

# **THIRTEENTH ANNUAL REPORT 2010-2011**



**Chakkilam Infotech Limited**

**BOARD OF DIRECTORS**

Mr. C.V.Subramanyam  
Mr. C.Sudhakar  
Mr. P. Vikram  
Mr. B..Srinivasa Rao  
Mr. K. Ch. Subba Rao  
Mr. K.Nageswara Rao

Managing Director  
Director  
Director  
Director  
Director  
Director

**Regd. Office** : Suit No.106 & 107,  
6-3-456/C, MGR Estates,  
Dwarakapuri Colony,  
Panjagutta, Hyderabad-500 082.  
**Tel: (040) 23357904, 30702255**  
**Fax: (040) 23353980**  
Website: [www.chakkilaminc.com](http://www.chakkilaminc.com)  
e-mail: [info@chakkilaminc.com](mailto:info@chakkilaminc.com)

**Auditors** : **M/s. P. Murali & Co.,**  
Chartered Accountants  
6-3-655/2/3, Somajiguda  
Hyderabad - 500 082.

**Share Transfer Agents** : **Aarathi Consultants Pvt. Ltd.**  
1-2-285, Domalguda, Hyderabad-29.  
Tel: (040) 27642217/27638111  
Fax: (040) 27632184  
Email: [info@aarathiconsultants.com](mailto:info@aarathiconsultants.com)

**Bankers** : **Oriental Bank of Commerce**  
S.D. Road, Secunderabad.

**ICICI Bank Limited**  
Khairatabad, Hyderabad.

**NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on Thursday the **29<sup>th</sup> September 2011** at 11.00 am at Sundaraiah Vignana Kendram (Mini Hall), Bagh Lingampally, 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 2011 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. P.Vikram, who retires by rotation and has expressed his unwillingness for reappointment.
3. To appoint a director in place of Mr. B. Srinivasa Rao, who retires by rotation and has expressed his unwillingness for reappointment.
4. To appoint a Director in place of Mr. K.Nageswara 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 and to fix their remuneration.

**SPECIAL BUSINESS:**

**6. INCREASE IN AUTHORISED SHARE CAPITAL :**

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"Resolved that pursuant to Section 16 and Section 94 of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, the authorized share capital of the company be and is hereby increased from Rs.12,00,00,000 (Rupees twelve crores) divided into 1,20,00,000 equity shares of Rs. 10/- (Rupees Ten) each to Rs. 20,00,00,000 (Rupees Twenty crores) divided into 2,00,00,000 equity shares of Rs.10/- (Rupees ten) each and consequently the existing Clause V of the Memorandum of Association of the company be and is hereby altered by deleting the same and substituting in its place and instead thereof, the following as new Clause V:

- V "The authorised share capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 2,00,00,000 equity shares of Rs.10/- (Rupees Ten) each with the rights, privileges, and conditions attaching thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

“Further Resolved that the Board of Directors or its committee thereof be and is hereby authorised to take all such necessary steps/actions as may be deemed expedient to give effect to this resolution including signing all such necessary documents as may be required in this regard.”

**7. ALTERATION OF ARTICLE NO.3 OF ARTICLES OF ASSOCIATION OF THE COMPANY:**

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

“Resolved that the pursuant to provisions of section 31 of the Companies Act,1956 and any other applicable provisions, if any, of the Companies Act,1956 ( including any amendment thereto or re-enactment thereof) the articles of association of the Company be altered as follows:

Substitute the following article for existing 3 -

“3. The present Authorised Capital of the Company shall be as per the Clause V of the Memorandum of Association of the Company.”

“Further Resolved that the Board of Directors or its committee thereof be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing all such necessary documents as may be required in this regard.”

**8. ISSUANCE OF EQUITY SHARES ON PREFERENTIAL BASIS:**

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT subject to the approval of the shareholders in the general meeting, in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchange where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable to the preferential issue of Equity Shares and other applicable regulations of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India, FIPB, RBI or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed

to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more trenches upto 58,00,000 equity shares of Rs. 10 - each at an issue price of Rs. 18/- each to the promoters, as detailed below, determined in accordance with the preferential issue guidelines given in chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto towards consideration for acquisition of 100% stake in CIGNITI INC, located in USA.

S.No.	Name of the proposed Allottees	No. of equity shares proposed to be allotted
	<b>PROMOTERS CATEGORY</b>	
1	P. Sapna	37,69,000
2	K. Kumar Bapuji	20,29,000
3	V.V. Sai Prasad	1000
4	M. Siva Kumar	1000
	<b>TOTAL</b>	<b>58,00,000</b>

“RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted is in accordance with the SEBI's Preferential Issue Guidelines with reference to the ‘Relevant Date’. However, the issue price shall in no case be less than the price determined as per the Preferential Issue Regulations as provided in Chapter VII of SEBI (ICDR) Regulations, 2009.” The “relevant date” for the purpose of pricing of the resultant share is 30.08.2011 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on 29.09.2011).

