

**Jindal Online.Com Limited
10th Annual Report
2003-2004**

Board of Directors*

Dr. Yamunadutt A. Agrawal
Shri Rajesh Jain
Shri Amit Agrawal
Shri Sanjeev Agrawal
Shri S. Chinnam Reddy

Chairman
Managing Director
Director
Director
Director

CERTIFIED TRUE COPY

* As on date of the report

Bankers

Vijaya Bank,
Chira Bazar,
Mumbai

Bank of Punjab Limited
C.G.Road, Branch
Ahmedabad

Auditors

M/S Ashokkumar S.Gupta & Co.
Chartered Accountants,
203, New Cloth Market,
Ahmedabad-380 001

Registered Office

2nd Floor, Pushpawati Bldg.No.2,
Chandanwadi, Girgaon Road,
Mumbai - 400 002

NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Company will be held on Saturday, the 25th Day of September, 2004 at M.C.Ghia Hall, Indian Textile accessories & Machinery Manufactures' Association, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001 at 11.30 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2004 and Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To elect a Director in place of Shri S. Chinnam reddy, who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for reappointment.
3. To reappoint M/s. Ashok Kumar S. Gupta & Co., Chartered Accountants, the retiring Auditors, being eligible of the re-appointment as Auditors of the Company, from the conclusion of this Annual General Meeting to the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board

Place: Mumbai
Date : 29/06/2004

Dr. Yamunadutt A. Agrawal
Chairman

Registered Office
2nd Floor, Pushpawati Building,
Girgaon road, Mumbai - 400 002

CERTIFIED TRUE COPY

For Jindal Online Com. Ltd.

Director/Manager

NOTES

- (a) **Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/herself and such proxy need not be a member of the company. The proxy form duly completed must be returned so as to reach the registered office of the company not less than 48 hours before the commencement of the meeting.**
- (b) Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board resolution authorizing their representative to attend and vote at the meeting.
- (c) The register of directors' share holding maintained under section 307 of the Companies Act, 1956, is available for inspection by members at AGM.
- (d) The Register of Members and the Share Transfer books of the Company will remain closed from 20th September 2004 to 25th September, 2004 (both days inclusive).
- (e) As a measure of economy, Members are requested to bring their copy of the Annual Report at the Annual General Meeting.
- (f) Members are requested to notify any change in their Address and saving bank account details to the company and Depository Participant where they are maintains their Demat account.
- (g) Members want further information on the Accounts or any matter contained in the notice, are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
- (h) As per provision of Section 205A (5) and unpaid Dividend (Transfer to the General Revenue Account of the Central Government) rules, 1978, there is no unclaimed dividend due to be transferred to the fund established u/s 205C (1).


By Order of the Board**Place: Mumbai****Date : 29/06/2004**
Dr. Yamunadutt A. Agrawal
CHAIRMAN**Registered Office****2nd Floor, Pushpawati Building,
Girgaon Road, Mumbai-400 002**

Jindal Online.com Ltd. 2003-04

DIRECTORS' REPORT

To,
The Members of
JINDAL ONLINE.COM LIMITED
Mumbai.

CERTIFIED TRUE COPY

For Jindal Online Com Ltd.

Director/Manager

Your Directors have great pleasure in presenting the 10th Annual Report along with the Audited Statement of Accounts for the Financial Year ended on 31st March 2004.

FINANCIAL RESULT

| (Rs. in Lacs) | | |
|---|---------|----------|
| Particulars | 2003-04 | 2002-03 |
| Net Sales/ Income from operation | 17.40 | 30.10 |
| Other Income | | 27.76 |
| Total Exp. | 40.09 | 69.14 |
| Fin. Charges | .07 | .08 |
| Gross Op. profit (loss) Before Dep. And Taxation but after Interest | (1.15) | (11.36) |
| Depreciation | 12.83 | 12.74 |
| Profit (loss) Before Tax | (13.98) | (24.10) |
| Provision for Taxation | 0 | 0 |
| Net Profit / (Loss) | (13.98) | (24.10) |
| I.T. adj. for P.Y. | 0 | 1.07 |
| Amt Available For Appropriation | (13.98) | (24.10) |
| Balance B/f | (10.13) | (77.24) |
| Balance carried to Balance Sheet | (13.98) | (101.34) |

Operation and Future out Look

During the year under review, the company's total turnover was Rs.17.40 Lacs and Operating loss was Rs. 1.15 Lacs respectively as against during previous year the same was Rs.30.10 Lacs and Rs. 11.36 Lacs.

Due to the adverse impact of the steep economic slowdown, the Company's operations were substantially affected. The company was vigorously looking for all possible Avenues for revenue generation. Though in view of the adverse economic conditions that had engulfed the world, the Company's performance during the year under report, was encouraging, which is result in reduction of losses. The Order book position during the year was relatively better, against the last year. The focus now is on the other successful core areas and domains, viz. Software Development Onshore and off Shore, Web designing, hosting and development, data warehousing and transmission, with strategy to build effective sales team operating throughout the world.

