

19TH
ANNUAL REPORT

AS AT 31ST MARCH 2012

SYSCHEM (INDIA) LIMITED

SYSCHEM (INDIA) LIMITED

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. Jagir Singh
Mr. Satish Chand Aggarwal

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

AUDITORS

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

BANKERS

Punjab National Bank
Sector 22-D, Chandigarh

WORKS & REGISTERED OFFICE

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

CORPORATE OFFICE

S.C.O. 291, 1st Floor, Sector 32-D,
Chandigarh 160 031.

COMPANY SECRETARY

Mrs. Amarjeet Kaur

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NOTICE

Notice is hereby given that Nineteenth Annual General Meeting of Syschem (India) Limited will be held on Friday, 28th September, 2012 at 11.00 A.M. at Registered Office at 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 2012 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. Rajesh Gupta 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. Jagmohan Arora 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 Accountants, 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. Satish Chand Aggarwal as Director liable to retire by rotation:

"RESOLVED THAT in accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Satish Chand Aggarwal, who was appointed as an Additional Director (Independent) of the Company and who holds office upto the date of ensuing Annual General Meeting 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."

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

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

"RESOLVED THAT in accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Jagir Singh, who was appointed as an Additional Director (Independent) of the Company and who holds office upto the date of ensuing Annual General Meeting 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 Special resolution:

"RESOLVED THAT subject to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 consent of the shareholders be and is hereby accorded for the deletion, alteration and insertion of new Articles in the Articles of Association of the company as under:

Deletion of Article No. 1(9), 1(10), 1(11) and 3(2).

Article No. 86, No. of Directors be altered and read as under:

86. The Board of the company shall consist of not less than three and not more than Twelve Directors including the Directors nominated by the Financial Institution, Banks and Debenture Directors, if any. The Directors of the company shall not be required to hold any qualification shares.

Article No. 117, Appointment of Managing Directors and Wholetime Directors be altered and read as under:

117. Subject to the provisions of the Sections 316 and 317 of the Act, the Managing Director/ Wholetime Director shall be appointed or reappointed by the Board, subject to the approval of the Central Government under Section 269 of the Companies Act, 1956 to perform such functions and exercise such powers as are delegated to him by the Board in accordance with the provisions of the Act and Articles of Association and shall perform his functions and exercise his powers subject to general superintendence, control and directions of the Board of Directors.

Insertion of Article No. 87A as Present Directors after Article No. 87 as follows:

- 87A. The following are the Present Directors of the company:

1. Mr. Kushal Pal Singh
2. Mr. Ranjan Jain
3. Mr. Jagmohan Arora
4. Mr. Rajesh Gupta
5. Mr. Shanti Lal Jain
6. Mr. Balwant Singh Sandhu
7. Mr. Jagir Singh
8. Mr. Satish Chand Aggarwal

For Board of Directors
Syschem (India) Limited

DATE : 28.08.2012

PLACE : Chandigarh

(Kushal Pal Singh)

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 filed in the meeting. Members who are holding shares in demat form are requested to bring their Client Id and DP Id for easing identification of attendance.
5. Register of members and register of transfer will remain closed from 25th September, 2012 to 27th September, 2012 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.

Important communication to members

The Ministry of Corporate Affairs has, pursuant to its Green Initiative in the Corporate Governance, allowed paperless compliances by companies. It has issued circulars allowing the companies to service notice/documents including Annual Report by email to its members. We request the shareholders, who have not registered their email addresses so far, may, as a support to this initiative, register their email addresses, in respect of electronic holdings, with the Depository through their respective Depository Participant. Members who hold shares in physical mode are requested to register their email address with Beetal Financial & Computer Services Private Limited, New Delhi, the share transfer agent of the Company. The Form for opting to receive notice/documents including Annual Report by email is also available at company's website at www.syschem.in.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT, 1956

LISTING AGREEMENT

As required under Clause 49 (IV) G of the Listing Agreement, given below are the details of the Directors who retire by rotation and are eligible for re-appointment:

ITEM NO. 2 & 3

| | |
|-----------------------------|--|
| A. Name | : Mr. Rajesh Gupta |
| Age | : 46 years (Date of Birth : 05.01.1966) |
| Qualification | : Undergraduate |
| Expertise | : More than 25 years experience in chemical, paints and thinners manufacturing and heading marketing department and promotion activities |
| Other Directorships | : N.A. |
| Committee membership | : N.A. |
| Shareholding in the company | : 40,62,600 Equity Shares |
| B. Name | : Mr. Jagmohan Arora |
| Age | : 42 years (Date of Birth : 15.11.1969) |
| Qualification | : M.Sc., M. Phil (Chemistry) |
| Expertise | : More than 18 years of working business experience particularly production, quality assurance, business development and marketing |
| Other Directorships | : Allychem Laboratories Pvt. Ltd. - Allychem Securities Pvt. Ltd. |
| Committee membership | : Shareholders' Grievance Committee of Syschem (India) Limited |
| Shareholding in the company | : 20,01,650 Equity Shares |

ITEM NO. 5 & 6

APPOINTMENT OF DIRECTOR (INDEPENDENT)

| | |
|----------------------|---|
| A. Name | : Mr. Jagir Singh |
| Age | : 61 years (Date of Birth : 15.05.1951) |
| Qualification | : B. Sc. |
| Expertise | : Retired as Chief Manager, Punjab National Bank after serving for 35 years |
| Other Directorships | : NIL |
| Committee membership | : Remuneration Committee of Syschem (India) Limited |

| | |
|-----------------------------|--|
| Shareholding in the company | : N L |
| B. Name | : Mr. Satish Chand Aggarwal |
| Age | : 45 years (Date of Birth : 15.07.1967) |
| Qualification | : B.A. (Economics) |
| Expertise | : Running own business and having 5-6 years of experience. |
| Other Directorships | : N L |
| Committee membership | : Audit Committee of Syschem (India) Ltd. |
| Shareholding in the company | : N L |

ITEM NO. 7

During the year 2011-12, the management of the company has changed hands. New promoters have taken over the entire management of the company while old directors have resigned from their respective positions. Due to change in the structure of the company, various articles in the Article of Association of the company have become redundant. It is, thus, proposed to alter the Articles of Association accordingly.

Your sanction by way of Special Resolution is sought for the purpose.

DIRECTORS REPORT

The Directors are pleased to present their Nineteenth Annual Report for the financial year ended on 31st March 2012.

FINANCIAL RESULTS

(Amount in Lacs)

| PARTICULARS | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Sales (inclusive of Excise Duty & other Income) | 1105.14 | 591.30 |
| Profit/(loss) before intt, dep & tax | 141.20 | 21.59 |
| Interest | 20.33 | 18.77 |
| Profit/(loss) before dep & tax | 120.87 | 2.82 |
| Depreciation | 60.12 | 58.48 |
| Profit/(loss) before tax | 60.75 | (55.66) |
| Tax including deferred/ provision for tax | 26.29 | (16.33) |
| Net Profit/(loss) after tax | 34.46 | (38.33) |
| Amount of loss transferred to balance sheet | 441.96 | 476.41 |

BUSINESS AND PERFORMANCE

During the year under review, the company turned the corner by making a profit of Rs. 34.46 lacs, as against the net loss of Rs. 38.83 lacs in the last financial year. The sales of the Company have increased by 46.5% as compared to the last year. Further the directors are confident that the company shall improve its performance and the profit of the company in the financial year 2012-13 as the plant has started working and will reach to its optimum level during the year.

