

ELEVENTH ANNUAL REPORT  
2003-2004

Report  Junction.com

**ez-comm**  
e-commerce solutions

## CONTENTS

COMPANY INFORMATION	... ..	01
NOTICE	... ..	02
DIRECTORS' REPORT	... ..	03
MANAGEMENT DISCUSSION & ANALYSIS	... ..	06
CORPORATE GOVERNANCE REPORT	... ..	08
AUDITORS' REPORT	... ..	14
BALANCE SHEET	... ..	19
PROFIT & LOSS ACCOUNT	... ..	20
SCHEDULES	... ..	21
BALANCE SHEET ABSTRACT	... ..	30
CASH FLOW STATEMENT	... ..	32

**COMPANY INFORMATION****BOARD OF DIRECTORS:**

MR. SANJIV KHANDELWAL  
(Chairman & Managing Director)  
MR. MOHAN M JAYAKAR  
MRS. SHILPA KHANDELWAL

**AUDITORS:**

M/s. A. J. MEHTA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
SHAHVIRI BUILDING, 1ST FLOOR,  
PICKET ROAD, MUMBAI – 400 002

**BANKERS:**

ABN-AMRO BANK  
CORPORATION BANK  
HDFC BANK  
STATE BANK OF INDIA – SILVASSA  
UNION BANK OF INDIA  
THE BANK OF RAJASTHAN LTD.

**REGISTERED OFFICE:**

4TH FLOOR, DOULATRAM MANSION  
RAMBHAU SALGAONKAR MARG  
COLABA, MUMBAI – 400 005

TEL: 91-22-282 5252  
FAX: 91-22-202 3563  
E-MAIL: [mail@ezcommindia.com](mailto:mail@ezcommindia.com)  
WEBSITE: [www.ezcommindia.com](http://www.ezcommindia.com) and  
[www.yarnsandfibers.com](http://www.yarnsandfibers.com)

**SHARE TRANSFER AND DEMAT REGISTRARS:**

M/s. INTIME SPECTRUM REGISTRY LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND  
L. B. MARG, BHANDUP (W)  
MUMBAI – 400 078  
Tel.: 022 – 25923837



## NOTICE

**Notice** is hereby given that the **Eleventh Annual General Meeting** of the members of EZ-COMM Trade Technologies Limited will be held on Thursday, the 30th day of September, 2004 at 10.00 a.m. at the Registered Office of the Company at 4th Floor, Doulatram Mansion, Rambhau Salgaonkar Marg, Colaba, Mumbai – 400 005 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2004 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mohan Jayakar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s A. J. Mehta & Associates as the Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By order of the Board of Directors**

**Sanjiv Khandelwal**

Chairman and Managing Director

Mumbai: 27th August 2004

### Registered Office:

4th Floor, Doulatram Mansion  
Rambhau Salgaonkar Marg  
Colaba, Mumbai – 400 005

### NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member. The proxy from, in order to be effective, must however be deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the meeting.**
2. The Register of Members and Share Transfer Books will remain closed through 23rd September 2004 to 30th September 2004 (both days inclusive).
3. Members are requested to sign at the place provided for the attendance slip annexed to the Proxy Form and hand over the slip at the entrance to the place of the meeting.
4. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easier identification of attendance at the meeting.
5. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the meeting.

**By order of the Board of Directors**

**Sanjiv Khandelwal**

Chairman and Managing Director

Mumbai: 27th August 2004

### Registered Office:

4th Floor, Doulatram Mansion  
Rambhau Salgaonkar Marg  
Colaba, Mumbai – 400 005

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Statement of Accounts for the year ended the 31st March 2004.

<b>Financial Results: (in Rs.)</b>	<b>Year ended 31-03-2004</b>	<b>Year ended 31-03-2003</b>
Profit/(Loss) before depreciation	(6,48,061)	6,47,710
Depreciation	3,75,440	3,37,847
Profit/(Loss) before tax	(10,23,531)	3,09,863
Provision for taxation	0	0
Provision for Deferred Tax (Net)	3,40,375	34,378
Add : Income Tax paid written off	(407,755)	
Prior Period Adjustments	(10465)	14,440
Profit/(Loss) after tax	(1,101,377)	3,58,681
Add : Surplus brought forward	25,54,298	21,95,617
<b>Balance carried to Balance Sheet</b>	<b>14,52,920</b>	<b>25,54,298</b>

### Income, Activities & Operations:

During the year, the Company earned Rs. 50,95,865 as income from e-business and Rs. 91,066 as interest and other income. Compared to the previous year, the income has increased from Rs. 51,54,699 to Rs. 52,71,852.

Although the global markets and the economy continue to be in a recessionary mood, companies are investing in the latest technology. The Company expects better returns, development and progress in the coming time. The Company has an impressive foreign client list with the work of the Company being appreciated the world over. The client list of the company has been growing and includes many well-known companies. The company expects to increase the value of the business from these clients.

The company also has been empanelled by the Maharashtra Government to build an eGovernance IT infrastructure in the State.