The stress will be on few such segments as would make the operations both cash flow positive and profitable. The Directors are confident of achieving the targeted business plan and have taken appropriate steps to strengthen the sales and marketing team. Year 2003-2004 appears to

Jindal Online.com Ltd. 2003-04

be encouraging for the IT industry, with the strong spirit of teamwork, your directors are quite confident to achieve better growth and profitability during this year.

Dividend

In view of the no profit of the company and Looking to the present recessionary market condition the Board considered it prudent, not to recommend dividend on the Equity share Capital of the Company for the year under report.

Directors

Smt. Shilpi Shweta had resigned from directorship of the company. Shri S. Chinamraddy, the Director of the company retires by rotation at the ensuing General Meeting and he is eligible for reappointment.

Auditors

M/s Ashok Kumar S. Gupta & Co., Chartered Accountants, Ahmedabad, the Auditors of the company hold the office until the conclusion of ensuing Annual General Meeting, are eligible for reappointment.

You are requested to appoint the Statutory Auditor for the Company and authorized the Board of Directors to fix their remuneration.

Auditors' Report

The observation made in the Auditors Report are self explanatory and, therefore, need not require any further comments under section 217 of the Companies Act, 1956.

Audit Committee

Audit Committee has been constituted in terms of Listing agreement and Section 292A of the Companies Act, 1956. Constitution and other details of audit committee are given in "report on corporate governance" in this annual report.

Corporate Governance

Your company has followed norms with spirit of corporate governance in terms of Listing agreement and statutory provisions. Pursuant to the Clause 49 of Listing Agreement, a separate section on Corporate Governance and a certificate from the Auditors of the company, Management Discussion and analyses are provided as annex in this annual report which are form part of the annual report.

Particulars of Employees

The Company has no employees whose salary exceeds the limits prescribed under Section 217 (2A) of the Companies Act, 1956. Hence information required to be given under the said section read with Companies (Particulars of Employees) Rule, 1975 as amended has not been provided in this report.

Jindal Online.com Ltd. 2003-04

Listing & Listing Fees

The Equity Shares of the Company are listed on The Stock Exchange, Ahmedabad and The Stock Exchange, Mumbai. The Listing fees for both the Stock Exchange have been paid for the current year.

Directors' Responsibility Statement

In compliance of section 217(2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956, your directors confirm that: -

- (a) The Company has followed the applicable standards in the preparation of the Annual Accounts and there had been no material departure.
- (b) Directors had selected the accounting policies and applied them consistently and made 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 the aforesaid period.
- (c) The Directors have taken proper and sufficient care for 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.
- (d) The Directors have prepared the Annual Accounts on a going concern basis.

Particulars with respect to Conservation of Energy Etc.
(As per Sec. 217(1)(e) of the Companies Act, 1956)

1. Conservation Of Energy And Technology Absorption

Not applicable.

2. Foreign Exchange Earning & Outgo

- (a) Activities relating to exports: NIL
- (b) Foreign Exchange Earning and Outgo in Rs.:

| | <u>2003-04</u> | <u>2002-03</u> |
|-------------|----------------|----------------|
| (i) Earning | NIL | NIL |
| (ii) Outgo | 82350 | 126263 |

Acknowledgement

Your Directors would like to express their grateful appreciation for the continuous assistance and co-operation from the financial institutions, Banks, Government authorities, Customers, Vendors and Shareholders. Your Directors also wish to place on record their deep sense of

1. Composition and Category of Directors is as follows

| Category | Name of the Directors |
|-------------------|------------------------------|
| Chairman | Dr. Yamunadutt Agrawal |
| Managing Director | Mr. Rajesh Jain |
| Director | Mr. Amit Agrawal |
| Director | Mr. S. Chinnam Reddy |
| Director | Mr. Sanjeev Agrawal |

Attendance of each director at the Board Meeting, Last Annual General Meeting and number of other directorship of each director in various public limited companies as on 31st March, 2004.

| Name | Attendance particular | | No. of other directorship in public ltd. companies* | Membership of the other Board Committees |
|------------------------|------------------------------|-----------------|--|---|
| | Board Meeting | Last AGM | | |
| Dr. Yamunadutt Agrawal | 7 | Yes | 6 | 7 |
| Mr. Amit Agrawal | 7 | Yes | 3 | 1 |
| Mr. Rajesh Jain | 2 | Yes | 3 | 1 |
| Mr. S.Chinnam Reddy | 1 | --- | - | - |
| Mr. Sanjeev Agrawal | 5 | --- | - | - |
| Mrs. Shilpi Shweta** | 7 | --- | - | - |

*In accordance with clause 49 of the Listing Agreement.

** Resigned from directorship with effect from 1st June, 2004.

Board meetings, its committee meetings and procedure

With view to follow transparency, the Board follows procedure of advance planning for the matters requiring discussion / decisions by the Board. The Board is given presentation covering Finance, Sales, Marketing, major business segments and operations of the company and other matters as members want. The Chairman of the Board finalizes the agenda papers for the Board meeting in consultation with other concerned persons. The minutes of proceeding of each board meetings are maintained in terms of statutory provisions. Meetings of various committee meetings are held properly. The minutes of committee meetings and Board meetings of subsidiaries companies are placed regularly before the for its review.