FUTURE PROSPECTUS

The financial year ended 31.03.2012 witnessed change in the management of the company. After the completion of process of takeover, the new promoters have been inducted on the Board of the Company and old promoters have resigned from directorship. The present directors are confident of the growth of the company and touching of new heights by improved performance.

DIVIDEND

In the absence of adequate profit for the year, your directors have not recommended any dividend for the financial year 2011-12.

FIXED DEPOSIT

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

ALLOTMENT OF PREFERENCE SHARES

During the year under review, the shareholders in their Extra Ordinary General Meeting held on 30th March, 2012 had approved the issue and allotment of upto 2,00,00,000 (Two Crore) 2% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 1/- each. Pursuant to their approval the company had issued and allotted 1,00,00,000 (One Crore) 2% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 1/- each to the promoter director of the company on 31.03.2012.

ALLOTMENT OF EQUITY SHARES UPON CONVERSION OF WARRANTS

During the year under review, the paid-up share capital has increased from Rs. 12,31,04,000 to

Rs. 15,91,04,000 due to conversion of 3,60,00,000 Convertible Warrants (Allotted on 11.11.2009) into 3,60,00,000 Equity Shares of Re. 1/- each. 2,37,00,000 Convertible Warrants were converted into 2,37,00,000 Equity Shares of Re. 1/- each on 29th April, 2011 and 1,23,00,000 Convertible Warrants converted into 1,23,00,000 Equity Shares of Re. 1/- each on 9th May, 2011 respectively.

The said shares are duly listed at Bombay Stock Exchange Ltd.

DIRECTORS

Mr. Rajesh Gupta and Mr. Jagmohan Arora, Directors of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. Sanjay Gupta, Director (Independent) appointed during the year has resigned. Two new directors (independent) Mr. Jagir Singh and Mr. Satish Chand Aggarwal were appointed as additional directors during the year to hold office upto the conclusion of this Annual General Meeting. Being eligible they have offered themselves to be re-appointed as Director (Independent) of the company. As stipulated in terms of Clause 49 of the Listing Agreement, the brief resume of Mr. Rajesh Gupta, Mr. Jagmohan Arora, Mr. Jagir Singh and Mr. Satish Chand Aggarwal is provided in the Explanatory Statement annexed to the notice of the meeting.

LISTING

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

The Board of Directors in its meeting held on 14.08.2012 had approved the voluntary delisting of its Equity Shares from Delhi Stock Exchange Ltd. in terms of SEBI (Delisting of Equity Shares) Regulations, 2009. The Company is in the process of making application to Delhi Stock Exchange Ltd. for voluntary delisting of Equity Shares therefrom.

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 re-appointment for the Financial Year 2012-13. The Company received a certificate from them as required under Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment for your approval.

CORPORATE GOVERNANCE REPORT

As required under Clause 49 of Listing Agreement the Corporate Governance Report along with certificate from Company Secretary in Practice regarding compliance of conditions of corporate governance report is enclosed.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

As required under Clause 49 (E) of Listing Agreement the Management Discussion & Analysis forms an integral part of the Directors Report.

AUDIT COMMITTEE

Pursuant to provisions of Section 292A and Listing Agreement the Company has reconstituted the Audit Committee of the company in the financial year ending 31st March 2012. The following are the members of the committee.

Mr. Shanti Lal Jain
Mr. Satish Chand Aggarwal
Mr. Ranjan Jain

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:

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is as follows:

FORM A

Disclosure of Particulars with respect to Conservation of Energy:

| A. Power and fuel consumption | 2011-12 | 2010-11 |
|--|----------------|----------------|
| 1. Electricity | | |
| (a) Purchased | | |
| Units | 365598 | 297831 |
| Total amount | 1517231.70 | 1218128.79 |
| Rate/unit | 4.15 | 4.09 |
| (b) Own generation | | |
| (i) Through diesel generator | | |
| Unit | 1410000 | 885000 |
| Units per ltr. of diesel oil | 4.49 | 4.17 |
| Cost/unit | 8.90 | 8.75 |
| (ii) Through steam turbine/generator | NIL | NIL |
| 2. Coal | NIL | NIL |
| 3. Furnance oil | NIL | NIL |
| 4. Others/internal generation | NIL | NIL |
| B. Consumption per unit of production | | |
| Electricity | 5.63 | 4.48 |

a. 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.

b. 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. The 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 : 28.08.2012

(Kusha Pal Singh)

PLACE : Chandigarh

Managing Director

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company firmly believes in the principal of good Corporate Governance and is committed in adopting the best global practice of Corporate Governance. The Company fully realises the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance, to its shareholders.

The Company continues to commit itself to maintain the standards of integrity, transparency, accountability and equity in all facets of its operations and all its interactions with its stakeholders including the shareholders, employees and government. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholders value, keeping in view the needs and interests of all its stakeholders.

The Company is committed to transparency in all its dealings and places emphasis on business ethics.

2. BOARD OF DIRECTORS

The Company's Board has an appropriate mix of Executive and Non-Executive Directors, which ensures independent judgments in its deliberations and decisions. The Board of Directors of the company as on 31.03.2012 comprised of eight Directors consisting of one Managing Director, three wholetime directors and four Non-executive Independent Directors, thus complying fully with the Corporate Governance Regulations.

None of the Directors on the Company's Board is member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a director. All the directors have made necessary disclosures regarding Committee positions held by them in other companies. Also none of the Directors on the Board hold office of Director in more than 15 companies.

During the financial year ending 31st March 2012 Mr. Jagir Singh and Mr. Satish Chand Aggarwal were appointed as additional directors of the Company.

The Board met 16 times during the year under review on 29.04.11, 09.05.11, 29.06.11, 12.08.11, 31.08.11, 03.09.11, 05.09.11, 30.09.11, 28.10.11, 14.11.11, 28.12.11, 10.02.12, 13.02.12, 28.02.12, 23.03.12 and 31.03.12. The gap between two Board Meetings did not exceed 4 months. The composition of the Board of Directors is as follows:-

| S. No. | Name of the Director | Category | No. of Board Meetings attended | Attendance at last AGM | No. of other director-ships | No. of Committee membership |
|--------|-----------------------------|----------------------|--------------------------------|------------------------|-----------------------------|-----------------------------|
| 1 | Mr. Kushal Pal Singh* | Managing Director | 9 | Yes | 2 | Nil |
| 2 | Mr. Ranjan Jain* | Wholetime Director | 11 | Yes | 4 | 2 |
| 3 | Mr. Jagmohan Arora* | Wholetime Director | 11 | Yes | 2 | 1 |
| 4 | Mr. Rajesh Gupta* | Wholetime Director | 11 | Yes | Nil | Nil |
| 5 | Mr. Shanti Lal Jain | Independent Director | 9 | No | 1 | 3 |
| 6 | Mr. Balwant Singh Sandhu | Independent Director | 11 | No | Nil | 1 |
| 7 | Mr. Jagir Singh # | Independent Director | 3 | No | Nil | 1 |
| 8 | Mr. Satish Chand Aggarwal # | Independent Director | 4 | No | Nil | 1 |
| 9 | Mr. Sanjay Gupta^ | Independent Director | 2 | Yes | 10 | 1 |
| 10 | Mr. Anil Nibber** | Managing Director | 6 | No | Nil | 1 |
| 11 | Mr. Balbir Chand*** | Independent Director | 4 | No | Nil | 1 |
| 12 | Mr. Satish Kumar Pandit*** | Independent Director | 2 | No | Nil | 1 |
| 13 | Mr. Kuldeep Kumar*** | Independent Director | 1 | No | Nil | 1 |

During the year 2011-12, the management of the company has changed hands and following changes took place in the Board of Directors:

* Appointed as Additional Director-Promoter w.e.f. 31.08.2011 and subsequently appointed to the respective designations in AGM held on 30.09.2011.

