

TWENTIETH ANNUAL REPORT

2003 - 2004

SRG Infotec Limited

Registered Office:

33, L.G.F., Babar Road, Bengali Market, New Delhi-110 001

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TWENTIETH ANNUAL GENERAL MEETING

Friday, 28th January 2005
at 9.00 A.M. at 33, L.G.F., Babar Road,
Bengali Market,
New Delhi-110001

REGISTERED OFFICE

33, L.G.F., Babar Road,
Bengali Market
New Delhi-110001

REGISTRARS & SHARE TRANSFER AGENTS

Mas Services Private Limited
AB-4, Safdarjung Enclave,
New Delhi

BOARD OF DIRECTORS

Sandeep Bansal – Whole Time
Director
Ashok Agarwal – Director
Dilip Bansal – Director
Kuldeep Bansal – Director

COMPANY SECRETARY

Ms. Meenu Sachdeva

AUDITORS

M.L. Puri & Co.
Chartered Accountants
407, New Delhi House,
27, Barakhamba Road,
Connaught Place,
New Delhi – 110 001

BANKERS

Bank of India
Karol Bagh, New Delhi

Bank of Punjab
Bengali Market, New Delhi

HDFC Bank
New Delhi

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of **SRG Infotec Limited** will be held on Friday, the 28th day of January 2005, at the Registered Office of the Company i.e. 33, L.G.F., Babar Road, Bengali Market, New Delhi-110 001 at 9.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Directors' Report and Accounts

To receive and adopt the audited Profit and Loss Account for the year ended 31st July 2004 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.

2. Retirement of Director by Rotation

To appoint a Director in place of Mr. Ashok Agarwal, who retires by rotation and in connection therewith to pass with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Ranjit Gayan, who has consented to act as a Director, if appointed, be and is hereby appointed as a Director of the Company, to fill the vacancy caused by the retirement of Shri Ashok Agarwal, in respect of which vacancy the company has received a notice in writing pursuant to section 257(1) of the Companies Act, 1956, from a member of the Company proposing appointment of Shri Ranjit Gayan as a Director of the Company and that Shri Ranjit Gayan's period of office shall be liable to determination by the retirement of Directors by rotation."

3. Appointment of Auditors

To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that M/s Grover Gupta & Associates, 306, Triveni Complex, 2, Veer Savarkar Block, Shakarpur, Delhi - 110 092 be and is hereby appointed as Auditors of the Company in place of the retiring auditors, M/s M.L. Puri & Co., Chartered Accountants to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. Regularisation of Director

To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Dilip Bansal who was appointed as an Additional Director of the Company and who holds office up to the date of ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of section 257(1) of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation.”

5. Appointment of Director

To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Prabhat Kumar Singh, in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of section 257(1) of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation.”

By Order of the Board
For SRG Infotec Limited

Dated: 29th December 2004
Place: New Delhi

Sd/-
(MEENU SACHDEVA)
Company Secretary

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. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited, at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday and holidays, between 11:00 a.m. to 1:00 p.m., upto the date of the Annual General Meeting.
3. Members / Proxies should bring the attendance slip sent herewith, duly filled in, for attending the meeting.
4. The Register of Members and Share Transfer Books shall remain closed from 27th January 2005 to 28th January 2005 (both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at the earliest to keep the information ready.
6. Shareholders are requested to bring their copy of Annual Report to the Annual General Meeting.
7. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Members may kindly note that no gift/gift coupons will be distributed at Annual General Meeting.

**By Order of the Board
For SRG Infotec Limited**

**Dated: 29th December 2004
Place: New Delhi**

**Sd/-
(MEENU SACHDEVA)
Company Secretary**

ANNEXURE TO THE NOTICE

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT, 1956**

Item No. 4

Shri Dilip Bansal was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 27th February 2004. Pursuant to section 260 of the Companies Act, 1956, Shri Dilip Bansal will hold the office as Additional Director of the Company upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Dilip Bansal for the office of Director under the provisions of section 257(1) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the said resolution except Shri Dilip Bansal.

The Board of Directors recommends the resolution for your approval.

Item No. 5

The Company has received a notice in writing from a member proposing the candidature of Shri Prabhat Kumar Singh for the office of Director under the provisions of section 257(1) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the said resolution except Shri Prabhat Kumar Singh.

The Board of Directors recommends the resolution for your approval.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended July 31, 2004

FINANCIAL HIGHLIGHTS

| Particulars | (Rs. in Millions) | |
|--|--|--|
| | Year Ended 31 st July 2004 | Year Ended 31 st July 2003 |
| Income from Operations | 23.16 | 11.47 |
| Other Income | 0.00 | 0.01 |
| Total Expenditure | 28.19 | 10.46 |
| Profit/(Loss) before depreciation & interest | (5.03) | 1.02 |
| Depreciation | 1.05 | 14.22 |
| Interest | 0.03 | 0.01 |
| Profit before Tax | (6.11) | (13.21) |
| Less: Provision for tax | -- | -- |
| Net Profit after Tax | (6.11) | (13.21) |
| Paid up Equity Share Capital | 2142.56 | 2142.56 |
| Reserves Excluding revaluation reserve (including prior period adjustments) | 467.78 | 493.32 |

REVIEW OF OPERATIONS

During the year, your Company has achieved the turnover of Rs. 23.16 millions against Rs. 11.47 millions attained in the last year.

DIVIDEND

As the Company is into losses, the Board of Directors show their inability to declare any dividend for the financial year under review.

