

# 6TH ANNUAL REPORT 2003

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**USHA MARTIN INFOTECH LIMITED**

USHA MARTIN INFOTECH LIMITED

**Board of Directors**

Mr. P Jhawar - Chairman

Mr. R Jhawar

Mr. H Khaitan

Mr. B D Thakker

Mr. S K Barasia

Mr. A Sen

Mr. R K Goenka - Whole Time Director & Company Secretary

**Registered Office**

Mangal Kalash

2A, Shakespeare Sarani

Kolkata 700071

**Corporate Office**

24 R N Mukherjee Road

Kolkata 700 001

**UACT Division**

IC & SR Building

IIT Madras

Chennai - 600 036

**Auditors**

M/s. Price Waterhouse

Plot No. Y-14, Block - EP, Sector-V

Salt Lake Electronic Complex

Bidhan Nagar, Kolkata 700 091

**Registrar and Transfer Agents**

MCS Ltd -

77/2A, Hazra Road

Kolkata - 700 029

Ph : 24767350/54

Fax : 24747674

**Advocates & Solicitors**

M/s. Khaitan & Co

1B, Old Court House Street,

Kolkata - 700001

**Bankers**

The Hongkong & Shanghai Banking Corporation Ltd

HDFC Bank Ltd

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## NOTICE TO THE MEMBERS

NOTICE is hereby given that the 6th Annual General Meeting of the Members of Usha Martin Infotech Ltd will be held on Monday, the 25th day of August 2003 at 9.30 A.M. at 'Shripati Singhania Hall, Rotary Sadan', 94/2 Jawahar Lal Nehru Road, Kolkata 700 020 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003, 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. B D Thakker who retires by rotation and being eligible offers himself for re-appointment.

### Special Business

3. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**.  
"RESOLVED THAT M/s. S. Swarup & Co., Chartered Accountants be and are hereby appointed as the auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that their remuneration be determined by the Board of Directors."
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**.  
"RESOLVED THAT Mr. S K Barasia, 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."

By Order of the Board of Directors,

Kolkata-700 071

Dated: the 26th day of June 2003.

(R. K. Goenka)

Wholetime Director & 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 18th August 2003 to 25th August 2003 (both date 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. B D Thakker, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Mr. S K Barasia who has been appointed as additional directors by the Board of Director is proposed to be appointed as director by the shareholders at the ensuing Annual General Meeting, as required under the Companies Act, 1956. The information/ details to be provided under Corporate Governance Code for the aforesaid directors are as under:

Mr B D Thakker

Mr B D Thakker, aged 46 years is a Fellow Chartered Accountant and received his degree in Commerce from University of Calcutta. He is the Managing Director of UshaComm India Private Limited. Mr. Thakker has over 22 years of international corporate management experience with a primary focus on strategic guidance and business planning. As a C-level executive for successful global companies such as Usha Martin Limited and subsidiary for British American Tobacco, Mr. Thakker is a proven leader with diverse experience in world wide business operations, asset and infrastructure management, corporate expansion, venture capital acquisition, global partner and alliance relationships, and competency development.

Mr S K Barasia

Mr. Barasia aged 65 years is a Fellow Member of the Institute of Cost & Works Accountants of India having about 45 years of experience in the field of Administration, Finance and General Management in various manufacturing units.

### **Explanatory Statement under Section 173 (2) of the Companies Act, 1956**

The Explanatory Statement under section 173(2) of the Companies Act, 1956 for item Number 3 & 4 of the accompanying Notice is as under:

#### **Item 3**

M/s Pricewaterhouse, auditors of the Company has communicated to the Company regarding their unwillingness for their reappointment as auditors of the Company. Therefore, M/s. S. Swarup & Co., Chartered Accountants are being proposed to be appointed as auditors of the Company in place of M/s Price Waterhouse who will vacate the office at the conclusion of this Annual General Meeting.

None of the directors of the Company are interested or concerned in the resolution.