Brief resume of the directors being reappointed/appointed, nature of there experience and name of companies in which they hold directorship and membership of the committee of the board are hereunder;

Mr. S. Chinam Reddy is retiring by rotation and he is eligible for reappointment. He has wide experience and knowledge in business of the company.

2. Number of Board Meetings held.

7 Board Meetings were held during the year, as against the minimum requirement of 4 meetings.

3. Audit Committee

The Board of the Company has constituted an Audit Committee, comprising following directors.

| | |
|-----------------------|----------|
| Shri Amit Agrawal | Chairman |
| Shri Sanjeev Agrawal | Member |
| Shri Rajesh Jain | Member |
| Shri S. Chinnam Reddy | Member |

The Board of the Company has constituted an Audit Committee, comprising four Directors. Three non executive/independent directors viz. Shri Yamunadutt Agrawal - Chairman, Shri Amit Agrawal - Member, Shri Sanjeev Agrawal - Member and one executive director i.e. Managing Director Mr. Rajesh Jain. The constitution of Audit committee also meets with the requirements under section 292A of the Companies Act, 1956. Members are regularly present at the meetings.

The term of reference stipulated by the board to the Audit Committee are, as contained in clause 49 of the Listing agreement and Section 292 A of the Companies Act, 1956, as follows :

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on; (a) Any changes in accounting policies and practices, (b) Major accounting entries based on exercise of judgment by management, (c) Qualifications in draft audit report (d) Significant adjustments arising out of audit (e) The going concern assumption, (f) Compliance with accounting standards, (g) Compliance with stock exchange and legal requirements concerning financial statements, (h) Any related party transactions.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's financial and risk management policies.

Jindal Online.com Ltd. 2003-04

- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year, the Committee has met 5 times on following dates:

| Sr. No. | No. Audit Committee | Date of Meeting |
|---------|---|-----------------|
| 1 | 1 st Audit Committee Meeting | 25-04-2003 |
| 2 | 2 nd Audit Committee Meeting | 20-06-2003 |
| 3 | 3 rd Audit Committee Meeting | 26-10-2003 |
| 4 | 4 th Audit Committee Meeting | 25-03-2004 |

4. Remuneration Committee

Composition of Remuneration Committee:

Shri Amit Agrawal Chairman
Shri Sanjeev Agrawal Member

Terms of reference of Remuneration Committee:

- To determine the Company Policy relating to remuneration package for Executive Directors;
- To make recommendation to the Board about the policy regarding remuneration of non-executive Directors; and
- To do such other acts as the Committee may deem expedient in the premises.

During the year under report, the committee met three times.

The present remuneration package to executive directors includes salary and perks.

Details of Remuneration to the directors: The aggregate value of salary paid for the year ended 31st March 2004 to Shri Rajesh Jain – Managing Director Rs. 240000/-. The Company has not paid any amount by way of sitting fees to directors.

5. Shareholders'/Investors' Grievance Committee.

The Board of the Company has constituted a shareholder'/Investors' Grievance Committee, comprising of following Members:

Shri Amit Agrawal Chairman
Shri Sanjeev Agrawal Member

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressing of shareholders' complaints like transfers of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. the committee note down that during the year all the complaints have disposed timely and up to the satisfaction of the shareholders. The

Jindal Online.com Ltd. 2003-04

committee reviews the performance of the Registrar and Transfer Agents, and recommend measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to the Managing Director and the person heading the secretarial department.

6. General Body Meetings

Details of three Annual General Meeting:

| Year | AGM | Date | Time |
|---------|-----|------------|------------|
| 2000-01 | AGM | 28.09.2001 | 10.00 A.M. |
| 2001-02 | AGM | 28.09.2002 | 10.30 A.M. |
| 2002-03 | AGM | 27.09.2003 | 11.00 A.M. |

No postal ballots were used /invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956. The Company shall comply with the requirements relating to postal ballot as and when the same will require being complied with.

7. Disclosures

- (a) Disclosures on materially significant related party transactions i.e. transaction of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the company at large and disclosure required under listing agreement as amended: The details of this disclosure are mentioned in Notes on Accounts and covered by accounts.
- (b) Details of non-compliance by the Company, penalties, imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years: No instance of levy of duty by the stock exchange or SEBI due to non-compliance by the company.
- (c) There is no pecuniary relationship or transaction of the non executive director. Further there is no remuneration, benefits, incentives and stock options are provided to directors except Managing Director.

8. Means of Communications

The Company has regularly published its quarterly, half yearly & annual results in newspapers & submitted to stock exchange in accordance with the Listing Agreement requirements. Company ordinarily published its quarterly reports in Western Times.

The Management Discussion and Analysis Report is form part of the Report.

9. General Shareholders information:

- (a) Date of Annual General Meeting : 25th September, 2004