

DATAPRO INFORMATION TECHNOLOGY LTD.

9th ANNUAL REPORT 1997-98

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The **POWER** Beyond E-mail.

datapro

Making IT Work For You

DATAPRO INFORMATION TECHNOLOGY LIMITED

DIRECTORS

Rajeev Arora
(Chairman & Managing Director)
Dr. S. S. Sundararajan
Deepak Kamdar
A. D. Narula
Anand Bhatt
Ashok Someshwar
Pankaj Saxena
Mrs. Punam Arora

AUDITORS

Chetan D. Kadam & Co.
Chartered Accountants,
7-A, Shaheen Apartments,
2nd Floor, 132, Modi Street,
Fort, Mumbai - 400 001.

BANKERS

Central Bank of India
Oriental Bank of Commerce

SOLICITORS

Wadia Ghandy & Co.
N. M. Wadia Bldg.,
123, Mahatma Gandhi Road,
Mumbai - 400 023

REGISTERED OFFICE

EL-21, Electronic Zone, MIDC,
Bhosari, Pune - 411 026.

REGISTRARS AND SHARE TRANSFER AGENTS

WISEC Global Ltd.
B-6/6, Commercial Complex,
Safdarjung Enclave,
New Delhi - 110 029

DATAPRO INFORMATION TECHNOLOGY LIMITED

NOTICE :

Notice is hereby given that Ninth Annual General Meeting of Datapro Information Technology Ltd. will be held at Hotel Kundan Palace, Akurdi, Bombay-Pune Road, Pune - 411 035 on Wednesday the 30th September 1998 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the period ended 31st March 1998, together with Report of the Directors & the Auditors thereon.
- 2) To appoint a Director in place of Dr. S. S. Sundararajan, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mrs. Punam Arora, who retires by rotation and being eligible offers herself for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

- 5) To appoint Mr. Pankaj Saxena who was appointed as an Additional Director of the Company, as a Director retiring by rotation.
- 6) To pass, if thought fit, with or without modifications, as a special resolution :

"RESOLVED THAT pursuant to the provisions of the Sec. 198, 269, 309, 311, 314 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being, in force) and further subject to the provisions of schedule XIII of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. Rajeev Arora, as the Managing Director of the Company for a period of five years, w.e.f. 01/08/98 on the terms and conditions of the remuneration mentioned as under :

- | | | |
|----------------|---|-------------------|
| A) Salary | } | As per Annexure A |
| B) Perquisites | | |
| C) Other Terms | | |

By Order of the Board of Directors

Place : Pune
Date : 11/08/98

Mr. Rajeev Arora
Chairman & Managing Director

Notes :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE 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.
- 2) The relative explanatory statement pursuant to Section 173 of the Companies Act., 1956 in respect of business under item no. 5 & 6 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
- 3) The Share Transfer Books and the Register of Members of the Company will remain closed from 24/09/98 to 30/09/98 (both days inclusive).
- 4) Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company atleast 7 days in advance, so as to enable the Company to keep the information ready.
- 5) The members are requested to bring the copy of the Annual Report in the meeting.

ANNEXURE TO THE NOTICE

Explanatory statement as required under Section 173 (2) of the Companies Act, 1956.

Item No. 5

The Board appointed Mr. Pankaj Saxena as an Additional Director of the Company, under Section 260 of the Companies Act, 1956 w.e.f. 30/07/98 to hold office upto the date of the Annual General Meeting. The Company has received a notice as required under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Pankaj Saxena as a Director of the company retiring by rotation.

Your Directors recommend the resolution.

None of the Directors except Mr. Pankaj Saxena is, in any way, interested or concerned in the said resolution.

Item No. 6

The Board of Directors reappointed Mr. Rajeev Arora as the Managing Director of the Company w.e.f. 01/08/98 .As per the provisions of Part III of the Schedule XIII of the Companies Act, 1956, the re-appointment of the Managing Director has to be approved by the Shareholders in the General Meeting. The said resolution now being placed before you for your approval.

Except the appointee Mr. Rajeev Arora and Mrs. Punam Arora; a Director and spouse of the appointee, none of the other Directors are interested in the resolution.

