

# **TENTH ANNUAL REPORT 2007-2008**

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CHAKKILAM

**Chakkilam Infotech Limited**

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**BOARD OF DIRECTORS**

Mr. C.V.Subramanyam	Managing Director
Mr. C.Sudhakar	Director
Mr. Bezwada Prabhakar Arthur	Director
Dr. Venkat R.Yerapragada	Director
Mr. Terrence J.Leifheit	Director
Mr. P.Vikram	Director
Mr. B.Srinivasa Rao	Director
Mr. K. Ch. Subba Rao	Director
Mr. K.Nageswara Rao	Director
Mr. D.Suresh	Director

**BANKERS**

Oriental Bank of Commerce  
Secunderabad.

ICICI Bank Ltd.  
Khairatabad

**AUDITORS**

M/s. P.MURALI & CO.,  
Chartered Accountants,  
6-3-655/2/3,  
Somajiguda,  
Hyderabad - 500 082.

**REGISTERED OFFICE**

Suit No.106 & 107,  
6-3-456/C, MGR Estates,  
Dwarakapuri Colony,  
Punjagutta, Hyderabad - 500 082  
**Tel: (040) 23357904,Fax: (040)23353980**  
URL:www.chakkilaminc.com, e-mail:info@chakkilaminc.com

**Registrars & Share Transfer Agents**

**Aarhi Consultants Pvt. Ltd.**  
1-2-285, Domalguda, Hyderabad-29.  
Tel: (040) 27642217/27638111  
Fax: (040) 27632184  
Email: hyd2\_aarcons@sancharnet.in

**Notice**

**Notice** is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held on Monday, the 29<sup>th</sup> day of September, 2008 at 11.30 A.M. at Sundaraiah Vignana Kendram, (Mini Hall) Bagh Lingampalli, Hyderabad – 500 044 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2008 and Audited Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report.
2. To appoint a Director in place of Mr. D. Suresh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. Nageswara Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. B. Srinivasa Rao, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at the remuneration as may be fixed by the Board of Directors of the Company.

For and on behalf of the Board

Place : Hyderabad  
Date : 01.09.2008

C.V.SUBRAMANYAM  
Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An Instrument appointing proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.
3. The Register of Members / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from Friday, 26th September, 2008 to Monday, 29th September, 2008 (both days inclusive).
4. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
5. Members holding shares in physical form are requested to notify / send any change in their address to the Company's Share Transfer Agents, or to the Company at its registered office.
6. Members holding shares in dematerialisation form are requested to notify/send any change in their address to the concerned depository participant (s).
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the company. Therefore, the shareholders willing to avail this facility may make nomination in form 2B.
9. Shareholders / proxies should bring duly filled attendance slips sent herewith for attending the meeting along with the copies of Annual Reports to the Annual General Meeting.
10. At the ensuing Annual General Meeting, Mr. D. Suresh, Mr. K. Nageswara Rao and Mr. B. Srinivasa Rao retire by rotation and being eligible offered themselves for reappointment. Pursuant to Clause 49 of the Listing Agreement, brief profile of each of these directors is given below:

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

1. **Name** : Mr. D. Suresh  
**Qualifications** : M. Sc (Computer Science)  
**Expertise** : Experience in leading programming development and system analysis design roles with visa interactive, MIC Metro, Bellcore and AT & T Bell Laboratories.  
**Other Directorships** : Nil
2. **Name** : Mr. K. Nageswara Rao  
**Qualifications** : Master in Commerce  
**Expertise** : Experience in Finance & Accounts  
**Other Directorships** : Nil
3. **Name** : Mr. B. Srinivasa Rao  
**Qualifications** : MBA  
**Expertise** : Experience in the field of Marketing & Business Management  
**Other Directorships** : Nil

**DIRECTORS REPORT**

To the Members

Your Directors have pleasure in presenting you the **Tenth Annual Report** together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2008.

**FINANCIAL RESULTS**

The highlights of the financial results for the year under review along with the comparative figures for the previous year are as follows:

(Rs. in Lakhs)

Particulars	2007-08	2006-07
Income from Operations	715.44	606.66
Profit before depreciation and Tax	145.47	128.07
Depreciation	104.57	90.56
Profit before Tax	40.89	37.51
Provision for Tax	20.51	11.98
Profit after Tax	22.36	26.82
Diferred Income Tax Liability/(Asset)	(13.61)	8.38
Profit brought forward	222.91	205.76
Profit carried forward to Balance Sheet	256.91	222.91

**REVIEW AND PROSPECTS**

During the current year, the Company has generated total revenue of Rs. 715.44 Lakhs as against Rs. 606.66 Lakhs in the previous year. The profit after tax during the current year is Rs. 22.36 Lakhs as against Rs. 26.82 Lakhs in the previous year.

**CURRENT SCENARIO**

***This year your company has successfully made it to BSE and got the stock listed and brought immense value to all it's investors as well as customers. Your company's market cap is now at 11 crores boosting the chances of winning more global projects.***

With its highly motivated and skilled management and executive teams your company is carving a niche for itself in the industry and doing it's best to live up to the expectations of its investors and customers.

Your Company is showing good progress by acquiring projects in the areas of Software Application development, Engineering services and ITES.