#### **Item no 4**

Mr. S K Barasia was appointed as Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 (the Act), Mr. Barasia will hold office only up to the date of conclusion of next Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under Section 257 of the Act, proposing the candidature of Mr. Barasia as directors.

Your directors recommend the resolution for approval of the members.

Mr. Barasia is interested in resolution concerning his appointment. Save and except no other Directors are interested in the aforesaid resolution.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 6th Annual Report, together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2003.

### Financial Results:

	Year ended 31.3.2003	Year ended 31.3.2002
		(Rs in 000)
Gross Income	11476	30661
Gross Profit/(loss) before Interest and Depreciation	(64978)	(66932)
Less Interest	256	1638
Less Depreciation	18920	49301
Profit/(loss) for the year	(84154)	(117871)
Less Provision for Tax	—	—
Profit/(loss) After Tax	(84154)	(117871)
Profit/ ( loss) brought from Previous Year	—	—
Amount Available for Appropriation	(84154)	(117871)
Dividend	—	—
Transfer to General Reserve	84154	117871

### Management Discussion & Analysis

#### Financial Review

The Company incurred loss of Rs. 841.54 lacs for the year, compared to a loss of Rs.1178.71 lacs for the previous year. Your Directors reported last year that the software services business at Gurgaon is being rationalized. Following the rationalization exercise, the facilities and infrastructure at Gurgaon office has been disposed off during the year. Your Company had decided during the year to refocus its business and concentrate on education business. The losses for the year, though less than that of last year, included accelerated depreciation of Rs. 138.18 lacs (Previous year Rs.328.79 lacs) on certain assets, provision for diminution in the value of investments of Rs. 469.36 lacs (Previous year Rs. 67.28 lacs) and on account of sales/disposal of fixed assets of Rs. 45.63 lacs (Previous year Rs.128.36 lacs)

#### Dividend

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

#### Industry Structure and Developments

During the year under review, the software development industry and telecom industry was severally affected due to economic environment wherein corporate spending on training and information technology was stagnant/ negative.

#### Business Review

##### Software Solutions Business

During the year the Software solutions business achieved a moderate export revenue of Rs. 25.81 lacs (Previous year Rs.195.48 lacs). The process of selling of surplus assets to avoid further loss due to erosion of value of these assets was completed during the year as reported earlier.

##### Learning Solutions Business

Learning solutions business achieved a revenue of Rs. 32.03 lacs (Previous year Rs. 54.27 lacs). Most of the IT Companies continued to trim their training budget. Subsequent to 31st March 2003, the operation of learning solution business is in the process of being down sized and has also been suspended as the related premises is in the process of being surrendered for the use of the Indian Institute of Technology, Madras (IITM). Negotiations are in progress for the disposal of certain facilities/infrastructure to IITM.

**Opportunities**

Presently after the restructuring of the software solution and learning solutions business the major assets of the Company remains Investments in Usha Communication Technology. The company will be benefited in long run by holding its Investments in that Company, as with the improvement in telecom sector it is expected that performance of that company will improve.

**Threats**

Recessions in telecom industry may affect the performance of the company where its major investments reside.

**Outlook**

With the telecom companies going major restructuring and consolidation it is expected to become more competitive and improve its profitability. Once this progress become visible, the new investment and capital spending of telecom operators should revive. This should have positive impact on the Investment made by the Company.

**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.

**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 professionals.

**Subsidiaries**

The Company does not have any subsidiary.

**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 S.K. Barasia was appointed as Additional Director of the Company at the Board Meeting held on 4th October, 2002 and he will hold office until the conclusion of the forth coming Annual General Meeting. Notice has been received from member proposing Mr S.K. Barasia as director in term of Sec. 257 of the Companies Act, 1956. Mr B. D. Thakker 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, three separate committees for audit, remuneration and for the protection of shareholder's interest were formed and named as Audit Committee, Remuneration 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 2003, 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;

## USHA MARTIN INFOTECH LIMITED

- (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 2003 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. They have communicated their unwillingness to continue as auditors. M/s. S. Swarup & Co., Chartered Accountants has communicated their willingness to act as the auditors of the Company subject to necessary approval at the forthcoming Annual General Meeting u/s 224 (1B) of the Companies Act, 1956 and recommended for appointment.