** Resigned as Managing Director w.e.f. 05.09.2011.

*** Resigned as directors w.e.f. 31.08.2011.

^ Resigned as director w.e.f. 28.12.2011.

* Appointed as Additional Director (Independent) on 28.12.2011.

3. AUDIT COMMITTEE

The Audit Committee comprises of three directors namely Mr. Shanti Lal Jain, Satish Chand Aggarwa and Mr. Ranjan Jain. All members of Audit Committee are financially literate. Mr. Shanti Lal Jain is Chairman of Audit Committee.

The Board has defined the scope of Audit committee to cover 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

Five meetings of Audit Committee were held during the financial year. The gap between two meetings of the audit committee is not more than four months

| Name of the Members of Audit committee | No. of meetings held | No. of Meetings attended |
|---|-----------------------------|---------------------------------|
| Mr. Shanti Lal Jain | 5 | 2 |
| Mr. Ranjan Jain | 5 | 1 |
| Mr. Satish Chand Aggarwal | 5 | 1 |
| Mr. Sanjay Gupta* | 5 | 1 |
| Mr. Satish Kumar Pandit* | 5 | 3 |
| Mr. Kuldeep Kumar* | 5 | 2 |
| Mr. Balbir Chand* | 5 | 3 |

* Resigned as directors during the year.

4. REMUNERATION COMMITTEE

The Company has re-constituted the Remuneration Committee as Mr. Satish Kumar Pandit, Mr. Kuldeep Kumar and Mr. Balbir Chand resigned as directors during the year. The Committee is reconstituted under the chairmanship of Mr. Shanti Lal Jain. Other members of the committee are Mr. Balwant Singh Sandhu and Mr. Jagir Singh. The committee has been framed to determine the remuneration payable to directors. During the financial year ending 31st March 2012 the details of remuneration paid is as under:

| Name | Remuneration | Perquisites & others | Total |
|----------------------|---------------------|---------------------------------|--------------|
| Mr. Kushal Pal Singh | 3,00,000 | 3,00,000 | 6,00,000 |
| Mr. Ranjan Jain | 3,00,000 | 3,00,000 | 6,00,000 |
| Mr. Rajesh Gupa | 2,25,000 | 2,25,000 | 4,50,000 |
| Mr. Anil Nibber* | 2,50,000 | 2,50,000 | 5,00,000 |

*Resigned as director during the year.

5. SHAREHOLDERS/INVESTORS GRIEVANCES/ SHARE TRANSFER COMMITTEE :

The followings are the members of the committee.

Mr. Shanti Lal Jain
Mr. Ranjan Jain
Mr. Jagmohan Arora

Mr. Shanti Lal Jain 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 31/03/2012.

DETAILS OF ANNUAL/EXTRA ORDINARY GENERAL MEETINGS:

The details of the last three Annual General Meetings (AGM) and the Extra Ordinary General meetings (EGM) are as follows:

| YEAR | CATEGORY | DATE | TIME | PLACE | No. of Special Resolutions |
|-------------|-----------------|----------------------|-------------|---|-----------------------------------|
| 2008-09 | 16th AGM | 29th September, 2009 | 11.00 a.m | Village Bargodam, Tehsil Kalka, Distt Panchkula | 2 |
| 2009-10 | 17th AGM | 29th September, 2010 | 11.00 a.m. | Village Bargodam, Tehsil Kalka, Distt Panchkula | 2 |
| 2010-11 | 18th AGM | 30th September, 2011 | 11.00 a.m. | Village Bargodam, Tehsil Kalka, Distt Panchkula | 4 |
| 2011-12 | EGM | 30th July 2011 | 10.00 a.m. | Village Bargodam, Tehsil Kalka, Distt Panchkula | 1 |
| 2011-12 | EGM | 30th March, 2012 | 11.00 a.m. | Village Bargodam, Tehsil Kalka, Distt Panchkula | 3 |

The Company had not passed any resolution through postal Ballot.

Following Special Resolutions were passed in the last three AGMs:

In the AGM held on 29.09.2009, two resolutions viz. Increase of Authorised Capital and preferential allotment of 4,40,00,000 Zero Coupon Convertible Warrants were passed.

In the AGM held on 29.09.2010, two special resolutions viz. regularization of Mr. Shanti Lal Jain and Mr. Balwant Singh Sandhu as directors were passed.

In the AGM held on 30.09.2011, four special resolutions regarding appointment of Mr. Kushal Pal Singh as Managing Director, Mr. Ranjan Jain, Mr. Jagmohan Arora and Mr. Rajesh Gupta as wholetime directors and approving their remuneration were passed.

In the EGM held on 30.07. 2011, one resolution for taking permission under Section 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956 was passed.

In the EGM held on 30.03.2012, three resolution viz alteration of capital clause of Memorandum of Association, alteration and insertion of articles in Articles of Association and issue and allotment of upto 2% Non-Cumulative Non-Convertible Redeemable Preference Shares were passed.

DISCLOSURES

- ☐ During the Financial Year 2011-12, there were no materially significant transactions entered into between the Company and its promoters, Directors or the Management or relatives etc. that may have potential conflict with the interests of company at large. Further, details of related party transactions are presented in Note 29 in Notes to the Accounts.

- The company has complied with all the requirements of the Stock Exchanges, SEBI or any statutory authority, on all matters related to capital markets, during the last three years. In the absence of non-compliance by the company, there were neither any penalties imposed nor any strictures passed by Stock Exchange, SEBI or any statutory authority.

CODE OF CONDUCT

The Code of Conduct for the Directors and the Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company. Mr. Kushal Pal Singh, Managing Director has declared that the Board Members and the Senior Management have affirmed compliance with the Code of Conduct of the Company.

MEANS OF COMMUNICATION

The communication with the shareholders at large is through annual report, publication of quarterly results and press releases in newspaper. The Company sends annual reports to all the shareholders. The notices of convening of general meetings are published in the newspaper. The Board of directors approves the quarterly results within 45 days of end of each quarter. The financial results are being sent to stock exchange through courier and e-mail. Quarterly results are also regularly published in the newspaper papers in accordance with the requirement of the Listing Agreement.

SHARE HOLDER INFORMATION :

Annual General Meeting : 28th September, 2012 at 11.00 A.M.
Village Bargodam, Tehsil Kalka,
Distt Panchkula,

BOOK CLOSURE:

The company's register of member and share transfer books will remain closed from 25th September, 2012 to 27th September, 2012 (Both days inclusive).

DETAILS OF STOCK EXCHANGES:

The shares of the company are listed in following Stock Exchanges.

Bombay Stock Exchange Limited
Delhi Stock Exchange Limited

The shares of the company are being traded at Bombay Stock Exchange and the Company is regular in paying its annual listing fees.

STOCK CODE

The stock code of BSE is 531173.

The ISIN Number of the company is INE 121D01028.

