



Comp-U-Learn Tech India Ltd.



5th
ANNUAL REPORT
2001-2002

BOARD OF DIRECTORS

Mr. Sreenivasa Rao Donepudi
Mr. Y.S.Chakravarti
Mrs. 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.

Ph No.044-5341743, 5342465, Fax No.044-5340424

BANKERS**Global Trust Bank Ltd.**

156/1, SMR Sartaj Plaza,

Sikh road, Bowenpally,

Secunderabad-500 009

Ph No. 040-7810151, Fax No. 040-7721011

ICICI Bank Ltd

3-6-2681, Himayath Nagar Main road,

Opp. Telugu Academy - 500 029

Ph No. 040-3227128/48 Fax No. 040-3227138

The Vysya Bank Ltd.,

1-7-1, T Subbaramireddy Complex,

Sadar Patel Road, Secunderabad-500 003

Ph No. 040-6327342, Fax No.040-7845437

REGISTRARS & SHARE TRANSFER AGENTS

M/s Karvy Consultants Limited

Karvy House, 46, Avenue 4, Street # 1,

Banjara Hills, Hyderabad -500034.

Ph No.040-3312454, 3320251/751 Fax No.040-3311968

REGISTERED OFFICE

172, Vasavi Nagar,

Secunderabad -500015.

Ph No.040-7746391/92/93 Fax No.040-7746396

E-mail : info@compulearn.com, Web Site : www.compulearn.com

LISTED AT

The Stock Exchange, Mumbai

The Hyderabad Stock Exchange Limited

NOTICE OF FIFTH ANNUAL GENERAL MEETING

Notice is hereby given to all the members of the Company that the Fifth Annual General Meeting of the company will be held on Monday the 30th September, 2002 at 10.00 a.m. at the Chip Hall, Cyber towers, Hi-tec 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, 2002, Profit & Loss Account for the year ended 31st March, 2002 together with notes and schedules thereto and the reports of Directors and Auditors thereon.
2. To appoint Director in place of Mrs. Anupama Donepudi who retires by rotation. Though eligible for reappointment she did't offer herself for reappointment.
3. To appoint director in place of Mr. R.Kannan who retires by rotation. Though eligible for reappointment he did't offer himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

By order of the Board
For Comp-U-Learn Tech India Limited

SREENIVASA RAO DONEPUDI
Managing Director

Place: Secunderabad

Date: 5th September 2002

NOTES

THE COMPANY IS 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 THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE ANNUAL GENERAL MEETING.

The register of members and the Share Transfer Register will remain closed from 27.09.2002 to 30.09.2002 (both days inclusive) in terms of the provisions of section 154 of the Companies Act, 1956.

The Company has listed its Equity Shares at:

- a) The Hyderabad Stock Exchange Limited
3-6-275,
Himayath Nagar,
HYDERABAD - 500029.
- b) The Stock Exchange, Mumbai.
Phiroz Jee Jee Bhoy Towers
Dalal Street,
Mumbai - 400001.

Listing fees for the year 2002-2003 was paid.

DIRECTOR'S REPORT

To
The Members

Your Directors have pleasure in presenting their Fifth Annual Report together with the Audited Accounts for the period ended 31st March, 2002.

FINANCIAL RESULTS:

The Financial results for the period ended 31st March, 2002 are summarized below:

FINANCIAL RESULTS:	(Rs. in Lakhs)	
	2001-2002 Rs.	2000-2001 Rs.
Gross Income from Operations	160.34	837.13
Gross Profit/Loss before Depreciation	(369.44)	98.18
Less: Finance Charges	6.53	53.85
Depreciation	86.10	74.51
Profit/(Loss)	(462.07)	(30.18)
Provision for Tax	—	—
Profit/Loss after Tax	(462.07)	(30.18)
Balance Transferred to Balance sheet	(511.91)	(49.84)

Performance:

The year under review has been difficult as the economic slow down has hampered the growth of many sectors, particularly the IT Sector. The Software division has been the worst hit during the year, as expected contracts have not materialized due to the slowdown and the subsequent problems in the US economy. The company reported a loss of Rs 462.07 owing to increase in the operating expenses, finance and depreciation charges. Your Directors are hopeful of improving the company performance for the year 2002-2003 in view of the NASSCOM-McKinsey Report 2002, the outlook for the Indian Industry both, the ITS and ITES (Information Technology Enabled Services) segments is expected to have a positive impact on the overall Indian economy over the next few years.

DEPOSITS:

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

DIRECTORS

Mrs. Anupama Donepudi & Sri. R. Kannan, Directors are liable to retire at this Annual General Meeting. They did't offer themselves for reappointment and the company has not received any notice U/s 257 of the Companies Act, 1956 to appoint any other person in place of retiring Directors.

AUDITORS

M/s. Brahmayya & Co., Chartered Accountants, Chennai, Statutory Auditors 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.

INSURANCE

All the fixed assets and movable assets of the company are adequately insured.

RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgments 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.
- The Directors 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

There are no employees falling within the purview of the section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975.

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 given hereunder.

- A) Conservation of Energy - Not Applicable.
 B) Technology Absorption - Not Applicable.
 C) Foreign Exchange Earnings and Outgo -

An amount of Rs. 94,970.00 has been spent towards foreign travel by the Directors.

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, and 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 organization.

FOR AND ON BEHALF OF THE BOARD

For COMP-U-LEARN TECH INDIA LIMITED

D. SREENIVASA RAO
MANAGING DIRECTOR

Y.S. CHAKRAVARTI
WHOLE - TIME
DIRECTOR

Place: Secunderabad

Date: 5th September, 2002

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REPORT ON 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.

