility Certificate for an amount of Rs. 411.00 lacs for Sales Tax Exemption for the period from 18.02.1997 to 17.02.2006 from The Commissioner of Industries Haryana based on which the Sales Tax Exemption Certificate was to be issued by the competent Sales Tax Authority. However, the Sales Tax Department filed a writ petition with the Hon'ble High Court of Punjab & Haryana, against the orders of the Commissioner of Industries, Haryana. The writ of the department has been dismissed by the Hon'ble High Court in its judgment pronounced on 05.08.2002. The Sales Tax Department has filed on appeal with Hon'ble Supreme Court of India against the orders of Hon'ble High Court of Haryana & Punjab. The Hon'ble Supreme Court of India has decided the case in favour of the Company vide their order Dated 06.05.2010. The Sales Tax Department is in the process of finalizing the assessments of the years concerned.

## 8. Sales & other Incomes

8.1 The processing charges pertain to the job work revenue earned by the Company during the year.

## 9. Material Cost

9.1 The Profit/Loss on sale of Raw Material has been included in Raw Material consumption.

## 10. Direct Factory Expenses

10.1 Repairs and Maintenance Machinery includes the following Expenses:

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
-Repair & Maintenance Boiler	0	38,778
-Repair & Maintenance General	0	27,894
-Repair & Maintenance Building Including Tubewell	317	14,454
-Repair & Maintenance Electrical	20,480	96,604
Total	<b>20,797</b>	<b>1,77,730</b>

## 11. Director's Remuneration

11.1 The following remuneration has been paid to Directors

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
<b>Managing / Whole Time Directors</b>		
Salary	12,00,000	12,00,000
Perquisites	NIL	NIL
Total	<b>12,00,000</b>	<b>12,00,000</b>

## 12. Auditor's Remuneration

12.1 The remuneration paid to auditor is detailed as under:

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Statutory Audit	37,500	37,500
Tax Audit	12,500	12,500
Total	50,000	50,000

## 13. Related Party Disclosures

13.1 Key Managerial Personnel

Mr. Anil Nibber, Managing Director

13.2 No transaction of any nature was conducted with any party related to the key personnel, except for the remuneration paid to them, as reported in para 11.1 above.

## 14. Segment Reporting

The Company is working under one business segment only i.e. chemicals. These chemicals are having different applications. Besides there is not any significant variances on geographical basis, so the segment reporting defined under Accounting Standard 17 is not applicable to the Company.

## 15. Earning per share

PARTICULARS	Current Year	Previous Year
Net profit After Tax Available for Equity Shareholders	-55,66,856	3,22,97,485
Number of Equity Shares at the beginning of the Year	11,51,04,000	11,51,04,000
Number of Equity Shares at the end of the Year	12,31,04,000	11,51,04,000
Basic Earning (in Rs.) Per Shares	NIL	0.28
Diluted Earning (in Rs.) Per Shares	NIL	0.28

## 16. Deferred Taxes:

16.1 In accordance with Accounting Standard 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax during the year.

The accumulated net deferred tax assets is Rs. 34.93 Lacs as on 31st March 2011 (Previous year for Rs. 18.10 Lacs)

## A. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :

Particulars of Licensed Capacity, Installed Capacity & Production.

a) Licensed Capacity - Not Applicable

b) Installed Capacity per annum

Products	Unit of Measure	Current Year	Previous Year
Hexa Fenadine Intermediate	M.T.	42.00	42.00
Azacyclonol	M.T.	24.00	24.00
Atorva Intermediate	M.T.	12.00	12.00
Tetra Hydro Furan	M.T.	960.00	720.00

c) Actual Production during the year

Products	Unit of Measure	Current Year	Previous Year
THF	Kg.	50,940	34,920
Other Chemicals & Intermediate	Kg.	4,68,587	92,414
<b>Total</b>	<b>Kg.</b>	<b>#519527</b>	<b>#1,27,334</b>

# Excludes production of 2,38,250 Kg. (Previous year 2,77,517 Kg.) of various chemicals on job work basis.

**B. Particulars of Stocks & Sales**

Amount in Rs. / Lacs

Products	Unit	Opening Stocks		Closing Stocks		Sales	
		Current	Previous	Current	Previous	Current	Previous
Tetra Hydro Furan (THF)	Kg.	NIL	NIL	NIL	NIL	50,940	34,920
	Rs./Lac	NIL	NIL	NIL	NIL	62.45	29.02
Other Chemicals & Intermediates	Kg.	4294	NIL	NIL	4294	4,72,881	88,120
	Rs./Lac	0.62	NIL	NIL	0.62	429.76	19.27
<b>Total</b>	<b>Kg.</b>	<b>4294</b>	<b>NIL</b>	<b>NIL</b>	<b>4294</b>	<b>5,23,821</b>	<b>1,23,040</b>
	<b>Rs./Lac</b>	<b>0.62</b>	<b>NIL</b>	<b>NIL</b>	<b>0.62</b>	<b>492.21</b>	<b>48.29</b>

**C. Consumption of Raw Material (Indigenous)**

Amount in Rs. / Lacs

Product	Current Year		Previous year	
	Qty (Kg.)	Value	Qty (Kg.)	Value
Others	5,58,239	363.11	1,57,733	45.87
<b>Total</b>	<b>5,58,239</b>	<b>363.11</b>	<b>1,57,733</b>	<b>45.87</b>

**D. Consumption of Raw Material (Imported)**

Amount in Rs. / Lacs

Product	Current Year		Previous year	
	Qty (Kg.)	Value	Qty (Kg.)	Value
Others Raw Material	NIL	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**E. Value of import on CIF basic**

Amount in Rs. / Lac

Product	Current Year	Previous year
Raw Material	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

**F. Expenditure in Foreign Currency**

Amount in Rs. / Lac

Product	Current Year	Previous year
Foreign Travelling Expenses	NIL	NIL
Other Payment / Expenses	NIL	NIL

**H. Value of Imported/indigenous Raw Material Consumed**

Amount in Rs. / Lac

Product	Current Year		Previous year	
	Amount	%age	Amount	%age
Indigenous	363.11	100%	45.87	100%
Imported	NIL	NIL	NIL	NIL
<b>Total</b>	<b>363.11</b>	<b>100%</b>	<b>45.87</b>	<b>100%</b>

17. Previous year's figures have been re-arranged and reclassified wherever necessary to make them comparable with the current year's figures. The amount have been rounded off to nearest rupee.

As per our attached report of even date  
for BANSAL VIJAY & ASSOCIATES  
Chartered Accountants

For &amp; on behalf of the Board

(VIJAY KUMAR)  
PARTNER  
PLACE : PANCHKULA  
DATE : 03<sup>rd</sup> September, 2011

(SHANTI LAL JAIN)  
DIRECTOR

(ANIL NIBBER)  
MG. DIRECTOR

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

P A R T I C U L A R S	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	-5566856	32319521
<b>Add :</b>		
Depreciation	5848574	6384231
Deferred Revenue Expenses w/off	427500	1077500
Interest Charged	1876710	2000191
Operating Profit before working capital changes	2585928	41781443
Adjustment for :-		
Inventories	-6266600	-6330000
Receivables	-13194319	984368
Trade Payables	-2066985	11512948
Other Receivable / Advances	2204813	22669851
Cash Generated from operations	-16737163	70618610
<b>Deduct :</b>		
Income Tax / FBT Paid	0	22036
Interest Paid	1876710	2000191
Net Cash from Operating Activities	-18613873	68596383
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase / Sale of Fixed Assets (Net)	-14138931	-10444914
Deferred Revenue Expense	0	0
Net Cash used in investing activities	-14138931	-10444914
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeding from Share Capital / Application Money	7753000	11280500
Repayment / Receipt of loans (Net)	21808779	-65332752
Net Cash used from Financing Activities	29561779	-54052252
Net Increase in Cash and Cash Equivalent	-3191025	4099217
Cash and Cash Equivalent as at 31.03.2010 (Opening Balance)	4597891	498674
Cash and Cash Equivalent as at 31.03.2011 (Closing Balance)	1406866	4597891

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV  
BY SCHEDULE IV TO THE COMPANIES ACT, 1956**

**1. Registration Details**

Registration No. : 32195	State Code : 05	Balance Sheet Date : March 31, 2011
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**2. Capital Raised during the year (Amount in Rs. / Thousands)**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	8000

**3. Position of Mobilization and Deployment of Funds (Amount in Rs. / Lacs)**

Total Liabilities	1816.93	Total Assets	1816.93
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	1231.04	Net Fixed Assets	992.85
Share Application Money	90.00	Net Current Assets	312.73
Reserves & Surplus	82.28	Deferred Tax Assets	34.93
Secured Loan	0.00	Misc. Expenditure	0.00
Unsecured Loan	413.61	Profit and Loss Balance	476.42

**4. Performance of the Company (Amount in Rs. / Lacs)**

Turnover	591.30	Total Expenditure	656.67
Profit Before Tax	-56.67	Profit After Tax	-56.67
Earning Per Share	Nil	Dividend @ %	Nil

**5. Generic Name of One Principal Products of Company**

Item Code No.	--
Product Description	Tetra Hydro Furan

For & on behalf of the Board

PLACE : PANCHKULA  
DATE : 03<sup>rd</sup> September, 2011

(SHANTI LAL JAIN)  
DIRECTOR

(ANIL NIBBER)  
MG. DIRECTOR

**ANNUAL GENERAL MEETING  
SYSCHEM (INDIA) LIMITED**

REGD. OFFICE : VILLAGE BARGODAM, TEHSIL. KALKA, DISTT. PANCHKULA – 133 302  
**ATTENDANCE SLIP**

(18<sup>th</sup> Annual General Meeting to be held on Friday, September 30, 2011)

Name and Address

\*DP ID No. : \_\_\_\_\_

Folio No. / \*Client ID No. : \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

I certify that I am a registered Shareholder of the Company and hold \_\_\_\_\_ Shares.

MEMBER

PROXY

Member's Signature

\_\_\_\_\_  
Name of the Proxy in Block Letters

\* Applicable for the members holding shares in electronic form.

Note : Shareholder / Proxy holder wishing to attend the meeting must bring the Admission Slip to the meeting and hand over at the entrance, duly signed.

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**SYSCHEM (INDIA) LIMITED**

REGD. OFFICE : VILLAGE BARGODAM, TEHSIL. KALKA, DISTT. PANCHKULA 133 302

**PROXY FORM**

I/We \_\_\_\_\_ being Member / Members of SYSCHEM (INDIA) LIMITED of \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2010 and at any adjournment there of.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Affix  
Rs. 1/-  
Revenue  
Stamp

NOTE : The proxy must be return so as to reach the Registered Office Syschem (India) Limited, Village Bardogam, Tehsil Kalka, Distt. Panchkula (Haryana) FORTY EIGHT HOURS before the time for holding of the aforesaid Meeting.

# **SYSCHEM (INDIA) LIMITED**

REGD. OFFICE : VILLAGE BARGODAM, TEHSIL. KALKA, DISTT. PANCHKULA – 133 302

## BOOK POST

To

If undelivered, please returned to :

**Syschem (India) Limited,**  
S.C.O. 291, Sector 32-C & D,  
CHANDIGARH – 160 034  
Tel. : 91-172-4255555