The Thin Client Solution launched by the Company has received quite a good response. The Solution is based on the Linux platform (a type of an Operating System). Deploying this latest technology, Clients of the Company can reduce the Total Cost of Ownership of their Information Technology Infrastructure. This solution empowers clients to centralize their Data Management. It also eliminates the risk of virus attacks. In addition, it has a very strong Business Continuity Plan and Disaster Recovery Plan features.

The Company has structured a new business for helping other software companies market their products and services in India. This concept, termed as Virtual Sales Office (VSO), is a fairly new concept in India and your Company is one of the pioneers in implementing this concept. A major client of the company is Net Business Solutions (NBS), which is in the people placements and product sales business.

The Company has spent considerable resources in creating technologies for the Wireless business. The Company has ventured into the Wireless Internet connectivity business. This new technology of providing Wireless Broadband Internet connection by creating "Hotspots" is being pioneered in India by EZ-COMM. The Company built cutting edge technology that lets users access this service in designated area through the use a Prepaid cards.

This is quite new to our country. Already, a few Five-Star Hotels have signed agreements to deploy this internet technology in their respective hotels and a couple of them are ready for kick-off soon. The Company has deployed this technology with materials imported from Canada. The Company expects good returns in the coming years.

**Dividend:**

Due to the absence of the profits during the financial year, the Directors do not recommend any dividend.

**Land:**

The Company has preferred an appeal in the Court of the Honourable Administrator, Dadra & Nagar Haveli at Silvassa, against the order of the Collector, Dadra & Nagar Haveli, rejecting the application of the Company seeking N.A. permission in respect of the land for industrial purpose. The Company awaits results.

**Public Deposits:**

The Company has not accepted any Deposit within the meaning of Section 58A of The Companies Act, 1956 and the rules made thereunder during the year.

**Directors:**

Mr. Mohan Jayakar retires by rotation and being eligible, offers herself for re-appointment.

**Directors' Responsibility Statement:**

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 accounts for the financial year ended 31st March 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were fairly reasonable and prudent so as to give a true and fair view of the state of affairs 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;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2004 on a 'going concern' basis.

**Particulars of Employees:**

The Company has not paid any remuneration attracting the provision of Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956, as amended. Hence, there is no requirement to append any information to this report in this regard.

**Particulars of Energy Conservation, Technology absorption & Foreign Exchange Earnings and outgo:**

Since the Company has ventured into the e-commerce and software development business and there are no manufacturing activities, there are no particulars relating to conservation of energy and technology absorption. The following foreign exchange earnings and outgo were there during the year:

	<b>(In Rs.)</b>
Foreign Exchange used	3,08,251
Foreign Exchange earned	33,59,956

**Auditors:**

M/s A. J. Mehta & Associates, Chartered Accountants, Mumbai, the Auditors of the Company retire at the conclusion of the Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. The Board recommends their re-appointment.

**Auditors' Report:**

The Auditors' Report is attached to the Balance Sheet as at 31st March 2004. As there are no employees who have served for more than five years, no provision is necessary for Gratuity in the accounts. Leave salary is paid on actual basis; hence no provision is made for that either.

**Listing:**

The Equity Shares of the company are listed on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association.

The company's shares are tradeable compulsorily in electronic form and the company has established connectivity with both the depositories, i.e. Central Depository Services (India) Ltd. & National Securities Depository Ltd.

The company has also appointed M/s Intime Spectrum Registry Limited as its Share Transfer and Depository Registrars. Shareholders are requested to send the matters relating to share transfers and/ or dematerialisation to the Company Registrars. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the company's shares on either of the Depositories as aforesaid.

**Corporate Governance:**

In line with the guidelines stipulated by the Securities and Exchange Board of India (SEBI) Committee on Corporate Governance, adequate steps have been taken to ensure that most of the provisions of Clause 49 of the Listing Agreement are duly complied with.

A separate report on corporate governance is included/ attached as part of the Annual Report. The Auditors' Certificate confirming Compliance of Conditions of Corporate Governance is included in the said Corporate Governance Report. The Company is soon to induct more Directors.

**Acknowledgement:**

The Directors record their thanks to the Corporation Bank, State Bank of India – Silvassa, HDFC Bank, ABN-AMRO Bank, The Bank of Rajasthan, Ltd. and Union Bank of India for their co-operation. The Directors also acknowledge the co-operation received from officers and staff of the Company.

**For and on behalf of the Board of Directors**

Mumbai  
Dated: 27th August 2004

**Sanjiv Khandelwal**  
Chairman and Managing Director



## Management Discussion & Analysis Report

### Industry Structure & Development

The Indian IT industry is gradually coming on track to achieve its long-term aspirations of exports of around US\$ 80 billion by the end of the decade. A very high Compounded Annual Growth Rate (CAGR) has been seen by the industry since 1999.

In the course of the last decade, India's IT software industry has scripted one of the most amazing success stories by contributing very substantially to India's flourishing forex reserves and to employment, along with radically altering the country's image and standing amongst nations.