By Order of the Board of Directors

Place : Pune
Date : 11/08/98

Mr. Rajeev Arora
Chairman & Managing Director

9th ANNUAL REPORT 1997-98**ANNEXURE A :****Item No.6 :**

The Company had vide Resolution dated 1st November 1993 appointed Mr. Rajeev Arora as Managing Director of the Company for a tenure of five years from 01-8-93 to 31-7-98. Since, the tenure of the appointment has expired on 31-7-98, the Company has reappointed Mr. Rajeev Arora as Managing Director for a term of 5 years w.e.f. 1st August 1998. The main provisions governing the said reappointment, as to remuneration and other benefits are as under :

Gross Salary :

1st Year of Reappointment	Rs.21,000/- per month
2nd Year of Reappointment	Rs.22,000/- per month
3rd Year of Reappointment	Rs.23,000/- per month
4th Year of Reappointment	Rs.24,000/- per month
5th Year of Reappointment	Rs.25,000/- per month

Perquisites :

Perquisites will be allowed in addition to salary and commission. However, aggregate amount of perquisites shall be restricted to an amount equal to the annual salary or Rs.3,00,000/- whichever is less.

Unless the context otherwise requires, the perquisites are classified into three categories - A, B and C as follows :

Category A :

- (i) (a) Housing I - The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of 60 % over and above 10 % payable by the Managing Director.
- (b) Housing II - In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.
- (c) Housing III - In case no accommodation is provided by the Company, the Managing Director shall be entitled to have rent allowance subject to the ceiling laid down in the para, "Housing I".

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962. This shall however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- (ii) Medical Reimbursement : Membership of and subscription paid to any hospital and/or doctor's scheme and/or scheme of an insurance Company in India, and all hospital and medical expenses incurred for self and family, provided that the expenses incurred by the Company in this regard for the Managing Director and his family shall be subject to ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) Leave Travel Concession : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (iv) Club Fees : Fees of Clubs, subject to a maximum of

two clubs, not including admission and life membership fees.

- (v) Personal Accident Insurance : Premium not to exceed Rs.4000/- per annum.

For the purpose of Category A, "Family" shall have the same meaning as defined in Part II of Schedule XIII of the Companies Act, 1956.

Category B :

- (i) Contribution to Provident Fund : Benefits under the Provident Fund Scheme of the Company as and when implemented so that the contribution will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income Tax Act.
- (ii) Gratuity : Gratuity payable shall not exceed half a months salary for each completed year of service.

Category C :

In addition to the remuneration and benefits as provided hereinabove, the Company shall provide a car with Driver and telephone facility at the residence of the Managing Director. Provision of Car for the use of the Company's business and telephone at residence shall not be considered as perquisites. Personal long distance calls and use of the Car for personal needs shall be billed by the Company at actuals to the Managing Director.

In the event of any increase in the permissible limits of the emoluments, benefits and perquisites payable in accordance with the law, policies, rules, regulations or guidelines, as may be in force from time to time, the Company may, in its discretion and subject to such approvals if any, as may be applicable increase the remuneration payable to the Managing Director.

OTHER TERMS :

- (i) The Managing Director shall be entitled to reimbursement of all actual expenses, including on travelling incurred in the course of Company's business.
- (ii) The Managing Director shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.
- (iii) The Managing Director shall be entitled to fully paid leave of thirty days for every eleven months completed service. Leave accumulated and not availed of during his tenure as Managing Director may be allowed to be encashed at the time of his retirement as per the rules of the Company.
- (iv) The Managing Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the Company within such ceiling of such expenses as may be fixed by the Board of Directors of the Company.
- (v) The appointment may be terminated by the Company or by the Managing Director by giving not less than three months prior notice in writing.

Except Mr. Rajeev Arora as the appointee and Mrs. Punam Arora, a Director and spouse of the appointee, none of the other Directors are interested in the resolution.

DATAPRO INFORMATION TECHNOLOGY LIMITED**DIRECTORS' REPORT**

To,
The Members,

Your Directors are glad to present the Ninth Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 1998.

1. Financial Results :

	(Amount in Rs.)	
	For the year ended 31.3.1998	For the year ended 31.3.1997
Income	6,84,37,337	6,38,10,590
Profit/(Loss) before tax	(42,50,662)	(2,43,96,247)
Provision for taxation	—	—
Prior year tax	36,001	—
Profit / (Loss) after tax	(42,86,663)	(2,47,96,247)
Balance brought forward	(1,75,32,528)	68,63,719
Balance carried forward	(2,18,19,191)	(1,75,32,528)

2. Operations

The Income of the Company during the year was Rs. 6,84,37,337 and the Expenditure was Rs. 7,26,87,999. The working of the Company has resulted in a Net Loss of Rs. 42,50,662. The current stagnant economic scenario and the crunch faced by various industries, has affected the Telecom Sector as well. The growth of the E-Mail Industry has been less than expected. The Company is making all efforts to enhance the business and reduce costs. Efforts are also being made to increase the number of users and applications for the E-Mail product. The effect of the cost cutting exercise is reflected in the 2nd half year performance of the Company, wherein the Company has reduced the loss. The management is hopeful of better performance in the coming years. The company is intending to provide internet Services as soon as the policy guidelines are cleared by the government.

