

## DIRECTORS' REPORT

To  
The Members of  
**Systematix Corporate Services Limited**

**Dear Members,**

Your Directors have Pleasure in presenting the Twenty Eighth Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

### **FINANCIAL REVIEW**

*(Rs. In Lacs)*

Particulars	Year ended 31 <sup>st</sup> March, 2013		Year ended 31 <sup>st</sup> March, 2012	
	Standalone	Consolidated	Standalone	Consolidated
Total Income	453.39	5047.49	357.66	5145.54
Total Expenditure	248.74	3161.53	258.20	3063.35
<b>Profit before depreciation interest and exceptional items</b>	<b>204.65</b>	<b>1885.96</b>	<b>99.46</b>	<b>2082.19</b>
Interest	21.44	1396.11	45.55	1717.88
Depreciation	15.24	157.69	15.24	157.28
Exceptional Items	0.00	(0.54)	0.00	1.36
<b>Profit before Tax</b>	<b>167.97</b>	<b>332.70</b>	<b>38.67</b>	<b>205.67</b>
Tax/ Provision for Taxation/ Deferred Tax	54.72	111.72	5.91	68.62
<b>Profit after Tax</b>	<b>113.25</b>	<b>220.98</b>	<b>32.76</b>	<b>137.05</b>
Paid up Equity Share Capital	1305.14	1305.14	1305.14	1305.14
Reserves & Surplus	2230.66	3691.18	2117.41	3470.20

As is evident from the above financial review, during the year, the company has earned Stand alone Income of Rs. 453.39 Lacs as compared to income of Rs. 357.66 Lacs of the Previous Year and Consolidated Income of Rs. 5047.49 Lacs as compared to income of Rs. 5145.54 Lacs of the previous Year. The Company earned Stand alone Profit after tax during the year is Rs. 113.25 Lacs as compared to the Profit after Tax of the previous year of Rs. 32.76 and Consolidated Profit after tax during the year of Rs. 220.98 Lacs as compared to the Profit after Tax of the Previous year of Rs. 137.05 Lacs.

### **DIVIDEND AND TRANSFER TO RESERVES**

In order to conserve the resources for increasing business operations, Your Director do not recommend any dividend for the year under review. No amount is proposed to be transferred to Reserves.

The Register of Members and Share Transfer Books will remain closed from Friday, 27<sup>th</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (both days inclusive). The Annual General Meeting of the Company will be held on 30<sup>th</sup> September, 2013.

### **PUBLIC DEPOSIT**

During the Year under review the Company has neither accepted nor invited any public deposits within the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Also there are no outstanding public deposits.

### **DIRECTORS**

Pursuant to the Provisions of section 260 of the Companies Act, 1956, the Articles of Association of the Company and other applicable provisions, the Company appointed Mr. Ashish Kumar Vyas and Mr. Shriram Surajmal Khandelwal as the Additional Director w.e.f. 30<sup>th</sup> May, 2013 and they are now being regularized in the ensuing Annual General Meeting scheduled to be held on 30<sup>th</sup> September, 2013. Pursuant to the Clause 49 of the Listing Agreement with the Stock Exchanges they are the Non-Executive Independent Directors.

In accordance with the provisions of the companies Act, 1956 and Article of Association of the Company, Mr. Jai Narain Khandelwal retires by rotation at the forthcoming Annual General Meeting, and being eligible; offer himself for re- appointment.

Information on the provision details of director seeking appointment/ re-appointment as required under clause 49 of the Listing Agreement has been given under the report on Corporate Governance.

### **DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were 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 on the profit of the Company for the year under review.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,
- iv. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

**SUBSIDIARY COMPANIES**

The Company as of March 31, 2013 had five subsidiaries, viz M/s. Systematix Fincorp India Limited, M/s. Systematix Finvest Private Limited and M/s. Systematix Shares & Stocks (I) Limited, the Wholly Owned Subsidiaries of the Company, M/s. Systematix Commodities Services Private Limited, wholly Owned Subsidiary of the Systematix shares and Stocks (I) Limited and Systematix Distributions Services Private Limited (Formerly known as Systematix Commodities Trading Private Limited), the wholly owned subsidiary of Systematix Commodities Services Private Limited.

