

Comp-U-Learn Tech India Ltd.

ANNUAL REPORT 2000-2001



**4th
ANNUAL REPORT
2000-2001**

BOARD OF DIRECTORS

Mr. Sreenivasa Rao Donepudi
Mr. Y.S.Chakravarti
Ms. Anupama Donepudi
Mr. Mukesh Agarwal
Mr. R.Kannan
Mr. S. Srinivas Raju
Mr. V. Nagabhushana Rao
Mr. R. Duruvasan

Managing Director
Whole time Director
Director
Director
Director
Director
Director
Director

STATUTORY AUDITORS

M/s Brahmayya & Co.

Chartered Accountants
Andhra Insurance Building,
156, Thambu Chetty Street,
Chennai -600001.

INTERNAL AUDITORS

M/s. Boppudi Associates

Gandhi Nagar,
Hyderabad

BANKERS

Global Trust Bank Ltd.

Bowenpally,
Secunderabad

ICICI Bank Ltd

K.J.Market, Koti,
Hyderabad.

The Vysya Bank Ltd.,

Trimulgherry Branch,
Secunderabad.

REGISTRARS &

SHARE TRANSFER AGENTS

M/s Karvy Consultants Limited
Karvy House, 46, Avenue 4,
Street # 1, Banjara Hills
Hyderabad -500034.

REGISTERED OFFICE

172, Vasavi Nagar,
Secunderabad -500015.

LISTED AT

THE STOCK EXCHANGE OF MUMBAI
THE HYDERABAD STOCK EXCHANGE LIMITED

NOTICE

Notice is hereby given to all the members of the Company that the Fourth Annual General Meeting of the company will be held on Wednesday the 28th November, 2001 at 10.00 a.m. at the Chip Hall, Cyber towers,HITEC city ,Madhapur, Hyderabad -500033 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Accounts consisting of Balance Sheet as at 31st March, 2001, Profit & Loss Account for the year ended 31st March, 2001 together with notes and schedules thereto and the reports of Directors and Auditors thereon.
2. To appoint Director in place of Mr. R. Kannan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint director in place of Mr. Mukesh Agarwal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint director in place of Mr. V. Nagabhushana Rao who retires by rotation and being eligible offers himself for reappointment.
5. To appoint director in place of Mr. S. Srinivas Raju who retires by rotation and being eligible offers himself for reappointment.
6. To appoint director in place of Mr. Duruvasan R. who retires by rotation and being eligible offers himself for reappointment.
7. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass the following with or without modifications as SPECIAL RESOLUTION

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and other applicable provisions if any, approval of the members of the Company be and is hereby accorded for amendment of the Articles of Association as follows :

I. Article 5A :

Insertion of new article 5A Nomination facility after Article 5 as follows:

5A: NOMINATION FACILITY:

- 1) Every holder of shares in, or holder of debentures of, the company any, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- 2) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- 3) Notwithstanding anything contained in any other law for the time being in force or in a any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall on the death of the Shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders, in relation to such shares in, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- 4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and be appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.
- 5) Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either.
 - 1) To be registered himself as holder of the shares or debentures, as the case may be; or
 - 2) To make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.
- 6) If the person, being a nominee, so becoming entitled, elects to be registered as holder of the shares or debenture, himself, as the case may be, he shall deliver or send to the Company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- 7) All the imitations, restrictions and provisions of this Act relating to the right to transfer and registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, the case may be.
- 8) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, except that he shall not, before being registered a member in respect of his shares or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company. Provided that the Board may, at any time, giving notice requiring and such person to elect either to be registered himself or to transfer the shares or debenture, and if the notice is not complied with in

ninety days, the Board, may thereafter withhold payments of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

- 9 A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be apply to the nomination made under the sub section.

II Article 14A :

Insertion of new Article 14A for declining to recognise any transfer of equity shares after Article 14 :

14A Subject of the provisions of Section 111A of the Companies Act, 1956 the board may decline to recognise any transfer where :

- i. The Instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the shares has not been delivered to the Company or that any other requirement of the law relating to the registration of such transfer has not been complied with, or
- ii. The transfer of shares on which the company has a lien, provided that the registration of transfer shall not be refused on the ground that transferor being either alone or jointly with any other person is indebted to the Company in any manner whatsoever, except alien on the shares.

BY ORDER OF THE BOARD
For **COMP-U-LEARN TECH INDIA LI MITED**

Secunderabad
Date. 29-10-2001

DONEPUDI SREENIVASA RAO
MANAGING DIRECTOR

NOTES:

1. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY. THE PROXY FORM IS ENCLOSED HEREWITH. PROXY FORM IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY NOT LESS THAT 48 HOURS BEFORE THE TIME FOR HOLDING THE ANNUAL GENERAL MEETING.
2. **Explanatory statement** pursuant to the provisions of section 173(2) of the Companies Act, 1956 is annexed and forms part of this notice.
3. The register of members and the Share Transfer Register will remain closed from 26-11-2001 to 28-11-2001 (both days inclusive) in terms of the provisions of section 154 of the Companies Act, 1956.
4. The Company has listed its Equity Shares at :
 - a) The Hyderabad Storck Exchange Limited
3-6-275, Himayat Nagar,
HYDERABAD – 500029
 - b) The Mumbai Stock Exchange
Phiroz Jee Jee Bhoy Towers
Dalal Street, Mumbai – 400001

Explanatory Statement

(Pursuant to the provisions of section 173(2) of the Companies Act, 1956)

ITEM NO. 5

As per the changes in the Companies Act and insertion of Depositories Act, the provisions of Section 111a are applicable to all listed companies: therefore, the Article of Association of the Company needs to be altered for insertion of the provisions of the Section 111A of the Companies Act, 1956.

