

4TH ANNUAL REPORT 2001

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USHA MARTIN INFOTECH LIMITED

Board of Directors

Mr. P Jhavar - Chairman
 Mr. R Jhavar
 Mr. A Kapur
 Mr. R N Bansal
 Mr. H Khaitan
 Mr. B D Thakker

Registered Office

Mangal Kalash
 2A, Shakespeare Sarani
 Kolkata 700071

Software Division - USOF

63, Udyog Vihar, Phase IV
 Gurgaon
 Haryana 122015

UACT Division

IC & SR Building
 IIT Madras
 Chennai – 600 036

Auditors

M/s.Price Waterhouse
 P.O. Box 10829
 Mehrauli Post Office
 New Delhi 110 030

Bankers

The Hongkong & Shanghai Banking Corporation Ltd
 HDFC Bank Ltd

Registrar and Transfer Agents

MCS Ltd
 77/2A, Hazra Road
 Kolkata – 700 029
 Ph : 4767350/54
 Fax : 4747674

Advocates & Solicitors

M/s. Khaitan & Co
 1B, Old Court House Street,
 Kolkata – 700001

Management Team

H Balasubramaniam, Chief Executive Officer
 Prof. R N Biswas, Director

Secretary

Mr. R K Goenka

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USHA MARTIN INFOTECH LIMITED

Regd. Office : 2A, Shakespeare Sarani
Kolkata 700 071

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 4th Annual General Meeting of the Members of Usha Martin Infotech Ltd will be held on Wednesday, the 29th day of August, 2001 at 10.30 A.M. at 'KALA MANDIR', 48, Shakespeare Sarani, Kolkata 700017 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001, Profit and Loss Account of the Company for the year ended on that date and reports of the Board of Directors and Auditors' thereon.
2. To appoint a director in place of Mr. P Jhawar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Price Waterhouse, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company.

Special Business

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. R. N. Bansal, who was appointed as an additional director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. H Khaitan, who was appointed as an additional director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. B.D.Thakker, who was appointed as an additional director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.
"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof for the time being in force), Securities Contract (Regulation) Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist, the equity shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Delhi and Patna".

By Order of the Board of Directors

Place : New Delhi
Dated : 28th June, 2001.

R K Goenka
Head of Finance & Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
2. Proxies in order to be effective, must be received by the Company not later than 48 hours before the commencement of the meeting.
3. The related Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from 27th August 2001 to 29th August 2001 (both days inclusive)

5. The Members are requested to intimate to the Company queries, if any, on the accounts at least 10 days before the meeting to enable the management to keep the required information available at the meeting.
6. All the documents referred to in the Notice and Explanatory Statement above are open for inspection at the Registered Office of the Company between 10 AM to 12 AM on all working days except Saturday, Sunday and Public Holidays until the date of Annual General Meeting or any adjournment(s) thereof.
7. The members are requested to bring their copy of Annual Report to the meeting.

8. **Appointment /Reappointment of Directors:**

Mr. Prashant Jhavar, Chairman of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Mr. R N Bansal, Mr. H Khaitan and Mr. B D Thakker who have been appointed as additional directors by the Board of Directors are proposed to be appointed as directors by the shareholders at the ensuing Annual General Meeting, as required under the Companies Act, 1956. The information or details to be provided under Corporate Governance Code for the aforesaid directors are as under:

Mr Prashant Jhavar

Mr Prashant Jhavar, aged about 38 years is a Commerce Graduate and has undergone management development courses in Wharton Business School. He is a second-generation entrepreneur and has vast experience and expertise in management of conglomerates. He is the Executive Chairman of Usha Communication Technology, a United State based Corporation, involved in convergent Customer Care and Billing communication and broadband service providers. He is the Vice Chairman of Usha Beltron Ltd, which has diversified interest in steel, wire ropes, telecom cables and has been associated with that company since inception.

