

## **BOARD OF DIRECTORS**

Managing Director  
Anil Nibber

Balbir Chand  
Satish Kumar Pandit  
Kuldeep Kumar

## **AUDITORS**

Bansal Vijay & Associates  
Chartered Accountants  
S.C.O. No. 3017-3018,  
Sector 22-D,  
CHANDIGARH – 160 022

## **WORKS & REGISTERED OFFICE**

Village Bargodam, Tehsil Kalka, Distt. Panchkula – 133 302

## **CORPORATE OFFICE**

# 280, Sector 21, Panchkula – 134 112

## **ADMINISTRATIVE OFFICE**

S.C.O. 291, Sector 32-C, Chandigarh – 160 031

## **BANKERS**

The Panchkula Central Co-op. Bank Ltd.  
HDFC Bank Ltd.  
Union Bank of India

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## **NOTICE**

Notice is hereby given that 17th Annual General Meeting of SYSCHEM (INDIA) LIMITED shall be held at the Registered Office of the Company at Village Bargodam, Tehsil Kalka, Distt. Panchkula – 133 302 on Wednesday, the 29<sup>th</sup> September, 2010 at 11.00 A.M. to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> march, 2010 and the Balance Sheet as on date and to receive, consider and adopt the Directors' & Auditors' Report thereon.
2. To appoint Director in place of Shri Kuldeep Kumar who retires by rotation and eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution with or without modifications(s) as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956, M/S Bansal Vijay & Associates, Chartered Accountants, the retiring auditors of the Company be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting upto the next Annual General Meeting of the Company and to examine and audit the accounts of the Company for the Financial Year 2010-11 at a remuneration to be decided by the Board of Directors.”

### **SPECIAL BUSINESS**

4. To consider and if thought fit, to pass the following resolution with or without modifications(s) as an Special Resolution :

“RESOLVED THAT Mr Shanti Lal Jain, who was appointed as an Additional Director with effect from 13<sup>th</sup> August, 2010 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 94 of Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received, under Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any other statutory modification(s) or re-enactment thereof, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. To consider and if thought fit, to pass the following resolution with or without modifications(s) as an Special Resolution :

“RESOLVED THAT Mr Balwant Singh Sandhu, who was appointed as an Additional Director with effect from 13<sup>th</sup> August, 2010 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 94 of Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received, under Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any other statutory modification(s) or re-enactment thereof, of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. To consider and if thought fit, to pass the following resolution with or without modifications(s) as an Special Resolution :

“RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs. 16,00,00,000/- (Rupees Sixteen Crore) divided into 16,00,00,000 (Sixteen Crore) Equity Shares of Re. 1/- each to Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 20,00,00,000 (Twenty Crore) Equity Shares of Re. 1/- each.

FURTHER RESOLVED THAT in accordance with the provisions of Section 16 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being and in force), the existing Clause V of the Memorandum of Association relating to the

Share Capital of the Company be and is hereby altered by deleting the same and instead thereof, substituting the following as new Clause V :

**Clause V :** The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 20,00,00,000 (Twenty Crore) Equity Shares of Re. 1/- each.

FURTHER RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being and in force), the existing Article 3 of the Articles of Association relating to the Share Capital of the Company be and is hereby altered by deleting the same and instead thereof, substituting the following as new Article 3 :

**Article 3 :** The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 20,00,00,000 (Twenty Crore) Equity Shares of Re. 1/- each.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Proxy to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2010 to 29.09.2010 (both days inclusive) pursuant to provisions of Section 154 of the Companies Act, 1956 and clauses of Listing Agreement entered into with Stock Exchanges.
3. Members are requested to bring the attendance slip sent with the annual report duly completed and signed and hand it over at the entrance.
4. Copies of all documents referred to in the notice are available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all working days till the date of the Meeting.
5. M/S Beetal Financial & Computer Services Pvt. Ltd., New Delhi are the Registrar and Transfer Agent (RTA) of the Company to perform the share transfer work for Shares held in physical and electronic form.
6. Members holding shares in physical form are requested to notify the change in their address / Mandate, if any, immediately to the Registrar and Transfer Agent of the Company, in the prescribed Form 2B for this purpose, quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).
7. No complimentary or gift of any nature will be distributed at the Annual General Meeting.