Further in respect of changes made in the Companies Act, 1956 for nomination facility for equity shares, debentures and deposit of the Company, the Articles of Association of the Company are required to be amended accordingly through insertion of articles relating to dematerialisation of shares and nomination facility subject to the approval of the members of the Company in the light of the SEBI directors and changes in the Companies Act, 1956. The Boards recommended the resolution for approval of the members.

None of the Directors is interested in the resolution.

BY ORDER OF THE BOARD
For **COMP-U-LEARN TECH INDIA LIMITED**

Secunderabad
Date: 29th October, 2001

DONEPUDI SREENIVASA RAO
MANAGING DIRECTOR

COMP-U-LEARN

DIRECTOR'S REPORT

To

The Members

Your Directors have pleasure in presenting their Fourth Annual Report together with the Audited Accounts for the period ended 31st March, 2001.

FINANCIAL RESULTS:

The Financial results for the period ended 31st march, 2001 are summarised below:

FINANCIAL RESULTS:	2000-01 Rs.	1999-2000 Rs.
Gross Income form Operations	837.13	472.90
Gross Profit/Loss before	98.18	55.67
Depreciation		
Less: Finance Charges	53.85	29.67
Depreciation	74.51	47.21
Profit/(Loss)	(30.18)	(21.21)
Provision for Tax	Nil	Nil
Profit/Loss after Tax	(30.18)	(21.25)
Balance Transferred to Balance Sheet	(49.84)	(19.66)

Performance:

During the year under review your company's revenue has grown by 77%. Software Development constituted 43% of the revenue while Training and Training Solutions contributed 49.3%.

All the revenue from software development has been generated from clients in the US market.

This has been a year of growth at your company with the turnover leaping from Rs. 472.90 lakhs to Rs. 837.13 lakhs. Current years figures include revenues from software development of Rs.360.20 lakhs, which is earned totally from exports. Despite the increase in revenues in this fiscal, your company reports a loss of Rs.30.18 lakhs owing to the increase in the operating expenses, depreciation and finance charges.

DEPOSITS:

Your Directors are to report that the company has not accepted any deposits during the year under report.

DIRECTORS

The following changes have taken place among the Board of Directors during the year under report.

Sri. Prakash Bhat resigned as Director of the Company with effect from 24th August, 2001.

The Board takes this opportunity to place on record his appreciation of the services rendered, support and guidance extended by Sri. Prakash Bhat during his tenure as Director of the Company.

Sri Duruvasan R. has been appointed as Director as on 25.10.2001, as to fill up the vacancy of the Board caused due the resignation of Sri Prakash Bhatt.

Sri. R. Kannan ,Sri. Mukesh Agarwal, Sri V. Nagabhushana Rao, Sri S. Srinivas Raju and Sri R. Duruvasan Directors are liable to retire at this Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS

M/s. Brahmayya & Co., Chartered Accountants, Chennai, Statutory Auditor of the Company will retire at the conclusion of this Annual General Meeting. However, being eligible they offer themselves for reappointment and confirmed that their reappointment will be within the limits specified under sec. 224(1B) of the Companies Act, 1956.

RESPONSIBILITY STATEMENT

As per the provisions of the Section 217 (2AA) of the Companies Act, 1956, Directors State:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs for the Company at the end of the financial year and of the profit and Loss of the company for that period.
- iii. The Director have taken proper and sufficient care for the maintenance for adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. *The Directors have prepared the accounts on a going concern basis.*

PARTICULARS OF EMPLOYEES

The statement containing the particulars of employees falling within the purview of the section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975 is annexed to and forms part of this report.

ADDITIONAL INFORMATION :

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this report.

ACKNOWLEDGEMENTS

Your directors take this opportunity to place on record their appreciation and gratitude for the cooperation, assistance, guidance and support extended by the Company's Bankers, Reserve Bank of India, Shareholders, Auditors, Employees, Franchisees, Vendors, Customers and various Central and State Government Agencies and Local authorities.

Your Directors also wish to place on record their sincere appreciation of unstinted support and co-operation extended by all the personnel at various levels of the organisation.

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FOR AND ON BEHALF OF THE BOARD

For COMP-U-LEARN TECH INDIA LIMITED

Place : Secunderabad

Date: 29th October, 2001

(D. SREENIVASA RAO)

MANAGING DIRECTOR

(Y.S. CHAKRAVARTI)

WHOLETIME DIRECTOR

CORPORATE GOVERNANCE

INTRODUCTION

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The company has complied with the mandatory requirements of the Code.

