

**ANNUAL REPORT AND ACCOUNTS 1998-99**



**BOARD OF DIRECTORS**

Mr. S. K. Rateria	<i>Chairman &amp; Managing Director</i>
Mrs. Saroj Rateria	<i>Director</i>
Mr. R. K. Maheshwari	<i>Director</i>
Prof. A. K. Dutta	<i>Director</i>
Mr. A. K. Sanyal	<i>Director</i>
Mr. S. Ray Chaudhuri	<i>Director</i>
Mr. Dale Tower (Alt. Mr. H. Kundalia)	<i>Director</i>
Mr. D. K. Basu	<i>Nominee Director (WBFC)</i>
Mr. Ajoy Kedia	<i>Wholetime Director</i>

**COMPANY SECRETARY**

Mr. Rajveer Singh

**BANKERS**

Punjab National Bank  
Dena Bank

**AUDITORS**

M/s R. Singhi & Co.  
*Chartered Accountants*

**REGISTERED OFFICE**

77/2A, Hazra Road  
Calcutta 700 029

**WORKS**

Survey No. 2/2/2, Madhuban Dam Road  
Village Karad, Silvassa  
Union Territory of Dadra & Nagar Haveli



## SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETING

Date and Time : 28th September, 1999, 11.00 A.M.

Venue : Kalakunj, 48, Shakespeare Sarani, Calcutta 700 017

### DATES OF BOOK CLOSURE

27th September, 1999 to 28th September, 1999

### PROPOSED DIVIDEND

The final dividend of Rs. 0.75 (7.5%) per share has been recommended by the Board of Directors on 1,00,21,071 Equity Shares. The dividend upon declaration by the Members at the forthcoming AGM, would be despatched to the registered address of the Members.

### LISTING AND TRADING OF SHARES OF THE COMPANY

In order to impart liquidity and convenience for trading, Equity Shares of the Company are listed at the following stock exchanges. The annual renewal fees for 1999-2000 have been paid to all the stock exchanges where the shares are listed.

Name of the Stock Exchange	Stock Code No.	Closing price (Rs.) As at March 31, 1999
Calcutta Stock Exchange Assn. Ltd.	C - 089	47.00
The Stock Exchange, Mumbai	31224	46.25
The Delhi Stock Exchange Assn. Ltd.	03191	47.00
The Jaipur Stock Exchange Assn. Ltd.	689	Not Traded
The Ahmedabad Stock Assn. Ltd.	12045/Computech	Not Traded

The Company has made an application to National Stock Exchange for listing its Shares which is pending.

### REGISTRARS AND TRANSFER AGENTS

Computech International has no external Registrar or Transfer Agent. All such work is done in-house at the Registered Office of the Company.

### SHARE TRANSFER SYSTEM

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The total number of shares transferred during the year 1998-99 was 59,72,300 compared to 43,89,100 in 1997-98.

### DEMATERIALISATION OF SHARES

Computech International has already applied to the National Securities Depository Ltd. (NSDL) for admitting its equity shares to be traded in electronic form.

### INVESTOR CORRESPONDENCE

Shareholders can correspond with the Company Secretary of Computech International.

### VALUATION OF SHARES

The closing prices of the Company's shares as at March 31, 1999 at stock exchanges where the equity shares have been listed is given in the above table, which may be used for valuation purposes.

### MARKET CAPITALISATION

Based on the closing quotation of Rs. 47.00 per share as at March 31, 1999 at the Calcutta Stock Exchange, the Regional Stock Exchange of the Company, the market capitalisation of the Company was Rs. 47.10 Crores.

### CONSOLIDATION OF FOLIOS AND AVOIDANCE OF MULTIPLE MAILINGS

Some of the Members might have more than one folio in their individual name or jointly with other person(s) mentioned in the same order. It is desirable to consolidate all similar holdings under one folio. Consolidation helps the Members to monitor their holdings effectively. By doing so, it would also enable the Company to avoid unnecessary duplication of effort and related costs. Please write to the Registered Office of the Company quoting the folio numbers that need to be consolidated.

## DIRECTORS' REPORT

To The Shareholders,

Your Directors have pleasure in presenting their Twelveth Annual Report together with the Audited Financial Accounts for the year ended 31st March, 1999.