REGISTRAR AND TRANSFER AGENT:

Beetal Financial & Computer Services Pvt Ltd.
Beetal House, 99, Madangir
Behind Local Shopping Centre,
Near Dada Harsukh Dass Mandir,
NEW DELHI - 110 062

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2012**By Ownership**

| HOLDING PATTERN | NO. OF SHARES OF RE. 1/- EACH | %AGE OF HOLDING |
|----------------------------|--------------------------------------|------------------------|
| Promoters & Promoter group | 51741050 | 32.52% |
| Indian Public | 87474686 | 54.98% |
| NRIs | 2639233 | 1.66% |
| Bodies Corporate | 17249031 | 10.84% |
| TOTAL | 15,91,04000 | 100% |

By Size

| RANGE OF SHARES | NO. OF SHARE HOLDERS | NO. OF SHARES OF RE. 1/- EACH | %AGE OF HOLDING |
|------------------------|-----------------------------|--------------------------------------|------------------------|
| Up to 5000 | 8,764 | 1,35,42,675 | 8.5118 |
| 5001 - 10000 | 903 | 76,85,066 | 4.8302 |
| 10001 - 20000 | 376 | 58,44,966 | 3.6737 |
| 20001 - 30000 | 140 | 36,04,352 | 2.2654 |
| 30001 - 40000 | 49 | 17,58,083 | 1.1050 |
| 40001 - 50000 | 44 | 21,21,455 | 1.3334 |
| 50001 - 100000 | 110 | 80,15,987 | 5.0382 |
| 100001 and above | 113 | 11,65,31,416 | 73.2423 |
| TOTAL | 10,499 | 15,91,04,000 | 100.0000 |

REGISTERED OFFICE & WORKS

Village Bargodam,
Tehsil Kalka,
Distt Panchkula [Haryana]

ADMINISTRATIVE OFFICE:

SCO 291, 1st Floor,
Sector 32-D,
CHANDIGARH 160 031.

DECLARATION OF CODE OF CONDUCT

To

The Members of
Syschem (India) Limited

Sub : Declaration by the Managing Director (CEO) under Clause 49(I)(D)(ii) of the Listing Agreement.

I, Kushal Pal Singh, Managing Director of Syschem (India) Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

Place : Chandigarh

Date : 28.08.2012

(Kushal Pal Singh)

Managing Director (CEO)

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 2012 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 : 28.08.2012

Place: Chandigarh

(Kanwaljit Singh)

Company Secretary in practice

MANAGEMENT DISCUSSION AND ANALYSIS

I) INDUSTRY STRUCTURE & DEVELOPMENT:

The chemical industry, which includes basic chemicals and its products, petrochemicals, fertilizers, paints & varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It plays an important role in the overall development of the Indian economy. It contributes about 3% in the GDP of the country.

The Indian Chemical industry is the 6th largest in the world and 3rd largest in Asia. With the shift in emphasis on product innovation, brand building and environmental friendliness, this industry is increasingly moving towards greater customer orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

II) OPPORTUNITIES, THREATS AND RISKS:

The management of the Company has been changed. The new management is very experienced and capable in the chemical industry as it is successfully running another unit with similar line of operation. The company has already entered into long term contract for manufacture of API intermediates and is constantly keeping a watch on various global and indigenous opportunities. The new management will continue to assess the business risks in the market.

III) SEGMENT WISE/PRODUCT WISE PERFORMANCE:

During the year the Company was engaged in the manufacturing & selling of chemicals for different applications. The Company presently works under only one segment and hence the overall performance of the Company relates to this one segment.

IV) OUTLOOK:

The Company has started manufacturing of new product 7ACCA, an intermediate of drug Cefaclor used to treat certain infections caused by bacteria such as pneumonia and ear, lung, skin, throat, and urinary tract infections. The company's plant has started working properly and after the successful completion of the trial runs, now the production of 7ACCA has been started. At present, 35-40% capacity is utilized for production of 7ACCA and there is planning to increase the capacity by 100% during the year 2012-13.

(V) INTERNAL CONTROL SYSTEM:

The company has effective and adequate internal control system. All the assets of the Company are properly safeguarded and used to their optimum capacity. 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 controls are properly complied with.

(VI) HUMAN RESOURCES AND INDUSTRIAL RELATION:

The company is maintaining very cordial relations with all concerned people. With the change in management, new faces have been inducted in the company. Recruitments have been done as per the requirement. The relations with banks and other statutory departments are also very cordial.

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

1. We have audited the attached Balance Sheet of Syschem (India) Limited as at 31st March 2012, the Statement of Profit & Loss and the Cash Flow Statement 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, Statement of Profit & Loss and Cash Flow Statement dealt with in this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement 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 31st March 2012 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, Statement of Profit & Loss and Cash Flow Statement, 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 31st March 2012.
 - (b) In the case of the Statement of Profit & Loss, of the profit 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 : Chandigarh
Date : 30.05. 2012

(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 31st March 2012.]

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 secured or unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (d) The Company has not taken any 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)(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, there were transactions made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 but these were not entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made 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 during the year have been made having regard to the 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 its 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 except the following

| S.No. | Name of the Statute | Nature of Dues | Amount (In Lacs) | Forum where dispute is pending |
|-------|--------------------------|----------------|------------------|--------------------------------|
| 1 | Central Excise Act, 1944 | Excise Duty | 14.94 | Central Excise Department |
| 2 | Central Excise Act, 1944 | Service tax | 4.55 | CESTAT |

- (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 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) In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which the loans were obtained.
- (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 made preferential allotment of preference shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (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 the Company or by the Company has been noticed or reported during the course of our audit.

for Bansal Vijay & Associates
Chartered Accountants

Place : Chandigarh
Date : 30.05.2012

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

SYSCHEM (INDIA) LTD.
BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in Lacs)

| Particulars | Note No. | As at end of current reporting period | As at end of previous reporting period |
|---|----------|---------------------------------------|--|
| L EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 1,691.04 | 1,231.04 |
| (b) Reserves and Surplus | 2 | (359.67) | (394.13) |
| | | 1,331.37 | 836.91 |
| (2) Share Application Money Pending Allotment | - | 0.00 | 90.00 |
| (3) Non - Current Liabilities | | | |
| (a) Long Term Borrowings | 3 | 1,324.06 | 413.61 |
| (b) Deferred Tax Liabilities (Net) | 4 | 0.00 | 0.00 |
| | | 1,324.06 | 413.61 |
| (4) Current Liabilities | | | |
| (a) Short Term Borrowings | 5 | 210.75 | 0.00 |
| (b) Trade Payables | 6 | 90.58 | 135.98 |
| (c) Other Current Liabilities | 7 | 150.71 | 100.62 |
| (d) Short Term Provisions | 8 | 7.15 | 7.96 |
| | | 459.19 | 244.56 |
| TOTAL | | 3,114.62 | 1,585.08 |
| II ASSETS | | | |
| (1) Non - Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 9 | 786.03 | 714.31 |
| (ii) Intangible Assets | 9 | 0.00 | 0.00 |
| (iii) Capital Work in Progress | 10 | 1,270.18 | 278.54 |
| (iv) Intangible Assets under development | 11 | 80.00 | 0.00 |
| | | 2,136.21 | 992.85 |
| (b) Non - current investments | | 0.00 | 0.00 |
| (c) Deferred tax assets (Net) | 4 | 15.14 | 34.93 |
| (d) Long Term Loans and Advances | 12 | 250.68 | 195.98 |
| (e) Other Non Current Assets | 13 | 45.51 | 0.00 |
| | | 2,447.54 | 1,223.76 |
| (2) Current Assets | | | |
| (a) Current Investments | - | 0.00 | 0.00 |
| (b) Inventories | 14 | 173.63 | 138.43 |
| (c) Trade Receivables | 15 | 372.81 | 183.08 |
| (d) Cash and Cash Equivalents | 16 | 5.13 | 14.07 |
| (e) Short Term Loans and Advances | 17 | 21.92 | 0.00 |
| (f) Other Current Assets | 18 | 93.59 | 25.74 |
| | | 667.08 | 361.32 |
| TOTAL | | 3,114.62 | 1,585.08 |
| Significant Accounting Policies | - | | |
| Notes on Financial Statements | 1 to 29 | | |