By Order of the Board of Directors  
for SYSCHEM (INDIA) LIMITED

Place: Panchkula  
Date: 13<sup>th</sup> August, 2010

ANIL NIBBER  
MANAGING DIRECTOR

## **ANNEXURE TO NOTICE**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

### **Item No. 4**

The Board of Directors of the Company, at its meeting held on 13<sup>th</sup> August, 2010 appointed Mr Shanti Lal Jain (Independent) as Additional Director of the Company pursuant to the provision of Section 260 of the Companies Act, 1956, read with Article No. 94 of the Articles of Association of the Company, he vacates his seat at this Annual General Meeting. The appointee has filed his consent to act as Directors of the Company. Moreover, the Company has received notice(as) pursuant to Section 257 of the Companies Act, 1956 signifying the intention to propose the above Director's appointment in the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance.

The Directors, therefore, recommends the respective resolution for the approval of the members.

None of the Directors, except the respective appointee, is concerned or interested or concerned in the proposed resolution.

### **Item No. 5**

The Board of Directors of the Company, at its meeting held on 13<sup>th</sup> August, 2010 appointed Mr Balwant Singh Sandhu (Independent) as Additional Director of the Company pursuant to the provision of Section 260 of the Companies Act, 1956, read with Article No. 94 of the Articles of Association of the Company, he vacates his seat at this Annual General Meeting. The appointee has filed his consent to act as Directors of the Company. Moreover, the Company has received notice(s) pursuant to Section 257 of the Companies Act, 1956 signifying the intention to propose the above Director's appointment in the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance.

The Directors, therefore, recommends the respective resolution for the approval of the members.

None of the Directors, except the respective appointee, is concerned or interested or concerned in the proposed resolution.

### **Item No. 6**

The present Authorised Share Capital of the Company is Rs. 16,00,00,000/-.

The Directors of your Company propose to increase the Authorised Share Capital to meet further capital requirements of the Company by creation of 4,00,00,000 (Four Crores Only) Equity Shares of Re. 1/- each (Rupee One Only).

The Authorised Share Capital of the Company presently stands at Rs 16,00,00,000/- divided into 16,00,00,000 Equity Shares of Re. 1/- each. With the growing expansion of the Company's business, it is desirable to bring to bring the Authorised Share Capital of the Company in proper co-relation with the magnitude of the Company's resources. It is, therefore, considered advisable to increase the Authorised Share Capital of the Company from Rs. 16,00,00,000/- to Rs. 20,00,00,000/- by creation of 4,00,00,000 Equity Shares of Re. 1/- each, which rank pari passu in all respects with the existing equity shares of the Company. The proposed increase of Authorised Capital of the Company requires the approval of members in General Meeting. Consequent upon increase in Authorised Capital of the Company, its Memorandum and Articles of Association will require alteration so as to reflect the increase in share capital. The Board recommends that the resolution be passed.

Consequent upon increase in the Authorised Share Capital of the Company, it is necessary to alter the capital clause of the Articles of Association. The Special Resolution No. 6 seeks to make a corresponding amendment in Article 3 of the Article of Association of the Company to give effect in this resolution.

No Director is interested or concerned in this resolution.

**Details of Directors Seeking Re-appointment at the forthcoming Annual General Meeting of the Company (pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)**

Name of the Director	Mr Kuldeep Kumar
Date of Birth	15.04.1974
Date of Appointment	31.07.2007
Expertise in specific Functional Area	Marketing
Qualification	B.A.
Details of Shares held	NIL
Listed Company in which outside Directorships held as on 31.03.2010 (excluding Private & Foreign Companies)	NIL
Chairman / Member of the Committees of other Company on which he is Director as on 31.03.2010	N.A.
Relationship inter-se between Directors	NIL

## DIRECTOR'S REPORT

Dear Shareholders,

Your Director's have pleasure in presenting the Seventeenth Annual Report together with Audited Profit and Loss Account Statement of the Company for the year ended 31<sup>st</sup> March 2010 and Balance Sheet as at 31<sup>st</sup> March, 2010.

