

Command International Software

COMMAND INTERNATIONAL SOFTWARE

ANNUAL REPORT AND ACCOUNTS 2000-2001

Directors

V. Srinivasan
Debneel Mukherjee
Mohan Kumar H.R.
S.R. Shettigar

Auditors

S.R. Batilboi & Co.
Chartered Accountants
Divyashree Chambers
'A' Wings, 2nd Floor
Langford Road
Bangalore 560 027

Registered Office

Brigade Champak
6/2, Union Street
Off Infantry Road
Bangalore 560 001

directors' report

to the members

Your Directors have pleasure in presenting Annual Report of the Company together with the audited financial statements of the Company for the year ended March 31, 2001.

The Financial Highlights

| | <i>(Rs. in million)</i> | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2001 | Year ended 31.03.2000 |
| Income from operations | 72.65 | 39.14 |
| Non-operating Income | 19.14 | 16.98 |
| Total Income | 91.79 | 56.12 |
| Expenditure | 89.83 | 63.00 |
| Profit/(loss) before depreciation and tax | 1.96 | (6.88) |
| Depreciation | 13.05 | 20.86 |
| Profit/(loss) before Taxation | (11.09) | (27.74) |
| Provision for Taxation | 3.35 | 2.23 |
| Profit/(loss) after Taxation | (14.44) | (29.97) |

The total income from operations during the year was Rs.72.65 million as against Rs.39.14 million in the previous year. There was a profit before depreciation and tax of Rs.1.96 million as against loss of Rs.6.88 million last year. After providing for depreciation and tax, the loss for the year amounted to Rs.14.44 million as against loss of Rs.29.97 million in the previous year.

Change of ownership

During the year under review, in its endeavour to achieve growth in revenue & profitability and maximize shareholders' value, Command Systems Inc., the parent company of Command International Holdings, LLC., entered into an agreement with ICICI Infotech Inc. and ICICI Acquisition Corporation, Delaware corporations for acquisition and merger. Under the said agreement, ICICI Acquisition Corporation would acquire entire outstanding capital of Command Systems Inc. @ US \$ 5 per share and thereafter, merge with and into Command Systems Inc. With the said merger, Command Systems Inc. would become a wholly owned subsidiary of ICICI Infotech Inc.

Consequently, your Company, by virtue of its being a subsidiary of Command International Holdings, LLC. would become an indirect subsidiary of ICICI Infotech Inc., USA.

Directors

During the year, Company appointed Mr. V. Srinivasan, Mr. Debneel Mukherjee and Mr. Shivanand R. Shettigar as additional Directors. These Directors would hold office up to the forthcoming Annual General Meeting of the Company and are eligible for re-appointment. Mr. Edward G. Caputo and Mr. Stephen Wilcox resigned from the Board of Directors.

Auditors

Messrs. S. R. Batilboi & Co. who were appointed as the statutory auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Investment in equity of the Company by I-flex Solutions Limited

Your Company has entered into an agreement with I-flex Solutions Limited, Mumbai (I-flex), who have agreed to invest in the equity of the Company, subject

to completion of re-registration formalities in respect of change of status from an unlimited company to private limited company. As per the terms of the agreement, I-flex have agreed to have an equity stake of (post-ESOP), 26% for a consideration of US \$ 1.5 million.

Re-registration

The Company has already initiated the process for converting itself from the status of unlimited to private limited. The relevant documents for such conversion have already been forwarded to the existing shareholders for their approval and the Directors are confident that the entire process of conversion will be completed soon.

Conservation of energy and technology absorption

We have nothing to report in respect of conservation of energy and technology absorption.

Foreign exchange earnings and outgo

During the year, the earnings and expenditure in foreign exchange were as under:
Earnings in foreign exchange: Rs.66.48 million
Expenditure in foreign exchange : Rs.19.29 million

Particulars of employees

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 is attached herewith.

Directors' Responsibility Statement

The Directors confirm:

1. that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. that the Directors had 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, and,
4. that the Directors had prepared the annual accounts on a going concern basis.

Acknowledgement

The Company is grateful to its clients, bankers RBI, STPI Bangalore and all regulatory authorities for their continued support. The Directors would like to express their sincere thanks and appreciation to all employees for their teamwork, professionalism and contribution during the year.