1) Company's Philosophy on the code of governance:

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all its operations and in all its inter-actions with 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.

2) 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 2002, Ten Board Meetings were held on the following dates: (i) 27th April 2001, (ii) 06th June 2001, (iii). 14th June 2001, (iv) 31st July 2001, (v). 24th August, 2001, (vi) 25th October, 2001 (vii) 29th October, 2001, (viii) 30th November, 2001, (ix) 15th January, 2002, and (x) 30th March, 2002.

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.	09	YES	—
Sri. Y S. Chakravarti	W.T.D	10	YES	—
Sri. R. Kannan	N.E.D	Nil	NO	6
Sri. Mukesh Agarwal	N.E.D	NIL	NO	—
Sri. Prakash Bhat *	N.E.D	Nil	NO	3
Smt. Donepudi Anupama	N.E.D	10	YES	—
Sri. V.Naga Bhushana Rao	N.E.D	10	NO	—
Sri. S. Srinivasa Raju	N.E.D	09	NO	—
Sri . R Duruvasan *	N.E.D	Nil	Yes	3

* 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

3) Audit Committee:

(a) Terms of reference:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
2. Recommending the appointment of external auditors/internal auditors and fixation of their audit fee, and also approval for payment for any other services.
3. Reviews of Annual Financial Statements, Internal Control Systems and Internal Audit Function.
4. To review the Company's financial and risk management policies and discuss with the internal auditors any significant findings for follow-up thereon;
5. To ensure that adequate mechanism for prevention & detection of frauds is in place:

(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 four meetings i.e, on (i) 10th July'2001 (ii) 30th October'2001 (iii) 30th November'2001 and (iv) 15th January'2002 . 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	4
Smt. Anupama Donepudi	Member	4
Sri S. Srinivasa Raju	Member	4

Mr. V. Prasanna, Manager Finance is the Convener to the committee.

4. Remuneration Committee:

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.

Composition:

The Committee comprises of three non-executive directors and the Managing Director. Sri. V. Naga Bhushana Rao has been appointed Chairman of the Committee. This Committee met once during the year on October 13, 2001.

Name of the Member	Status	No. of Meetings attended
Sri. V.Naga Bhushana Rao	Chairman	1
Smt. Anupama Donepudi	Member	1
Sri. S. Srinivasa Raju	Member	1
Sri. D Sreenivasa Rao	Managing Director	1

(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 organisation and reward merit.

Details of remuneration for the year 2001-2002**i. Executive Directors**

Rs. In Lakhs

Name of the Managing Director / Whole-time Director	Salary	Commission	Perquisites	Total
D Sreenivasa Rao	10.50	- NIL -	2.07	12.57
Y S Chakravarti	3.20	- NIL -	1.45	4.65

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

ii. Non Executive Directors

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

5. Investor Grievance Committee/Share Transfer Committee:

An Investor Grievance Committee has been constituted for redressal of Investor complaints/grievances. The Committees primary responsibility is to implement a smooth share transfer process, minimize shareholder/investor grievances and to strengthen investor relations. The Committee's other responsibilities include grievances related to dematerialization of shares, replacement of lost/stolen/mutilated share certificates.

The company has a share transfer committee which looks into the matters relating to transfers/transmissions, issue of duplicate certificates etc. During the financial year 2001-2002, the committee met 11 times and approved share transfers/ transmissions of 2700 shares. The duly transferred share certificates were sent to the shareholders within a period of 30 days.

The Committee comprises of three non-executive directors

Sri V. Naga Bhushana Rao	Member and Chairman of the Committee
Smt. Anupama Donepudi	Member
Sri S. Srinivas Raju	Member

During the year, 31 letter/complaints were received from the shareholders, out of which letter/complaints 31 were replied/resolved to the satisfaction of the shareholders. As on date, No requests involving transfer of shares were pending to be processed.

Mr.Y.S. Chakravarti Whole-time Director is the Compliance Officer.

6. General Body Meetings:

The location and time of the last three Annual General Meetings were held under:

Financial. Year	Date	Time	Location
2000-2001@	28.11.2001	10.00 AM	Chip Hall, Cyber Towers, Hi-tec City, Madapur, HYDERABAD
1999-2000#	29.11.2000	10.00 AM	Chip Hall, Cyber Towers, Hi-tec City, Madapur, HYDERABAD
1998-1999	20.09.1999	04.00 PM	Registered office of the Company at HYDERABAD

@ One special resolution was passed at this meeting

Three special resolutions were passed at this meeting

For the year ended 31st March 2002, no Special resolutions were passed by the shareholders through postal ballot.

7. Disclosures

There were no materially significant related party transactions ie. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.

There were no instances of non-compliance by the company and no penalties or strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets since listing of the shares i.e., 13.09.2000.

8. Means of Communication:

- * Quarterly results are published in prominent daily newspapers viz. Business Standard & Andhra Bhoomi.
- * Presentations are made to Indian and Foreign institutional investors from time to time
- * Management's Discussions and Analysis forms part of the annual report.

9. General Shareholders Information:

a) The Company Fifth Annual General Meeting will be held on Monday the 30th September, 2002 at 10.00 a.m. at the Chip Hall, Cyber towers, Hi-tec city, Madhapur, Hyderabad -500033.

b) Financial Calendar: 1st April 2002 to 31st March, 2003.

Adoption of Quarterly results for the

Quarter ending	3rd/4th Week of
- June, 2002	July, 2002
- September, 2002	October, 2002
- December, 2002	January, 2003
- March, 2003	April, 2003

c) Date of Book Closure: 27.09.2002 - 30.09.2002 (both days inclusive)