Under his leadership Usha Martin Group, founded Usha Martin Telekom in 1994, a GSM Cellular Network in the city of Kolkata, in partnership with Telekom Malaysia and other international investors. In July 2000 Hutchison Wampoha of Hong Kong has acquired this venture. However his family continues to hold a minority stake in this Company. He is also a director on the Boards of eSamsung UMIT Infotech Pvt. Ltd, Usha Martin Europe Ltd, Usha Breco Ltd (Chairman), Usha Martin Finance Ltd.(Chairman) Usha Martin Telekom Ltd, Melstar Information Technology Ltd, Bonsai Networks Ltd. UK, BlueXess Ltd UK, Usha Communications Technology Ltd. BVI.

He also holds Membership/Chairmanship in the Committees of Directors of the following companies:

Sl no	Name of Company	Name of the Committee	Position held
1	Usha Beltron Limited	Shareholders Committee	Chairman
2	Usha Beltron Limited	Remuneration Committee	Member
3	Usha Beltron Limited	Finance Committee	Member
4	Usha Beltron Limited	Business Strategy and R & D	Member

Mr R N Bansal

Mr R N Bansal, aged 70 years is a Chartered Accountant by profession. He has worked with Department of Company Affairs, Government of India for 30 years. He was a member of Company Law Board for 5 years. He has been member of the Boards of various companies in past. He possess in depth knowledge of finance, company law and other corporate laws. He is also a director on the Boards of Chambal Fertilisers and Chemicals Limited, Universal ABB Powers Cables Ltd, Essar Shipping Ltd, Vardhman polytex Ltd, Orient Ceramics and Industries Ltd, The Hindoostan Spinning & Weaving Mills Ltd, Gobind Sugar Mills Ltd, Spice Net Ltd, Aruna Sunrise Hotels Ltd, Joans Woodhead & Sons (India) Ltd, Pushpsons Industries Ltd, Imaging Products Private Limited and HVS Computer & Mangement Services Private Limited.

He also holds Membership/Chairmanship in the Committees of Directors of the following companies:

Sl No	Name of Company	Name of the Committee	Position held
1	Chambal Fertilisers and Chemicals Ltd.	Shareholders & Investor Grievance Committee	Member
2	Essar Shipping Ltd.	Audit Committee	Member
3	Gobind Sugar Mill Ltd.	Audit Committee	Member

Mr H Khaitan

Mr H Khaitan aged 31 years is a practicing advocate by profession since 1975. He is a partner of Khaitan & Co., Kolkata. His areas of expertise are in commercial & corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration

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and licensing. He is also a member of various associations, which include Bar Council of West Bengal, Incorporated Law Society, Kolkata; International Bar Association, London; The Indian Council of Arbitration; The Indian Law Institute; Indian Chamber of Commerce; The Bar Association of India and Young Entrepreneurs Organisation. He is also a director on the Boards of ABC Consolidated Private Limited, Aekta Limited, Bengal Tea & Fabrics Limited, Bonanza Trading Company Limited, Cheviot Company Limited, Ceat Limited, Dormeuil-Birla VXL Limited, Harrisons Malayalam Limited, Indiaart.com Private Limited, Khaitan Consultants Limited, Kilburn Chemicals Limited, Kothari Plantations & Industries Limited, National Engineering Industries Limited, Polylink Polymers (India) Limited, Rasoi Limited, Ritspin Synthetics Limited, Ritssfibra Pte Limited, RPG Cellular Services Limited, Vinar Systems Private Limited, Xpro India Limited.

