

# **INDIAN INFOTECH & SOFTWARE LIMITED**

**29<sup>th</sup> Annual Report for the year ended  
31<sup>st</sup> March, 2011**

**DIRECTORS** : **K. L. MUNDRA, Managing Director**  
(Expired on 16.06.2010)  
**N. K. PAREEK**  
**G. K. JOSHI**  
**R. M. KHANDELWAL**  
**SURENDRA R. RAO**

**BANKERS** : **AXIS BANK LTD.,**  
**SIR P.M. ROAD BRANCH,**  
**FORT, MUMBAI**

**AUDITORS** : **M/S SARDA SONI ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**MUMBAI**

**REGISTERED OFFICE** : **EMPIRE HOUSE, 3RD FLOOR,**  
**ADMINISTRATION OFFICE** **214, DR. D. N. ROAD,**  
**FORT, MUMBAI – 400 001.**

**Website :** [www.indianinfotechandsoftwareltd.com](http://www.indianinfotechandsoftwareltd.com)

**E-mail :** [contact@indianinfotechandsoftwareltd.com](mailto:contact@indianinfotechandsoftwareltd.com)

**NOTICE**

**NOTICE** is hereby given that the **TWENTY-NINTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the Registered office of the Company at Empire House, 3<sup>rd</sup> Floor, 214, Dr. D.N. Road, Fort, Mumbai – 400 001 on Monday, 26<sup>th</sup> September 2011 at 3.30 p.m. to transact the following business.

**AS ORDINARY BUSINESS :**

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2011 and Balance Sheet as at that date, Cash Flow statement for the year ended 31<sup>st</sup> March, 2011 and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R. M. Khandelwal, who retires by rotation under Article 104 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint M/s. Sarda Soni Associates, Chartered Accountants, as Statutory Auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not later 48 hours before the meeting.
2. Members are requested to notify immediately any change in their addresses.
3. Members desiring to submit mandates, to lodge transfer deed for shares are requested to forward the same so as to reach the Company's Registrars, M/s Sharex Dynamic (India) Pvt. Ltd., Unit No. 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East) Mumbai-400072 on or before 16<sup>th</sup> September, 2011. The Company will not be in a position to act upon any document, which is incomplete or received after 16<sup>th</sup> September, 2011.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from 16<sup>th</sup> September, 2011 to 26<sup>th</sup> September, 2011 (both days inclusive).
5. The information required to be provided under the Listing Agreement entered into by the Company with the Stock Exchanges regarding the Directors who are proposed to be reappointed is given in the Corporate Governance Report.
6. Members are requested to quote their Registered Folio Nos. on all correspondence with the Company.
7. Members are requested to send their queries to the Company, if any on Accounts at least 10 days before the Meeting.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: MUMBAI**  
**DATE: JUNE 14, 2011**

**Sd/-**  
**N. K. PAREEK**  
**DIRECTOR**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management of INDIAN INFOTECH & SOFTWARE LIMITED in its Analysis Report has highlighted the performance and outlook of the Company in order to comply with the requirement of Corporate Governance as laid down in Clause 49 of the Listing Agreement. However, investors and readers are cautioned that this discussion contains certain forward looking statements that involve risk and uncertainties.

### **OVERVIEW**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. Our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

India is a leading Country in development of Software which are used for different applications. Being a sunrise sector there is vast scope for computer education. The Company is providing consultancy services in these field. The management is exploring new areas of business opportunities to expand its business.

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and are using outsourced technology service providers to adequately address their needs.

The role of technology has evolved from supporting corporations to transforming them. There is an increasing need for highly skilled technology professionals in the markets in which we operate. India is a leading Country in development of Software which are used for different applications. Being a sunrise sector there is vast scope for computer education. The Company is providing consultancy services in these field. The management is exploring new areas of business opportunities to expand its business.

### **OPPORTUNITIES AND THREATS**

We believe our competitive strengths include:

- Leadership in sophisticated solutions that enable our clients to optimize the efficiency of their business.
- Commitment to superior quality and process execution.
- Strong brand and long-standing client relationships.
- Status as an employer of choice.
- Ability to scale.
- Innovation and leadership.

The management looks with optimism about the growth in its business. There are no perceived threat to the business of the Company.

