

ESSKAY TELECOM LIMITED

Report

For ESSKAY TELECOM LTD.

Dilip Kumar Agarwal

Director

**11TH
ANNUAL REPORT
2003-2004**

ESSKAY TELECOM LIMITED

ESSKAY TELECOM LIMITED

11TH ANNUAL REPORT & ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

BOARD OF DIRECTORS

DILIP KUMAR AGRAWAL

Mg. Director

DEEPAK PATWARI

SUNIL KUMAR PODDAR

TRIBHUWAN SARAF

REGISTERED OFFICE

**1-B, BLACK BURN LANE,
4TH FLOOR,**

KOLKATA - 700 012

Phone : (033) 2236 0339

Email : destiny@cal2.vsnl.net.in

AUDITORS

A. K. BASU & CO.

Chartered Accountants

29, Narkeldanga Main Road,

Kolkata - 700 054

BANKERS

PUNJAB NATIONAL BANK

CANARA BANK

STANDARD CHARTERED BANK

IDBI BANK

COMPANY SECRETARY

DILEEP KUMAR SINGH

REGISTRAR & SHARE TRANSFER AGENT

M/s. NICHE TECHNOLOGIES PVT. LTD.

D-511, Bagree Market,

71, B. R. B. Road,

Kolkata - 700 001

ESSKAY TELECOM LIMITED

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of ESSKAY TELECOM LIMITED will be held at Eastern Zonal Cultural Centre, IA-290, Salt Lake City, Kolkata - 700 091 on Thursday, the 30th day of September, 2004 at 11.00 A.M. for transacting the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited accounts of the company for the year ended 31st March, 2004 and the report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sri Deepak Patwari, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.



Registered Office :
1-B, Black Bum Lane,
4th Floor,
Kolkata-700 012
Dated: 18.08.2004

By order of the Board
For ESSKAY TELECOM LTD.
Sd/-
(D. K. AGRAWAL)
Mg. Director

Notes :

1. A member entitled to attend and vote 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 Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting and also requested to bring their copy of Balance Sheet at the meeting place.
3. The Register of Members shall remain closed from Friday, 24th September, 2004 to Thursday, 30th September, 2004 (both days inclusive).

ESSKAY TELECOM LIMITED**DIRECTOR'S REPORT**

Dear Shareholders,

Your directors take pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Statement of Accounts and the Auditor's Report thereon for the Year ended 31st March, 2004. The summarised financial results are as under :

| FINANCIAL HIGHLIGHTS | 31.03.2004 (In Rs.) | 31.03.2003 (In Rs.) |
|---|-------------------------------|-------------------------------|
| PROFIT BEFORE TAXATION | 249,839.57 | 202,676.30 |
| Provision for Taxation | 35,910.00 | 84,753.00 |
| PROFIT AFTER TAXATION | 213,929.57 | 117,923.30 |
| Income Tax Earlier Year | — | (4,045.00) |
| Special Statutory Reserve | (42,786.00) | (23,585.00) |
| Deferred Tax | (52,417.00) | (21,008.00) |
| Balance brought forward | 619,960.69 | 550,675.39 |
| Surplus carried to Balance Sheet | 738,687.26 | 619,960.69 |

DIVIDEND

In view of the marginal profit earned by the company, your directors do not recommend any dividend for the year under review.

DIRECTORS

Mr. Deepak Patwari retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your directors hereby confirm that during the year ended on 31st March, 2004 :

- The company had followed applicable accounting standards for the preparation of annual accounts;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company and of the profit of the company;
- That proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

ESSKAY TELECOM LIMITED

- iv) That the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. A. K. Basu & Co., Chartered Accountants, retires and being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment.

EMPLOYEES

None of the employees was in receipt of remuneration in excess of the limit prescribed under Section 217(2A) of the Companies Act, 1956.

STATUTORY INFORMATION

The Company being basically in the financial sector, requirement regarding disclosure of Particulars of conservation of energy and technology absorption prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is not applicable.

CORPORATE GOVERNANCE

As stipulated under clause 49 of the listing agreement, Corporate Governance report along with auditors certificate and Management Discussion & Analysis thereon is enclosed as Annexure 'A' and form part of this report.

DELISTING OF SECURITIES

The Company's shares had been delisted from Ahmedabad Stock Exchange & Jaipur Stock Exchange and it is under process at Delhi Stock Exchange.

FOREIGN EXCHANGE

The Company had no foreign exchange outflow or inflow during the year under review.

ACKNOWLEDGEMENTS

The Board expresses its sincere gratitude to the shareholders, Bankers, Employees and its clients for their continued faith and support reposed in us.