## FINANCIAL HIGHLIGHTS

Your Company's performance during 1998-99 is summarised below :

	(Rs. In Million)	
	<u>1998-99</u>	<u>1997-98</u>
Gross Turnover	926.41	558.40
Operating Profit (PBITD)	177.80	105.89
Interest	41.12	28.42
Depreciation	29.88	27.38
Profit Before Tax	106.80	50.09
Provision for tax	0.50	0.30
Profit After Tax	106.30	49.79
Transfer to General Reserve	50.00	20.00
Dividends (including tax) :		
on Equity Shares	22.05	13.78
on Preference Shares	0.04	0.04
Profit & Loss Account Balance Carried Forward	63.56	42.21

## DIVIDEND

Your Directors confirm dividend @ 9% on Preference Shares on prorata basis and recommend final dividend of Rs. 0.75 per Equity Share in addition to the interim dividend of Rs. 1.25 per Equity Share making the total dividend in aggregate to Rs. 2.00 (20%) per Equity Share for the financial year ended 31st March, 1999.

## REVIEW OF OPERATIONS

The year 1998-99 was an excellent year in which your Company achieved a gross turnover of Rs. 926.40 Million reflecting a growth of 66% over previous year resulting in an increase of 113% in the net profit (from Rs. 49.79 million to Rs. 106.30 million). Earning per share went up by Rs. 4.97 to Rs. 10.61. Such growth was possible due to aggressive and strategic business policies adopted by the Management.

Your Company's success during the year under review was possible due to enhanced cordial relationship with customers, continued support of the Human Resources, introduction of new services and increased share of International revenue in the turnover. Strategies to offer value added services given to the existing customers and to spread the range of clientele have yielded such quantum gains. Over the years Computech has come a long way to become an IT Company providing Total Business Solutions. This is apparent from the contribution of the IT Division in the turnover of the Company to the tune of 82% representing a healthy growth of 66% over the last year. Your Company's revenue from Software Export was up from



Rs. 136.45 million to Rs. 303.60 million registering a growth of 122% in a highly competitive market.

(Rs. In Million)

	<u>IT Division</u>		<u>Other Divisions</u>	
	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>
Turnover -Domestic	324.96	320.46	165.78	101.49
Export	<u>435.67</u>	<u>136.45</u>	<u>-</u>	<u>-</u>
Gross Turnover	760.63	456.91	165.78	101.49
PBIDT	160.65	83.67	17.15	22.22
Interest	35.80	21.37	5.32	7.05
Cash Profit	124.85	62.30	11.83	15.17

### FOCUS ON CORE BUSINESS

Your Company has disposed off all its investments in shares in the process to concentrate in the thrust area of Information Technology and has drawn specific plans to hive off the Transport and Agency Division.

### ISO-9002

The cornerstone of success today is quality especially with the discerning buyer of IT services and products. The Registrar Division of the Company at New Delhi has been granted ISO - 9002 Certification by DET NORSKE VERITAS (DNV) of Netherlands. All activities of the Company will be brought under the ISO standards in a phased manner.

### FUTURE OUTLOOK

After having consolidated in its thrust areas, your Company is charting new paths for growth and expansion now. Plans are at well advanced stage for your Company's presence in the overseas market by setting up of offices in Europe, Middle East and South East Asia to give a philip to the Company's Software and Seismic Business.

Your Company is all set to become a National Internet Service Provider. Necessary steps are being taken to complete the formalities in this regard. Over and above E-Mail services, your Company will provide multiple Value Added Services like E-Commerce, Websurfing, Website Hosting etc. The target clientele will cover Corporates, Small, Medium Enterprises, Professionals and individuals. The Internet has tremendous synergy with our software development skills as well as Hardware Resources through effective marketing strategies. Your Company is fully poised to exploit tomorrow's golden opportunity.

### SHARE CAPITAL

The Authorised Capital of the Company has been increased from Rs. 120 million to Rs. 300 million represented by 2,98,80,000 Equity Shares of Rs. 10/- each and 12,000 Non-Cumulative Redeemable 9% Preference Shares of Rs.100/- each.

During the year under review, 3700 9% non-cumulative redeemable Preference Shares of Rs. 100/- each were redeemed.

### DEBENTURES

The Company has allotted 5,00,000 16.5% Non-Convertible Debentures of Rs. 100/- each amounting to Rs. 50 million to Industrial Development Bank of India on Private Placement basis for meeting the normal Capital Expenditure and Working Capital requirement.

