

# **FOURTEENTH ANNUAL REPORT**

**2002 - 2003**

report  junction.com



**ANCIENT SOFTWARE INTERNATIONAL LIMITED**

# ANCENT SOFTWARE INTERNATIONAL LIMITED

## CONTENTS

	<b>Page No.</b>
<b>Board of Directors</b>	<b>2</b>
<b>Notice of the Annual General Meeting</b>	<b>3</b>
<b>Director's Report</b>	<b>5</b>
<b>Auditor's Report</b>	<b>14</b>
<b>Balance Sheet</b>	<b>17</b>
<b>Profit and Loss Account</b>	<b>18</b>
<b>Schedule to Balance Sheet and Profit and Loss Account</b>	<b>19</b>
<b>Notes forming part of the Balance Sheet</b>	<b>23</b>
<b>Cash Flow Statement</b>	<b>27</b>
<b>Proxy Form &amp; Attendance Slip</b>	<b>29</b>

## **ANCENT SOFTWARE INTERNATIONAL LIMITED**

### **BOARD OF DIRECTORS**

<b>Sri Yuvraj Karam</b>	<b>Chairman</b>
<b>Sri C.Ashok Babu</b>	<b>Managing Director</b>
<b>Sri N.Rohit Reddy</b>	<b>Director (Technical)</b>
<b>Smt C.Jhansi Lakshmi</b>	<b>Director</b>
<b>Sri C.Prabhakar Rao</b>	<b>Director</b>

### **ADMINISTRATIVE & REGISTERED OFFICE**

Unit No.12, Vth Floor,  
TOPAZ Building, Amrutha Hills,  
Panjagutta, Hyderabad-500 082

### **SOFTWARE DIVISION**

Apt#1, Vishnu Smruti,  
425/35, TMV Colony,  
Gulshanki, Pune- 411 037

### **AUDITORS**

#### **SES RAMBABU & CO**

31, Pancom Chambers,  
6-3-1090/1/A, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082.

### **BANKERS**

#### **THE DHANALAKSHMI BANK LTD**

Abadi, Hyderabad - 500 001.

#### **THE APNA CO-OPERATIVE URBAN BANK LTD**

Panjagutta, Hyderabad - 500 082.

#### **HDFC BANK LTD**

Banjara Hills, Hyderabad - 500 034.

### **SHARE TRANSFER AGENTS**

M/s Sindhu Corporate Services Pvt Ltd  
18A, East Marredpally,  
Secunderabad 500026.

### **LISTING AT**

Mumbai Stock Exchange  
Hyderabad Stock Exchange Ltd.

## **ANCENT SOFTWARE INTERNATIONAL LIMITED**

### **NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the 14<sup>th</sup> Annual General Meeting of **ANCENT SOFTWARE INTERNATIONAL LIMITED** will be held on **Tuesday the 30<sup>th</sup> September, 2003** at 10.30 AM at The Hyderabad Gymkhana, near L.V.Prasad Eye Institute, Road No:2, Banjara Hills, Hyderabad -500 034, to transact the following business :

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri N.Rohit Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri Yuvraj Karan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory auditors and to fix their remuneration.

#### **SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution

**“RESOLVED THAT** subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing agreements and all other applicable laws, rules, regulations, guidelines and subjects to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to or accepted by the Board, to delist the equity shares of the company from Hyderabad Stock Exchange.

By Order of the Board of Directors

Place: Hyderabad  
Date : 02.09.2003

Sd/-  
(C.ASHOK BABU)  
Managing Director

# **ANCENT SOFTWARE INTERNATIONAL LIMITED**

## **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 be a member of the Company. Proxy Forms to be valid shall be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.
2. Members are requested to notify immediately changes if any, in their addresses to the company quoting their folio number.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item No.5 as special business in the Notice is attached herewith.
4. Members who are holding shares in identical order of names in more than one folio are requested to send to the company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
5. Share Certificates along with transfer deeds should be forwarded to the registrars and share transfer agents of the company in physical form at the following address:

**M/s SINDHU CORPORATE SERVICES PVT LTD**

(Unit: Ancent Software International Limited)

18A, East Maradpally, Secunderabad 500026.