For & on behalf of the Board

Place : Kolkata

Dated: 18th August, 2004

(Deepak Patwari)
Director

(Dilip Kumar Agrawal)
Managing Director

ESSKAY TELECOM LIMITED**ANNEXURE "A"****REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's report on Corporate Governance :

1. PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance includes a combination of such business practices which enhance the value of the Company to shareholders and enabling the Company to fulfill its obligation to others. The Company firmly believes that such practices are built up on the real values of transparency, responsibility, accountability, empowerment and professionalism. It helps to improve the Company's image, efficiency and effectiveness. The Company is committed to good Corporate Governance which aims to protect the interest of its stakeholders.

2. BOARD OF DIRECTORS :**(a) Composition of the Board**

The Composition of the Board of Directors of the Company consists of qualified executive and non-executive directors. The Board comprises of persons who have excelled in their respective areas having good standing. The composition of the Board of Directors as on 31st March, 2004, is as follows :

| Sr. No. | Name of Director | Executive/ Non-Executive | No. of other | |
|---------|---|-----------------------------|---------------|-----------------------|
| | | | Directorships | Committee Memberships |
| 1. | Sri Dilip Kumar Agrawal - Managing Director | Executive | 2 | — |
| 2. | Sri Deepak Patwari | Executive | 2 | — |
| 3. | Sri Sunil Kumar Poddar | Non-Executive & Independent | — | — |
| 4. | Sri Tribuwan Saraf | Non-Executive & Independent | — | — |

(b) Changes in the composition of the Board of Directors since last Annual General Meeting :

There is no change in Board of Directors since last AGM.

(c) Details of sitting fees, remuneration etc. paid to Directors :

The details of remuneration paid to the Managing Director of the Company during 2003-2004 are as follows :

| Name of Director | Salary & Other Benefits |
|-----------------------------------|-------------------------|
| Dilip Kumar Agrawal, Mg. Director | Rs. 1,80,000/- |

The Company does not pay any sitting fee or commission to the directors.

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(d) Board Meetings held in the Financial Year 2003-2004 and attendance of Directors :

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. During the year under review, 6 Board meetings were held on 30th April, 2003, 31st July, 2003, 14th August, 2003, 31st October, 2003, 31st January, 2004 and 31st March, 2004.

3. DIRECTORS INTEREST IN THE COMPANY

None of the directors is related to any other director.

None of the directors received any loan and advances from the Company during the year.

Attendance of each director at the BOD meeting and the last AGM.

| Director | No. of Meetings | | Attendance at last AGM Held on 30th Sept., 2003 |
|---------------------------------|-----------------|----------|---|
| | Held | Attended | |
| Sri Dilip Kumar Agrawal - M. D. | 6 | 6 | Yes |
| Sri Deepak Patwari | 6 | 6 | Yes |
| Sri Tribhuvan Saraf | 6 | 5 | Yes |
| Sri Sunil Kumar Poddar | 6 | 5 | Yes |

4. COMMITTEES OF DIRECTORS

In accordance with requirements of the Listing Agreement with the Stock Exchanges on Corporate Governance, following 2 Committees were operational during the year :

- a) Audit Committee
- b) Share Transfer and Investors Grievance Committee

a) Audit Committee

The present Audit Committee of the Board of Directors fulfills the requirements of section 292(A) of the Companies Act, 1956 as well as the Listing Agreement. The Audit Committee of the Company consists of 3 directors. During the Financial Year 2003-04, the Audit Committee met 5 times on 30th April, 2003, 31st July, 2003, 14th August, 2003, 31st October, 2003 and 31st January, 2004.

The composition of the Audit Committee and the attendance of each director at these meeting was as follows :

| Sr. No. | Members of Audit Committee | No. of meeting held | No. of meeting attended |
|---------|----------------------------|---------------------|-------------------------|
| 1. | Sri Deepak Patwari | 5 | 5 |
| 2. | Sri Tribhuvan Saraf | 5 | 4 |
| 3. | Sri Sunil Kumar Poddar | 5 | 5 |

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Audit Committee is interalia, responsible for reviewing with the management the annual financial statement before submission to the Board. The main function of Audit Committee is to supervise the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct.

b) Share Transfer & Investors Grievance Committee

The Committee deals with the various matters relating to :

- transfer / transmission of shares / debentures,
- issue of duplicate share certificate,
- review of shares dematerialised and all other related matters,
- monitors expeditious redressal of investors' grievances,
- all other matters related to shares / debentures.