On behalf of the Board

V. SRINIVASAN
Director

Mumbai, April 19, 2001

auditors' report

Command International Software

to the members of Command International Software

We have audited the attached Balance Sheet of Command International Software as at March 31, 2001 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and Profit and Loss Account complies with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

- e) on the basis of written representation received from the Directors as on March 31, 2001 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2001 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) in our opinion and to the best of our information and according to the explanations given to us, the said statements of account read together with the Notes thereon appearing in Schedule 12, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet, of the state of the Company's affairs as at March 31, 2001, and
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

S.R.BATLIBOI & CO.
Chartered Accountants

per
SUNIL BHUMRAKAR
a partner

Bangalore, April 19, 2001

annexure to the auditors' report

referred to in paragraph (1) of our report of even date

Re : COMMAND INTERNATIONAL SOFTWARE

1. The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, a detailed listing of the fixed assets has been maintained by the Company. As explained to us, the fixed assets of the Company have been physically verified by the management at reasonable intervals and no discrepancies have been noticed on such verification as compared to the detailed listing of the fixed assets.
2. The fixed assets of the Company have not been revalued during the year.
3. The Company did not hold any stocks of finished goods, work-in-progress, stores and spare parts and raw materials during the year. Accordingly, the provisions of paragraphs 4(A) (iii), (iv), (v), (vi) and (xii) of the said Order are not applicable.
4. The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As informed to us, there are no companies under the same management as defined under the then applicable Section 370 (1B) of the Companies Act, 1956.
5. The Company has given interest-free loans (except for two employees where interest is recovered) or advances in the nature of loans to its employees. The recovery of interest and principal is being made in accordance with the contractual terms.
6. In our opinion and according to the information and explanations given to us, having regard to the explanations that some items are of a special nature for which alternative quotations cannot be obtained, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores and spare parts, plant and machinery, equipment and other assets, and with regard to sale of software.
7. As informed to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party.
8. The Company has not accepted any deposits from the public, within the purview of Section 58A of the Companies Act, 1956.
9. As per the explanations given to us, the operations of the Company do

not generate any scrap or by-products.

10. The Company does not have an internal audit system.
11. As informed to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, for the products of the Company.
12. The Company has generally been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities. There are no arrears of such dues as at the year end.
13. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty as at March 31, 2001 outstanding for a period of more than six months from the date they became payable.
