



Comp-U-Learn Tech India Ltd.

6th
ANNUAL REPORT
2002-2003

BOARD OF DIRECTORS

Mr. Sreenivasa Rao Donepudi
Mr. Yalamati Srinivasa Chakravarti
Mr. Mukesh Kumar Agarwal
Mr. Srinivas Raju Saripalli
Mr. Nagabhushana Rao Vasamsetti
Mr. Duruvasan R

Managing Director
Whole time Director
Director
Director
Director
Director

STATUTORY AUDITORS

M/s Brahmaya & Co.
Chartered Accountants
Andhra Insurance Building, 156,
Thambu Chetty Street, Chennai -600001.

BANKERS

Global Trust Bank Ltd.
156/1, SMR Sartaj Plaza,
Sikh road, Bowenpally,
Secunderabad-500 009

The Vysya Bank Ltd.,
1-7-1, T Subbaramireddy Complex,
Sadar Patel Road, Secunderabad-500 003

Book closure
27.09.2003 to 30.09.2003
(Both days inclusive)

REGISTRARS & SHARE TRANSFER AGENTS

M/s Bigshare Services Private Ltd
G-10, Left Wing, Amrutha Ville,
Opp. Yashodha Hospital, Somajiguda, Raj Bhavan
Hyderabad-82, Ph No.040-23374967

Date, Time and Venue of AGM
30.09.2003, 10.00 a.m.
at The Chip Hall, Cyber Towers,
Hi-tec City, Madhapur,
Hyderabad-500 033, A.P. India

REGISTERED OFFICE

172, Vasavi Nagar,
Secunderabad -500 015, A.P. India
Ph No.040-27746391, Fax No.040-27746396
E-mail : info@compulearn.com,
Web Site : www.compulearn.com

LISTED AT

The Stock Exchange, Mumbai
The Hyderabad Stock Exchange Limited

NOTICE OF SIXTH ANNUAL GENERAL MEETING

Notice is hereby given to all the members of the Company that the Sixth Annual General Meeting of the company will be held on Tuesday the 30th September, 2003 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, 2003, Profit & Loss Account for the year ended 31st March, 2003 together with notes and schedules thereto and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Mukesh Kumar Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Naga Bhushana Rao Vasamsetti who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s. Brahmayya & Co, Chartered Accountants, Chennai being eligible offers themselves for reappointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following with or without modification as a Ordinary Resolution

"RESOLVED THAT Mr. Dantuluri Ravi Varma be and is hereby appointed as a Director of the Company liable to retirement by rotation."

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

Place: Secunderabad
 Date: 30th June 2003

Sreenivasa Rao Donepudi
 Managing Director.

NOTES:

- I. 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 A 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.
- II. The register of members and the Share Transfer Register will remain closed from 27th September 2003 to 30th September 2003 (both days inclusive) in terms of the provisions of section 154 of the Companies Act, 1956.

- III. Explanatory statement pursuant to the provisions of section 173(2) of the Companies Act 1956 is annexed and forms part of this notice.
- IV. The members are requested to intimate promptly any change in their address to the share transfer agent M/s. Bigshare Services Pvt Ltd, Somajiguda, Hyderabad.
- V. The Company has listed its Equity Shares at
 - a) The Hyderabad Stock Exchange Limited,
6-3-654, Adjacent to Irrum Manzil Bus Stop,
Somajiguda, Hyderabad- 500 082
 - b) The Stock Exchange, Mumbai
1st Floor, New Trading Ring,
Rotunda Building, PJ Towers,
Dalal Street, Fort,
Mumbai- 400 001

Explanatory Statement

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

ITEM NO.5

Mr. Dantuluri Ravi Varma was inducted into the Board of Directors of the Company on 30th June'2003 as an additional director liable for retirement by rotation. Mr. Dantuluri Ravi Varma is well versed with the software industry, as such the Board of Directors felt that his induction into the Board would immensely benefit the interest of the Company.

Accordingly, the Board commend the resolution for the approval of the members as on Ordinary Resolution.

None of the Directors may be treated as concerned or interested in the resolution.

DIRECTORS REPORT:-

To

The Members

Your Directors have pleasure in presenting their Sixth Annual Report together with the Audited Accounts for the period ended 31st March 2003.

FINANCIAL RESULTS:

The Financial results for the period ended 31st March 2003 are summarized below:

FINANCIAL RESULTS:

(Rs. in Lakhs)

	2002-2003	2001-2002
Gross Income from Operations	207.63	160.34
Gross Profit/Loss before Depreciation	(143.34)	(369.44)
Less: Finance Charges	2.01	6.53
Depreciation	65.54	86.10
Profit/(Loss)	(210.89)	(462.07)
Provision for Tax	—	—
Profit/Loss after Tax	(210.89)	(462.07)
Balance Transferred to Balance sheet	(722.80)	(511.91)

PERFORMANCE:

The year under review has continued to be difficult from the viewpoint of the company, as the economic slow down has hampered the growth of many sectors, particularly the IT Sector. The Software division has been effected with the same during the year under review, due to which expected contracts did not materialize. Your directors are considering various options for strengthening the operations of the Company.