Tel. No. 27733478, Fax, No. 27733478.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF BUSINESS UNDER ITEM NOS**

### **ITEM NO.5**

#### **De Listing of Share from Hyderabad Stock Exchange**

Presently the company's securities are listed on the Stock Exchanges at Hyderabad and Mumbai. Almost all the existing members of the company are concentrated in the area covered by the Stock Exchange, Mumbai. There is no liquidity of trading in the company's shares on the Hyderabad stock exchange. It is also observed that the listing fee paid to the Hyderabad stock exchange is disproportionately high and as part of cost reduction measures, the company has proposed this resolution, which will enable it to delist the equity shares from the Hyderabad stock exchange.

In line with the SEBI regulations, members approval is being sought by a special resolution for enabling voluntary delisting of shares from the said stock exchange. The company is also separately giving special notice of the proposed enabling resolution for the said delisting in one national news paper and one circulating in the region of the stock exchange, Hyderabad. The proposed delisting of the company's shares from the stock exchange, Hyderabad will not adversely affect the investors since the company's shares will continue to be listed on The Stock Exchange, Mumbai.

Yours Directors recommend the special resolution for approval of the members.

None of the directors of the company is, in any way, concerned or interested in the resolutions.

By Order of the Board of Directors

Place: Hyderabad

Date : 02.09.2003

Sd/-  
(C.ASHOK BABU)  
Managing Director

# **ANCENT SOFTWARE INTERNATIONAL LIMITED**

## **DIRECTOR'S REPORT**

To  
The members of Ancent Software International Limited,  
Hyderabad.

We have pleasure in presenting the 14<sup>th</sup> Annual Report and the Audited Statement of accounts for the Financial Year ended 31.03.2003.

### **FINANCIAL RESULTS :**

	Current Year 2002 – 2003 (Rs. In Lakhs)	Previous Year 2001 – 2002 (Rs. In Lakhs)
Income	44.72	65.83
Profit before Interest and Depreciation	0.55	(3.14)
Interest	0.46	1.27
Depreciation	10.97	9.96
Profit before Tax	(10.88)	(14.37)
Provision for Taxation	—	—
Net Profit	(10.88)	(14.37)

### **OPERATIONS:**

During the year under review your company has earned a total income of Rs.44.72 Lakhs and incurred a Net Loss of Rs.10.88 Lakhs against an income of Rs. 65.83 Lakhs and Net Loss of Rs.14.37 Lakhs in the previous year. During the year the company has earned income from Software Development of Rs. 38,10,786/- and Other Income of Rs. 6,61,364/- Your Directors are confident that the company will achieve better results in the coming years.

## **ANCENT SOFTWARE INTERNATIONAL LIMITED**

### **DIVIDEND**

Due to losses your Directors could not recommend Dividend on the capital.

### **DIRECTORS:**

Sri Yuvraj Karan and Sri. N.Rohit Reddy, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

During the year Sri.S.Anantha Raman has resigned from the directorship of the company and the Board places on record its appreciation of the services rendered by him.

### **DELISTING OF SHARES**

Presently the company's securities are listed on the Stock Exchanges at Hyderabad and Hyderabad. Almost all the existing members of the company are concentrated in the area covered by the Stock Exchange, Mumbai. There is no liquidity of trading in the company's shares on the Hyderabad stock exchange. It is also observed that the listing fee paid to the Hyderabad stock exchange is disproportionately high and as part of cost reduction measures, the company has proposed this resolution, which will enable it to delist the equity shares from the Hyderabad stock exchange.

