

17TH ANNUAL REPORT
2009-2010

EZ-COMM TRADE TECHNOLOGES LIMITED

Optimising business processes

C O N T E N T S

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COMPANY INFORMATION

BOARD OF DIRECTORS:

MR. SANJIV KHANDELWAL
(Chairman & Managing Director)
MRS. SHILPA KHANDELWAL
MR. KHUSHROW SHIAVAX PATEL

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 and www.yarnsandfibers.com

SHARE TRANSFER AND DEMAT REGISTRARS:

M/S LINK INTIME INDIA PRIVATE 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 **Seventeenth Annual General Meeting** of the members of EZ-COMM Trade Technologies Limited will be held on 30th September, 2010 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 2010 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. Khushrow Shiavax Patel, 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, 2010 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 limits 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 .”

By order of the Board of Directors
Sd/-
Sanjiv Khandelwal
Chairman and Managing Director

Mumbai: 13th May, 2010

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 between 26.09.2010 to 30.09.2010 (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, 2010 . 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, 2010. In terms of the Articles of Association of the Company, the Board of Directors at their meeting held on 31st March, 2010 re-appointed Mr.Sanjiv Khandelwal as a Managing Director , for a further period of five years with effect from 1st April, 2010 , 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. NIL
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 bay 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.

Mumbai: 13th May, 2010

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended the 31st March 2010.

Financial Results: (in Rs.)

	<u>Year ended</u> <u>31-03-2010</u> <u>In Rupees</u>	<u>Year ended</u> <u>31-03-2009</u> <u>In Rupees</u>
Profit/(Loss) before tax	65,895.00	(54,08,958.00)
Less :Provision for taxation		
Current Tax/Fringe Benefit Tax	Nil	Nil
Provision for Deferred Tax (Net)	5,73,933.00	(5,09,277.00)
Add: Excess Provision for Income Tax/ FBT written Back	Nil	32,356
Add: Excess Provision for Depreciation Written Back	7,51,634.00	Nil
Add :Prior Period Adjustments	(2,937.00)	(949.00)
Profit/(Loss)after tax	2,40,659.00	(48,68,274.00)
Add : Surplus/(Deficit) brought forward	(4,89,26,990.00)	(4,40,58,716.00)
Balance carried to Balance Sheet	(4,86,86,331.00)	(4,89,26,990.00)

Income, Activities & Operations:

During the year, the Company earned Rs.5,00,137.00 as sales income and Rs.28,32,560.00 as other income and was able to make a marginal profit of Rs.2,40,659.00 as against the loss of Rs.48.68.274.00 in the previous year and the Company expects good returns in the coming years.

Dividend:

The Directors do not recommend any dividend.

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. Khushrow Shiavax Patel retires by rotation and being eligible, offers himself 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 2010, 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 2010 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 Nil (Previous year Rs. 29,562.00)

Foreign Exchange used

Travelling :Rs.31,309.00 (Previous Year Rs. Nil)

Business Promotion :Rs.15678.00 (Previous Year Rs. Nil)

Hosting Charges : 6055.00 (Previous Year Rs. Nil)

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 2010. The comments of the auditors to the accounts referred to in the Auditors' Report are self-explanatory.

Subsidiary

The Audited Statements of Accounts of the Subsidiary Company and the Auditors' Report thereon for the Year ended 31st March, 2010 has been attached to the balance sheet along with statement pursuant to Section 212 of the Companies Act, 1956, relating to the said Subsidiary Company.

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 LINK INTIME INDIA PRIVATE 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 all the banks 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: 13th May, 2010

**Sd/-
Sanjiv Khandelwal
Chairman and Managing Director**

Management Discussion & Analysis Report

Industry Structure & Development

The Indian IT industry growth was normal during the year

However, 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, alongwith radically altering the country's image and standing amongst nations.

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 assets and 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.5,00,137.00 as sales income and Rs.28,32,560.00 as other income and was able to make a marginal profit of Rs.2,40,659.00 as against the loss of Rs.48.68.274.00 in the previous year and the Company expects good returns in the coming years.