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

For & on behalf of the Board

(VIJAY KUMAR)
PARTNER
M. No. 093412
FRN : 014930N
PLACE : CHANDIGARH
DATE : 30.05.2012

(KUSHAL PAL SINGH)
MANAGING DIRECTOR

(RANJAN JAIN)
DIRECTOR

(AMARJEET KAUR)
COMPANY SECRETARY

SYSCHEM (INDIA) LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lacs)

| Particulars | Note No. | As at end of current reporting period | As at end of previous reporting period |
|---|----------|---------------------------------------|--|
| I. Revenue from Operations | 20 | 1,062.11 | 563.49 |
| II Other Income | 21 | 4.66 | 4.71 |
| ■ Total revenue (I + II) | | 1,066.77 | 568.20 |
| IV Expenses | | | |
| Cost of Materials Consumed | 22 | 704.42 | 454.53 |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 23 | (6.61) | (9.71) |
| | | 697.81 | 444.82 |
| Employee Benefits Expense | 24 | 107.92 | 59.41 |
| Finance Costs | 25 | 36.29 | 18.87 |
| Depreciation and Amortization Expense | 26 | 60.11 | 58.49 |
| Other Expenses | 27 | 103.89 | 42.29 |
| Total Expenses | | 1,006.02 | 623.88 |
| V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV) | | 60.75 | (55.68) |
| VI Exceptional Items | | - | - |
| VII Profit/(Loss) before extraordinary items and tax (V-VI) | | 60.75 | (55.68) |
| VIII Extraordinary Items | | - | - |
| IX Profit before tax (VII-VIII) | | 60.75 | (55.68) |
| X Tax Expense | | | |
| (1) Current tax | | 6.50 | - |
| (2) Deferred tax | | 19.79 | (16.83) |
| | | 26.29 | (16.83) |
| XI Profit/(Loss) for the period from continuing operations (VII-VIII) | | 34.46 | (38.85) |
| XII Earning per equity share: | 28 | | |
| (1) Basic | | 0.02 | 0.00 |
| (2) Diluted | | 0.00 | 0.00 |
| Significant Accounting Policies | - | | |
| Notes on Financial Statements | 1 to 29 | | |

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

For & on behalf of the Board

(VIJAY KUMAR)
PARTNER
M. No. 093412
FRN : 014930N
PLACE : CHANDIGARH
DATE : 30.05.2012

(KUSHAL PAL SINGH)
MANAGING DIRECTOR

(RANJAN JAIN)
DIRECTOR

(AMARJEET KAUR)
COMPANY SECRETARY

SYSCEM (INDIA) LTD.
CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Rs. in Lacs)

| Particulars | For current reporting period | For previous reporting period |
|--|------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 60.76 | (55.67) |
| Adjustments for: | | |
| Depreciation and amortization expense | 60.12 | 62.76 |
| Loss/(Profit) on sale of fixed asset | (2.54) | (0.92) |
| Provision for gratuity | 0.54 | - |
| Interest received | (2.12) | - |
| Finance Cost | 36.29 | 18.77 |
| | <u>92.29</u> | <u>80.61</u> |
| | <u>153.06</u> | <u>24.94</u> |
| (Increase)/ decrease in trade and other receivables | (189.73) | (131.94) |
| (Increase)/ decrease in inventories | (35.22) | (62.67) |
| Increase/ (decrease) in trade payables | 27.46 | (20.67) |
| | <u>(197.49)</u> | <u>(215.28)</u> |
| | <u>(44.43)</u> | <u>(190.34)</u> |
| Income taxes paid | - | - |
| Net cash from operating activities | <u>(44.43)</u> | <u>(190.34)</u> |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (1,236.76) | (164.15) |
| Proceeds from sale of fixed assets | 35.83 | 23.68 |
| Movement in Loans and Advances | (249.06) | 22.05 |
| Interest received | 2.12 | - |
| Net cash from investing activities | <u>(1,447.87)</u> | <u>(118.42)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | 370.00 | 77.53 |
| Proceeds from long term borrowings | 2,188.31 | 913.18 |
| Proceeds from short term borrowings | 210.75 | - |
| Repayment of long term borrowings | (1,249.39) | (695.09) |
| Finance Cost | (36.29) | (18.77) |
| Dividend paid | - | - |
| Net cash from financing activities | <u>1,483.37</u> | <u>276.85</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>(8.93)</u> | <u>(31.91)</u> |
| Cash and cash equivalents at beginning of reporting period | 14.07 | 45.98 |
| Cash and cash equivalents at end of reporting period | <u>5.14</u> | <u>14.07</u> |
| Cash & Cash equivalents: | | |
| Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet: | | |
| Cash In hand and bank balances | 5.14 | 14.07 |
| Short term investments | - | - |
| Cash and cash equivalents as reported | 5.14 | 14.07 |
| Effect on exchange rate changes | - | - |
| Cash and cash equivalents as restated | <u>5.14</u> | <u>14.07</u> |

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

For & on behalf of the Board

(VIJAY KUMAR)
PARTNER
M. No. 093412
FRN : 014930N
PLACE : CHANDIGARH
DATE : 30.05.2012

(KUSHAL PAL SINGH)
MANAGING DIRECTOR

(RANJAN JAIN)
DIRECTOR

(AMARJEET KAUR)
COMPANY SECRETARY

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 is 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 31st March 2012, 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) 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.

6) 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.

7) 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 and Leave Encashment, of the eligible employees. No provision is made towards bonus during the year. The provisions for the above benefit relating to the current year are charged to the revenue.

8) INCOME TAXES

- a. Provision for taxation has been made on the basis of taxable profits computed for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.
- 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.

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

For & on behalf of the Board

(VIJAY KUMAR)
PARTNER

(KUSHAL PAL SINGH)
MANAGING DIRECTOR

(RANJAN JAIN)
DIRECTOR

PLACE : CHANDIGARH
DATE : 30.05.2012

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS
1. Share Capital :