EXTENSION FOR HOLDING ANNUAL GENERAL MEETING

Your Company had sought permission under second proviso of sub-section (1) of Section 166 of the Companies Act, 1956 for extension of time for holding the 20th AGM upto 31st January 2005.

During the year, there has been change in the Auditors of the Company and the new auditors were duly appointed in the Extraordinary General Meeting of the Company held on 30/11/2004. However, due to insufficiency of time with them for auditing the annual accounts of the Company, the Balance Sheet of the Company could not be finalized within the time so as to permit your

Company to hold the Annual General Meeting before 31st December 2004 despite the best efforts on the part of the Auditors and of the Company.

DIRECTORS

Shri Ashok Agarwal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and it is proposed to appoint Shri Ranjit Gayan to fill the vacancy caused by the retirement of Shri Ashok Agarwal.

Shri Dilip Bansal and Shri Kuldeep Bansal, who were appointed by Board of Directors as additional directors of the Company at their meeting held on 27th February 2004 and 30th August 2004 respectively vacate office at the ensuing Annual General Meeting and it is proposed to appoint Shri Dilip Bansal and Shri Prabhat Kumar Singh as Director of the Company liable to retire by rotation.

Shri Rajiv Arora and Shri G.L. Sharma submitted their resignation from the directorship of the Company. The Board of Directors accepted their resignation in their meeting held on 27th February 2004 and 30th August 2004 respectively.

AUDITORS & AUDITOR'S REPORT

The Statutory Auditors M/s. M.L. Puri & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and have shown their inability for re-appointment. The company has decided to appoint M/s Grover Gupta & Associates, Chartered Accountants, in place of the retiring auditors and we have received a certificate from the new auditors to the effect that their appointment as Statutory Auditor, if made, would be within the limits under section 224(1B) of the Companies Act, 1956. The Board of directors recommends their appointment.

The observations made by the auditors in their report are in the nature of reservations, however no qualification has been prescribed as such except a few. The point-wise reply as to the reservations and qualifications is as follows:

No. 4 (d):- Non compliance with AS – 2 & 13

The records of the Company have been lost & misplaced in June 1999 for which a FIR had already been lodged by the Company. The said records are in the process of recompilation and it is hoped that the same will be recompiled positively by the next year and management would be able to regularize the said non-compliances.

No. 4 (d):- Non compliance with AS – 15

The Company is going through the bad phase and there has been business as well as financial crisis during the last few years due to which most of the employees have left the Company and at present, there are no regular employees left in the Company.

No. 4 (d):- Non compliance with AS – 22

As already informed, the records of the Company have been lost & misplaced in June 1999, the said records including Fixed Assets register are in the process of recompilation and it is hoped that the same will be recompiled positively by the next year and shall be produced before the auditors.

The remarks made by the auditors in their report i.e. CARO, 2003 as under point nos. 1(a), (b), 2(c), 9(a), (b), and 14, are in the nature of reservations as some of the records were not produced before the auditors due to the reasons specified below:-

The records of the Company have been lost & misplaced in June 1999, as already informed, the said records are in the process of recompilation and it is hoped that the same will be recompiled positively by the next year and management would be able to regularize the said non-compliances.

Reply as to point nos. 4, & 7 of the said report

As the Company is going through the financial crisis, the Company was not in the position to put into operation the internal control procedures and the appropriate internal audit system due to insufficiency of funds and staff, however the management is trying its best to comply with the same.

LISTING OF SECURITIES

The Company's Equity Shares are listed on following stock exchanges:

- i) The Delhi Stock Exchange Associations Limited
- ii) National Stock Exchange of India Limited
- iii) The Stock Exchange, Mumbai
- iv) Madras Stock Exchange
- v) The Stock Exchange, Ahmedabad
- vi) Calcutta Stock Exchange

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (particulars of Employees) Rules, 1975 as amended, no employee of the Company is in receipt of remuneration in excess of the limits prescribed thereunder. However as per the provisions of section 219(1)(b)(iv) of the act, the Annual Report and Accounts are being sent to all the shareholders of the Company. Any shareholder interested in obtaining any such particulars may write to the company.

DEPOSITS FROM PUBLIC

During the year under review, the Company has not accepted any public deposit within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended up to date.

CONSERVATION OF ENERGY

- | | | |
|----|--------------------------------------|-----|
| i) | Energy Consideration measures taken: | Nil |
|----|--------------------------------------|-----|

- ii) Additional Instruments and Proposals, if any,
Being implemented for reduction of conservation of energy: Nil

TECHNOLOGY ABSORPTION

Efforts made in technology absorption: Nil

FOREIGN EXCHANGE EARNING AND OUTGOINGS Nil

DIRECTORS' RESPONSIBILITY REPORT

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- ❖ In the preparation of the annual accounts for the period ended 31.07.2004, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures;
- ❖ The directors had selected such accounting policies and applied them consistently and made judgments & estimates that were reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the Profit/Loss of the company for the financial year under review;
- ❖ The Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- ❖ The Annual Accounts for the year ended 31st July 2004 have been prepared on a going concern basis.

AUDIT COMMITTEE

As per the provisions of Section 292A(1) of the Companies Act 1956 the Audit Committee of the Company Consist of the following Directors:

- | | | |
|----|---------------------|-------------------|
| a) | Shri Dilip Bansal | Chairman & Member |
| b) | Shri Kuldeep Bansal | Member |
| c) | Shri Ashok Agarwal | Member |

CORPORATE GOVERNANCE

Your Company has implemented all the stipulations of the Corporate Governance Practices set out by the Securities and Exchange Board of India and as provided in Clause 49 of the Listing