

**19<sup>TH</sup>**  
**ANNUAL REPORT**

**AS AT 31<sup>ST</sup> 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, 1<sup>st</sup> 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, 28<sup>th</sup> 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 25<sup>th</sup> September, 2012 to 27<sup>th</sup> 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](http://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

<b>A. Name</b>	<b>: Mr. Rajesh Gupta</b>
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>B. Name</b>	<b>: Mr. Jagmohan Arora</b>
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)

<b>A. Name</b>	<b>: Mr. Jagir Singh</b>
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>B. Name</b>	: <b>Mr. Satish Chand Aggarwal</b>
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	(16.83)
Net Profit/( loss) after tax	34.46	(38.83)
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 30<sup>th</sup> 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 29<sup>th</sup> April, 2011 and 1,23,00,000 Convertible Warrants converted into 1,23,00,000 Equity Shares of Re. 1/- each on 9<sup>th</sup> 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 31<sup>st</sup> 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:

<b>A. Power and fuel consumption</b>	<b>2011-12</b>	<b>2010-11</b>
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>B. Consumption per unit of production</b>		
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.