

10TH ANNUAL REPORT 1999-2000

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AMI COMPUTERS (INDIA) LTD.

BOARD OF DIRECTORS

Mr. Ratan Kr. Mishra

Mr. K. M. Jain

Mr. V.K. Jain

Mr. G.S. Prasad

EXECUTIVE VICE PRESIDENT

(FINANCE) & COMPANY SECRETARY : Mr. S.K.Daga

AUDITORS

: R.Pugalia & Co.
Chartered Accountants
17B, Pratapaditya Road
Calcutta - 700020

REGISTERED OFFICE

: 60A & 60B, Chowringhee Road
Calcutta - 700020
Phone No. : 280-0812/0900
Fax No. :240-6585

BANKERS

: State Bank Of India
State Bank Of Patiala
Global Trust Bank Ltd.
UCO Bank

AMI COMPUTERS (INDIA) LTD.**ANNUAL REPORT 1999-2000****NOTICE TO THE SHAREHOLDERS :**

Notice is hereby given that the tenth Annual General Meeting of the members of AMI Computers (India) Limited will be held at Shripati Singhania Hall, Rotary Children's Welfare Trust, 94/2, Jawahar Lal Nehru Road, Calcutta - 700 020 on 29th September, 2000 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000, the Profit & Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.M. Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri V.K. Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the ensuing Annual General Meeting and to empower the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if though fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT Shri Gollapinni Srinivasa Prasad, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 82 of the Company's Articles of Association and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed a Director of the Company liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions :

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 311 and other applicable provisions, if any Companies Act, 1956 read with Schedule XIII to the Act, including any amendments thereof, the Company hereby accords its approval to the appointment of Shri Ratan Kumar Mishra as Wholtime Director of the Company for a period of 3 years effective 1st April, 2000 on the terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Shri Ratan Kumar Mishra.

"RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board") be and is hereby authorised to decide the monetary value thereof as specified in the Agreement to the extent the Board may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act or Schedule XIII to the Act and/or Rules or Regulations framed thereunder for the time being in force or any statutory modification or re-enactment thereof or amendment thereto and the terms of the aforesaid Agreement shall be suitably modified to give effect to such variation or increase as the case may be."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Company Act, 1956, the Memorandum of Association of the Company be altered and amended by inserting the following new Sub-class 3 immediately after the existing Sub-clause 2 under Clause II A of the Memorandum of Association :

3. To carry on the business of owners and operators of all kinds of value added services including payment gateway services, long distance telephony service, e-commerce service and data-com services, vedio tech access points, multi-media access points, internal access points, voice mail service, e-mail service, vedio conference services, fax store and forward services, enhanced

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fax services, internet service including basic and advance services and to carry on business as advisors, suppliers, traders of data processing and information retrieval systems (whether or not remotely located and including but not limited to video, text, telex systems,) verification/authentication/certification/provision of digital signature, network services including virtual private network services and broad band network services, frame relay services, ATM services, data center services including hosting services, application services and co-location services, computer hardware and software of all kinds which incorporate use and used in conjunction with or ancillary to systems of such description as aforesaid and any of the apparatus and equipment comprised therein and rendering consultancy and project counselling in connection with the above activities'.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or expedient.

Calcutta
Dated : 30th June, 2000

By order of the Board
S. K. DAGA
Executive Vice-President (Finance)
& Company Secretary

Notes :

1. The Register of Members and Share transfer Book of the Company shall remain closed from 16th September, 2000 to 29th September, 2000 (both days inclusive)
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his place. A proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address immediately to the Company at 60A & B Chowringhee Road, Calcutta - 700 020.
5. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Items 5 to 7 of the Notice as set out above is annexed thereto.
6. All documents referred to in the above notice and the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 10 a.m. & 12.30 p.m. up to the date of the Annual General Meeting.
7. Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No. 5

The Board of Directors, at its Meeting held on 6th April, 2000, appointed Shri G.S. Prasad as an Additional Director, in accordance with the provisions of Article 82 of the Articles of Association of the Company.