### DEMATERIALISATION OF SHARES

As a part of improvement in services to investor, your company has applied to the National Securities Depository Ltd. (NSDL) for enlisting its Equity Shares trading in electronic form. Once the approval from the NSDL is received which is expected shortly, members of the Company shall be benefited.

### DIRECTORS

Mr. D. K. Basu, Managing Director of West Bengal Financial Corporation has been nominated to the Board of your Company by the Corporation in place of Mr. S. K. Bhattacharjee, who had been nominated earlier. The Board places on record its appreciation of the valuable contribution made by Mr. S. K. Bhattacharjee during his tenure.

Mr. Dale Tower, a U. S. National has been appointed as Director on 15th April, 1999 to fill the casual vacancy caused by the resignation of Mr. M. S. Rateria. He holds office upto the date of the forthcoming Annual General Meeting and eligible for appointment. The Company has received notice under section 257 of the Companies Act, 1956 from a member signifying the intention to propose the candidature of Mr. Dale Tower for the office of Director at the ensuing Annual General



Meeting. Mr. Hasmukh Kundalia was appointed as an Alternate Director to Mr. Dale Tower during the year.

Mr. S. Ray Chaudhuri has been appointed as an Additional Director of the Company under section 260 of the Companies Act, 1956 w.e.f. 3rd May 1999. A notice has been received from a member of the company under section 257 of the Companies Act 1956 proposing his name for appointment to the office of the Director.

The Company has increased the remuneration of Mr. Ajoy Kumar Kedia, the whole time Director of the Company from Rs. 10,000/- per month to Rs. 15,000/- per month w.e.f. 1st April, 1999 and for that purpose the approval of members is being sought. The terms and conditions set out in the increment letter is being placed before the ensuing Annual General Meeting.

Mr. Rajesh Chopra and Mr. M. S. Rateria resigned from the Board during the year. The Board places on record its appreciation of the contribution made by them during their tenure.

Mrs. Saroj Rateria, Director of the Company retires by rotation and being eligible offer herself for re-appointment.

#### AUDITORS

The Auditors M/s. R. Singhi & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to be reappointed.

#### AUDITORS' REPORT

The Auditors in their report have referred to the notes forming part of the Accounts. The said notes are self-explanatory and need no further elucidation.

#### Y2K PREPAREDNESS

All the functional areas of the Company including various branch offices are fully computerised. Taking into consideration the importance of the Y2K issue, a team has been constituted to take care of the same and to apprise the status to the board on regular basis. The Hardware and Softwares being used by the Company at different locations have been checked about the Y2K Preparedness and a comprehensive strategy has been made to make all the hardware and software Y2K compliant.

Being in the IT industry, Company has its own team to take care of its Year 2000 issues and the Board expects that all the operations of the Company will be Y2K compliant by 30th June, 1999. The total estimated cost will be around Rs. 2 million in this area.

The Company does not foresee any major problem after rectification of Hardware and Software. However, to meet contingency requirements Company will be keeping entire backup of its Data base. It is also proposed to keep a hard copy of all the records as on 31st December, 1999.

#### PERSONNEL

While every organisation has to depend for its success largely on the human resources at its disposal, your Company believes that the strength of an Infotech Company is to be measured in terms of its capability to augment, develop and retain the personnel. The relationship with the employees at the Plant, Head Office and Branch Offices has been cordial throughout the year. Your Directors have taken steps to further enrich its human resources. The Board records its appreciation for the useful contribution made by all the employees.

#### PARTICULARS OF EMPLOYEES

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 are annexed hereto (Annexure 'A') and form part of this Report.

#### DISCLOSURE OF PARTICULARS

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 to the extent applicable to the Company are given in the Annexure 'B'.

#### ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the whole hearted co-operation and support extended by its Shareholders, Bankers, Financial Institutions, Customers and Other Associates.

For and on behalf of the Board

**S. K. RATERIA**

*Chairman & Managing Director*

Place : Calcutta

Date : 3rd May, 1999



## ANNEXURE 'A' TO DIRECTORS' REPORT

Statement of particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 1999.