Company's Philosophy on the code of governance

The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability, responsibility and equity in all facets of its operations and in all its inter-actions with all stakeholders, including shareholders, employees, the government and lenders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a period of sustained period of time.

Board of Directors

The composition of the Board of Directors of the Company meets the stipulated requirements. The Board of Directors comprises a Managing Director, Whole-Time-Director and six Non-Executive Directors.

The Board functions as a full Board or through Committees. The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with Board, while the committees oversee operational issues.

During the year ended 31st March, 2001, Twelve Board Meetings were held on the following dates: (i) 20th April, 2000, (ii) 06th June, 2000, (iii) 24th June, 2000, (iv) 29th June, 2000, (v) 17th July, 2000, (vi) 01st August, 2000 (vii) 30th August, 2000, (viii) 30th September, 2000, (ix) 09th October, 2000, (x) 24th October, 2000, (xi) 15th December, 2000, (xii) 29th January, 2001 and (xiii) 27th March, 2001.

The Composition of Directors and their attendances at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships are follows:

Name of Director	Category of Directorship	No. of Board meetings Attended	Attendance at last AGM	No. of other director ships
Sri. Donepudi Sreenivasa Rao	M.D.	12	YES	—
Sri. Y. S. Chakravarti	W.T.D	12	YES	—
Sri. R. Kannan	N.E.D	4	NO	5
Sri. Mukesh Agarwal	N.E.D	NIL	NO	—
Sri. Prakash Bhat	N.E.D	3	NO	3
Smt. Donepudi Anupama	N.E.D	11	YES	—
Sri. Naga Bhushana Rao.V *	N.E.D	2	NO	—
Sri. Srinivas Raju.S *	N.E.D	2	NO	—

* For part of the year

M.D.	-	Managing Director
W.T.D.	-	Whole-Time-Director
N.E.D	-	Non-Executive Director

COMMITTEES OF THE BOARD

1. Audit Committee:

(a) Terms of reference:

The audit Committee reviews reports of the Internal Audit Department, meets Internal Auditors and Statutory Auditors periodically and discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Committee from time to time meets the management and reviews the operations, new initiatives and the performance of various divisions of the company. The minutes of the audit committee meetings are circulated to the Board and discussed.

(b) Composition:

The Audit Committee of the Board constituted on 31st January, 2001 and comprises of 3 Non-Executive Directors. During the year, the committee held two meetings and the attendance of members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Sri. V. Naga Bhushana Rao	Chairman	2
Smt. Anupama Donepudi	Member	2
Sri S. Srinivas Raju	Member	2

The Company Secretary is the convenor.

2. Remuneration Committee:**(a) Terms of reference:**

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to review the remuneration package of the executive directors and recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act, 1956, to consider and recommend Employee Stock Option Schemes from time to time and to administer and superintend the same.

(b) Composition:

The Committee comprises of 3 non-executive directors and the Managing Director. Sri. V. Naga Bhushana Rao has been appointed Chairman of the Committee. The attendance of the members at the meetings held during the year was as follows:

Name of the Member	Status	No. of meetings attended
Sri. V.Naga Bhushana Rao	Chairman	2
Sri. D Sreenivasa Rao	Managing Director	2
Sri. Anupama Donepudi	Member	2
Sri. S. Srinivas Raju	Member	2

(c) Remuneration Policy:

Remuneration of employees largely consists of the base remuneration, perquisites and performance incentives. The Remuneration policy of the company for managerial personnel is primarily based on

- * Performance of the company, its divisions
- * Track record, potential and performance of individual managers and responsibilities handled by them
- * External competitive environment and general trends in the industry.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in the organization and reward merit.

(d) Details of remuneration for the year 2000-2001**i. Executive Directors**

(Rs. In Lakhs)

Name & Position	Salary	Commission	Perquisites
D Sreenivasa Rao Managing Director	25.20	—	1.44
Y S Chakravarti Whole-time Director	4.80	—	0.96

The Managing director and Executive Director have been appointed for a period of five years from 24th January, 2000, which can be terminated by six months notice in writing on either side.

ii. Non-Executive Directors

No remuneration paid to non-executive directors during the period under review.

3. Share Transfer Committee**(a) Terms of reference:**

To approve and monitor transfers, transmission, splitting and consolidation of shares issued by the company and issue of duplicate certificates.

(b) Composition:

The committee comprises the Managing Director, a Whole-Time-Director and Two Non-Executive Directors. The Managing Director is takes the chair.

The Company secretary is the compliance officer.

During the year the committee had two meetings and the attendance of the members was follows:

Name of the member	Status	No. of meetings attended
Sri. D. Sreenivasa Rao	Chairman	2
Sri. Y.S. Chakravarti	Member	2
Sri. Anupama Donepudi	Member	2
Sri. S. Srinivas Raju	Member	2