### FINANCIAL HIGHLIGHTS :

(Rs./Lacs)

<b><u>PARTICULARS</u></b>	<b><u>31-03-2010</u></b>	<b><u>31-03-2009</u></b>
Income from Operations	703.99	327.42
Profit Before Interest, Depreciation & Tax (PBITD)	407.62	0.06
Interest & Financial Expenses	20.59	20.70
Profit Before Depreciation (PBD)	387.03	(-) 20.64
Depreciation	63.84	63.13
Profit Before Tax (PBT)	323.19	(-) 83.77
Provision for Tax		
— Current (net)	0.22	0.38
— Deferred	(-)127.88	31.43
Profit After Tax (PAT)	195.09	(-) 52.71
Earning Per Share (EPS) (Rs.)	Nil	Nil

### OPERATIONS & FUTURE PROSPECTS:

The Company achieved a gross turnover of Rs. 709.99 Lacs during 2009-2010 as compared to Rs. 327.42 Lacs in 2008-2009. ***To improve the Margins Company has added new products to its product portfolio. The Company has already shifted its focus to Specialty Chemicals from Fine / Intermediate Chemicals which is more advantageous to the Company in its long time goal.***

### DIVIDEND :

Since the Company is in losses, so your Directors have not recommended any dividend.

### FIXED DEPOSITS :

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

### DIRECTORS :

During the year Mr Kuldeep Kumar retire by rotation from the office of Directorship and being eligible, offers himself for re-appointment. Your Board recommends his re-appointment for your approval.

Mr Santi Lal Jain and Mr Balwant Singh Sandhu were inducted as Additional Directors on 13.08.2010 as per provisions of the Companies Act, 1956. The Additional Directors will hold their office upto the date of forthcoming Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956, proposing the appointment as directors of Mr Shanti Lal Jain and Mr Balwant Singh Sandhu subject to retirement by rotation.

## **AUDITORS' REMARKS :**

The Auditor's Report and notes on accounts referred to in the Auditor's Report are self explanatory and exhaustive, therefore, do not call for any further comments.

## **AUDITORS :**

M/S Bansal Vijay & Associates, Chartered Accountants, the retiring Auditors of the Company are retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment for the financial year 2010-11. The Company has received certificate from them as required under Section 224 (1 B) of the Companies Act, 1956. Your Board recommends their appointment for your approval.

## **DIRECTOR'S RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) In the preparation of the annual accounts for the year ended 31st March 2010 the applicable accounting standards have been followed and no material departures from the same;
- (ii) Appropriate accounting policies have been selected and applied 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 the year under review;
- (iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (IV) We have prepared the annual accounts on an on going concern basis.

## **CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange(s) a detailed report on Corporate Governance is included in the Annual Report. The Auditors' of the Company have certified the Company's compliance on the requirement of the Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the report on Corporate Governance.

## **PARTICULARS OF EMPLOYEES :**

There are no persons employed throughout or part of the financial year from whom information about the particulars required under Section 217(2A) of the Companies Act, 1956, ready with the Companies (Particulars of Employees) Rules, 1975 need to be given.

## **INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT :**

Particulars regarding Conservation of Energy, Technology Absorption, Research and Development as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988 are given below:

### **1. Conservation of Energy:**

The Company has been taking adequate care for conservation of energy from time to time and has been making use of latest means to ensure optimal use of energy. The Company has provided efficient insulations

during the year to prevent loss of energy. The information regarding disclosure of particulars with respect to conservation of energy given in the Form 'A' in the Annexure.

## **2. Technology Absorption and adoption:**

The existing technology of the Company is indigenous. The Company has developed in house technologies and has adopted them to develop new products which have been launched in the market and have proved to meet the required standards.

## **3. Foreign Exchange:**

During the year under review the Company has not earned and incurred any foreign exchange for Company's business.

## **LISTING OF SHARES:**

The Equity Shares of the Company are listed on following Stock Exchange:

1. Bombay Stock Exchange Limited.
2. Delhi Stock Exchange Limited.

The Listing Fees for the 2009-2010 for all Stock Exchanges have been paid and there being neither delisting nor suspension of shares from trading during the period under review.

## **ACKNOWLEDGMENT:**

Your Directors place on record their appreciation for the support and assistance received from The Panchkula Central Co-operative Bank Ltd., HDFC Bank Ltd. And Union Bank of India during the year under the review. The Directors also place on record their appreciation for the support and assistance extended by the valuable customers and suppliers of the Company for their support and co-operation during the year under review. The Directors also thank to the all employees of the Company for their sincere efforts, active involvement and devoted services rendered for the progress & growth of the Company.

