

11TH ANNUAL REPORT 2008

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USHA MARTIN INFOTECH LIMITED

11TH ANNUAL REPORT 2008

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BOARD OF DIRECTORS

- Mr. P. Jhawar – Chairman
- Mr. R. Jhawar
- Mr. T. Khaitan
- Mr. S. K. Barasia
- Dr. Saugata Banerjee
- Mr. A. Sen – Whole-time Director
- Mr. R. Choudhary – (with effect from 28th January, 2008)
- Sir Stephen Waley-Cohen Bt. – (with effect from 30th June, 2008)

COMPANY SECRETARY

R. N. Chakraborty

REGISTERED OFFICE

Mangal Kalash
2A, Shakespeare Sarani
Kolkata - 700071
Phone : 033 - 3980 0300
Fax : 033 - 3980 0400
E-mail : umittca@dataone.in

AUDITORS

S. Swarup & Co.
21, Hemanta Basu Sarani
3rd Floor, Room No. 303
Kolkata - 700 001

REGISTRAR AND TRANSFER AGENT

MCS Ltd.
77/2A, Hazra Road
Kolkata - 700 029
Ph : 2476 7350 to 54
Fax : 2474 7674

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd.
IndusInd Bank Ltd.

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 11th ANNUAL GENERAL MEETING of the members of Usha Martin Infotech Limited will be held on Monday, the 22nd day of September, 2008 at 10.00 A. M. at 'Shripati Singhanian Hall, Rotary Sadan', 94/2, Jawaharlal 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, 2008, Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr Rajeev Jhawar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr Saugata Banerjee who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, 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."

Special Business

To consider and, if thought fit, to pass with or without modification, the following resolutions :

5. As an Ordinary Resolution:

"RESOLVED THAT Mr Rahul Choudhary 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 a director of the Company, liable to retire by rotation."

6. As an Ordinary Resolution:

"RESOLVED THAT Sir Stephen Waley-Cohen Bt. 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 a director of the Company, liable to retire by rotation."

Registered Office:
Mangal Kalash
2A, Shakespeare Sarani
Kolkata - 700 071
Dated: the 30th June, 2008.

By Order of the Board of Directors,

R. N. Chakraborty
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in case of a poll, 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 12th September, 2008 to 22nd September, 2008(both days inclusive).
5. 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 are open for inspection at the Registered Office of the Company from 10 AM to 12 Noon on all working days until the date of Annual General Meeting or any adjournment(s) thereof.
7. Members are requested to bring their copy of Annual Report to the meeting.
8. Appointment/Re-appointment of Directors:

Mr Rajeev Jhawar and Dr Saugata Banerjee, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The information/details to be provided under Corporate Governance Code for the aforesaid directors are as under:

Mr Rajeev Jhawar

Mr Rajeev Jhawar, aged about 43 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 Managing Director of Usha Martin Limited, which has diversified interests in wire ropes, telecom cables and has been associated with the Company since its inception. He is also a Director on the Board of Usha Martin Limited (Managing Director), Usha Martin Finance Ltd. and Guftav Wolf Speciality Cords Ltd.

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 Martin Ltd.	Share Transfer Committee	Member
2	Usha Martin Ltd.	Investor Grievance Committee	Member

Dr Saugata Banerjee

Dr Saugata Banerjee, aged 43 years, is a Ph.D in Management from INSEAD, France and an MBA from the University of Massachusetts at Lowell, USA. He had been a Research Fellow at Harvard University, USA and Guest Faculty at IIM, Calcutta.

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

Explanatory Statement under Section 173(2) of the Companies Act, 1956 for Item Nos. 5 and 6 of the accompanying Notice is as under:

Item No. 5

Mr Rahul Choudhary, aged 36 years, was appointed as an Additional Director on the Board of the Company with effect from 28th January, 2008 in terms of Section 260 of the Companies Act, 1956 (the Act) and will hold office up to the date of conclusion of the next Annual General Meeting of the Company.

The Company has received a valid notice and requisite deposit from a member of the Company under Section 257 of the Act, proposing candidature of Mr Choudhary as director.

Mr Choudhary is a Chartered Accountant, Cost Accountant & Company Secretary and has wide experience in Accounts, Finance & Secretarial Functions.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the Resolution No. 5 other than Mr Choudhary, which pertains to his appointment.