### **OUTLOOK, RISKS AND CONCERNS**

This section contains forward – looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements.

As the industrial and economic growth of the country is showing steady improvement. There is no perceived risk and concern in this area of business and there is an ample scope for growth in India itself.

Forward looking statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trend may differ materially from historical results, depending on variety of factors.

There risk and concerns faced by the Company are similar to those faced by any growing organization in today dynamic industrial and economic scenario.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company ensures adherence to all Internal Control policies and procedures as well as compliance with all regulatory guidelines. The adequacy of internal controls is reviewed by the Audit Committee of the Board of Directors.

The Company's internal control systems are adequate, considering size and nature of operation of the Company, to meet regulatory/statutory requirements assure recording of all transactions and report reliable and timely financial information. Additionally, it also provides protection against misuse or loss of any of the company assets.

#### **FINANCIAL PERFORMANCE**

During the year under Report the Company has earned an income of Rs. 12,65,960/- as against Rs. 3,13,394/- in the previous year ended 31<sup>st</sup> March, 2010. The profit/(Loss) before tax was (Rs. 1,60,75,782/-) as against the loss of Rs. 9,73,115/- in the previous year ended 31<sup>st</sup> March, 2010. The net Profit/(Loss) after tax during the year was (Rs. 1,60,87,528/-) as against loss of Rs. 8,74,109/- in the previous year ended 31<sup>st</sup> March, 2010.

#### **DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATION FRONT**

With the integration of markets and application of IT on wider scale, there has been a sea-change in the way the businesses are conducted today. The industry needs to update itself with such changing requirements. One of the ways of meeting this task is to equip the personnel working in the industry with the skills and knowledge of the latest. The Company is endeavouring to strengthen its man power.

#### **CAUTIONARY STATEMENTS**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on this forward looking statements that speak only as of their dates.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: MUMBAI  
DATE: JUNE 14, 2011**

**Sd/-  
N. K. PAREEK  
DIRECTOR**

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their TWENTY-NINTH ANNUAL REPORT on the business and operations of the Company for the year ended 31<sup>st</sup> March, 2011.

**1. FINANCIAL RESULTS****(Rs. In Lacs)**

	31st March, 2011	31st March, 2010
Income from sales & Other Sources	12.66	3.13
Depreciation	0.27	0.42
Net Profit/ (Loss) before Taxation	(160.76)	(9.73)
Provision for Taxation	-	-
Excess Provision for Income Tax ( written back)	-	-
Deferred Taxation Assets	0.12	(0.99)
Profit/ (Loss) after Taxation.	(160.88)	(8.74)
Add: balance b/f from previous year	14.34	23.08
Balance carried to Balance Sheet	146.53	14.34

**2. DIVIDEND:**

Due to inadequate Profits the Board of Directors do not recommend any dividend for the year under review.

**3. DIRECTORS:**

Shri R. M. Khandelwal, Director of the Company retires by rotation under Article 104 of Articles of Association of the Company but being eligible offers himself for re-appointment.

Shri. K. L. Mundra, Managing director of the Company expired on 16-06-2010. The Board of Directors of the Company expresses their profound grief on said demise of Shri. K. L. Mundra, Managing Director of the Company and places on record their valuable services rendered to the Company.

The Board in its meeting held on 30<sup>th</sup> July, 2010 has appointed Shri. N. K. Pareek as CEO and Compliance Officer of the Company with effect from 16-06-2010 and his designation has also accordingly changed from Non-Executive Director to Executive Director.

**4. OPERATIONS:**

During the year under Report the Company has earned an income of Rs. 12,65,960/- as against Rs. 3,13,394/- in the previous year ended 31<sup>st</sup> March, 2010. The profit/(Loss) before tax was (Rs. 1,60,75,782/-) as against the loss of Rs. 9,73,115/- in the previous year ended 31<sup>st</sup> March, 2010. The net Profit/(Loss) after tax during the year was (Rs. 1,60,87,528/-) as against loss of Rs. 8,74,109/- in the previous year ended 31<sup>st</sup> March, 2010.

**5. REVOCATION OF SUSPENSION IN TRADING OF SHARES.**

The Directors are glad to inform that the Bombay Stock Exchange vide Notice No. 20100720 - 12 dated 20<sup>th</sup> July, 2010 has revoked the suspension in trading of equity shares of the company w.e.f. 26<sup>th</sup> July, 2010 and has allowed the resumption of trading in "B" group from the said date. The entire shareholding held by the promoters/ promoter group has been locked in for a period of 3 months.