For and on behalf of the Board

PLACE : PANCHKULA  
DATE: 13<sup>th</sup> August, 2010

(KULDEEP KUMAR)  
DIRECTOR

(ANIL NIBBER)  
MANAGING DIRECTOR



# MANAGEMENT DISCUSSION AND ANALYSIS

## REPORT OF CORPORATE GOVERNANCE:

In pursuance to the Listing Agreement with the Stock Exchange the Company is furnishing herewith Information on "Corporate Governance" for the benefit of Shareholders:

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

The Company is managed and controlled through a professional & experienced Board of Directors. In order to achieve the objectives of good corporate governance the matters of policy and other relevant and significant information are regularly made available to the Board. The Board has constituted Audit Committee, Investors' Grievances Committee, Remuneration Committee & Share Transfer Committee to look into aspects relevant to each committee.

### 2. MANAGEMENT DISCUSSION & ANALYSIS:

#### I) INDUSTRY STRUCTURE & DEVELOPMENT:

The Company has devised a new business model, which offers sustained business volumes, reasonable profitability and optimum utilization of the Company's existing resources. The new business model is an optimum mix of contract manufacturing activities and own manufacturing. Under the contract manufacturing activities the Company manufactures Critical Drug intermediates for various Active Pharma Ingredient (API) manufacturers.

The new business model has been developed and adapted after careful and detailed studies of actual operation over a considerable period of time. The contract manufacturing operations of the Company is considered sustainable in long term as the products manufactured by the Company are key drug intermediates suitable for manufacturing of Antibiotic Drugs, Macrolides Drugs etc. These medicines have witnessed sustained growth of demand in both domestic and overseas markets and include highly prescribed medicines for treatment of various diseases in all major regions of the world.

#### II) OPPORTUNITIES & THREATS:

The Company keeps exploring new opportunities. In the recent past the Company has started manufacturing some new chemicals. The Company also keeps constant vigil on possible threats and does not foresee any major threat to the existing line of business in the near future.

#### 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 :

Last Year Company has added new product like Tetra Hydro Furan (THF) and this new product has been well accepted in the market and shall be the major profit driver in the coming years.

### 3. BOARD OF DIRECTORS :

The Board of Directors have optimum combination of executive, non executive and independent Directors.

The Board of Directors met seven (07) times during the financial year 2009-2010. The Board Meetings were held on 25<sup>th</sup> June 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009, 11<sup>th</sup> November 2009, 29<sup>th</sup> January 2010, 27<sup>th</sup> March 2010. The details of Directors and their attendance record of the meetings are given below :

Sr. No.	Name of the Director	Status	No. of Other Directorship	Attendance at the Board Meeting	Attendance at the last AGM
1.	Shri Anil Nibber, Managing Director	Promoter & Executive	Nil	07	Present
2.	Shri Balbir Chand	Non-Executive & Independent	Nil	03	Present
3.	Shri Satish Kumar Pandit	Non-Executive & Independent	Nil	06	Present
4.	Shri Kuldeep Kumar	Non-Executive & Independent	Nil	07	Present

None of the Director is a member of more than 10 (Ten) Board – level committees or a Chairman of more than 5 (Five) such committees, as required under Clause 49 of the Listing Agreement.

#### Details of New Directors & Directors appointment / re-appointment :

Relevant details are furnished in the notice convening the Annual General Meeting to be held on 29<sup>th</sup> September, 2010.

### 4. AUDIT COMMITTEE :

Pursuant to the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchange(s), an qualified & independent Audit Committee has been constituted to cover the matters specified for the Audit Committee under Listing Agreement as well as under the provisions of the Companies Act, 1956. The Audit Committee comprised of Shri Balbir Chand, Shri Satish Kumar Pandit and Shri Kuldeep Kumar (All are Non-Executive and Independent Directors). Shri Satish Kumar Pandit was the Chairman of the Audit Committee have required financial and accounting knowledge. During the financial year 2009-10, four meetings of the Audit Committee were held on 25.06.2009, 31.07.2009, 30.10.2009 and 29.01.2010.

NAME OF THE DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Shri Satish Kumar Pandit	04	04
Shri Balbir Chand	04	03
Shri Kuldeep Kumar	04	04