Item No. 6

Sir Stephen Waley-Cohen Bt., aged 62 years, was appointed as an Additional Director on the Board of the Company with effect from 30th June, 2008 in terms of Section 260 of the Companies Act, 1956 (the Act) and will hold office up to the date of conclusion of the next Annual General Meeting of the Company.

The Company has received a valid notice and requisite deposit from a member of the Company under Section 257 of the Act, proposing candidature of Sir Stephen as director.

Sir Stephen Waley-Cohen Bt. was educated in Eaton College and did his Post Graduate in Law from Magdalene College, Cambridge. He has wide experience in management, finance and marketing and is the ex-Chairman of Portsmouth & Sunderland Newspaper plc., Policy Portfolio plc., First Call Group Plc. and Bridge Underwriting Agents Ltd. At present, Sir Stephen is the Managing Director of Victoria Palace Theatre and is holding similar position in Mousetrap Productions Ltd.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the Resolution No. 6 other than Sir Stephen, which pertains to his appointment.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 11th Annual Report, together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2008.

Financial Results:

	Year Ended 31st March, 2008	(Rs in '000) Year Ended 31st March, 2007
Gross Income	5761	5609
Gross Profit/(Loss) before Interest and Depreciation	2138	2833
Less Interest	—	—
Less Depreciation	172	280
Profit/(Loss) for the year	1966	2553
Less Provision for Tax (Net)	32	36
Profit/(Loss) After Tax	1934	2517
Profit/ (Loss) brought from Previous Year	—	—
Amount Available for Appropriation	1934	2517
Dividend	—	—
Transfer (to)/from Reserves and Surplus	(1934)	(2517)
Balance Carried to Balance Sheet	—	—

Management Discussion & Analysis

Financial Review

The Company booked a profit of Rs. 19.34 Lakhs (Previous Year 25.17 Lacs). The profit arose, inter alia, from the Software Solution and Consultancy Business income of Rs. 11.25 Lakhs and the Learning Solution Business income of Rs. 26.94 Lakhs during the year.

Dividend

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

Industry Structure and Developments

During the year under review, the IT and ITES industry did not show appreciable changes except for a concern over depreciation of the US Dollar against the Indian Rupee.

The rapid growth of the Indian economy presents a challenge of developing skills to support this growth. This also presents an opportunity to provide education and training particularly to meet the employability criteria of the industry.

Business Review

Software Solutions and Consultancy Business

During the year the Software Solutions and Consultancy Business earned revenue of Rs. 11.25 Lakhs (Previous Year Rs 18.00 Lakhs).

Learning Solutions Business

After a detailed analysis of the growing demand for trained manpower in India, especially in the area of Information and Communication Technology (ICT), the Company decided to restart its Learning Solutions Business during the last quarter of Financial Year 2007-2008 with the opening of the first center in Kolkata. From this business it has earned an income of Rs. 26.94 Lakhs for the quarter and year ended 31st March, 2008.

Additional centers at Kolkata and Ranchi are scheduled for commencement in July-August, 2008 for which the necessary infrastructure arrangements are being made.

Joint Venture Operation

Your Company has entered into a Joint Venture Agreement in India in the last quarter of 2003-2004 with Bonsai Network India Pvt. Ltd. to execute a contract for US\$ 900,000 (approx) in Oman for a telecommunication company under Government of Oman. The contract is on the verge of completion and as no further benefit is likely to accrue, Joint Venture with Bonsai Network India Pvt. Ltd. has been terminated with effect from 1st April, 2008.

Restructuring of Investments

During the year, your investee company Ushacomm underwent a merger with Bonsai Network India Private Limited with the objective of creating a larger and stronger entity that will enable it to provide a wider range of solutions, thus providing a platform for rapid growth. Bonsai Network India Private Limited offers services for telecom network maintenance through GSM infrastructure providers.

In view of the potential benefits, your Company supported the above restructuring of Usha Communications Technology in terms of the Order dated 22nd February, 2008 passed by the Honorable High Court of Calcutta. The scheme of restructuring was designed by the reputed Management Consultants Ernst & Young.

Opportunities

Presently after the restructuring of the software solutions business the major assets of the Company remain Investments in Usha Communication Technology. The Company will be benefited in the long run by holding its investments in that company, as with the corporate restructuring and 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

Your Directors believe that there is a major opportunity in the education and training fields in India. Accordingly, the Company has re-launched its learning solutions business. It expects to nurture and grow this division during the forthcoming years.

The restructuring of Usha Communications should assist in further growth and development of their business.