**Personnel**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not given as none of the employees of your Company is covered by the prescribed amount of remuneration in this regard.

**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. 25.81 lacs
Outgo	Rs. 16.71 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 condition 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- Noida, 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,

R Jhavar	Director
S K Barasia	Director
A Sen	Director
R K Goenka	Whole time Director and Secretary

Place : Kolkata  
Date : 26th day of June 2003



## REPORT ON CORPORATE GOVERNANCE

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 customers.

### I. BOARD OF DIRECTORS:

The Board of Director of the Company consists of one Non –executive Chairman, Two Non-executive Directors, 3 Non-executive Independent Directors and one Executive Director.

#### Composition of the Board of Directors, their other directorship and other Committee position held as at 31st March, 2003

Name	Designation	No of Outside Directorship Held @	No. of other Committee* positions held	
			As Chairman	As Member
Mr. P Jhavar	Chairman/Non Executive	3	None	2
Mr. R Jhavar	Non Executive	2	None	2
Mr. H Khaitan	Non Executive Independent	14	None	3
Mr. B D Thakker	Non Executive	None	None	None
Mr. S K Barasia	Non Executive Independent	4	None	None
Mr. A Sen	Non Executive Independent	1	None	None
Mr. R K Goenka	Executive	1	None	None

\* Only Audit, Remuneration and Shareholders/Investors Grievance Committee in Public Limited Indian Companies considered.

@ Excluding foreign companies, private companies and companies under Sec 25 of the Companies Act 1956.

The dates on which the Board meetings were held are as follows:

24th May 2002; 18th July 2002; 4th October 2002; 30th October 2002; 29th November 2002 and 25th January 2003.

#### Attendance of Directors at Board Meetings held during the year 2002-03 and at the last Annual General Meeting (AGM)

Name	No. of Board Meetings held	No of Board Meetings Attended	Attendance at AGM held on 28th August, 2002
Mr. P Jhavar	6	5	Yes
Mr. R Jhavar	6	5	Yes
Mr. H Khaitan	6	3	No
Mr. B D Thakker	6	3	No
Mr. S K Barasia *	6	3	NA
Mr. A Sen	6	4	Yes
Mr. R K Goenka #	6	5	Yes

\* Mr. S K Barasia was appointed as an Additional Director with effect from 4th October, 2002.

# Mr. R K Goenka was inducted to the Board with effect from 24th May, 2002.

The Non–executive Directors of the Company were paid sitting fee of Rs. 2000/- for each meeting of Board of Directors and also for the Audit Committee of Directors attended by them. The Non–executive Directors are also eligible for commission for any financial year as per the Articles of Association of the Company, if approved by the Board.

During the year other than sitting fees, the Non–executive Directors of the Company were not paid any commission nor any other remuneration.



## USHA MARTIN INFOTECH LIMITED

**II. Audit Committee**

The terms of reference of the Audit Committee include the powers and role as stipulated in Clause 49 of the Listing Agreement.

Name	Designation	No. of meetings held	No. of meetings attended
Mr. A Sen	Chairman	3	3
Mr. S K Barasaia *	Member	3	1
Mr. B D Thakker	Member	3	1
Mr. H Khaitan	Member	3	2

\* Mr. S K Barasia was appointed with effect from 4th October 2002 in place of Mr. H Khaitan.

During the financial year ended 31st March 2003, three meetings were held on 24th May, 2002, 18th July, 2002 and 29th November, 2002.

The Annual Accounts for the year ended 31st March, 2002 were reviewed by the Audit Committee at its meeting held on 24th May, 2002 for recommendation to the Board of Directors.

The Company Secretary acts as the Secretary to the Audit Committee.