| Particulars | As at end of current reporting period | | As at end of previous reporting period | |
|--|---------------------------------------|-----------------------|--|-----------------------|
| | Number | Rs In Lacs | Number | Rs In Lacs |
| Authorized: | | | | |
| 180000000 Equity shares of Re. 1/- each | 180000000 | 1800.00 | 200000000 | 2000.00 |
| 20000000 Preference shares of Re. 1/- each | 20000000 | 200.00 | 0 | 0.00 |
| | | <u>2000.00</u> | | <u>2000.00</u> |
| Issued, subscribed and fully paid up: | | | | |
| <i>159104000 Equity shares of Rs. 1 /- each (Previous Year 123104000 Equity shares of Re. 1 /- each)</i> | | | | |
| At the beginning of the reporting period | 123,104,000 | 1231.04 | 113,902,000 | 1139.02 |
| Issued during the reporting period | 36,000,000 | 360.00 | 9,202,000 | 92.02 |
| Bought back during the reporting period | 0 | 0.00 | 0 | 0.00 |
| At the close of the reporting period | 159,104,000 | <u>1591.04</u> | 123,104,000 | <u>1231.04</u> |
| <i>10000000 Preference shares of Re. 1 /- each (Previous Year Nil)</i> | | | | |
| At the beginning of the reporting period | 0 | 0.00 | 0 | 0.00 |
| Issued during the reporting period | 10,000,000 | 100.00 | 0 | 0.00 |
| Bought back during the reporting period | 0 | 0.00 | 0 | 0.00 |
| At the close of the reporting period | 10,000,000 | <u>100.00</u> | 0 | <u>0.00</u> |
| Less Calls in arrears | | | | |
| By directors and officers | 0 | | 0 | |
| By others | 0 | 0 | 0 | 0 |
| | | <u>1691.04</u> | | <u>1231.04</u> |
| Add: Amount originally paid up on forfeited shares | | 0 | | 0 |
| Total | | <u>1691.04</u> | | <u>1231.04</u> |
| Other Information: | | | | |
| I. Particulars of equity share holders holding more than 5% of the total number of equity share capital: | | | | |
| <u>EQUITY SHARE CAPITAL</u> | | | | |
| a. Allychem Securities Private Limited | 12510000 | 7.86% | 7000000 | 5.69% |
| b. Anil Nibber | 0 | 0 | 10502400 | 8.53% |
| c. Ranjan Jain | 11299400 | 7.10% | 0 | 0.00% |
| d. Allychem Laboratories Private Limited | 9507000 | 5.98% | 0 | 0.00% |
| <u>PREFERENCE SHARE CAPITAL</u> | | | | |
| a. Ranjan Jain | 10,000,000 | 100.00% | 0 | 0.00% |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS
2. Reserves and Surplus:
(Rs. In Lacs)

| Particulars | Capital Reserve | Capital redemption reserve | Securities Premium Reserve | Debenture Redemption Reserve | Revaluation Reserve | Other Reserves | Surplus i.e., balance in Statement of Profit & Loss | Total |
|---|-----------------|----------------------------|----------------------------|------------------------------|---------------------|----------------|---|----------|
| At the beginning of the reporting period | 6.28 | 0.00 | 73.01 | 0.00 | 0.00 | 0.00 | (473.42) | (394.13) |
| Transferred from/to Profit & Loss Account | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 34.46 | 34.46 |
| Allocation towards allotment of bonus shares | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Proposed Dividends | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision towards dividend distribution tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At the close of the reporting period | 6.28 | 0.00 | 73.01 | 0.00 | 0.00 | 0.00 | (441.96) | (359.67) |
| At the close of the previous reporting period | 6.28 | 0.00 | 73.01 | 0.00 | 0.00 | 0.00 | (473.42) | (394.13) |

3. Long Term Borrowings
(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|--|---------------------------------------|--|
| 1) Secured Loans: | | |
| a) Term Loans | | |
| - from Banks | 759.74 | 0.00 |
| - from Others | 0.00 | 0.00 |
| b) Loans and advances from related parties | 0.00 | 0.00 |
| c) Vehicle Loans | 10.20 | 0.00 |
| | 769.94 | 0.00 |
| 2) Unsecured Loans: | | |
| a) Loans and advances from related parties | 119.78 | 0.00 |
| b) Other loans | 434.35 | 413.61 |
| | 554.12 | 413.61 |
| Total long term borrowings (1+2) | 1,324.06 | 413.61 |

Additional Information:
a) Details of security for secured loans

Term Loan is secured by hypothecation of Land & Building, Plant & Machinery and Misc Fixed Assets purchased / to be purchased from term loan coupled with extension of charge on existing asset block of the company

Vehicle Loans are secured against hypothecation of vehicles for which loan has been taken

SYSCHEM (INDIA) LIMITED**NOTES TO FINANCIAL STATEMENTS**

- b Term Loan, Cash Credit and Bank Guarantee from PNB are guaranteed and collaterally secured by the Whole-time Directors of the company along with Mr. Ajay Kumar Chaudhary, Mrs. and Mr. Atul Kumar, M/s Allychem Laboratories Pvt. Limited and Allychem Securities Pvt. Limited

c Terms of repayment of Term Loans and others

Principal amount of term loans to be repaid in 23 quarterly installments of Rs. 45.65 lacs beginning after 15 months from date of 1st disbursement

Vehicle Loan taken for Mahindra Genio is to be repaid in 36 Equal Monthly Installments of Rs. 15165 starting from 15th April 2012

Vehicle Loan taken for Tata Sumo is to be repaid in 36 Equal Monthly Installments of Rs. 17815 starting from 15th April 2012

Vehicle Loan taken for Maruti Ritz is to be repaid in 36 Equal Monthly Installments of Rs. 15055 starting from 1st May 2012

4. Deferred Tax Asset / Liability**(Rs. In Lacs)**

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|--|---------------------------------------|--|
| i) Deferred tax liability: | | |
| a) On account of depreciation on fixed assets | 0.00 | 0.00 |
| b) On account of timing differences in recognition of expenditure | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |
| ii) Deferred tax asset: | | |
| a) On account of timing differences in recognition of expenditure | 0.00 | 0.00 |
| b) On account disallowance under section 40 (ia) | 0.00 | 0.00 |
| c) On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961 | 15.14 | 34.93 |
| | 15.14 | 34.93 |
| Net Deferred tax asset (liability) | 15.14 | 34.93 |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS
5. Short term Borrowings
(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|----------------------------|---------------------------------------|--|
| 1) Secured Loans: | | |
| a) Cash Credit from PNB | 210.75 | 0.00 |
| | <u>210.75</u> | <u>0.00</u> |
| 2) Unsecured Loans: | 0.00 | 0.00 |
| Total | 210.75 | 0.00 |

Additional information:
a) Details of security for secured loans

Cash Credit is secured by hypothecation of entire stocks of Raw Material, Stock-in-progress, Finished Goods, Consumable Stores and Spares

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|---|---------------------------------------|--|
| 6 Trade Payables | | |
| a) To Micro, Small and Medium Enterprises | 0.00 | 0.00 |
| b) Others | 90.58 | 135.98 |
| | <u>90.58</u> | <u>135.98</u> |
| 7 Other current liabilities: | | |
| a) Current maturities of long term debt | 28.46 | 0.00 |
| b) Interest accrued and due on borrowings | 8.03 | 0.00 |
| c) Capital Payables | 76.64 | 23.84 |
| d) Other payables - | | |
| TDS Payable | 17.64 | 2.21 |
| EPF Payable | 0.93 | 0.36 |
| Sales Tax payable | 0.00 | 2.37 |
| Service Tax Payable | 0.13 | 0.00 |
| Gratuity Payable | 1.36 | 0.00 |
| Other Expenses Payable | 17.52 | 71.83 |
| | <u>37.58</u> | <u>76.77</u> |
| | 150.71 | 100.61 |
| 8 Short term provisions: | | |
| a) Provision for employee benefits | 7.15 | 7.96 |
| b) Others | 0.00 | 0.00 |
| | <u>7.15</u> | <u>7.96</u> |