### **AUDITORS:**

M/s. Rambabu & Co, Chartered Accountants, Hyderabad, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000, your directors confirm —

- i) that in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) that the directors had selected such accounting policies and applied them 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 and loss account for that period.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

## **ANCENT SOFTWARE INTERNATIONAL LIMITED**

### **CORPORATE GOVERNANCE**

Your company has taken necessary measures to comply with the provisions of Clause 49 of the listing agreement with the Stock Exchanges in respect of Corporate Governance.

A report on Corporate Governance along with a certificate of compliance from the Auditors and also the Management Discussion and Analysis report are annexed separately to this Annual report.

### **PARTICULARS OF EMPLOYEES:**

No employee was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

### **FIXED DEPOSITS:**

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

### **INFORMATION UNDER SECTION 217 (1) (E) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:**

#### **a) Conservation of Energy:**

The operations of the Company involve very low energy consumption. However adequate measures have been taken to conserve the more energy.

#### **b) Technology Absorption:**

The Company has not imported any Technology.

#### **c) Foreign Exchange Earnings & Outgo:**

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Nil

### **GENERAL :**

The Company's shares are listed on Hyderabad and Mumbai Stock Exchanges and the listing fee for the year 2002-2003 has been paid.

### **APPRECIATION:**

The Directors wish to place on record their appreciation to employees at all levels for their co-operation. Your directors would also acknowledge the continued support of the Company's Shareholders.

By Order of the Board of Directors

Place: Hyderabad  
Date : 02.09.2003

Sd/-  
(C.ASHOK BABU)  
Managing Director

Sd/-  
(C.JHANSI LAKSHMI)  
Director



## **ANCENT SOFTWARE INTERNATIONAL LIMITED**

### **ANNEXURE TO THE DIRECTOR'S REPORT COMPLIANCE REPORT ON CORPORATE GOVERNANCE**

#### ***Company's philosophy on corporate governance***

A strong governance process is integral to business success. For an important reason: a broad based governance initiative harmonizes the interest of all shareholders.

At Ancent, a commitment to a mature governance process is leading to stronger business prospects, a growth of business partners( customers and suppliers), enhanced employee and investor wealth as well as an increased societal development at large.

#### ***Board of Directors***

##### ***Composition of the Board***

The Board of Directors of Ancent consists of five directors. Of these, one is Managing Director, one is Executive Director and three are non-executive. The composition of the Board during the financial year under review is presented in detail in the table 1.

##### ***Number of Board Meetings***

During the financial year under review, the Board of Directors met 6 times on 30.04.2002, 31.07.2002, 02.09.2002, 31.10.2002, 31.01.2003, and 10.02.2003. As stipulated in Clause 49, the maximum time gap between any two meetings was not more than four months.

##### ***Directors' Attendance Record and Directorships***

Details are given in Table 1.

**Table: 1 Details of the Board of Directors**

Name of the Director	Executive / Non-Executive Director	No. of meetings Held during his Tenure	No. of meetings Attended	Whether Attended Last AGM	No. of Outside Directorships
C.Ashok Babu	Executive	6	6	Yes	2
N.Rohit Reddy	Executive	6	6	Yes	1
C.Jhansi Lakshmi	Non Executive	6	6	Yes	2
Yuvraj Karan	Non Executive	6	6	Yes	1
C.Prabhakar Rao	Non Executive	6	6	Yes	0

#### ***Information Supplied to the Board***

Ancent believes in providing the directors all relevant and required information to enable them make well informed decisions. The following information is regularly placed before the Board:

- Annual Budget
- Quarterly and Half yearly results of the Company
- Minutes of Audit Committee and other committee meetings
- Information on recruitment and remuneration of any Sr. Manager just below the board.
- Any material defaults in financial obligations to and by the company in any aspect.
- Disclosures by management on material transactions if any including potential conflict of interest.
- Strategic and operational plans for running the business.

The Board of Directors is presented with detailed notes with required annexure on the above heads. These are presented as a part of the agenda papers of the meeting or directly tabled at the Board meetings