Risk & Concerns

The Company is exposed to the normal risk factors of business risk, customer concentration, economic cycle, industry cycle, effects of changes in foreign currency exchange rates, credit risk, liquidity risk 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 transactions are authorized, recorded and reported correctly. The internal control system is supplemented by internal audits, review by management, documented policies and procedures.

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. Rahul Choudhary who was appointed as an additional director of the Company by the Board of Directors and holds office up to the date of the forthcoming Annual General Meeting as per Section 260 of the Companies Act, 1956, is proposed to be re-appointed, subject to the approval of the members.

Sir Stephen Waley-Cohen Bt. who was appointed as an additional director of the Company by the Board of Directors and holds office up to the date of the forthcoming Annual General Meeting as per Section 260 of the Companies Act, 1956, is proposed to be re-appointed, subject to the approval of the members.

Mr. Rajeev Jhavar and Dr Saugata Banerjee, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Corporate Governance

Your Company recognizes the importance of good Corporate Governance as step for building stakeholders' confidence, improving investor protection and enhancing long-term enterprise value. A detailed report on Corporate Governance is annexed.

Your Company has implemented revised Clause 49 of the Listing Agreement from 1st January, 2006.

The practice has also been introduced for Senior Management personnel to make disclosures to the Board of Directors relating to any material, financial and commercial transactions where they have any personal interest, with a potential conflict with the interest of the Company at large.

CEO / CFO Certification

The Whole-time Director of the Company has submitted a certificate to the Board as required under Clause 49 of the Listing Agreement for the year ended 31st March, 2008.

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, 2008, 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, 2008 on a 'going concern' basis.

Auditors

With regard to Auditors' observations, the same has been duly explained in the Note 2 of Schedule N to the Notes on Accounts. 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 under Section 224(1B) of the Companies Act, 1956 and the Board recommend for their appointment.

Human Resources

The Company recognizes the importance and contribution of people in delivering existing business and identifying new business opportunities and is committed to the welfare of its staff by providing a congenial work environment.

The Board of Directors expresses its appreciation for sincere efforts made by the employees of your Company at all levels during the year and their co-operation in maintaining cordial relations.

The particulars required to be furnished under 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. Nil
Outgo	Rs. 147,135

Compliance Certificate

A Certificate from the auditors of the Company regarding compliance of 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, and other business constituents for their support during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all employees during the year.

On behalf of the Board of Directors,

Place : Kolkata
Date : 30th June, 2008

Dr. Saugata Banerjee Director
A. Sen Whole-time Director

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

Composition of the Board of Directors as on 31st March, 2008

The Board of Directors of the Company consists of one Non –Executive Chairman, five Non-Executive Directors and one Executive Director. The Board comprised of 3 independent directors out of total 7 members.

Members of the Board as on 31-03-2008 and the number of Board Meeting, Annual General Meeting attended by each director for the financial year 2007-2008

Name	Designation	No of Outside Directorship held @	No. of outside committee position held		No. of Equity Shares held
			Member	Chairman	
Mr. P Jhawar	Chairman/ Non-Executive/ Dependent	4	2	–	134,220
Mr. R Jhawar	Non-Executive/ Dependent	3	2	–	36,957
Mr S K Barasia	Non-Executive/ Dependent	5	–	–	200
Mr T Khaitan	Non-Executive/ Independent	3	–	–	–
Mr A Sen	Whole-time Director, Executive	6	2	–	–
Dr. Saugata Banerjee	Non-Executive / Independent	1	–	–	–
Mr. Rahul Choudhary	Non Executive / Independent	–	–	–	–

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

Mr. Rahul Choudhary was appointed as an Additional Director of the Company at the board meeting held on 28th January, 2008.

Summary of Composition of the Board of Directors

Directors	Number
Dependent/Non-Executive	Three
Independent/Non-Executive	Three
Executive	One

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

31st May 2007, 25th July 2007, 27th July 2007, 31st October 2007 and 28th January 2008.

Attendance of the Directors at the meeting of the Board and at the last AGM

Director	Board Meetings Held	Board Meetings Attended	Attended Last AGM
Mr P Jhawar	5	4	Yes
Mr R Jhawar	5	4	Yes
Mr A Sen	5	5	Yes
Mr S K Barasia	5	5	Yes
Mr T Khaitan	5	4	No
Dr. Saugata Banerjee	5	5	Yes
Mr. Rahul Choudhary	5	–	N. A.