**ANNUAL ACCOUNTS OF THE SUBSIDIARY COMPANIES**

Ministry of Corporate Affairs (MCA), Govt. of India has, vide circular No.5/12/2007-CL-III dated February 08, 2011, issued general exemption under section 212(8) of the Companies Act, 1956 to the companies fulfilling the conditions contained in the above circular from complying with the provisions of section 212 of the Companies Act, 1956 which requires holding companies to attach annual accounts and other documents of subsidiary companies to its balance sheet. Accordingly, the Company has not attached the annual accounts and other documents of its subsidiaries to this Annual Report. Summarised financial information of each subsidiary has been included in the disclosures to Consolidated Financial Statements of the Company.

Annual Accounts of each of Company's subsidiary companies and the related detailed information will be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. Interested shareholders may write to Board Department of the Company in this regard.

The Annual Accounts of each of the Company's subsidiary companies will also be available for inspection by any shareholder in the head offices of the holding and subsidiary companies.

**LISTING AT STOCK EXCHANGE**

The Equity Shares of the Company continue to be listed on BSE Limited. The Company has paid the annual Listing fee for the financial year 2013-14 to BSE.

**AUDITORS AND AUDITORS' REPORT**

The Statutory Auditors of the Company, M/s. Maharaj N. R. Suresh & Co., Chartered Accountants, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS, FOREIGN EXCHANGE EARNINGS AND OUTGOES**

The nature of the Company is a service Company. Therefore the particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are not applicable to the Company.

During the period under review the Company has earned Foreign Exchange of Rs. 4,840,944/-

### **PARTICULARS OF EMPLOYEES**

No Employee of the Company draws remuneration in excess of limit prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **TRANSFER OF UNPAID / UNCLAIMED AMOUNTS TO INVESTOR EDUCATION PROTECTION FUND (IEPF)**

During the year, there were no amounts which remained unpaid / unclaimed for a period of 7 years and which were required to be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the listing agreement with the stock exchanges in India, is presented in a separate section which forms part of the annual report.

### **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulation set out in the Listing Agreement with the Stock Exchange and have implemented all the prescribed requirements.

A Report on Corporate Governance, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, forms part of the Annual Report.

A Certificate from the Auditors of the Company, M/s. Maharaj N. R. Suresh & Co., Chartered Accountants confirming the compliance of conditions of the Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to this Report.

### **ACKNOWLEDGMENTS**

Your Directors place on record their gratitude for the valuable support and assistance extended to the Company by the Banks, Government Authorities and look forward to their continued support. Your Directors place on record their gratitude towards the stakeholders and clients of the Company for reposing their faith and confidence in the Company. Your Directors also wish to place on record their appreciation of the contribution made by the Executives and staff of the Company.

By order of the Board  
For **Systematix Corporate Services Limited**

Sd/-  
**C.P. Khandelwal**  
Chairman

Place: Mumbai  
Date: 30/05/2013

## **CORPORATE GOVERNANCE REPORT**

**Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance given below:**

### **COMPANY'S PHILOSOPHY ON CODE ON GOVERNANCE**

The Company's philosophy on corporate governance is aimed at the efficient conduct of its business and in the meeting its obligation to shareholders. The Company has adopted a codified Corporate Governance Charter inter alia, to fulfill its corporate responsibilities and achieve its financial objectives.

The Company believes in and has consistently practiced good Corporate Governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the company operates along with fulfillment of its objectives.

### **BOARD OF DIRECTORS**

#### **➤ Composition**

The Board consists of an optimum combination of executive and non-executive Directors, who have an in dept knowledge of the business, in addition to expertise in their areas of specialization.