**6. FORFEITURE OF SHARES.**

During the year under report the Board of Directors of the Company in its meeting held on 23<sup>rd</sup> November, 2011 has forfeited 405499 Equity Shares on which call money for balance amount was not paid by the partly paid up Shareholders. In spite of reminders sent to them.

**7. AUDITORS:**

M/s Sarda Soni Associates, Chartered Accountants, are to be appointed as Statutory Auditors of the Company to hold office until the conclusion of ensuing Annual General Meeting, as the Company has received a letter from the existing Auditor, M/s H. P. Biyani & Co., expressing their unwillingness to continue as Statutory Auditor. The Company has received confirmation that the appointment, if made, would be within the limits prescribed U/s. 224(1B) of the Companies Act, 1956.

**8. AUDITOR'S REPORT:**

The observations made in the Auditor's Report are dealt with separately by Notes on Accounts. These are self explanatory and do not call for any further comments.

**9. DEPOSITS:**

During the year under report the company has neither invited nor accepted any public fixed deposits.

**10. PARTICULARS OF EMPLOYEES:**

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

**11. ADDITIONAL INFORMATION REQUIRED UNDER THE NON-BANKING FINANCIAL COMPANIES (RESERVE BANK) DIRECTIVES, 1998.**

The relevant provisions, for disclosure in the Director's Report, of Non-Banking Financial Companies (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India are not applicable, as the Company is not holding any public deposits.

**12. DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- a) in the presentation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- b) the Directors had selected such Accounting policies and applied them consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) the Directors had taken proper and sufficient care 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, and,
- d) the Directors had prepared the Annual Accounts on a going concern basis.

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: MUMBAI  
DATE: JUNE 14, 2011**

**Sd/-  
N. K. PAREEK  
DIRECTOR**

### **ANNEXURE TO THE DIRECTOR'S REPORT**

Statements of Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A.	CONSERVATION OF ENERGY	Not Applicable.
B.	TECHNOLOGY ABSORPTION	Not Applicable.
C.	FOREIGN EXCHANGE EARNING AND OUTGO	Rs. NIL

**FOR AND ON BEHALF OF THE BOARD**

**PLACE: MUMBAI  
DATE: JUNE 14, 2011**

**Sd/-  
N. K. PAREEK  
DIRECTOR**

## **CORPORATE GOVERNANCE REPORT**

### **1. Company's Philosophy on Code of Governance:**

Your Company is fully committed to the principles of transparency, integrity and accountability in all spheres of its operations and has been practicing the principles of good corporate governance over the years. In keeping with this commitment, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and continuously endeavours to review strengthen and upgrade its systems and procedures so as to bring in transparency and efficiency in its various business segments.

Your Board of Directors present the Corporate Governance Report for the year 2010-11 based on the disclosure requirement under Clause 49 of the Listing Agreement existing as on 31<sup>st</sup> March, 2011.

### **2. Board of Directors:**

The board of directors was properly constituted as per clause 49 I(A) of the Listing Agreement. During the year under report there were five directors upto 16-06-2010 and thereafter due to death of Shri K. L. Mundra on 16-06-2010 the strength of the board became four. Shri N. K. Pareek was Executive Director and Shri R. M. Khandelwal was the non executive director and Shri G. K. Joshi and Shri. Surendra Rao were Independent Directors. Thus the Board was comprised of majority of Non Executive Independent Directors. The Composition of Board of Directors is as under

Name of Director	Category	No. of Board Meetings attended during 2010-11	Whether attended last AGM	No of other directorship	No of membership of audit committee and Share Holders & Investors Grievance Committee in other Companies	Chairmanship of audit committee and Share Holders & Investors Grievance Committee in other Companies
Shri K. L. Mundra	Executive Director	-	No	2	Nil	Nil
Shri. N. K. Pareek	Executive Director	6	Yes	1	Nil	Nil
Shri. G. K. Joshi	Independent Director	6	Yes	3	1	2
Shri Surendra Rao	Independent Director	6	Yes	Nil	Nil	Nil
Shri. R. M. Khandelwal	Non- Executive Director	5	No	2	2	Nil

(details are as on 31st March, 2011)

Note : Shri K. L. Mundra, Director of the Company expired on 16-06-2010 and hence ceased as a Director of the Company.