14. The Company has a policy of authorising expenditure based on reasonable checks and balances. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices, having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses, nor have any such expenses been reported to us.
15. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
16. There is a reasonable system of authorisation at proper levels, with necessary controls on the allocation of computer time and staff time to jobs. In our opinion, the related system of internal control of the Company is commensurate with the size of the Company and the nature of its business.

S.R.BATLIBOI & CO.
Chartered Accountants

per
SUNIL BHUMRAKAR
a partner

Bangalore, April 19, 2001

balance sheet

profit and loss account

as at March 31, 2001

for the period ended March 31, 2001

| | Schedule | Rupees | As at March 31 2000 | | Schedule | Rupees | As at March 31 2000 |
|--|----------|-------------------|------------------------|--|----------|---------------------|------------------------|
| SOURCES OF FUNDS | | | | INCOME | | | |
| Shareholders Funds | | | | | | | |
| Share Capital | 1 | 74,903,250 | 46,280,000 | Sales | 9 | 72,647,421 | 39,143,356 |
| Share Application Money | | | | Other Income | 10 | 19,141,978 | 16,981,954 |
| Pending Allotment | | 11,502 | 28,634,752 | | | <u>91,789,399</u> | <u>56,125,310</u> |
| Reserves and Surplus | | | | EXPENDITURE | | | |
| Profit and Loss Account | | 2,535,309 | 16,971,012 | Software Manufacturing, Administrative and Other Expenses | 11 | 89,787,598 | 62,958,350 |
| Total | | <u>77,450,061</u> | <u>91,885,764</u> | Depreciation | | 13,046,784 | 20,862,280 |
| APPLICATION OF FUNDS | | | | Preliminary Expenses Written Off | | 41,508 | 41,508 |
| Fixed Assets | | | | | | <u>102,875,890</u> | <u>83,862,138</u> |
| Gross Block | 2 | 87,994,225 | 83,118,519 | Loss for the year | | (11,086,491) | (27,736,828) |
| Less: Depreciation | | 68,406,573 | 56,655,035 | Income Tax Withheld on Service Income | | 1,099,212 | 279,416 |
| Net Block | | 19,587,652 | 26,463,484 | Provision for Income Tax (Includes short provision for earlier year Rs.Nil, Previous Year Rs.575,090) | | 2,250,000 | 1,950,000 |
| Capital Advance | | 2,200,000 | — | | | | |
| | | 21,787,652 | 26,463,484 | Loss after Tax | | (14,435,703) | (29,966,244) |
| Current Assets, Loans and Advances | | | | Add: Balance brought forward from Previous Year | | 16,971,012 | 46,937,256 |
| Sundry Debtors | 3 | 27,679,182 | 5,820,686 | Balance carried to the Balance Sheet | | 2,535,309 | 16,971,012 |
| Cash and Bank Balances | 4 | 22,820,791 | 55,545,430 | Notes to Accounts | 12 | | |
| Loans and Advances | 5 | 30,327,977 | 22,465,625 | The Schedules referred to above form an integral part of the Profit and Loss Account | | | |
| Interest Receivable | | 126,230 | 239,239 | | | | |
| | A | 80,954,180 | 84,070,980 | | | | |
| Current Liabilities and Provisions | | | | | | | |
| Current Liabilities | 6 | 18,797,697 | 15,539,309 | | | | |
| Provisions | 7 | 6,701,567 | 3,358,392 | | | | |
| | B | 25,499,264 | 18,897,701 | | | | |
| Net Current Assets | A-B | <u>55,454,916</u> | <u>65,173,279</u> | | | | |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | | | | | |
| | 8 | 207,493 | 249,001 | | | | |
| Total | | <u>77,450,061</u> | <u>91,885,764</u> | | | | |
| Notes to Accounts | 12 | | | | | | |