20 meetings were held during the Financial Year 2003-2004. The composition of the Committee as at 31st March, 2004 and the no. of meetings attended by each of the members are as under :

| Sr. No. | Members of Share Transfer and Investors Grievance Committee | No. of meetings attended |
|----------------|--|---------------------------------|
| 1. | Sri Dilip Kumar Agrawal | 20 |
| 2. | Sri Deepak Patwari | 20 |
| 3. | Sri Tribuwan Saraf | 18 |

As required by the Listing agreement with the Stock Exchanges, Mr. Dileep Kumar Singh has been appointed as 'Compliance Officer' to monitor the shares transfer process.

The status of investors queries / complaints received during the year is as under :

| No. of investors queries / complaints received during the year ended 31st March, 2004 | Pending at the end of the year | No. of pending share transfers |
|--|---------------------------------------|---------------------------------------|
| Nil | Nil | Nil |

REMUNERATION COMMITTEE

The Company has only one Managing Director on the Board, whose appointment and remuneration has been fixed by the Board and in terms of the resolution passed by the members. In view of this, no Remuneration Committee was constituted.

ESSKAY TELECOM LIMITED**5. ANNUAL GENERAL MEETING**

- Location and time, where last three AGMs held :

| Year | Date | Place | Time |
|------|------------|--|------------|
| 2003 | 29.09.2003 | Eastern Zonal Cultural Centre, IA-290, Sector-III Salt Lake City, Kolkata - 700 091 | 11.00 A.M. |
| 2002 | 30.09.2002 | Eastern Zonal Cultural Centre, IA-290, Sector-III Salt Lake City, Kolkata - 700 091 | 11.00 A.M. |
| 2001 | 28.09.2001 | Eastern Zonal Cultural Centre, IA-290, Sector-III Salt Lake City, Kolkata - 700 091 | 11.00 A.M. |

- Whether special resolutions were put through postal ballot last year, details of voting pattern :

No special resolutions were put through postal ballot last year, as the situation did not arise.

6. DISCLOSURES**a) Disclosures on materially significant related party transactions**

There were no materially significant related party transactions during the year having conflict with the interests of the Company.

b) Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets :

The Company has complied with all the requirements of the listing agreement with the stock exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, stock exchanges or any statutory authorities on matters relating to capital markets during the last three years.

7. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and take on record un-audited financial results in the proforma prescribed by the stock exchange, within one month of the close of the every quarter and announces forthwith the results to all the stock exchanges where the shares of the Company are listed. Shareholders are intimated through print media of quarterly financial results and performance besides significant matters, within time period stipulated from time to time by stock exchanges. The quarterly Un-Audited Financial Results and Annual Audited Financial Results are published in leading national newspaper i.e. The Financial Express (English) and Kalantar (Bengali). Full version of the Annual Report, Corporate Governance Report, Financial results & Shareholders pattern of the Company are posted on the Electronic Data Information Filing And Retrieval (EDIFAR) Website namely : www.sebidifar.nic.in.

ESSKAY TELECOM LIMITED**8. GENERAL SHAREHOLDER'S INFORMATION :****I. Annual General Meeting**

| | |
|-------------|--|
| Date & Time | 30th September, 2004 at 11.00 A.M. |
| Venue | Eastern Zonal Cultural Centre, IA-290, Sector-III Salt Lake City, Kolkata - 700 091 |

II. The profile of Directors retiring by rotation and eligible for Re-appointment :

Sri Deepak Patwari retires by rotation and being eligible offers himself for re-appointment. Mr. Patwari is a dynamic entrepreneur and has rich working experience in various industries and finance business. His directorship in other companies are One.

III. Financial Calendar (Tentative) :

| | |
|--|----------------------|
| Financial reporting for the quarter ending June 30, 2004 | End of July, 2004 |
| Financial reporting for the quarter ending September 30, 2004 | End of October, 2004 |
| Financial reporting for the quarter ending December 31, 2004 | End of January, 2005 |
| Financial reporting for the quarter / year ending March 31, 2005 | End of April, 2005 |
| Annual General Meeting for the year ending March 31, 2005 | End of Sept., 2005 |

| | |
|--|---|
| IV. Date of Book closure | 24.09.04 - 30.09.04 (both days inclusive) |
| V. Dividend Payment Date | No dividend has been recommended by the Board |
| VI. Listing on Stock Exchanges at | The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata - 700 001 |
| | The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 |
| VII. Listing Fees paid | The Company has paid upto date listing fees to all stock exchanges. |

VIII. Stock Code

| | |
|--|-------------|
| Name of the Exchange | Code |
| The Calcutta Stock Exchange Association Ltd. | 10015062 |
| The Stock Exchange, Mumbai | 531478 |