He also holds Membership/Chairmanship in the Committees of Directors of the following companies :

Sl No	Name of Company	Name of the Committee	Position held
1	Bengal Tea & Fabrics Limited	Audit Committee	Member
2	Ritspin Synthetics Limited	Finance Committee	Member
3	Xpro India Limited	Audit Committee, Share Transfer Committee	Member

Mr B D Thakker

Mr B D Thakker, aged 44 years is a Fellow Chartered Accountant having more than 20 years of experience in the field of Finance, Taxation and Corporate Laws. Presently, he is working as President & CEO (International Division) of Usha Beltron Ltd. and posted at their London Office. Prior to his joining Usha Beltron Ltd., he was working as Vice President in ITC Classic Finance Limited. He is also a director on the Boards of Usha Communication Technology Limited, BVI, Entryline Holdings Limited, Bonsai Networks Ltd. UK and BlueXess Ltd UK,

Explanatory Statement under Section 173 (2) of the Companies Act, 1956**Item nos 4 to 6**

Mr. R N Bansal, Mr. H Khaitan and Mr. B D Thakker were appointed as Additional Directors of the Company. In terms of Section 260 of the Companies Act, 1956 (the Act), Mr. Bansal, Mr. Khaitan, and Mr. Thakker will hold office up to the date of conclusion of ensuing Annual General Meeting of the Company. The Company has received valid notices and requisite deposits from the members of the Company under Section 257 of the Act, proposing the candidature of Mr. Bansal, Mr. Khaitan and Mr. Thakker as the directors of the Company.

Your directors recommend the resolution for approval of the members.

Mr. R N Bansal, Mr. H Khaitan and Mr. B D Thakker are interested in Resolution Nos. 4, 5 and 6 respectively concerning their appointments. Save and except no other directors are interested in the aforesaid Resolutions.

Item No 7

Presently the equity shares of the Company are listed at Calcutta, Mumbai, Delhi, Ahmedabad, Mogadh and National Stock Exchanges.

With the extensive network of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE), and the extension of the BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's shares in any way takes place on the BSE & NSE and the depth and liquidity of trading in the Company's shares on all other Stock Exchanges are lower.

It is also observed that the listing fee paid to the other Stock Exchanges is disproportionately higher and the trading volumes and liquidity are lower compared to the BSE & NSE. As a cost reduction measures, the Company has proposed this resolution, which will enable it to delist its equity shares from all or any of these Stock Exchanges. The actual timing of such a move will depend upon future development regarding integration of the stock exchanges across the country, growth in volume of trading on different exchanges etc.

The proposed delisting of the Company shares from the stock exchanges at Ahmedabad, Delhi & Patna, as and when the same take place, will not adversely affect the investors. The Company's shares will continue to be listed on BSE, NSE and Calcutta Stock Exchange. The delisting, will take effect after all approvals, permissions and sanctions are received. The exact date on which the delisting will take effect will be suitably notified at that time.

None of the directors are interested in the Resolution.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 4th Annual Report, together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2001.

Financial Results:

	Year Ended 31-3-2001	(Rs in 000) Year Ended 31-3-2000
Gross Income	52,231	—
Gross Profit/(loss) before Interest and Depreciation	(59,559)	(25)
Less : Interest	711	—
Less : Depreciation	9,749	—
Profit/(loss) for the year	(70,115)	(25)
Less : Provision for Tax	—	—
Profit/(loss) After Tax	(70,115)	(25)
Profit/ (loss) brought from Previous Year	(57)	(32)
Amount Available for Appropriation	(70,072)	(57)
Dividend	—	—
Transfer from General Reserve	70,072	—
Balance Carried to Balance Sheet	—	(57)

Dividend

In view of the loss incurred during the year, your Directors regret that they are unable to recommend any dividend.

Scheme of Arrangement

On 4th September 2000, the Hon'ble High Court of Calcutta approved the Scheme of Arrangement between the Company and Usha Beltron Limited, whereby the IT and Knowledge based businesses of Usha Beltron Limited were transferred to the Company with effect from 1st January 2000. Pending approval of the Scheme, the last accounts of the Company for the year ended 31st March 2000 did not consider the impact of demerger. The following assets and liabilities as on 1st Jan 2001 have been taken over by the Company.