The schedules referred to above form an integral part of the Balance Sheet

In terms of our attached report of even date

FOR S.R. BATLIBOI & CO.
Chartered Accountants
per
SUNIL BHUMRALKAR
a Partner

Bangalore, April 19, 2001

V.S. DEVADIGA
Company Secretary

For and on behalf of the Board

V. SRINIVASAN
DEBNEEL MUKHERJEE
S.R. SHETTIGAR
Directors

Mumbai, April 19, 2001

schedules annexed to and forming

Command International Software part of the balance sheet as at March 31, 2001

| | Rupees | | March 31, 2000 | | |
|---|-------------------------------------|--|--|--|-------------------------------------|
| I SHARE CAPITAL | | | | | |
| Authorized | | | | | |
| 20,000,000 Equity Shares of Rs.10 each | | 200,000,000 | | <u>200,000,000</u> | |
| Issued, Subscribed and Paid up | | | | | |
| 7,490,325 (Previous Year 4,628,000) Equity Shares of Rs.10 each fully paid up | | 74,903,250 | | <u>46,280,000</u> | |
| Note: Out of the above, 7,490,324 (Previous Year 4,627,999) Equity Shares are held by Command International Holdings, Mauritius, the Holding Company. | | | | | |
| | | 74,903,250 | | <u>46,280,000</u> | |
| II FIXED ASSETS | | | | (Rupees) | |
| Particulars | Gross Block | | Depreciation | | Net Block |
| | <i>As at March 31, 2000</i> | Additions during the year | Deletions during the year | <i>As at March 31, 2001</i> | <i>As at March 31, 2000</i> |
| | <i>As at March 31, 2001</i> | <i>As at March 31, 2000</i> | For the year | Adjustments during the year | <i>As at March 31, 2001</i> |
| | <i>As at March 31, 2001</i> | <i>As at March 31, 2000</i> | As at March 31, 2001 | As at March 31, 2001 | <i>As at March 31, 2000</i> |
| Leasehold Improvements | 35,933,707 | — | — | 35,933,707 | 18,778,334 |
| Computers | 18,598,282 | 3,773,264 | 1,288,130 | 21,083,416 | 16,601,927 |
| Software | 15,393,303 | 1,255,882 | — | 16,649,185 | 13,822,263 |
| Furniture & Fixtures | 1,831,295 | 736,702 | 61,915 | 2,506,082 | 1,287,391 |
| Air Conditioning and Electrical Equipment | 9,749,708 | — | — | 9,749,708 | 5,694,092 |
| Office Equipment | 1,612,224 | 459,903 | — | 2,072,127 | 471,028 |
| Total | 83,118,519 | 6,225,751 | 1,350,045 | 87,994,225 | 56,655,035 |
| | | | | 13,046,784 | 1,295,246 |
| | | | | 68,406,573 | 19,587,652 |
| Previous Year | 85,981,563 | 548,509 | 3,411,553 | 83,118,519 | 38,305,118 |
| | | | | 20,862,280 | 2,512,363 |
| | | | | 56,655,035 | 26,463,484 |
| III SUNDRY DEBTORS | | | | | |
| (Unsecured, Considered Good) | | | | | |
| Debts Outstanding for a Period Exceeding Six Months | | 238,078 | 400,000 | | |
| Other Debts | | 27,441,104 | 5,420,686 | | |
| | | 27,679,182 | 5,820,686 | | |
| (Unsecured, Considered Doubtful) | | | | | |
| Debts Outstanding for a Period Exceeding Six Months | | 739,800 | — | | |
| Less: Provision for Doubtful Debts | | (739,800) | — | | |
| | | 27,679,182 | 5,820,686 | | |
| IV CASH AND BANK BALANCES | | | | | |
| Cash in Hand | | 19,600 | 8,056 | | |
| Balances with Scheduled Banks in | | | | | |
| - Current Accounts | | 4,079,834 | 6,281,079 | | |
| [Including Rs. 1,504,604 (Previous Year Rs. 433,934) in Export Earners Foreign Currency Account] | | | | | |
| - Deposit Accounts | | 18,721,357 | 49,256,295 | | |
| [Including Rs. Nil (Previous Year Rs. 46,498,920) in Export Earners Foreign Currency Account] | | | | | |
| | | 22,820,791 | 55,545,430 | | |
| V LOANS AND ADVANCES | | | | | |
| (Unsecured, Considered Good) | | | | | |
| Advances Recoverable in Cash or in Kind or for Value to be Received | | 9,014,410 | 2,614,742 | | |
| Advance Income Tax | | 2,312,090 | 1,028,711 | | |
| Deposits with Government Departments and Others | | 18,442,393 | 18,422,547 | | |
| Staff Loans | | 559,084 | 399,625 | | |
| | | 30,327,977 | 22,465,625 | | |
| VI CURRENT LIABILITIES | | | | | |
| Sundry Creditors for Goods, Expenses and Services | | | | 9,254,150 | 8,505,392 |
| Deposits | | | | 8,053,290 | 5,926,250 |
| Advance Received Against Sales | | | | — | 83,850 |
| Other Liabilities | | | | 1,490,257 | 1,023,817 |
| | | | | 18,797,697 | 15,539,309 |
| VII PROVISIONS | | | | | |
| Provision for Income Tax | | | | 4,200,000 | 1,950,000 |
| Provision for Leave Encashment | | | | 2,326,567 | 1,408,392 |
| Provision for Gratuity | | | | 175,000 | — |
| | | | | 6,701,567 | 3,358,392 |
| VIII MISCELLANEOUS EXPENDITURE | | | | | |
| (to the extent not written off or adjusted) | | | | | |
| Preliminary Expenses | | | | 249,001 | 290,509 |
| Less : Written Off during the year | | | | 41,508 | 41,508 |
| | | | | 207,493 | 249,001 |

schedules annexed to and forming

part of the Profit and Loss account for the year ended March 31, 2001

| | Rupees | As at March 31 2000 |
|--|-------------------|------------------------|
| IX SALES | | |
| Software Development and Consultancy Income (Tax Deducted at Source Rs.1,221,626, Previous Year Rs.308,750) | 72,647,421 | <i>39,143,356</i> |
| | 72,647,421 | <i>39,143,356</i> |
| X OTHER INCOME | | |
| Interest on Bank Deposits - Gross (Tax Deducted at Source - Rs.Nil, Previous Year Rs.7,868) | 2,284,254 | <i>2,524,930</i> |
| Interest on Income Tax Refund | 43,272 | <i>17,704</i> |
| Interest on Staff Loans | 6,780 | <i>34,795</i> |
| Rental Income - Gross (Tax Deducted at Source - Rs.Nil, Previous Year Rs.285,699) | 13,358,451 | <i>10,968,803</i> |
| Excess Provision Written Back | 630,281 | <i>2,238,755</i> |
| Foreign Exchange Gain (Net) | 2,627,398 | <i>1,262,962</i> |
| Profit/(Loss) on Sale of Assets | 153,667 | <i>(261,393)</i> |
| Miscellaneous Income | 37,875 | <i>195,398</i> |
| | 19,141,978 | <i>16,981,954</i> |
| XI SOFTWARE MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES | | |
| Salaries, Allowances and Bonus | 26,217,343 | <i>24,831,154</i> |
| Company's Contribution to Provident and Other Funds | 1,500,117 | <i>1,492,254</i> |
| Gratuity | 371,865 | <i>348,452</i> |
| Leave Encashment | 1,224,879 | <i>411,760</i> |
| Staff Welfare | 850,100 | <i>892,409</i> |
| Recruitment and Relocation | 943,487 | <i>185,449</i> |
| Training | 1,274,299 | <i>599,271</i> |
| Rent | 14,978,419 | <i>14,214,996</i> |
| Rates and Taxes | 431,246 | <i>235,807</i> |
| Power and Fuel | 1,064,191 | <i>1,290,897</i> |
| Communication Expenses | 2,634,914 | <i>3,623,426</i> |
| Repairs and Maintenance - Buildings | 185,531 | <i>304,764</i> |
| Repairs and Maintenance - Plant and Machinery | 2,351,843 | <i>2,171,205</i> |
| Repairs and Maintenance - Others | 223,217 | <i>184,567</i> |
| Insurance | 573,743 | <i>334,460</i> |
| Consultancy Charges | 8,498,189 | <i>2,534,013</i> |
| Travelling and Conveyance | 23,466,710 | <i>7,707,754</i> |
| Auditors Remuneration | 653,334 | <i>276,055</i> |
| Provision for Doubtful Debts | 739,800 | <i>—</i> |
| Bad Debts Written Off | 39,000 | <i>—</i> |
| Advances Written Off | 214,692 | <i>—</i> |
| Lease Expenses | — | <i>104,365</i> |
| Interest on Bank Overdraft Account | — | <i>2,528</i> |
| Miscellaneous Expenses | 1,350,679 | <i>1,212,764</i> |
| | 89,787,598 | <i>62,958,350</i> |
| XII NOTES TO ACCOUNTS | | |
| 1. Significant Accounting Policies | | |
| A. Basis of Accounting | | |
| The accounts of the Company are prepared under the historical cost convention. Mercantile system of accounting is followed for recognition of income and expenses. | | |
| B. Revenue Recognition | | |
| Software Development and Consulting Income is recognized on accrual basis, based on agreements entered into between the Company and its customers. | | |
| Rental income from letting of premises and interest income are recognized on accrual basis. | | |
| C. Fixed Assets | | |
| Fixed assets are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing such asset to its present condition for intended use. | | |
| D. Depreciation | | |
| Depreciation is provided from the month of capitalization on straight line method at rates higher than the rates prescribed in Schedule XIV of the Companies Act, 1956. The rates at which depreciation is provided are as follows : | | |
| Computers | 33.33% | |
| Software | 33.33% | |
| Furniture & Fixtures | 10.00% | |
| Air Conditioning & Electrical Equipment | 20.00% | |
| Office Equipment | 10.00% | |
| Leasehold Improvements are depreciated over the period of lease. | | |
| Assets costing less than Rs.5,000 each are fully depreciated in the year of addition. | | |
| E. Inventories | | |
| Consumables, stores and spares and office supplies are charged off to consumption at the time of purchase. They are not carried in the books as inventories since their values are not significant. | | |
| F. Foreign Exchange Transactions | | |
| Transactions in foreign currency are converted at rates closely | | |

approximating those ruling at the transaction dates. Realized exchange gains or losses are recognized in the Profit and Loss account or capitalised, as the case may be.

All foreign currency assets and liabilities are restated at the year-end rate and the resultant exchange difference on such conversion is taken to revenue or capitalised, as the case may be.

G. Retirement Benefits

Contribution to Provident Fund is made monthly and accounted on an accrual basis.

The Company has a Group Gratuity Scheme for its employees with the Life Insurance Corporation of India. Premium paid/payable under the scheme is charged to the Profit and Loss Account.

Provision for Leave Encashment is made on accrual basis.

H. Taxation

Provision for income tax is made as per the tax payable method.

I. Miscellaneous Expenditure

Preliminary expenses are being written off over a period of 10 years.

2. Quantitative Details

The Company is engaged in the business of development of computer software. The production of such software cannot be expressed in any generic unit and hence the quantitative details of the same and the information required under paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956, are not furnished.

3. Auditors Remuneration comprises of the following :

| Particulars | 2000-01 | 1999-00 |
|----------------------|----------------|----------------|
| Statutory Audit | 150,000 | <i>150,000</i> |
| Taxation Matters | 105,000 | <i>60,000</i> |
| Company Law Matters | 101,000 | <i>50,600</i> |
| Other Matters | 257,500 | <i>Nil</i> |
| Recoverable Expenses | 39,834 | <i>15,455</i> |
| Total | 653,334 | <i>276,055</i> |

4. Remuneration to Directors

| Particulars | 2000-01 | 1999-00 |
|--------------------------------|------------------|------------------|
| Basic Pay | 1,006,370 | <i>1,296,180</i> |
| Contribution to Provident Fund | 121,844 | <i>157,164</i> |
| Allowances | 829,049 | <i>968,705</i> |
| Medical Reimbursement | 5,525 | <i>23,908</i> |
| Perquisites | 15,556 | <i>89,856</i> |
| Bonus | Nil | <i>437,300</i> |
| Total | 1,978,344 | <i>2,973,113</i> |

5. CIF Value of Imports

Capital Goods (including software) : Rs.4,238,227 (Rs.Nil)

6. Expenditure in foreign currency (on accrual basis)

| Particulars | 2000-01 | 1999-00 |
|-----------------------------|-------------------|------------------|
| Travelling Expenses | 17,233,017 | <i>6,395,896</i> |
| Membership and Subscription | 61,551 | <i>22,972</i> |
| Professional Charges | 320,238 | <i>Nil</i> |
| Total | 17,614,806 | <i>6,418,868</i> |

7. Earnings in Foreign Exchange

FOB Value of Exports : Rs.66,481,433 (Rs.36,285,050).

8. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) : Rs. 2,250,000 (Rs.Nil).

9. Current Liabilities include Rs.Nil (Rs.Nil) payable to Small Scale and Ancillary Industrial Undertakings to the extent such parties have been identified from the available documents/information.

10. Contingent Liabilities not provided for -

- Counter guarantee given to a bank Rs.1,537,500 (Rs. Nil).
- Customs Duty Rs. 7,605,429 (Rs.6,772,618) on Capital Goods imported free of duty as per the Software Technology Park of India Scheme.
- The Company has received a notice of demand for Rs.1,081,224 from the Income Tax authorities with respect to the Assessment Year 1999-2000, for non-deduction of tax under Section 195 of the Income Tax Act, 1961, on amounts paid/payable to non-residents towards communication expenses. The Management is of the view that income tax is not required to be deducted at source on the same and hence no provision has been created in the books as at March 31, 2001. The Company is in the process of filing an appeal against the notice received.

11. The company had entered into an understanding with a company on August 17, 2000 whereby on the satisfaction of certain terms and conditions the Company would issue 3,141,586 fresh Equity Shares of Rs.10 each at a premium of Rs.11.69 per share, amounting to a total consideration of Rs.68,141,000. Since the terms and conditions have not yet been fulfilled, shares have not been allotted as on March 31, 2001.

12. The company has become a public company with effect from March 21, 2001 within the meaning of the newly inserted Section 3(1)(iv)(c) of the Companies Act, 1956.

13. Previous year figures are given in brackets. Previous year figures have been regrouped and reclassified wherever necessary.

For and on behalf of the Board

V. SRINIVASAN
DEBNEEL MUKHERJEE
S.R. SHETTIGAR
Directors
V.S. DEVADIGA
Company Secretary

Mumbai, April 19, 2001

**Statement pursuant to Part IV, Schedule VI to the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile**

1. Registration Details

Registration No. /
 Balance Sheet Date
 Date Month Year

2. Capital Raised during the Year

(Amount in Rupees Thousand)

Public Issue

Rights Issue

Bonus Issue

Private Placement

3. Position of Mobilization and Deployment of Funds

(Amount in Rupees Thousand)

Total Liabilities

Sources of Funds

Paid-up Capital (Including Share Application)

Secured Loans

Application of Funds

Net Fixed Assets (Including Capital Advances)

Net Current Assets

Accumulated Losses

4. Performance of the Company

(Amount in Rupees Thousand)

Turnover (including other income)

Profit (+)/Loss (-) before Tax

Earnings per Share in Rupees

Total Assets

Reserves and Surplus

Unsecured Loans

Investments

Miscellaneous Expenditure

Total Expenditure

Profit/Loss after Tax

Dividend Rate %

5. Generic Names of three Principal Products/Services of the Company

(As per monetary terms)

Product Description

Item Code No.

Computer Software

8524

For and on behalf of the Board

V. SRINIVASAN
DEBNEEL MUKHERJEE
S.R. SHETTIGAR
Directors

V.S. DEVADIGA
Company Secretary

Mumbai, April 19, 2001

Bangalore, April 19, 2001