“RESOLVED THAT the new equity shares Issued shall rank pari-passu with the existing Equity Shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”

“RESOLVED FURTHER THAT the aforesaid equity shares allotted in terms of this resolution shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI ICDR Regulations, 2009.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of equity shares, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may

arise in this regard to implementation of this Resolution, issue and allotment of equity shares and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Company does apply for listing of the new equity shares.”

“RESOLVED FURTHER THAT the Company does make an application to the Depositories for admission of the new equity shares.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.”

**9. CHANGE OF NAME OF THE COMPANY :**

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of the shareholders in the general meeting, availability of name and with the approval of the Central Government, the consent of the Board of Directors of the Company be and is hereby accorded for changing the name of the Company from M/s. CHAKKILAM INFOTECH LIMITED to M/s. CIGNITI TECHNOLOGIES LIMITED or such other name as may be approved by the Registrar of Companies, in this behalf”

“RESOVLED FURTHER THAT Mr. C.V. Subramanyam, Managing Director of the Company be and is hereby authorized to do all such acts, deeds and things necessary in this behalf including filing of all the relevant forms with the office of Registrar of Companies.”

**10. EMPLOYEE STOCK OPTION SCHEME - 2011**

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such

authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, to such permanent employees (including joining employees) of the Company whether working in India or out of India and directors of the company whether whole-time directors or otherwise (hereinafter collectively referred as the "Employees") who are eligible to participate as per the Guidelines and as may be decided by the Board/Committee, under a plan titled "CHAKKILAM INFOTECH LTD EMPLOYEES STOCK OPTION SCHEME - 2011" (hereinafter referred to as "the Scheme") the salient features of which are detailed in the explanatory statement, such number of options which could rise to the issue of equity shares of the Company not exceeding 15,00,000 equity shares at such price and on such terms and conditions as may be determined by the Board Committee in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the notice and to make any modification(s), change(s), variation(s), alternation(s) or revision(s) in the terms and conditions of Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

"Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the employees for their outstanding performance / contribution at the time of allotment of options / equity shares".

"RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall Rank pari passu inter se with the then existing equity shares of the Company in all respects.

"Resolved further that in case Chakkilam Infotech Ltd's equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected".

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**11. GRANT OF OPTIONS TO THE EMPLOYEES OF SUBSIDIARY AND STEP DOWN SUBSIDIARY COMPANY UNDER EMPLOYEE STOCK OPTIONS SCHEME - 2011**

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the “EMPLOYEE STOCK OPTION SCHEME - 2011” to such permanent employees (including joining employees) of the subsidiary companies including step down subsidiary companies whether working in India or out of India and directors of the company whether whole-time directors or otherwise, as may be decided by the Board and / or Committee or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board”.



"Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the employees for their outstanding performance / contribution at the time of allotment of options / equity shares".

"Resolved further that in case Chakkilam Infotech Ltd's equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and read with Schedule XIII and other applicable provisions if any of the Companies Act 1956 as amended, consent of the company be and is hereby accorded for the re-appointment of Sri C.V. Subramanyam as Managing Director for further period of 5 (Five) years with effect from 26<sup>th</sup> October 2010 on the remuneration as detailed below:"

a. Salary of Rs. 5,000/- per month. This includes dearness allowance and all other allowances not otherwise specified herein.

b. In addition, the Managing Director will be entitled to the following:

- i. Commission: Such percentage of commission (in addition to salary and perquisites hereafter stated) calculated with reference to the net profit of the company in accordance with Section 349 and Section 350 of the Companies Act 1956 for each financial year as may be fixed by the Board of Directors which together with salary and monetary value of perquisites shall not exceed the ceiling laid down under section 309 of the Companies Act 1956.

ii. Perquisites as under:

1. Housing: Rent-free accommodation will be provided to the appointee for whom 10 per cent of the appointee's salary shall be recovered. In case no accommodation is provided by the company, house rent allowance at 60% of the salary shall be paid. In addition, the appointee shall be allowed free use of the company owned furniture and other consumable durables if required.
2. The expenditure incurred by the Appointee on gas, electricity, water and furnishings shall be reimbursed by the company.
3. All medical expenses incurred by the appointee for self and family shall be reimbursed.
4. Leave travel concession for the appointee and his family will be allowed once in a year as may be decided by the Board.
5. Fees of clubs subject to maximum of two clubs. This will not include the admission and life membership fees.
6. Personal Accident, insurance, the premium of which shall not exceed Rs. 10,000/- per annum.
7. Contribution to the Provident fund, Superannuation fund and Annuity fund to the extent the same are not taxable under the Income Tax Act.
8. Provision of Car with driver for use of the Company's Business and Telephone at the residence.

"RESOLVED FURTHER that in pursuance of the provision of Section 198 (4) read with Schedule XIII to the Companies Act, 1956 wherein any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and allowances as specified above be paid as minimum remuneration to Sri. C.V. Subramanyam, Managing Director"

For and on behalf of the Board  
**CHAKKILAM INFOTECH LIMITED**

Place : Hyderabad  
Date : 03.09.2011

C.V. SUBRAMANYAM  
Managing Director