3. Dividend

The Directors do not recommend any dividend for the Current year.

4. Projection V/S Performance

Particulars	Performance 1997-98	Projections 1997-98
Sales (fig. in Rs. lacs)	684.37	2359.00
Expenses (fig. in Rs. lacs)	727.24	917.00
Net Profit /(Loss)	[42.87]	1442.00
[Bracket shows loss]		

The economic slow down has affected the E-Mail Industry as well due to which the Company could not achieve the growth as targeted.

5. Auditors Observations in the Accounts**5.1 Point No. 2.7. of the Auditors Report**

As mentioned in the previous year the Memorandum of Understanding entered into between the Company and Xee Centres will enable the Company to receive the one time fees before launch of the centre.

The Board is confident of receiving the same and the necessary steps are being initiated.

5.2 Point No.2.6 of the Auditors Report

The amount which has been advanced referred to is still receivable. The Directors have initiated both criminal and civil proceedings against Good Earth Organics Ltd. and their Directors. The Directors are happy to inform that the Gujarat High Court has appointed provisional liquidator towards whom the Directors look up with hope to recover the money.

5.3 Point No.2.8 of the Auditors Report

The Company is following up with the matter. The secured loan is fully covered by security offered. Further the Company is making attempts to regularise the Account.

5.4 Point No. 2.5 of the Auditors Report

The Directors have taken steps in the area of Accounts Receivable and are in the process of obtaining confirmations in the current year.

5.5 Point No. 3.15 of the Auditors Report

The Directors have also realised the need for strengthening the existing internal audit system and have already taken the necessary steps in that direction.

5.6 Point No. 3.17 of the Auditors Report

The Company was experiencing a liquidity crunch during the financial year 1997-98 and hence the delay in depositing the Provident Fund and ESIC dues. Attempts are on to regularize.

5.7 Point No. 2.5 of the Auditors Report

The Company does not have any employee whose tenure of service exceeds five years so as to attract the provisions of Gratuity Act. Hence the Company feels that it does not have any liability as on date and hence the question of making provision does not arise.

6. Directors

Dr. S. S. Sundararajan and Mrs. Punam Arora, Directors retire by rotation at the ensuing Annual

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General Meeting and being eligible offer themselves for reappointment. The Board propose their reappointment.

Mr. Pankaj Saxena, was appointed as an Additional Director of the Company, who held the office of Director till the current Annual General Meeting. The Company has received proposal from a member, proposing the appointment of Mr. Pankaj Saxena, as Director retiring by rotation. The Board recommends the appointment.

Mr. Rajeev Arora, Managing Director was reappointed as a Managing Director w.e.f. 01.08.98 by the Board of Directors. As per the provisions of Schedule XIII of the Companies Act, 1956 the reappointment of the Managing Director has to be approved by the Shareholders. The Board recommends the proposal for your approval.

7. Auditors

The retiring Auditors M/s. Chetan D. Kadam & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. The Auditors being eligible offer themselves for reappointment. The Directors recommend their reappointment.

8. Particulars of Employees

The list of employees covered under the Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed herewith

9. Conservation of energy, technology absorption and foreign exchange earnings and outgoing**A) Conservation of Energy, Technology Absorption**

The Company's operation involves low energy consumption. The Company has maintained its efforts for achieving further energy conservation.

B) Research and Development**i) Specific areas of R & D**

Our R & D efforts were towards providing value-added services to Xee-Mail Users. have developed SMTP Gateway compatible to Xee-Mail message handling system. Further improvements were made in billing information system. Xee Application Programme Interface (XAPI) has been refined to automate Database File Transfers between various user offices.

ii) Benefits derived as a result of R & D

The SMTP Gateway enabled introduction of industry acceptable e-mail addressing system. Improved Billing Software now provides userwise

billing details within the user organisation.

XAPI has been accepted as a low-cost substitute to EDI in the Corporate Sector XAPI is also being tried for Banking Applications and is expected to receive wide acceptance in that Sector. Wider usage of XAPI is expected to increase Traffic Revenue.

iii) Future Plans

Further work on XAPI to enhance its security aspects, and front-end features would be undertaken to draw marketing advantages, and improved customer satisfaction.