**NOTE:**

Apart from the Annual Accounts, the Audit Committee had also reviewed the un-audited quarterly financial results of the Company during the year before publication other than for quarter ended 31st December, 2002. However, the Board of Directors

**III. REMUNERATION COMMITTEE**

The said Committee was formed on 28th March 2002.

The Company Secretary acts as the Secretary of the committee. The members of the Remuneration Committee as on 31st March, 2003 :

Name	Designation
Mr. R Jhavar	Independent Non Executive
Mr. A Sen	Independent Non Executive

During the financial year ended 31st March 2003 one meeting was held on 24th May, 2002.

The power/terms of reference of the committee include the following:

- To decide all elements of remuneration package of all the directors i.e. salary, benefits, bonuses, fixed and performance linked incentives, pensions, sitting fee etc.
- To decide service contracts, notice period, severance fee

The details of the remuneration paid to the Executive Director :

Particulars	Mr. R K Goenka
Position	Wholetime Director & Secretary
Salary (Rs.)	512,903
Contribution to Provident Fund, Gratuity and Superannuation Funds (Rs.)	1,63,513
Other benefits (actual and/or estimated (Rs.))	613,379
Total (Rs.)	12,89,795
Service Contract	2 years(from 24 <sup>th</sup> May, 2002 to 23 <sup>rd</sup> May, 2004)

Remuneration paid to the Non Executive Directors :

Directors	Sitting Fees (Rs.)
Mr. P Jhavar	10,000
Mr. R Jhavar	10,000
Mr. B D Thakker	8,000
Mr. A Sen	14,000
Mr. S K Barasia	8,000
Mr. H Khaitan	10,000
Total -	60,000

**IV. SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE**

The Share Transfer Committee formed on 30th October, 2000 was re-constituted and re-named as Shareholders and Investors Grievances Committee on 31st March, 2001 to deal with matters relating to approval for transfer/transmission of shares, issue new certificates against lost, defaced, mutilated, consolidations, subdivision etc; redressing of shareholder complaints like transfer of shares, non receipt of balance sheet, non receipts of declared dividends etc. The purpose of forming this Committee is to uphold the basic rights to transfer and registration of shares, dealing with complaints on a timely basis. The Committee met 17 times during the year. The members of the Shareholders and Investors Grievances Committee as on 31st March 2003 :

Name	Designation
Mr. Rajeev Jhavar	Chairman
Mr. A Sen	Member

Mr. R K Goenka, the Wholtime Director & Company Secretary acts as the Compliance officer.

Details of request/complaints received during the year

(b) Status of Complaints for the period from 1 April, 2002 to 31 March, 2003 as per the records of the Company

Number of Complaints received from the investors	12
Number of Complaints attended to/resolved	12
Complaints pending as on 31 March, 2003	Nil
Number of Share Transfers pending for approval as on 31st March, 2003.	Nil

**V. GENERAL BODY MEETINGS**

Particulars of annual general meetings (AGM) held during the three previous years

Date	AGM	Venue	Time
28th August, 2002	AGM	Shripati Singhania Hall, Rotary Sadan, 94/2, J.N Road, Kolkata	10.00 AM
29th August, 2001	AGM	Kalamandir, 48, Shakespeare Sarani, Kolkata	10.30 AM
20th September, 2000	AGM	14, Princep Street, Kolkata	11.00 AM

There was no special resolution which was put through postal ballots last year nor there are resolutions proposed to be conducted through postal ballots in the notice issued for the ensuing AGM.

Particulars of Directors appointed/re-appointed as required under Clause 49VI(A) of the Listing Agreement is given in the Notice of the ensuing AGM.

**VI. DISCLOSURES**

- There were no materially significant related party transactions (i.e transactions of the Company of material nature) made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

Transactions with the related parties are disclosed in Note 10 of Schedule Q to the Accounts in Annual Report.

- As required by Clause 49V(B) of the Listing Agreement, the management have given a declaration to the Board that they have no personal interest in any material, commercial and financial transactions that may have potential conflict with the interest of the Company at large.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter relating to Capital Market.