

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

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

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

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

Mr. Shanti Lal Jain	Independent	4	No	Nil
Mr. Balwant Singh Sandhu	Independent	4	No	Nil

3. AUDIT COMMITTEE

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

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

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommend the appointment, reappointment and replacement of auditors.
- (c) Recommending and approval of payments of statutory auditors for various assignments.
- (d) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - ii. Changes, if any, in accounting policies and practices and reasons for the same
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management
 - iv. Significant adjustments made in the financial statements arising out of audit findings
 - v. Compliance with listing and other legal requirements relating to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft audit report.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- (f) Reviewing, with the management, the statement of uses / application of funds raised through public issue, rights issue, preferential issue, etc.

- (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (h) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (i) Discussion with internal auditors on any significant findings and follow up there on.
- (j) Reviewing the findings of internal investigations by the internal auditors into the requisite matters
- (k) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain area of concern.
- (l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (m) Discussion with internal auditors of any significant findings and follows up thereon.

Details of meeting of Audit Committee

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

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

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

4. REMUNERATION COMMITTEE

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

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

5. SHAREHOLDERS/INVESTORS GRIEVANCES/ SHARE TRANSFER COMMITTEE :

The followings are the members of the committee.

Mr. Anil Nibber (Managing Director)

Mr. Kuldeep Kumar (Director)

Mr. Balbir Chand (Director)

Mr. Naresh Batra (Senior Manager)

Mr. Kuldeep Kumar is the Chairman of the committee.

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

Brief information on the Directors proposed for reappointment

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

Details of Annual/Extra Ordinary General Meeting :

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

YEAR	DATE OF AGM	TIME	PLACE
2007-08	30th September 2008	11.00 a.m.	Regd office

			Village Bargodam, Tehsil Kalka, Distt Panchkula
2008-09	29 th September 2009	11.00 a.m	Regd office Village Bargodam, Tehsil Kalka, Distt Panchkula
2009-2010	29 th September 2010	11.00 a.m.	Regd office Village Bargodam, Tehsil Kalka, Distt Panchkula

Disclosures

(a) Transactions with related party:

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

(b) Accounting treatment

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

© Penalties and Non Compliances

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

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 send 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, internet and fax. 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 : 30th September 2011 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 28th September 2011 to 30th September 2011 (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 2011

By Ownership

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

By Size

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

Registered Office & Works

Village Bargodam,

Tehsil Kalka,

Distt Panchkula [Haryana]

Administrative office:

SCO 291, 1st Floor,

Sector 32-C,

CHANDIGARH – 160 034.

Opportunities, threats and risks:

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

Internal Control System:

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

Human Resources and Industrial relation:

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

CORPORATE GOVERNANCE CERTIFICATE

TO THE MEMBERS OF SYSCHEM (INDIA) LIMITED

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

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

In our opinion and to the best of our information and according to the examinations given to us we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

Date : 05.09.2011

Place: Chandigarh

Kanwaljit Singh

Company Secretary