Name	Age (Years)	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Previous Employment held
Mr. S. K. Rateria	43	Chairman & Managing Director	7,65,000	B.Com.	22	Since Incorporation	First Employment
Mr. S. K. Gupta	53	President (Software Division)	34, 746*	B.Sc., (Mech. Engg.) M.S. (Ind. Engg.) MBA (Int. Management	29	01.01.98	HCL Consulting Ltd, (General Manager)

\* Indicates earnings for part of the year

1. All appointments are contractual and subject to Rules and Regulations of the Company.
2. Remuneration includes Salary, Allowances, Medical Reimbursement, Leave Travel Allowance, Company's Contribution to Provident fund & Other funds, Taxable value of perquisites and other facilities as per Income Tax Act.
3. Except Mr. S. K. Rateria who is relative of Mrs. Saroj Rateria, none of the above employees is related to any of the Directors of the Company.

## ANNEXURE 'B' TO DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### 1. Technology Absorption

#### 1.1 Research and Development

During the year under review the Company's efforts were mainly directed towards customer driven developmental activity.

Expenditure on R&D during the financial year 1998-99 is as under :

- a) Capital Nil
- b) Recurring Nil

#### 1.2 Technology absorption, adaptation and innovation.

There is no technical collaboration. The Company is manufacturing with the help of in-house developed technology. The Company has taken effort to keep abreast with the latest technical development in the key business areas by deputing employees for attending seminars and workshops.

### 2. Foreign Exchange Earnings and Outflow

The Company's total foreign exchange earnings and outgoings are as contained in Item No. 10 of Schedule 23 to the Accounts.

For and on behalf of the Board

Place : Calcutta  
Date : 3rd May, 1999

**S. K. RATERIA**  
Chairman & Managing Director

### FIVE YEARS FINANCIAL HIGHLIGHTS

(Rs. Million)

Description	1999	1998	1997	1996	1995
<b>Sources of Funds</b>					
Share Capital (Equity)	100	100	100	100	25
Reserves	177	93	57	33	4
Net Worth	274	190	153	129	29
Borrowings	176	192	126	68	14
Funds Employed	450	382	279	197	43
<b>Income and Profits</b>					
Sales & Other Income	932	574	269	156	33
Operating Profit (PBIDT)	178	106	78	63	11
Profit Before Taxation	107	50	38	36	4
Taxation	1				
Profit After Taxation	106	50	38	36	4
Dividends (Incl. Dividend Tax)	22	14	14	7	
Retained Earnings	84	36	24	29	4
<b>Key Indicators</b>					
Net Fixed Assets (incl. Capital WIP)	218	161	157	98	46
Current Ratio	1.57	1.69	1.37	2.15	0.96
Debt Equity Ratio	0.64	1.00	0.82	0.52	0.48
Net Worth per Equity Share (Rs.)	27.38	18.93	15.29	12.88	11.65
Earnings per Equity Share (Rs.)	10.61	4.97	3.74	*6.39	1.45
Equity Dividend (%)	20.00	12.50	12.50	12.50	NIL

\* Annualised





## AUDITORS' REPORT

To The Shareholders,

We have audited the attached Balance Sheet of **COMPUTECH INTERNATIONAL LIMITED** as at 31st March, 1999 and the annexed Profit and Loss Account of the said Company for the year ended on that date both annexed hereto.

We report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion and to the best of our information and according to explanations given to us, the annexed accounts read with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
  - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
3. In our opinion proper Books of Accounts as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of the Books.
4. In our opinion, the Profit & Loss Account and Balance Sheet comply, with the requirements of the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 as amended.
5. The Balance Sheet and Profit and Loss Account are in agreement with the Books of Account. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate, we further state that:
  - i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. As explained to us the Fixed Assets have been physically verified by the Management and no significant discrepancies have been noticed on such physical verification.
  - ii) None of the Fixed Assets of the Company have been revalued during the year.
  - iii) As explained to us, the stock of stores, spare parts, raw materials and finished goods have been physically verified by the Management at reasonable intervals during the year. In our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
  - iv) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable adequate in relation to the size of the Company and the nature of its business.
  - v) As informed to us, no material discrepancies have been noticed on such physical verification between physical stocks and book records.
  - vi) On the basis of our examination of stock records, the valuation of such stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
  - vii) The Company has not taken loan from any company listed in the Register maintained under section 301 of the Companies Act, 1956, or from companies under the same management as defined under sub-section (1B) of Section 370 the Companies Act, 1956.
  - viii) The Company has not granted loans, to any company listed in the Register maintained under section 301 of the Companies Act, 1956, and/or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
  - ix) Other parties to whom loans have been given by the Company have been repaid during the year.
  - x) In our opinion and according to the information given to us, there are adequate internal control procedures commensurate with the size and nature of its business with regard to purchase of capital and other goods and