- i) Assets and liabilities relating to IT and Knowledge based business at 1st January 2000

Assets	Amount (Rs)
Fixed Assets	2,773,488
Capital Work in Progress	798,386
Trade Investments	541,405,700
Current Assets, Loans & Advances	89,122,334
Total Assets taken over	634,099,908
Less Liabilities taken over	11,858,994
Net Assets at 1st January 2000 taken over	622,240,914

- ii) The Company pursuant to Scheme of arrangement also received Rs 253,910,004 being fifty percent of share issue proceeds (net of issue expenses) arising out of the issue of 3,500,000 Global Depository Receipts made by Usha Beltron Limited, prior to approval of the Scheme.

Pursuant to the Scheme of Arrangement, the Company allotted 2,64,14,411 Equity Shares of Rs 5 each, fully paid up and 10,00,000 Cumulative Redeemable Preference Shares of Rs 50 each, fully paid up to the shareholders of Usha Beltron Limited.

Management Discussion & Analysis

Financial Review:

The Company incurred loss of Rs 700.15 lacs for the year, which includes expenses up to the completion of infrastructure facilities at both the Units at Gurgaon & Chennai. The performance of the newly set up IT and knowledge based business has been affected by the recent slow down in the sector worldwide. The Company is now taking required steps to align its expenses with income and we do hope to achieve a turn around in the near future. Gross income for the year was Rs 522.31 lacs. The figures of the previous year are not comparable as this is the first year of operations.

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Industry Structure and Developments

The Software Development Industry in India has a high dependency of approximately 70 % on the USA Market. Many US companies are now making a major correction in their business plans as they adjust their manpower and capital expenditure in response to the sudden and sharp slowdown. Once this correction process is complete we expect Indian IT service providers to benefit because US companies will find sub contracting their IT work to India very cost effective. The potential for export of IT services is huge and the Government is taking bold steps by liberalizing the economy, simplification of procedures, providing state-of-the-art infrastructure for software development.

Business Review**Software Solutions Business**

The Software Services Business of the Company at Gurgaon in the State of Haryana has been operational since 31st August 2000. The Company now has a team of dedicated software engineers at this Division. In the first seven months of its operations, the Division achieved revenue of Rs 221.02 lacs. This includes an export earning of Rs 183.35 lacs. The revenue from this Division constituted 59% of total revenue from operations.

Learning Solutions Business

The Learning Solution Business of the Company at Chennai is a joint venture of the Company with the Indian Institute of Technology, Chennai. This Academy is called UACT and provides various courses in the field of telecommunications, information technology and technology management and has been operational since 31st July 2000. This business has attracted candidates from most major IT services companies in the country and has consequently achieved break even at a very early stage. In the first eight months of its operations the Division achieved revenue of Rs 153.35 lacs. The revenue from this Division constituted 41% of total revenue from operations.

Joint Ventures and Investments**Usha Communication Technology**

The Company has invested Rs 5414.05 lacs in Usha Communication Technology (UCT). UCT, which was started by Usha Beltron Limited, and is one of India's very few Telecom Software Product companies.

This venture has wholly owned subsidiaries in USA, UK and India and is engaged in the business of developing and providing software solutions for billing and customer care to the telecommunication industry. During the year ended March 2001 it has achieved revenue of approx. Rs 5500 lacs.

The Company has over 40 installations worldwide and offers convergent billing solutions. Its solutions have recently been accepted by cable operators and IP service providers. UCT expects to double its revenue in the current year and expects to be profitable.

In recent times despite the depressed capital market environment world wide, one of its peers was recently acquired for approximately ten times of its prospective revenue.

Your Company expects that UCT, will barring unforeseen circumstances pay rich dividends for the patience and commitment made to date.

eSamsung UMIT Infotech

During the year, the Company entered into joint venture agreement with Samsung group of Korea and Mittal group of India to form a private company to develop, market, sell, train, consult on and support software solutions and to supply technical resources and expertise and services ancillary thereto. The Company and Mittal Group will each hold 24.5 % of the equity of the joint venture, while Samsung Group will hold 51% of the equity. The Company has to make an investment of Rs 766.70 lacs in this joint venture. With the marketing support of Samsung Group available to this company there is immense potential for growth for this venture. We expect that over time this venture will be immensely beneficial to the shareholders.