R & D efforts related to Internet Services would continue.

C) Foreign Exchange Earnings and Outgoings

Earnings : Nil

Outgoings :Rs. 18,37,170 (Previous Year Rs. 5405)

10. Human Resources

The Directors wish to place on record their appreciation for the hard work and enthusiasm of the employees of the Company at all levels and solicit their co-operation in the future.

11. Appreciation

Your Directors wish to place on record their sincere appreciation for continued support and guidance provided during the period under review by the Bankers, Financial Institutions, Government Departments and all the customers and hope to receive the same in future.

For and on behalf of the Board of Directors,

Place : Pune

Rajeev Arora

Date : 11th August, 1998

Chairman and
Managing Director

DATAPRO INFORMATION TECHNOLOGY LIMITED**ANNEXURE 1**

Information required as per Section 217 (2A) (b) (ii) of the companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March, 1998.

Sr. No.	Name of the Employee and Qualification and Designation / Nature of duties	Age (Experience)	Gross Remuneration (Date of Commencement of Employment)	Particulars of Last Employment held, Designation, Organisation and Period
1)	Mr. Pankaj Saxena B.E. Electronics Chief Executive	46 (23 yrs.)	3,56,867.00 (09.04.94)	Uptron India Limited U. P. (Lucknow) Additional General Manager (9 yrs.)
2)	Mr. Samuel Abraham* B. Tech. ED. MBA Head Marketing & Operations	50 (28 yrs.)	1,49,776.00 (03.11.97)	Atco Products Limited, Pune Associated Vice President (4 yrs.)
3)	Mr. Ravinder Jogi* B. Tech Electronics General Manager-Technical	39 (17 yrs.)	2,62,289.00 (24.04.89)	DCM Data Products, Pune Area Field Engineer Manager (7 yrs.)

Note :

- 1) * Indicates employed for a part of the year.
- 2) Designation denotes the nature of duties also
- 3) Gross Remuneration includes salary, Company's Contribution to Provident Fund, Allowances, perquisites but excludes Gratuity unless paid/payable.
- 4) Experience includes number of years of service elsewhere wherever applicable.

For and on Behalf of the
Board of Directors,

Place : Pune
Date : 11.08.98

Rajeev Arora
Chairman & Managing Director

9th ANNUAL REPORT 1997-98**AUDITORS' REPORT**

To the Members of

Datapro Information Technology Ltd.,

1. We report that we have audited the attached Balance Sheet of Datapro Information Technology Ltd., as at 31st March, 1998 together with Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.

2. 2.1 We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

2.2 In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books.

2.3 The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.

2.4 The Balance of debtors are subject to reconciliation and confirmation (refer note no.13 in notes on accounts).

2.5 The company accounts for gratuity on cash basis (refer note no.15 in notes on accounts).

2.6 No provision has been made in the accounts for advances amounting to Rs.3598425/- which in our opinion are doubtful (refer note no.16 in notes on accounts).

2.7 No provisions has been made in the accounts for accounts receivables amounting to Rs.1,33,61,178/- which in our opinion are doubtful (refer note no.13 in notes on accounts).

2.8 The balance outstanding to Sangli Bank Ltd. is subject to reconciliation (refer note no.17 in notes on accounts)

2.9 In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes there on and attached thereto, (including significant accounting policies as given in notes on accounts) and subject to clause 2.4 to 2.8 give in the prescribed manner, the information required by the Companies Act, 1956 and give a true and fair view :

2.9.1 in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 1998.

2.9.2 in so far as it relates to the Profit and Loss account of the loss of the company for the year ended on that date.

3. 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 and according to the information and explanations given to us, we further report that :

3.1. The company has maintained a fixed asset register in which details of assets purchased during the current accounting year under audit are being entered. We are told that this process will be completed in the financial year following the year under audit.

3.2. The fixed assets of the Company have neither been revalued nor physically verified during the year.

3.3. As explained to us, stock of Finished Goods, Stores and Spares have been physically verified during the year by the management. In our opinion, the frequency of such verifications is reasonable.

3.4. According to the information and explanations given to us and in our opinion the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

3.5. As per the explanations given to us, no material discrepancies have been noticed on verification between the physical stocks and the book records.

3.6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.

3.7. The Company has not taken any loans, secured or unsecured, from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

3.8. The Company has not granted any loans