\* Excludes alternate directorships and directorships in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

# Excludes Committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee and Companies other than public limited companies.

### **DATES AND NUMBER OF BOARD MEETINGS HELD**

During the financial year ended 31<sup>st</sup> March, 2011, 6(Six) Meetings of the Board of Directors were held as on 29/04/2010, 30/07/2010, 28/10/2010, 23/11/2010, 15/12/2010 and 20/01/2011.

The Board periodically reviews compliance reports of all the laws applicable to the Company and has put in place procedures to review steps to be taken by the Company to rectify instances of non-compliance, if any.

In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Board of Directors have also adopted Revised Code of Conduct in its Meeting held on 29<sup>th</sup> January, 2009 All the Board members and senior management personnel have affirmed compliance with the said Revised Code.

### **Particulars of Re-appointment Directors :**

Name : Shri R. M. Khandelwal  
 Designation : Non Executive Director  
 Age : 79 years  
 Qualification : Graduate from Rajasthan University  
 Experience : 33 years of experience in Business Management.  
 Other Directorship : M/s Citric India Ltd.  
 M/s Chemo Pharma Laboratories Ltd.



**Board Committees**

The Board has constituted the following Committees of Directors:

**(a) Audit Committee:****i. Terms of Reference**

The role and terms of reference of Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

**ii. Composition**

The Audit Committee consists of Shri. G. K. Joshi, as the Chairman Shri R. M. Khandelwal and Shri Surendra Rao as Member of the Audit Committee.

- |    |                       |          |
|----|-----------------------|----------|
| 1. | Shri G. K. Joshi      | Chairman |
| 2. | Shri R. M. Khandelwal | Member   |
| 3. | Shri Surendra Rao     | Member   |

The Composition of Audit Committee is in conformity with Clause 49 II (A) of the Listing Agreement.

A brief description of the terms of reference of the Audit Committee is as follows:

To review Internal Audit Reports, Statutory Auditors' Report on the financial statements, to generally interact with the Internal Auditors and Statutory Auditors, to review the adequacy of internal control systems, to select and establish accounting policies, to review financial statements before submission to the Board, to recommend the appointment and removal of external auditor and fixation of audit fees and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the 2010-11 under review 4(Four) meetings of the Audit Committee were held, on **29/04/2010, 30/07/2010, 28/10/2010 and 20/01/2011.**

The attendance of members are as follows:

Name	Category	Meetings during the year 2010-11	
		Held	Attended
Shri G. K. Joshi	Chairman	4	4
Shri R. M. Khandelwal	Member	4	4
Shri. Surendra Rao	Member	4	4

**(b) Share Transfer & Shareholders' / Investors' Grievance Committee :****i. Terms of Reference :**

- To scrutinize and approve registration of transfer of shares / debentures / warrants issued / to be issued by the company.
- To exercise all power conferred on the Board of Directors under Article 43 of the Article of Association.
- To decide all questions and matters that may arise in regard to transmission of shares / debentures / warrants issued / to be issued by the Company.
- To approve and issue duplicate shares / debentures / warrants certificates in lieu of those reported lost,
- To refer to the Board and any proposal of refusal of registration of transfer of shares / debentures / warrants for their consideration.
- To look into shareholders and investors complaints like transfer of shares, non-receipt of declared dividends, etc., and
- To delegate all or any of its power of Officers / Authorized Signatories of the Company.

**ii. Composition:**

The Share Transfer & Shareholders/Investors' Grievance Committee consists of Shri. G. K. Joshi, as the Chairman, Shri R. M. Khandelwal and Shri Surendra Rao as Member of the Share Transfer & Shareholders/Investors' Grievance Committee.

- |    |                       |          |
|----|-----------------------|----------|
| 1. | Shri G. K. Joshi      | Chairman |
| 2. | Shri R. M. Khandelwal | Member   |
| 3. | Shri Surendra Rao     | Member   |

The constitution and terms of reference of the Share Transfer & Shareholders'/ Investors' Grievance Committee is in agreement with the guidelines prescribed under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.