Opportunities

India has a natural competitive advantage in the Software sector. Our people are all English speaking; we have several institutions to impart language and technical training. Our work force is committed and our costs are low.

These advantages will benefit the growth of your Company's business.

Threats

Your Company is currently facing challenges from recent slow down in software market in major part of America, which is over and above the normal competition from other established Software Solution and Learning Solution providers. However your Company's alliance with Indian Institute of Technology puts it in a better position in comparison to its competitors.

Outlook

The software industry worldwide is expected to register substantial growth in the long run. The Company with its capabilities is expected to benefit significantly from these positive trends.

Risk & Concerns

The Company is exposed to the normal risk factors of business mix, geographical spreads, customer concentration, economic cycle, effects of changes in foreign currency exchange rates, credit spreads, liquidity etc.

To manage the above risk the Company is providing three different types of Software solutions. These are solutions for telecommunication industry, internet and general. The business of the Company comes from USA, Europe and India. The Company is not significantly dependent on any particular customer. The Company keeps on evaluating the risk of technology obsolescence and will make the necessary investment in technology, which have the potential of being the standard for tomorrow.

Adequacy of Internal Controls

The Company has a proper and adequate system of internal controls to ensure that all of its assets are safeguarded and protected against loss from unauthorized use or disposition, and transaction are authorized, recorded, and reported correctly. The internal control system is supplemented by internal audits, review by management, documented policies and procedures.

Human Resource Development

The Company recognizes the importance and contribution of people in setting up the new businesses at both its Divisions. The Company is committed to the welfare of its people by providing the best possible work environment. The Company is also providing continuous learning and personal development opportunities, by arranging regular training and all-round exposure to its people, which in turn has given your Company a team of able, and experienced industry professionals.

Subsidiaries:

The Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiary company is annexed to this Report.

Fixed Deposit

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

Directors

Mr G D Saini and Mr A K Somani resigned from the Board of the Company during the year. Mr R N Bansal, Mr. H Khaitan and Mr. B D Thakker were appointed as Additional Directors of the Company at the Board Meetings held on 31st March, 2001, 23rd April, 2001 and 28th June, 2001 respectively and they will hold office until the conclusion of the forthcoming Annual General Meeting. Notices have been received from members proposing Mr R N Bansal, Mr H Khaitan and Mr B D Thakker as directors in terms of Section 257 of the Companies Act, 1956. Mr P Jhawar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Corporate Governance

In line with the recommendation of the Securities and Exchange Board of India and the Listing Agreements of the Stock Exchanges, two separate committees for audit and protection of shareholder's interest were formed and named as Audit Committee and Shareholders/ Investors Grievance Committee. A separate report on the Corporate Governance is annexed as a part of this Annual Report.

Directors' Responsibility Statement

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

- (i) That in preparation of the accounts for the financial year ended 31st March 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were 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 year under review;
- (iii) That the Directors have 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;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2001 on a 'going concern' basis.

Auditors

With regard to the Auditors observations, the same has been duly explained in the Notes. M/s. Price Waterhouse, Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

Personnel

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of Employees are set out in the Annexure to Directors' Report.

USHA MARTIN INFOTECH LIMITED**Energy, Technology And Foreign Exchange Earning and Outgo**

The particulars required to be furnished under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

- (i) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- (ii) Foreign Exchange earnings and outgo are as under:
- | | | |
|----------|-----|-------------|
| Earnings | Rs. | 183.35 lacs |
| Outgo | Rs. | 146.34 lacs |

The activities relating to exports are already explained in the Directors' Report.

Compliance Certificate

A Certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, customers, vendors, bankers, Software Technology Park-Gurgaon, Indian Institute of Technology Chennai, and other business constituents for their support during the year under review. Your Directors, also wish to place on records their deep sense of appreciation for the commitment displayed by all executives, officers and staff during the year.