Last year, software exports increased by 26%, an amazing growth in the ambience of a global economic slow-down and flat-to-negative IT expenditures. However, the domestic software market continued to grow. This despite a robust increase in GDP, averaging well over 5% a year over the last few years.

### Opportunities & Threats

IT, when appropriately used, has proven to be of immense benefit in increasing efficiency, cutting costs, improving decision-making and providing better customer service. There are document case studies on how IT has helped reduce inventories, cut down time-to-market, and generally improved the bottom-line of companies.

As an enabler and enhancer, IT is clearly a major productivity too. India's software expertise has helped foreign companies – and countries – to become more competitive. So far, most of this has been to companies / countries that are not in direct competition with Indian companies or India. It would, indeed, be ironical if Indian software expertise were to enhance a competitor's productivity, and help it overtake Indian companies. (Source: NASSCOMM report)

### Risk and Concerns

#### *Technology Obsolescence*

EZ-COMM manages potential operational risks by adopting continuous technological upgradation of technologies and systems.

#### *Intellectual Property*

Although the Company takes adequate precautions to protect its Intellectual Property (IP), it faces the risk of others using and gaining from its IP.

#### *Insurance*

The Company needs to consider insurance of its operations against a wide range of risks as part of its overall risk management strategies. The management is now considering the same.

### Internal Controls

EZ-COMM has proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported correctly.

The internal control systems are supplemented by an extensive programme of internal audits, reviews by management, and documented policies, guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

### Discussions on Financial Performance with respect to operational Performance:

During the year, the Company earned Rs. 50,95,865 as income from e-business and Rs. 91,066 as interest and other income. Compared to the previous year, the income has increased from Rs. 51,54,699 to Rs. 52,71,852.



The Company expects better returns, development and progress in the coming time. The Company has an impressive foreign client list with the work of the Company being appreciated the world over. The client list of the company has been growing and includes many well-known companies. The company expects to increase the value of the business from these clients.

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#### **Material Development in Human Resources / Industrial Relations:**

Company hires the best talent from anywhere in the country to attract the best people that it needs for its services. The Company has well designed training programme to take care of the training needs of the professionals to keep them abreast of the new technologies changes.

The Company enjoys healthy relations with its customers, investors, employees, banks, and various state and central government departments. To offer the most cost-effective solutions to the overseas existing clients and also to capture new clients, the Company also recruits highly skilled technical persons from reputed institutes.

#### **Cautionary Statement**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections estimates, and exceptions may be "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.*

## CORPORATE GOVERNANCE REPORT

### I. PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the shareholders, employees, the Government and other parties. Your Company believes the Code on Corporate Governance provides a structure by which the rights and responsibilities amongst different participants in the organization, such as the Board, employees and shareholders are distributed. In carrying this out, it helps to ensure that the Company's objectives are well defined and performance against those objectives are adequately measured and monitored. Your Company believes that all its operations and actions must serve the underlying goal of boosting overall shareholder value, over a sustained period of time.

In so far as compliance of Clause 49 of the Listing Agreement with the Stock Exchanges is concerned, the Company has complied in most material respects with the requirements of Corporate Governance specified in the Listing Agreement with the Mumbai, Ahmedabad and Delhi Stock Exchanges.

### II. BOARD OF DIRECTORS

#### A. Composition of the Board:

As on 31st March 2004, the Board of Directors of EZ-COMM Trade Technologies Limited comprises the Chairman, Mr. Sanjiv Khandelwal, who is an executive director and a promoter. Besides, there are two non-executive directors viz. Mr. Mohan Jayakar who is also an independent Director and Mrs. Shilpa Khandelwal. The Non Executive Directors are eminent professionals with wide range of knowledge and experience in business, industry, finance and law. The composition of the Board and other relevant details relating to Directors are given below:

Name of the Director	Category of Director	No. of Board Meetings held	No. of Board Meetings attended	No. of other Director-ships	Committee Member-ships	Committee Chairman-ships	Last Annual General Meeting attended
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mr. Sanjiv Khandelwal Chairman & Managing Director	Executive and Promoter Director	4	4	2	2	0	Yes
Mr. Mohan Jayakar Director	Non-Executive and Independent Director	4	4	3	3	1	Yes
Mrs. Shilpa Khandelwal Director	Non-Executive and Promoter Director	4	4	2	2	1	No

4 (Four) meetings of the Board of Directors were held during the financial year 2003-04, one each on 26th June 2003, 30th July 2003, 31st October 2003 and 31st January 2004.

### III. AUDIT COMMITTEE

- Terms of reference:** The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Section 292A of the Companies Act, 1956 with additional functions/ features as are contained under Clause 49 of the Listing Agreement.
- Composition:** The Audit Committee was constituted by the Board of Directors in the year 2001 and comprises 2 Non-Executive Directors with one of them being independent and one Executive Director. The Chairman of the Committee is an independent Director. 4 (Four) meetings of the Committee were held during the year under review (24th June 2003, 29th July 2003, 30th October 2003 and 30th January 2004). The composition of the Committee and attendance of the members is given hereunder: