

# Ivory International Inc.

## IVORY INTERNATIONAL INC.

### ANNUAL REPORT AND ACCOUNTS 2000-2001

#### Directors

V. Srinivasan  
Manoj Kunkalienkar

#### Auditors

L. Shanti Kumar & Co.  
Certified Public Accountants  
491, South Oyster Bay Road  
Plain View, NY 11803

#### Registered Office

15, Tennyson Street  
Edison New Jersey 08820

## directors' report

### to the members

Your Directors have pleasure in presenting Annual Report of the Company, along with the Audited Financial Statements for the ten months ended March 31, 2001.

#### CHANGE OF OWNERSHIP

In June 2000, ICICI Infotech Inc., a Delaware corporation acquired the entire outstanding shares of the Company. With this acquisition Company has become a wholly owned subsidiary of ICICI Infotech Inc.

#### REVIEW OF FINANCIAL PERFORMANCE

Company reported revenue of US \$ 8,214,726 for the ten months ended March 31, 2001 against which the earnings before taxes were US \$ 105,290. Earnings after taxes for the same period were US \$ 56,057.

#### CAPITAL

There were no changes in the capital during the year.

#### DIRECTORS

The Board comprises of two directors viz. Mr. V. Srinivasan and Mr. Manoj Kunkalienkar.

#### ACKNOWLEDGEMENT

The Company is grateful to its clients, bankers 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*

Edison, NJ, April 17, 2001

## independent accountants' report

### to the board of directors and shareholder Ivory International Inc.

We have audited the accompanying balance sheet of Ivory International Inc. as of March 31, 2001 and the related statements of income, retained earnings, cash flows and supplemental information for the ten months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by

management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ivory International Inc. at March 31, 2001 and the results of its operations and cash flows for the ten months then ended in conformity with generally accepted accounting principles.

L. SHANTI KUMAR  
*Certified Public Accountant*

April 17, 2001

# balance sheet

# statement of income

as at March 31, 2001

for the ten months ended March 31, 2001

	US \$		US \$
<b>ASSETS</b>		<b>REVENUES</b>	
Cash	12,870	Sale of Services	8,214,726
Accounts Receivable	26,575	<b>COSTS AND EXPENSES</b>	
Other Current Assets	908,698	Cost of Services Sold	5,196,899
<b>TOTAL ASSETS</b>	<b>948,143</b>	Selling, General & Administrative Expenses	2,912,537
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>TOTAL COSTS AND EXPENSES</b>	<b>8,109,436</b>
Accounts Payable	11,680	<b>EARNINGS BEFORE INCOME TAXES</b>	<b>105,290</b>
Accrued Expenses and		Provision for Income Taxes	49,233
Other Current Liabilities	2,690	<b>NET EARNINGS</b>	<b>56,057</b>
<b>TOTAL LIABILITIES</b>	<b>14,370</b>	<b>RETAINED EARNINGS, at beginning</b>	<b>702,716</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>RETAINED EARNINGS, at end</b>	<b>758,773</b>
Common Stock - no par value			
(100 shares issued and outstanding)	175,000		
Retained Earnings	758,773		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>933,773</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>948,143</b>		

See accompanying notes and accountant's report

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# statement of cash flows

for the ten months ended March 31, 2001

	US \$		
<b>Cash Flows from Operating Activities</b>		<b>Cash:</b>	
Net Income	56,057	Cash equivalents are included in cash. The Company considers interest bearing investments due on demand as cash equivalents. The Company deposits cash with high credit quality financial institutions. At times such cash balances may be in excess of the FDIC insurance limit.	
Adjustments to Reconcile Net Income to		<b>Property and Equipment:</b>	
Net Cash Provided by Operating Activities:		Fixed assets are reflected at cost. Additions are capitalized whereas expenditures for maintenance and repair are charged to expense. Depreciation is provided on a straight-line basis over the following estimated useful lives.	
Depreciation	9,550	Furniture, fixtures and equipment	3-5 years
(Increase) Decrease in:		Automobiles	5 years
Accounts Receivable	1,516,035	<b>Income Taxes:</b>	
Prepaid Expenses	45,690	The Company provides for income taxes using the asset and liability method. This approach recognizes the amount of taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the financial statements and tax returns.	
Other Current Assets	(867,915)		
Security Deposits	10,333		
Increase (Decrease) in:			
Accounts Payable	(394,981)		
Notes Payable	(876)		
Accrued Liabilities	(253,681)		
Income Taxes Payable	(162,800)		
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(42,588)</b>		
Cash Flows from Investing Activities			
Purchase / Sale of Fixed Assets	47,476		
Net Cash Provided (Used) by Investing Activities	47,476		
<b>Net Increase (Decrease) in Cash</b>	<b>4,888</b>		
Cash at Beginning of Period	7,982		
<b>Cash at End of Period</b>	<b>12,870</b>		
Supplemental Information			
Taxes Paid	210,943		
Interest Paid	—		

See accompanying notes and accountant's report

## Notes to Financial Statement, March 31, 2001

### 1. Summary of Significant Accounting Policies

#### Business:

The Company is engaged in the software consulting business and provides computer-programming services to business throughout the United States.

#### Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

### 2. Change in Stock Ownership:

ICICI Infotech Inc., a Delaware Corporation acquired as of June 1, 2000 the entire issued and outstanding stock of Ivory International Inc. from V. Shivakumar, the Company's sole shareholder.

### 3. Related Party Transactions:

a. In the ordinary course of its business, the Company buys services from Lembaga Enterprises Inc., a corporation whose entire issued and outstanding stock is held by V. Shivakumar, a Director on the Board of Ivory International Inc. For the ten months ended March 31, 2001, such purchases were made at actual cost to Lembaga Enterprises Inc. in the amount of US \$ 82,377. There was no amount outstanding as at March 31, 2001.

b. In the ordinary course of its business the Company has transactions with its parent ICICI Infotech Inc. The amount due as of March 31, 2001 is US\$ 908,698 and is shown under other current assets.

### 4. Commitments:

The company has long term operating leases for various office facilities and equipment. Future minimum leases payments at March 31, 2001 for these leases net of minimum rentals to be received are as follows.

2002	US \$ 299,213
2003	191,520
2004	191,520
2005	191,520
2006	95,760