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management. The Board of Directors of the Company consists of eight directors, four of whom are non-executive independent directors thus making the more than 50% of the Board members as independent.

Board thinks that the shareholders should know the details of Board Meeting as well as details of participation by the Company's Directors to understand fully the contributions made by their Directors. The Company has, therefore, decided to make full disclosure on the Board Meetings as well as attendance record of all Directors on the Board.

The details of the Board of Directors, their Designation, Category, other directorship and committee memberships, their attendance at the board meetings/last annual general meeting, are given below: (as per separate Chart

Name of the Director	Category of Directorship	No. of Shares held in Company (As on 31.03.2013)	Directorship in other companies* (Nos.)	Committees of other companies**		Attendance at the Board Meeting		Attendance in last AGM
				Member	Chairman	No. of Meeting held	No. of Meeting attended	
Mr. Chandra Prakash Khandelwal (Managing Director)	Executive, Non-Independent	1,38,215	04	Nil	02	13	13	Yes
Mr. Ramesh Raizada (Managing Director)	Executive, Non-Independent	Nil	Nil	Nil	Nil	13	5	Yes
Mr. Mahesh Solanki	Non-Executive, Independent	Nil	01	01	Nil	13	8	Yes
Mrs. Anju Khandelwal	Non-Executive, Non-Independent	50,803	02	01	Nil	13	10	Yes
Mr. Sunil Sarda	Non-Executive, Non-Independent	Nil	01	Nil	Nil	13	11	Yes
Mr. J. N. Khandelwal	Non-Executive, Independent	3300	01	01	Nil	13	5	Yes
#Mr. Ashish Kumar Vyas	Non-Executive, Independent	Nil	Nil	Nil	Nil	13	Nil	No
#Mr. Shriram Surajmal Khandelwal	Non-Executive, Independent	Nil	Nil	Nil	Nil	13	Nil	No

# The Board of the Company has been reconstituted by an appointment of Mr. Ashish Kumar Vyas and Mr. Shriram Surajmal Khandelwal on 30/05/2013.

All the Independent Directors of the Company have furnished a declaration at the time of their appointment as also annually that they qualify the tests of independence as laid down under Clause 49. All such declaration is placed before the Board for information.

## NOTES

\*Excludes directorship in Systematix Corporate Services Limited. Also excludes directorship in Indian Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships. As per the disclosure(s) received from the Directors, the Directors do not hold directorship in more than 15 Companies.

\*\*For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Shareholders' Grievances Committee of public listed committees alone has been considered. As per disclosure(s) received from the Directors, the Director does not hold memberships in more than 10 Committees and Chairmanships in more than 5 Committees.

### ➤ Number of Board Meeting held and dates thereof

Your Company's Board of Directors met 13 times during the financial year ended 31st March 2013 on the following days:

Date	Board Strength	Number of Directors present
30/04/2012	6	4
15/05/2012	6	4
26/06/2012	6	4
30/06/2012	6	4
23/07/2012	6	4
14/08/2012	6	4
23/08/2012	6	4
01/10/2012	6	4
12/11/2012	6	4
06/12/2012	6	4
14/02/2013	6	4
21/01/2013	6	4
22/03/2013	6	4

The time gap between any two Board Meetings does not exceed four months in accordance with the Clause 49 of the Listing Agreement. The calendar of Board Meetings to be held in the succeeding year is determined in advance to review and declare the quarterly and the annual results of the Company. However, additional meetings are held as and when necessitated.

- Disclosure regarding Directors liable to appoint / retire by rotation and eligible for re-appointment as required to be provided pursuant to Clause 49 IV G (i) of the Listing Agreement with Stock Exchanges is as follows:.

Name of Director	<b>Mr. Jai Narain Khandelwal</b>	<b>Mr. Ashish Kumar Vyas</b>	<b>Mr. Shriram Surajmal Khandelwal</b>
Date of Birth	31/01/1965	24/10/1974	17/05/1950
Date of Appointment	03/09/2005	30/05/2013	30/05/2013
Expertise in specific function area	Auditing and Finance	Auditing, Taxation & Finance	Auditing, Taxation & Finance
Qualifications	Chartered Accountant	Chartered Accountant	Chartered Accountant
Directorships held in other Indian public limited companies as on 31 <sup>st</sup> March 2013	SQL Star International Limited	Nil	Nil
Chairman / Member of the Committee of Board of Directors of the Company as on 31 <sup>st</sup> March, 2013	1. Audit Committee – Member 2. Shareholders/Investors Grievance Committee – Chairman 3. Remuneration Committee- Member	Nil	Nil
Chairman / Member of Committees of Board of Directors of other Indian public limited Companies as on 31 <sup>st</sup> March, 2013	SQL Star International Limited (Audit Committee and Shareholders/Investors Grievance Committee - Member)	Nil	Nil
No. of Shares held in the Company as on 31 <sup>st</sup> March, 2013	3300	Nil	Nil

## **AUDIT COMMITTEE**

### ➤ **Composition**

All the members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement.



The composition of the Audit Committee is as follows:

<b>SR. No.</b>	<b>Name of Directors</b>	<b>Designation</b>	<b>Category of Director</b>
1	Mr. Mahesh Solanki	Chairman	Non-Executive Independent Director
2	Mr. Sunil Sarda	Member	Non-Executive, Non Independent Director
3	*Mr. Shriram Surajmal Khandelwal	Member	Non-Executive Independent Director

\*Audit Committee has been reconstituted by an appointment of Mr. Shriram Surajmal Khandelwal in place of Mr. J.N. Khandelwal, as a Member of the Committee on 30/05/2013.

During the Financial Year 2012-13 the Audit Committee met 4 times on 15/05/2012, 14/08/2012, 12/11/2012 and 14/02/2013. The following directors were present in the meeting:

<b>Sr. No.</b>	<b>Name of the Directors</b>	<b>No. of meetings attended</b>
1	Mr. Mahesh Solanki,	4
2	Mr. Sunil Sarda	4
3	Mr. J. N. Khandelwal	4
4	Mr. Chandra Prakash Khandelwal	4

#### ➤ **Terms of Reference**

The terms of reference/ power of the Audit Committee has been specified by the Board of Directors as under:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advise.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### ➤ **Objective**

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

➤ **Information for review**

1. Management Discussion and Analysis of financial condition and result of operations.
2. Statement of Significant related party transactions (as may be defined by the audit committee), submitted by management.
3. Management letters/ letters of internal control weakness issued by the statutory auditors and internal audit reports relating to internal control weakness.
4. Internal audit reports relating to internal control weakness; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

**REMUNERATION COMMITTEE**

The Board has constituted a Remuneration Committee which determines and recommends to the Board, the remuneration payable to the Executive Directors of the Company.

➤ **Composition**

The composition of the Remuneration Committee as follows:

Sr. No.	Name of Member	Position	Category
1	*Mr. Ashish Kumar Vyas	Chairman	Non-Executive Independent Director
2	*Mr. Shriram Surajmal Khandelwal	Member	Non-Executive Independent Director
3	Mr. Mahesh Solanki	Member	Non-Executive Independent Director

\* Remuneration Committee has been reconstituted by an appointment of Mr. Ashish Kumar Vyas and Mr. Shriram Surajmal Khandelwal in place of Mr. Sunil Sarda and Mr. J. N. Khandelwal, on 30/05/2013

➤ **Meeting and Attendance**

During the year financial year 2012-2013, the Committee met twice on 14/08/2012 & 14/02/2013 and was attended by the Committee members.

➤ **Terms of reference**

1. Administration and superintendence of Employee Stock Option Scheme.
2. Formulation of the detailed terms and conditions of the ESOS.
3. Grant of Stock Options.
4. Recommendation for fixation and periodic revision of the compensation of the Managing Director and Executive Directors to the Board for approval.