Shri G.S. Prasad is a graduate in Mechanical Engineering and a post graduate in management from ENPC (Paris) with specialization in management of technology. His areas of specialization include CAD/CAM design, manufacturing, Vendor development etc. He has worked on critical defence projects such as APGS on AWACS, design and development of jamming technology, FLI warning system design and development etc. He has worked closely on channelization of IBM's technology and services. He was in charge of FI Plc's Indian division Y2K edutech services. He has also rendered service as technology deployment consultant for Future tech LLC.

The Board considers that the Company would be immensely benefited by the varied experience and valued guidance and advice rendered by Shri Parsad to the Company and commends passing of the Ordinary Resolution contained at Item no. 5 of the accompanying notice.

None of the Directors other than Shri G.S. Prasad is interested in the said resolution.

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The Board of Directors of the Company appointed Shri Ratan Kumar Mishra as Whole-time Director designated as Executive Director with effect from April 1, 2000 for a period of three years. The appointment is to be ratified by the Shareholders of the Company. The remuneration payable to Shri Ratan Kumar Mishra is detailed hereunder.

1. Salary : Rs. 20,000 (Rupees Twenty thousand only) per month with powers to the Board of Directors to revise and fix the salary from time to time.
2. Commission : Commission as may be decided or determined by the Board subject to the applicable provisions of the Companies Act, 1956.
3. Housing : Unfurnished/furnished residential accommodation or a house rent allowance in lieu thereof as per Company Rules
4. Perquisites/ Benefits :
 - a) Reimbursement of medical expenses for self and family
 - b) Personal Accident Insurance
 - c) Free use of car with chauffeur and telephone at residence
 - d) Expenses pertaining to Gas, Electricity, Water and other utilities will be borne/reimbursed by the company subject to a ceiling of 10% of salary.
 - e) Leave travel expenses for self and family once in a year in accordance with the rules of the Company subject to a maximum of Rs. 20,000/- per annum.
 - f) Club fees shall be limited to one club. This will not include Admission and Life Membership fees.

Perquisites or benefits shall be subject to an aggregate ceiling of Rs. 2.40 Lac per annum and be valued as per Income Tax Rules, 1962.
5. Other perquisites (Not to be included in the computation of the ceiling on remuneration specified in para 1, 2, 3, & 4 above)
 - a) Gratuity at a rate not exceeding 15 days salary for each completed year of services.
 - b) Encashment of unavailed leave at the end of the tenure
6. Minimum Remuneration : Notwithstanding anything contained herein but subject to the provisions of Schedule XIII of the Companies Act, 1956, in the event of inadequacy or absence of profits in any year under Section 349 & 350 of the Companies Act, 1956, as amended, it is proposed to pay the above said remuneration by way of minimum remuneration, where necessary with the approval of the Central Government.

None of the Directors except Shri Ratan Kumar Mishra is interested in the above resolution.

Item No. 7

The Company is already into the business of data processing, software development and other computer related services and these are already including in the objects clause of the Company. However, in view of the ever expanding scope and variety of computer and web related services, it would be prudent to incorporate a comprehensive clause in the memorandum of association of the Company and hence the aforesaid resolution is recommended for your approval.

None of the Directors is interested in the above resolution.

Calcutta
Dated : 30th June, 2000

By order of the Board
S. K. DAGA
Executive Vice-President (Finance)
& Company Secretary

ANNUAL REPORT 1999-2000**AMI COMPUTERS (INDIA) LTD.****DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting the Annual Report together with the Audited statement of Accounts of the Company for the Financial year ended March 31, 2000.

FINANCIAL RESULTS :

| Year ended March 31, | (Rs in Crores) | |
|--|----------------|------|
| | 2000 | 1999 |
| Gross Income | 13.71 | 0.64 |
| Total Expenditure | 10.49 | 0.31 |
| Gross Profit/(Loss) before Depreciation & Taxation | 3.22 | 0.33 |
| Less : Depreciation | 0.28 | 0.13 |
| Profit/(Loss) before Tax | 2.95 | 0.20 |
| Less : Provision for Tax | 0.25 | — |
| Profit/(Loss) after Tax | 2.70 | 0.20 |
| Paid-up Equity Capital | 6.12 | 6.12 |
| Reserves & Surplus | 3.13 | 0.43 |

Your Company has concluded the Year under review with outstanding results with the net profit showing an increase of more than 10 times. With the integration of the Indian economy with the global economy, liberalised policy of the Government and growing opportunities in the Information Technology Sector, the Company has embarked upon the software development activities. During the year the Company has achieved a turnover of Rs. 11.37 Crores from software trading activities.

