

TWELFTH ANNUAL REPORT
2004-2005

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ez-comm
trade technologies limited

optimizing business processes

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COMPANY INFORMATION**BOARD OF DIRECTORS:**

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

AUDITORS:

MESSRS. 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: 91-22-2282 5252
FAX: 91-22-2202 3563
E-MAIL: mail@ezcommindia.com
WEBSITE: www.ezcommindia.com
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.: 91-22-2592 3837

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NOTICE

Notice is hereby given that the **Twelfth Annual General Meeting** of the members of EZ-COMM Trade Technologies Limited will be held on Friday, the 30th day of September, 2005 at 3.00 p.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 2005 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. Shilpa Khandelwal, who retires by rotation and being eligible, offers herself 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.

SPECIAL BUSINESS

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

“RESOLVED THAT in accordance with Section 198,309 and Schedule XIII and any other provisions applicable, if any, of the Companies Act, 1956(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr.Sanjiv Khandelwal, as Managing Director for a further period of five years with effect from 1st April, 2005 on the terms and conditions as are set out in the agreement entered into between the Company and Mr.Sanjiv Khandelwal, a copy whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as ‘the Board’) to alter and vary the terms and conditions of the said appointment and/or remuneration and / or agreement so as not to exceed the limites specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof for the time being in force or any amendments and /or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr.Sanjiv Khandelwal

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution .”

Mumbai: 3rd September, 2005

By order of the Board of Directors

Sanjiv Khandelwal

Chairman and Managing Director

Registered Office:

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

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of resolution under Item No.4 of the accompanying notice is annexed herewith.
2. 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.
3. The Register of Members and Share Transfer Books will remain closed through 26th September 2005 to 30th September 2005 (both days inclusive).

4. 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.
5. 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.
6. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.4

The term of appointment of Mr.Sanjiv Khandelwal as Managing Director expired on 31st March, 2005 . The Board of Directors feels that for the sake of continuity of the present management and for the effective running of the Company , the services of Mr.Sanjiv Khandelwal should be available to the company for a further period of five years effective from 1st April, 2005. In terms of the Articles of Association of the Company, the Board of Directors at their meeting held on 2nd April, 2005 re-appointed Mr.Sanjiv Khandelwal as a Managing Director, for a further period of five years with effect from 1st April, 2005 , with some minor changes in the terms and conditions vis-a vis the previous agreement . The appointment agreement was executed under the common seal of the Company in the meeting of the Board of Directors. An abstract of his terms of appointment and remuneration proposed to be paid to him as a Managing Director , together with the memorandum of concern of interest are set out hereunder.

1. Subject to the supervision and control of the Board of Directors of the Company , the Managing Director shall carry out such duties as may be entrusted to him and shall perform such other services as shall from time to time be delegated to him by the Board of Directors , to promote the interests and welfare of the Company and to conform to and comply with directions and regulations of the Company and all such directions as may be from time to time be given by the Board of Directors or by the Company.
2. Remuneration
Salary – Rs.25000/- p.m
Commission- 1% of the net profit of the Company
Perquisites :

Part A:

- I. Residential accommodation with usual facilities and amenities including Electricity , gas water and furnishings.
- II. Medical Benefit for self and family Reimbursement of expenses incurred the total cost of which to the company shall not exceed one months salary in a year or three months salary in a block of three years.
- III. Leave travel concession
For self and family, once in a year , incurred in accordance with the rules of the company.
- IV. Personal Accident Insurance
Premium not exceed Rs.1000/- p.a

Part B

- I. Leave
One months earned leave for every year of completed service
- II. Use of Company's car with driver
- III. Use of Company's Telephone at residence
- IV. Such other benefits and amenities as applicable to other senior executive of the company.
- V. Minimum Remuneration

In case of absence or inadequacy of profits (including the case of loss) for any year, Mr.Sanjiv Khandelwal

shall be paid remuneration by way of salary and perquisites not exceeding the ceiling limit specified under section II of Part II of Schedule XIII of the Companies Act, 1956 or any other statutory provision, modification or re-enactment (s) thereof.

Mr. Sanjiv Khandelwal will not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

A copy of the agreement referred to in the Resolution of the Notice will be available for inspection by the members at the Registered Office of the Company between 11.00 a.m to 1.00 p.m on any working day.

The Directors recommend the approval of his re-appointment and remuneration as described in the said Resolution .

Mr. Sanjiv Khandelwal and Mrs. Shilpa Khandelwal are concerned or interested in the above. Mr. Sanjiv Khandelwal is interested as the appointment relates to him . Mrs. Shilpa Khandelwal is interested as the appointment and remuneration payable relates to her husband. None of the other directors are interested or concerned in the above resolution .

This Explanatory Statement together with the accompanying notice is to be regarded as an Abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Place: Mumbai
Date: 3rd September, 2005

By order of the Board of Directors

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

Sanjiv Khandelwal
Chairman and Managing Director

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Statement of Accounts for the year ended the 31st March 2005.

Financial Results: (in Rs.)	Year ended 31-03-2005	Year ended 31-03-2004
Profit/(Loss) before depreciation	11,61,341	(6,48,061)
Depreciation	<u>4,06,375</u>	<u>3,75,440</u>
Profit/(Loss) before tax	7,54,966	(10,23,531)
Provision for taxation	<u>Nil</u>	<u>0</u>
Provision for Deferred Tax (Net)	83,140	3,40,375
Add : Income Tax paid written off	Nil	-407,755
Prior Period Adjustments	2,750	-10465
Profit/(Loss) after tax	8,40,856	-1,101,377
Add : Surplus brought forward	<u>14,52,921</u>	<u>25,54,298</u>
Balance carried to Balance Sheet	<u>22,93,777</u>	<u>14,52,920</u>

Income, Activities & Operations:

During the year, the Company earned Rs. 43,59,284 as income from e-business and Rs. 5,29,067 as other income. Compared to the previous year, the income has increased from Rs. 52,71,853 to 80,88,578.

Although the global markets and the economy continue to be in a positive 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:

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:

Mrs. Shilpa Khandelwal 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 2005, 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 2005 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:

Foreign Exchange earned	(In Rs.)
F.O.B Value of Exports	2,53,826
For e-business	29,87,612
Foreign Exchange used	(In Rs.)
Hosting charges	52320
Travelling	34411

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 2005. 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. The notes to the accounts referred to in the Auditors' Report are otherwise self-explanatory.

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 tradable 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: 3rd September, 2005

Sanjiv Khandelwal
Chairman and Managing Director