SYSICHEM (INDIA) LIMITED

NOTES TO FINANCIAL STATEMENTS

9 Fixed Assets:

(Rs. In Lacs)

| | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | NET BLOCK | |
|--------------------------|---|------------------------|---------------------------|---------------------------------------|---|--------------|--------------|---------------------------------------|--|
| | As at beginning of current reporting period | Additions for the year | Deduction during the year | As at end of current reporting period | As at beginning of current reporting period | For the year | Deductions | As at end of current reporting period | As at end of previous reporting period |
| Tangible Assets | | | | | | | | | |
| ▪ Own assets | | | | | | | | | |
| Land | 19.07 | 0.00 | 0.00 | 19.07 | 0.00 | 0.00 | 0.00 | 19.07 | 19.07 |
| Buildings | 182.02 | 35.48 | 0.00 | 217.50 | 70.91 | 6.34 | 0.00 | 140.25 | 111.11 |
| Plant & Machinery | 1073.86 | 100.87 | 131.56 | 1043.17 | 493.96 | 52.08 | 98.27 | 595.41 | 579.90 |
| Furniture & Fixtures | 1.55 | 0.78 | 0.00 | 2.44 | 1.39 | 0.11 | 0.00 | 0.94 | 0.27 |
| Vehicles | 3.96 | 18.71 | 0.00 | 22.56 | 3.14 | 0.86 | 0.00 | 18.67 | 0.82 |
| Office equipment | 7.42 | 9.28 | 0.00 | 16.70 | 4.23 | 0.72 | 0.00 | 11.69 | 3.14 |
| | 1287.98 | 165.12 | 131.56 | 1321.54 | 573.63 | 60.11 | 98.27 | 786.03 | 714.31 |
| Intangible assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 1287.98 | 165.12 | 131.56 | 1321.54 | 573.63 | 60.11 | 98.27 | 786.03 | 714.31 |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS

| (Rs. In Lacs) | | |
|--|---------------------------------------|--|
| Particulars | As at end of current reporting period | As at end of previous reporting period |
| 10 Capital work in progress: | | |
| a) Plant and Machinery | 1089.10 | 260.00 |
| b) Building under Construction | 181.08 | 18.54 |
| | <u>1270.18</u> | <u>278.54</u> |
| Less: | | |
| Provision for impairment | 0.00 | 0.00 |
| | <u>1270.18</u> | <u>278.54</u> |
| 11 Intangible assets under development: | | |
| a) Computer Software | 0.00 | 0.00 |
| b) Process Know-how | 80.00 | 0.00 |
| | <u>80.00</u> | <u>0.00</u> |

Additional information:

- 1) Borrowing costs capitalized up to March 31, 2012 Rs 1067862 (as at March 31, 2011 is Nil)

| (Rs. In Lacs) | | |
|--|---------------------------------------|--|
| Particulars | As at end of current reporting period | As at end of previous reporting period |
| 12 Long term loans and advances: | | |
| a) Capital advances | 93.60 | 31.04 |
| b) Security Deposits | 41.74 | 14.05 |
| c) Loans and advances to related parties | 0.00 | 0.00 |
| d) Other loans & advances | 115.34 | 150.90 |
| | <u>250.68</u> | <u>195.99</u> |
| Additional information: | | |
| 1) Breakup of above: | | |
| i) Secured, considered good | 41.74 | 14.05 |
| ii) Unsecured, considered good | 208.94 | 181.94 |
| iii) Doubtful | 0.00 | 0.00 |
| Total | <u>250.68</u> | <u>195.99</u> |
| Less: | | |
| Provision for doubtful advances | 0.00 | 0.00 |
| | <u>250.68</u> | <u>195.99</u> |
| 13 Other non current assets | | |
| a) Fixed Deposit | 45.51 | 0.00 |
| | <u>45.51</u> | <u>0.00</u> |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|------------------------|---------------------------------------|--|
| 14 Inventories: | | |
| a) Raw materials | 130.52 | 104.08 |
| b) Work in progress | 20.76 | 17.71 |
| c) Finished goods | 4.68 | 1.12 |
| d) Stores and spares | 17.67 | 15.52 |
| | 173.63 | 138.43 |

Raw material and stores and spares are valued at cost, Work in progress is valued at Estimated cost and Finished goods is valued at cost or realisable value whichever is less

15 Trade receivables:

| | | |
|---|---------------|---------------|
| a) Trade receivables exceeding six months | 1.79 | 48.41 |
| B) others | 371.02 | 134.67 |
| | 372.81 | 183.08 |
| Less: Provision for doubtful debts | 0.00 | 0.00 |
| | 372.81 | 183.08 |

Additional information:

1) Breakup of above:

| | | |
|--------------------------------|---------------|---------------|
| i) Secured, considered good | 0.00 | 0.00 |
| ii) Unsecured, considered good | 372.81 | 183.08 |
| iii) Doubtful | 0.00 | 0.00 |
| Total | 372.81 | 183.08 |
| Less: | | |
| Provision for doubtful debts | 0.00 | 0.00 |
| | 372.81 | 183.08 |

2) a) Debts due by directors or other officers of the company

| | | |
|--|------|------|
| b) Debts due by firm or private company in which any director is a partner or a director | 0.00 | 0.00 |
|--|------|------|

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|---|---------------------------------------|--|
| 16 Cash and cash equivalents: | | |
| a) Balances with banks | | |
| - in margin money, security for borrowings, guarantees and other commitments | 0.00 | 0.00 |
| - in other accounts | 1.06 | 6.92 |
| b) Cash in hand | 4.07 | 7.15 |
| | 5.13 | 14.07 |
| 17 Short term loans and advances: | | |
| a) Loans and advances to related parties | 0.00 | 0.00 |
| b) Other loans and advances | 21.92 | 0.00 |
| | 21.92 | 0.00 |
| Less: Provision for doubtful advances | | |
| | 21.92 | 0.00 |
| 18 Other Current Assets | | |
| a) Service Tax recoverable | 22.07 | 3.35 |
| b) Excise Duty recoverable | 54.05 | 5.00 |
| c) Input Tax Credit | 3.04 | 0.08 |
| d) Income Tax refund A.Y. 2008-2009 | 0.18 | 9.20 |
| e) Income Tax refund A.Y. 2011-12 | 0.00 | 6.99 |
| f) TCS (A.Y. 2011-12) | 0.00 | 0.03 |
| g) Prepaid Insurance | 0.60 | 0.58 |
| h) Prepaid Expenses | 13.65 | 0.51 |
| | 93.59 | 25.74 |
| 19 Contingent liabilities and Commitments: (to the extent not provided for) | | |
| a) Contingent Liabilities: | | |
| i) Claims against the Company not acknowledged as debts | 20.34 | 20.34 |
| ii) Bank Guarantee | 300.00 | 0.00 |
| iii) Letters of credit | 0.00 | 0.00 |
| iv) Tax demands under disputes | 19.49 | 24.94 |
| v) Other monies for which company is contingently liable | 0.00 | 0.00 |