DIVIDEND :

Your Directors have rational plan for expansion in the Computer related business so they have not recommended the Dividend for the year under review and whole profit would be retained for expansion purpose for maximising the shareholders wealth.

YEAR IN RETROSPECT :

The final year of the century was a satisfying one for your Company. The Company posted strong results. While total revenues grew by 2040% to Rs. 13.70 crores. Operating net profits grew by 1245% in the Financial Year 1999-2000 as compared to that in the Financial Year 1998-99.

FUTURE PLANS :**Internet Connections :**

Your Company has plans to start its Internet Service through Dial up connections in Calcutta in August under the brand name 'amionline'. However, when it comes to speed the dial up connectivity is too slow, so just to enable speedy internet browsing your Company plan to create an infrastructure for internet users i.e. D.S.L. and internet through cable technology, which will not only be fast but will also ensure that one need not install a telephone connection for browsing through internet.

Apart from that your Company will explore the possibility of IP Telephony and VPN (Virtual Private Network).

E-business :

According to NASSCOM the value of online transactions of 450 crores during the year 1999-2000, even in the absence of any regulatory mechanism, seems quite impressive. Their following estimate of future e-commerce transactions in India provides insights on potential for e-business.

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| Year | e-commerce transactions (in crores) | B2C (in crores) | B2B (in crores) |
|---------|--|--------------------|--------------------|
| 2000-01 | 3500 | 300 | 3200 |
| 2001-02 | 15000 | 1800 | 13200 |

Computer Education and Training :

Your Company has already started a computer education training under the brand name AMI Institute of Information Technology (AIIT). AIIT has started the training for Medical Transcription in Calcutta and providing 100% job guarantee.

The Company proposes to expand its computer education and training activity by appointing franchisees throughout India. Apart from Medical Transcription Training, your Company will be starting general computer training for individuals and corporates in future.

Software Solutions Center :

Your Company has plans to emerge as a dedicated software development and web related enterprise. Its software division is geared up to provide web-enabled system application solutions, ERP solutions and database application software.

DP Services :

Your Company plans to register itself as a depository participant with NSDL and CDSL for providing depository services. Since the Company has already direct connectivity in place, the Company can start the activity at very low cost.

Registrars to an Issue and Share Transfer Agents :

With the SEBI circular notifying at least 2600 Companies whose shares will be under Compulsory demat trading for all investors in the next few months, it is hoped that the client base of the Company in the business of Registrars to an Issue & Share Transfer Agents will increase substantially as the Company has connectivity both with NSDL and CDSL. This should have a positive effect on the revenue of this division in the current year.

FIXED DEPOSITS :

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

TRANSITION TO YEAR 2000 :

The transition to year 2000 was smooth and no Y2K problem was encountered.

BOARD OF DIRECTORS :

Shri G.S. Prasad was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on April 6, 2000 and holds office upto the date of the ensuing Annual General Meeting and is eligible for reappointment.

During the year Shri Ratan Kr. Mishra was appointed as Whole-time Director for a period of three years. The appointments are required to be ratified by the Shareholders. Hence the resolutions have been placed for their approval. Shri V.K. Jain and Shri K. M. Jain retire by rotation at this meeting and are eligible for reappointment.

The Board recommends the re-appointment of Shri G.S. Prasad, Shri V.K. Jain and Shri K. M. Jain as Directors of the Company and the approval to the terms of appointment of Shri Ratan Kr. Mishra as Whole-time Director of the Company respectively.

AUDITORS :

M/s R. Pugalia & Co. Chartered Accountants, hold office as Auditors of the Company until the conclusion of the ensuing Annual General Meeting and is recommended for reappointment. The

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Company has received a Certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

In respect of observations made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self explanatory and do not call for any further comments.