Your company is able to get repeat work orders as well as new business from clientele in US, UK, Switzerland etc. in the areas of Software development, Engineering services, CAD, GIS and Transcription services.

Your company has delivered successfully some of the prestigious software projects including Tax processing application for US Govt, Media asset management, Web based Security & Surveillance monitoring solutions etc. to mention a few and continuing to get repeat business from these clients.

Your company has acquired direct global clients in the area of Voice-to-Text Messaging services. This is giving right momentum to company's Transcription division.

Your company is crafting new partnerships in the US and UK markets for acquiring onsite as well as offshore businesses. Your company believes these partnerships will give immense value & strength in promoting the company in global markets and win large number of projects.

#### **DIRECTORS:**

Pursuant to Article 48 of the Articles of Association of the Company Mr. D. Suresh, Mr. K. Nageswara Rao and Mr. B. Srinivasa Rao, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief resume / details relating to the Directors to be appointed / reappointed as stipulated under Clause 49 (VI)(A) of the listing agreement executed with the stock exchanges are furnished in the Explanatory Statement of the Notice of the ensuing Annual General Meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2008, the applicable accounting standards have been followed and there are no material departures.
- ii) We have selected appropriate accounting policies and applied them consistently and have 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 as on 31<sup>st</sup> March 2008 and of the profit of the company for the financial year ended 31<sup>st</sup> March 2008.
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) We have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2008 on a going concern basis.

**STATUTORY AUDITORS :**

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

M/s. P. Murali & Co., Chartered Accountants have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The Board recommended to the members to reappoint the auditors and authorize the Board of Directors of the Company to fix their remuneration

**FIXED DEPOSITS**

The Company has not accepted fixed deposits as on 31st March, 2008 so as to attract the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposits) Rules 1975 as amended from time to time.

**REPORT ON CORPORATE GOVERNANCE:**

In order to bring more transparency in the conduct of business, the Stock Exchanges have amended the listing agreement incorporating the code of corporate governance to listed companies. Your Company has always been committed to the best practices in the governance of its affairs. Your company had taken steps and complied with most of the recommendations during the year. For the year under review, the Compliance Report is provided in the Corporate Governance section in this Report. The Auditors' Certificate on compliance with the mandatory requirements of Corporate Governance is given in "Annexure "A" to this Report."

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

This has been dealt with in the separate Annexure to this report.

**STATEMENT PURSUANT TO LISTING AGREEMENT**

The company's Equity shares are listed at

The Bangalore Stock Exchange Limited, Bangalore and the Company has paid the Annual Listing Fees to the Stock Exchange for the financial Year 2008-2009.

During the year under review, the companies shares are permitted for trading on BSE-IndoNext Model with effect from 9<sup>th</sup> July 2008.

**PARTICULARS OF EMPLOYEES**

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month where employed for a part of the year.



**ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(E) OF THE COMPANIES ACT, 1956****(a) Conservation of Energy:**

The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.

- (b) (i) Technology Absorption, adaptation and innovation:-No technology either indigenous or Foreign is involved.
- (ii) Research and Development (R & D): No research and Development has been carried out.
- (c) Please refer to "Notes to Accounts" for Foreign exchange earnings & Foreign Exchange outgo

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the customers, bankers, Central & State Governments. Your Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company. Your Directors also wish to acknowledge the continued support and confidence reposed in the management by the Shareholders.

for and on behalf of the Board

C.V.SUBRAMANYAM  
Managing Director

C.SUDHAKAR  
Director

Place : Hyderabad

Date : 01-09-2008

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Clause 49 of the Listing Agreement, a Management Analysis Report is given below:

**A. INDUSTRY STRUCTURE AND DEVELOPMENTS**

As per NASSCOM, IT Industry grew by 28 percent touching USD 52 billion in FY2007-08, up from USD 39.6 billion in the previous year. Software services exports increased by 29% during the same period with revenues crossing USD 40 billion mark. Engineering services and product export revenues grew to USD 6.4 billion.

By maintaining its export momentum, the IT industry underscored its strong fundamentals and indicated that it was on the track to reach USD 60 billion exports and USD 75 billion in overall software and services revenues by FY2010.

IT industry will continue to grow though impacted by factors such as US economic slowdown. The reversal in rupee appreciation is expected to lead to higher INR revenue growth. Demand for offshore delivery is strong and CIOs in US expecting to enhance offshore spending in areas like healthcare, manufacturing and engineering services.

**OPPORTUNITIES**

After IT services, IT enabled services, Engineering services outsourcing (ESO) is the new thing says a report that has been put out by NASSCOM. It's a \$40 billion opportunity by 2020 and needs million people.

After sensing this opportunity, your company has started putting in good efforts in this area. It's efforts have already resulted in acquiring Shell fuel station design project. Your company is planning to make right investments in this field to enhance it's presence and win more projects.

US is still leading the I.T. exports market and continues to provide ample opportunities for Indian companies to grow. Your Company is making the right efforts by establishing good marketing and sales force and trying to win projects in US IT / ITES market.

Your company is also striking right partnerships in countries like US and Europe to market it's services.

**B. STRENGTHS**

Your company is well equipped with experienced professionals and vast infrastructure for carrying out the projects of international standard. It has winning combination of highly motivated teams and sound financials to implement and deliver projects