The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS
(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|---|---------------------------------------|--|
| B) Commitments | | |
| i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 0.00 | 0.00 |
| ii) Uncalled liability on shares and investments partly paid | 0.00 | 0.00 |
| iii) Other Commitments | 0.00 | 0.00 |
| 20 Revenue from operations: | | |
| i) Sale | 959.66 | 492.21 |
| ii) Job Work | 140.82 | 94.39 |
| | <u>1,100.48</u> | <u>586.60</u> |
| Less: | | |
| Excise duty | 38.37 | 23.11 |
| | <u>1,062.11</u> | <u>563.49</u> |
| 21 Other Income: | | |
| i) Interest income | | |
| - non current assets (FDR) | 0.56 | 0.00 |
| - income tax refund | 1.56 | 1.22 |
| ii) Profit on sale of fixed assets (Net) | 2.54 | 0.92 |
| iii) Other non operating income (net of expenses directly attributable to such income) | 0.00 | 2.57 |
| | <u>4.66</u> | <u>4.71</u> |
| 22 Cost of materials consumed: | | |
| a) i) Consumption of raw materials | 598.41 | 363.11 |
| ii) Consumption of stores and spare parts | 11.40 | 23.91 |
| | <u>609.81</u> | <u>387.02</u> |
| b) i) Diesel and fuel | 49.01 | 50.06 |
| ii) Carriage Inward | 42.69 | 16.23 |
| iii) Oil and lubricants | 2.91 | 1.22 |
| | <u>94.61</u> | <u>67.51</u> |
| TOTAL | <u>704.42</u> | <u>454.53</u> |
| <i>Additional information:</i> | | |
| <u>Consumption of major raw materials</u> | | |
| i) Mix Solvents | 534.96 | 301.67 |
| ii) Methanol | 14.82 | 34.60 |
| iii) Packing Material | 38.43 | 23.84 |
| iv) Others | 10.20 | 3.00 |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS
(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|--|---------------------------------------|--|
| 23 Changes in inventories of finished goods, work in progress and stock in trade: | | |
| Stocks at the end of the year | | |
| i) Work in progress | 20.76 | 17.71 |
| ii) Finished goods | 4.68 | 1.12 |
| iii) Scrap | 0.00 | 0.00 |
| TOTAL | 25.44 | 18.83 |
| Less: | | |
| Stocks at the beginning of the year | | |
| i) Work in progress | 17.71 | 8.51 |
| ii) Finished goods | 1.12 | 0.62 |
| iii) Scrap | 0.00 | 0.00 |
| TOTAL | 18.83 | 9.13 |
| 24 Employee Benefit Expenses: | | |
| i) Salaries and wages | 76.46 | 43.46 |
| ii) Contribution to provident and other funds | 4.85 | 3.69 |
| iii) Remuneration to whole time directors | 21.50 | 12.00 |
| iv) Staff welfare expenses | 4.42 | 0.26 |
| v) Recruitment and training expense | 0.69 | 0.00 |
| | 107.92 | 59.41 |
| 25 Finance Costs: | | |
| i) Interest expense | 20.33 | 18.35 |
| ii) Other borrowing costs | 15.96 | 0.52 |
| | 36.29 | 18.87 |
| 26 Depreciation and amortization: | | |
| i) Depreciation | 60.11 | 58.49 |
| ii) Amortization of intangible assets | 0.00 | 0.00 |
| | 60.11 | 58.49 |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|--|---------------------------------------|--|
| 27 Other expenses: | | |
| i) Power and electricity | 25.42 | 18.40 |
| ii) Rent | 5.88 | 6.09 |
| iii) Repairs to buildings | 4.14 | 0.00 |
| iv) Repairs to machinery | 2.28 | 0.43 |
| v) Insurance | 2.00 | 1.54 |
| vi) Rates and taxes | 24.11 | 2.42 |
| vii) Payment to the auditors | | |
| - as auditor | 0.88 | 0.38 |
| - for taxation matters | 0.13 | 0.13 |
| - for company law matters | 0.00 | 0.00 |
| - for management services | 0.00 | 0.00 |
| - for other services | 0.00 | 0.00 |
| - for reimbursement of expenses | 0.00 | 0.00 |
| viii) Selling expenses | 8.19 | 2.89 |
| ix) Irrecoverable loans and advances written off | 1.00 | 0.00 |
| x) Donations | 0.07 | 0.00 |
| xi) Legal and professional charges | 8.42 | 0.86 |
| xii) Advertisement & Publicity | 1.05 | 0.31 |
| xiii) Business Promotion | 3.59 | 0.00 |
| xiv) Travelling & Conveyance expense | 4.50 | 2.72 |
| xv) Transportation Charges | 2.04 | 0.00 |
| xvi) Postage & Telegram | 3.06 | 0.43 |
| xvii) Printing & Stationery | 1.48 | 0.46 |
| xviii) Service Tax Exp. (Freight) | 1.36 | 0.44 |
| xix) Interest Paid on T.D.S. | 0.51 | 0.41 |
| xx) Interest Paid on Service Tax | 0.07 | 0.01 |
| xxi) Miscellaneous expenses | 3.71 | 4.37 |
| | 103.89 | 42.29 |

SYSCHEM (INDIA) LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs. In Lacs)

| Particulars | As at end of current reporting period | As at end of previous reporting period |
|--|---------------------------------------|--|
| 28 Earnings Per Share : | | |
| <u>After extraordinary item:</u> | | |
| Profit for the year after tax expense | 34.46 | -38.85 |
| | <u>34.46</u> | <u>-38.85</u> |
| Weighted average number of equity shares | 156013836 | 114703333 |
| Earning per share (in Rupees) | 0.02 | 0.00 |
| <u>Before extraordinary item:</u> | | |
| Profit for the year after tax expense | 34.46 | -38.85 |
| Adjustment for Extraordinary item (net of tax) | 0.00 | 0 |
| | <u>34.46</u> | <u>-38.85</u> |
| Less: | | |
| Preference dividend payable including dividend tax | 0.00 | 0.00 |
| | <u>34.46</u> | <u>-38.85</u> |
| Weighted average number of equity shares | 156013836 | 114703333 |
| Earning per share (in Rupees) | 0.02 | 0.00 |

SYSICHEM (INDIA) LIMITED**NOTES TO FINANCIAL STATEMENTS****29 Additional Information:****1) Related Party Disclosure**

| | |
|--|--|
| A) Names of Related parties where control or influence exists irrespective of whether transactions have occurred or not | |
| Key Management Personnel | Kushal pal singh Ranjan Jain Jagmohan Arora Rajesh Gupta Anil Nibber |
| Enterprises significantly influenced by key management personnel | Allychem Laboratories Pvt. Ltd. Allychem Securities Pvt. Ltd. |

| B) Transactions with Related Parties during the year (Rs. In Lacs) | | |
|---|--------------------------|--|
| | Key Management Personnel | Enterprises significantly influenced by key management personnel |
| Sale of goods | 0.00 | 33.32 |
| Purchase of goods | 0.00 | 65.08 |
| Directors remuneration | 21.50 | 0.00 |

| C) Balance as on 31.03.2012 (Rs. In Lacs) | | |
|--|--------------------------|--|
| | Key Management Personnel | Enterprises significantly influenced by key Management personnel |
| Share Capital | 318.66 | 220.17 |
| Trade Receivables | 0.00 | 0.00 |
| Trade Payables | 0.00 | 0.00 |

2) Details of non-resident shareholdings

| | | |
|--|-----------|-----------|
| i) Number of non resident share holders | 161 | 160 |
| ii) Number of shares held by non resident shareholders | 2,639,233 | 2,608,822 |
| iii) Amount remitted during the year in foreign currency on account of dividends | 0.00 | 0.00 |

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

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

5) The balance of Trade Receivable and Trade Payable, are subject to confirmation.

6) 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.

7) 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.

ANNUAL GENERAL MEETING

SYSCHEM (INDIA) LIMITED

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

ATTENDANCE SLIP

(19th Annual General Meeting to be held on Friday, September 28, 2012)

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.



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 _____ or failing him _____ of _____ or failing him _____ 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 28th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012,

Affix
Rs. 1/-
Revenue
Stamp

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