Corporate Governance :

Though the provisions of Corporate Governance as per the recent amendments in the listing agreement are applicable to the Company only after 31st March, 2002, the Company has initiated steps for a better and more transparent Corporate Governance regime.

Stock Exchange Listings :

The Equity Shares of your Company are listed at the following Stock Exchanges :

The Stock Exchange, Ahmedabad.

The Stock Exchange, Mumbai.

The Calcutta Stock Exchange Association Ltd.

The Company confirms that it has paid the annual listing fee to all the above Stock Exchanges for the year 1999-2000.

STATUTORY INFORMATION :**Particulars of Employees :**

The Company had no employee drawing Rs. 50,000/- or more per month or Rs. 6,00,000/- or more per annum during the period and as such no particulars as required under Section 217(2A) of the Companies Act, 1956, has been furnished.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo :

Particulars required under Section 217(1)(e) of the Companies Act, 1956, on conservation of energy, technology absorption, foreign exchange earnings & outgo are not applicable.

SUBSIDIARY COMPANIES :

Particulars relating to the Subsidiary Companies as required under Section 212 of the Companies Act, 1956 are annexed to the Balance Sheet of the Company.

APPRECIATION :

Your Directors acknowledge the recognition accorded and trust reposed in your Company by all by the Investors, Banks, Securities and Exchange Board of India, Stock Exchanges and other Government Agencies and record their appreciation of the support lent by them. The results that your Company has achieved in the year under review would not have been possible without the co-operation and full support of all its employees. Your Directors place on record their sense of appreciation of the valuable contribution made by the staff of the Company.

Calcutta

Dated : 30th June, 2000

BY ORDER OF THE BOARD

RATAN KR. MISHRA

Director

AUDITORS' REPORT

To The Members,

AMI Computers (India) Ltd.

We have audited the attached Balance Sheet of M/S. AMI Computers (India) Ltd. as at 31st March 2000 and the annexed Profit & Loss Account of the said Company for the year ended on that date. We report that :-

1. We have obtained all the information & explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion and to the best of our information and according to the explanations given to us the annexed accounts, subject to Notes to the Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st, March, 2000 and
 - b) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
3. In our opinion proper Books of Account as required by the Companies Act, 1956 have been kept by the Company so far as appears from the examination of the Books.
4. The Balance Sheet and Profit & Loss Account are in agreement with the Books of Accounts, and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board and on the basis of such checks as were considered appropriate, we further state that :-
 - i. The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets. Fixed Assets have been verified by the Management physically at reasonable intervals. No discrepancies have been noticed on such verification.
 - ii. The Fixed Assets have not been revalued during the year.
 - iii. As per the register maintained under Section 301 of the Companies Act, 1956 the Company has not taken any loans during the year from Companies or Firms in which the Directors are interested.

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- iv. The Company has given loans and advances in the nature of loans to staffs. The principal amounts and interest wherever applicable are being recovered as stipulated.
- v. According to the information and explanations given to us transactions of purchase and sale of goods and services made in pursuance of contracts/arrangements entered in the Register maintained U\S 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at reasonable prices having regard to the prevailing market prices of such goods.
- vi. The Company has an adequate internal audit system during the year.
- vii. The internal control system of the Company needs to be strengthened.
- viii. The Company is generally regular in depositing Provident Fund and ESI dues with the appropriate authorities.
- ix. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub Section (I) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- x. The Company has not accepted any Deposits from the Public attracting Provisions of Section 58A of the Companies Act, 1956.
- xi. According to the records of the Company and explanations given to us subject to note no. 2 (g) of Schedule 10 there were no undisputed amounts payable in respect of Income Tax outstanding as on 31st March 2000 for a period of more than six months from the date it became payable.
- xii. On the basis of our examination of the books and according to information and explanations given to us. there were no personal expenses charged to Revenue Account. However, there is no system of allocating man hour consumed to the relative jobs.
- xiv. In our opinion other clauses of the order are not applicable to the Company.

FOR R. PUGALIA & CO.
Chartered Accountants

Place : Calcutta
Dated : 30th June, 2000

R. PUGALIA
(Proprietor)