DIRECTORS:

Mr. Mukesh Kumar Agarwal and Mr. Naga Bhushana Rao Vasamsetti retire at the ensuing Annual General Meeting and being eligible, they offer themselves for reappointment. Similarly, Mr. Dantuluri Ravi Varma who was appointed as a additional director of the company on 30.6.2003 holds office up to the ensuing annual general

meeting and being eligible offers himself for re-appointment.

DEPOSITS:

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

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.

DIRECTORS 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 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.
- The Directors have prepared the accounts on a going concern basis.

PARTICULARS OF EMPLOYEES :

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 are given as under the Corporate Governance Report.

CONSERVATION OF ENERGY ETC :

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 -

Particulars	Year ended 31st March, 2003	Year ended 31st March, 2002
Expenditure in Foreign Currency:		
Traveling Expenses	Rs.1 72,589	Rs. 94,970
CIF value of Imports:		
Capital Goods and Software	Rs.18,95,671	Rs. Nil
Earnings in Foreign Currency:		
Software Development Services	Rs.1,52,21,882	Rs. Nil

CORPORATE GOVERNANCE :

The report on the corporate governance is annexed which forms part of this report.

CHANGE OF REGISTRARS AND TRANSFER AGENTS :

During the year the company has appointed Big Share Services Private Limited as the Registrars and Transfer Agents. The details are given in Corporate Governance Report.

PERSONNEL :

The company has maintained cordial relations with the employees during the year under review. The company has been giving greater emphasis for restructuring the human resources according to the business requirements of the company.

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

SREENIVASA RAO
 & DONEPUDI
 MANAGING DIRECTOR

Y.S. CHAKRAVARTI
 WHOLE -
 TIME DIRECTOR

Place: Secunderabad
 Date: 30th June 2003

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 agreement 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 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 four 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 2003, Five Board Meetings were held on the following dates: (i) 30th April 2002, (ii) 29th July 2002, (iii) 5th September 2002, (iv) 23rd October 2002, and (v) 28th January 2003.

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 is follows:

Name of Director	Category of Directorship Attended	No. of Board meetings	Attendance at last AGM	No. of other director ships
Sri. Donepudi Sreenivasa Rao	M.D.	04	YES	—
Sri. Yalamati Srinivasa Chakravarti	W.T.D	05	YES	—
Sri. R. Kannan *	N.E.D	Nil	NO	6
Sri. Mukesh Kumar Agarwal	N.E.D	Nil	NO	—
Smt. Donepudi Anupama *	N.E.D	02	NO	—
Sri. Naga Bhushana Rao Vasamsetti	N.E.D	05	YES	—
Sri. Srinivas Raju Saripalli	N.E.D	05	NO	—
Sri. R Duruvasan	N.E.D	Nil	NO	3

- * did not opt for reappointment
- M.D. - Managing Director
- W.T.D. - Whole-time Director
- N.E.D - Non-Executive Director

Details of Directors seeking appointment/re-appointment as required under clause 49 VI(A) of the Listing Agreement.

Mr. Dantuluri Ravi Varma, who was appointed as additional director of the company on 30-06-2003, holds the office at this ensuing Annual General Meeting.

Mr. D. Ravi Varma is Entrepreneur with over decade of broad based experience, Computer literate with well developed interpersonal and communication (written / oral) skills. He developed and implimented innovated programs, regularly launched programs on short notice and has vast experinece in sales and market management, communication, problem resolution, administration, analysis customer service/relations, budgeting, development and implimentation, staff development and trainee supervision. He has done MBA, New York Institute of Technology, Long Island, NY & MS from University of New Orleans, New Orleans

Thus, keeping in view his qualification and vast experience, your directors recommend for his appointment at the ensuing annual general meeting of the company.

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. Review of Annual Financial Statements, internal control systems and internal audit functions,
3. To review the Company's financial and risk management policies and discuss with the internal auditors any significant findings for follow-up thereon,
4. To ensure that adequate mechanism for prevention & detection of frauds is in place,
5. Recommending the appointment of external auditors/internal auditors and fixation of their audit fee, and also approval for payment for any other services.

b) Composition:

The Audit Committee of the Board comprises of 3 Non-Executive Directors. During the year, the committee held four meetings i.e., on (i) 23rd April'2002 (ii) 15th July'2002 (iii) 5th September 2002 and (iv) 28th January'2003. 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	3
Sri S. Srinivas Raju	Member	4
Sri R. Duruvasan \$	Member	1

\$ During the year, Smt. Anupama Donepudi resigned from the Board on 30th September 2002, in her place, Sri. R. Duruvasan was appointed as a member of audit committee. Mr. V. Prasanna, Manager Finance is the Convener to the committee.

4. 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 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 30th April 2002.

Name of the Member	Status	No. of Meetings attended
Sri. V. Naga Bhushana Rao	Chairman	1
Smt. Anupama Donepudi	Member	1
Sri. S. Srinivas 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 organization and reward merit.

Details of remuneration for the year 2002-2003

i. Executive Directors

(Rs. In Lakhs)

	Salary	Commission	Perquisites	Total
D Sreenivasa Rao Managing Director	25.20	- NIL -	2.18	27.38
Y S Chakravarti Whole-time Director	4.80	- NIL -	1.26	6.00

The Managing Director and Whole-time Director have been appointed for a period of five