On behalf of the Board of Directors

Place : New Delhi
Dated : 28th June, 2001

A Kapur **R N Bansal**
Director Director

Statement as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors Report for the year ended 31st March, 2001

Name & Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification Experience (in Yrs.)	Date of Commencement	Last Employment Name of Company, of Employment Position Held
(1)	(2)	(3)	(4)	(5)	(6)
(A) Employed throughout the year under review and were in receipt of remuneration for the Financial Year in aggregate of not less than Rs. 12,00,000/-					
Hari Balasubramaniam	(45) Chief Executive Officer	2,032,543	B.Sc. PGD in Computer Applications, NSTPC, NST-SAD (24)	1-Mar-00	Modi Xerox Limited- Executive Director
(B) Employed for a part of the year under review and were in receipt of remuneration for any part of the Year at the rate which in the aggregate was not less than Rs. 1,00,000/- per month.					
Pradeep Agal	(43) Chief Technical Architect	2,848,228	B.E. -Hons (20)	1-May-00	Mphasis Inc. -Sen. Architect
Agendra Kumar	(40) Director-Sales	1,472,723	M.Sc. MMS (16)	3-Oct-00	Telecom Graphic Systems Industries Ltd. -Director Sales
Navin Kaul	(46) Director-Corporate Marketing	2,296,538	B.Sc. DBM (21)	1-Apr-00	Usha Martin Industries-Sr V.P. Business Development

Notes:

- Remuneration includes Salary, company's contribution to Provident Fund, House Rent Allowance or value of such accommodation and monetary value of other perquisites as per Income Tax Act/ Rules.
- None of the employees named above is a relative of any Director of the Company.

On behalf of the Board of Directors

Place : New Delhi
Dated : 28th June, 2001

A Kapur **R N Bansal**
Director Director

REPORT ON CORPORATE GOVERNANCE

To promote and improve the standard of Corporate Governance, the Listing Agreement with stock exchanges requires the Company to implement the same. The philosophy of the Company on Corporate Governance is to attain the highest level of transparency, accountability and equity in all areas of its operations and interaction with investors/customers.

Board of Directors:

Composition of the Board of Directors as on 31st March 2001

The Board of Directors of the Company has a combination of dependent and independent directors. As on 31st March, 2001, more than 1/3rd of the total members of the Board, comprised of independent directors.

Composition of the Board of Directors

Directors	Number
Dependent, Non Executive	Two
Independent, Non Executive	Two

On 23rd April, 2001, one more independent director, Mr. H Khaitan has been inducted on the Board.

Member of the Board and the number of Board Meeting, Annual General Meeting attended by each director for the financial year 2000-01

Name	Designation	No of Outside Directorship Held	No of Board Meetings Attended	Last AGM Attendance
Mr. P Jhawar	Chairman/Non Executive	9	0	No
Mr. R Jhawar	Non Executive	5	3	No
Mr. A Kapur	Non Executive	5	0	No
Mr. R N Bansal*	Non Executive	14	0	No
Mr. G D Saini **	Non Executive	3	7	Yes
Mr. A K Somani**	Non Executive	5	5	Yes

Mr. P Jhawar was appointed as Chairman w.e.f 21st September, 2000

* Mr. R N Bansal has been inducted on the Board on 31st March, 2001

** Mr. A K Somani & Mr. G D Saini resigned w.e.f 31st March, 2001 & 23rd April, 2001 respectively.

The Board met 7 times during the year on 7th April, 2000; 26th July, 2000; 30th August, 2000; 21st September, 2000; 30th October, 2000; 13th December, 2000 and 31st March 2001.

Information placed before the Board of Directors

In addition to the matter statutorily required to be considered by the Board, all major decisions involving business plans, budgets, borrowings, joint ventures and all other matters that have an impact on the performance of the Company are placed before the Board.

Audit Committee of the Board

The said committee was formed on 31st March, 2001 with the purpose of enhancing the credibility of the financial disclosures of the Company and for promoting transparency. The Company Secretary acts as the Secretary of the committee. The members of Audit Committee as on 31st March 2001 were as follows :