

info-drive

SOFTWARE LIMITED

Annual Report - 2006

info-drive
SOFTWARE LIMITED

Board of Directors	<ol style="list-style-type: none">1. Mr. K. Shivakumar - Managing Director2. Mr. V.N.Seshagiri Rao3. Mr. A.T.Krishnakumar4. Mr. R.Sankarakrishnan5. Ms. S. Shrelakshme6. Mr. G. Vasu
Registered Office	No 203 (old No 91) V.M. Street, Mylapore, Chennai 600 004. Tel:24983244, 24980616 Fax:24985704 Email:infodrive@pobox.com www.thakita.com
Auditors	M/s K.S. Reddy Associates Chartered Accountants 75/35, 1 st Floor, Annapillai Street, Sowcarpet, Chennai – 600 079. Tel: 5564 8761 Mobile:94444 04761
Bankers	Standard Chartered Bank UTI Bank
Depository Services Share Transfer Agents	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road Chennai - 600 002 Tel: 2846 0390

NOTICE

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company will be held at The Mylapore Club, 39, Luz Church Road, Mylapore, Chennai 600 004 at 11a.m. on Saturday the 30th September 2006.

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company as at March 31, 2006 and the Profit and Loss Account for the year ended that date together with the report of the Auditors' thereon.
- 2.. To appoint a Director in the place of Mr. A.T.Krishnakumar, who retires and who, being eligible offers himself for reappointment.
3. To appoint M/s K S Reddy Associates, Chennai, as Auditors and to fix the remuneration.

SPECIAL BUSINESS

4. To appoint Mr. A. T. Krishnakumar as Director of the Company.
5. To appoint Mr. V.N. Seshagiri Rao as Director of the Company
6. To appoint Mr. R. Sankarakrishnan as Director of the Company
7. To appoint Ms. S. Shrelakshme as Director of the Company

By Order of the Board
For Info Drive Software Limited

K.SHIVAKUMAR
Managing Director.

Chennai
September 4th 2006.

NOTES:

1. Every member entitled to attend and vote may appoint a proxy to attend and vote on his behalf and the proxy need not be a member. The proxy form duly stamped and executed should be deposited at the registered office of the Company at least 48 hours before the time fixed for the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from September 26, 2006 to September 30, 2006 both days inclusive.
3. Members are requested to notify the Company at its Registered Office of any change in address quoting their folio number.
4. Members who have queries on the accounts of the company are requested to send the same to the Company at the earliest, to enable gathering of data needed for the replies.

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

Item No.4: Mr. A.T. Krishnakumar was appointed in the Board on 3.10.2005. He holds office upto the Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature.

Item No.5: Mr. V. N. Seshagiri Rao was appointed as Additional Director on 4.09.2006. He holds office upto the Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature.

Item No.6: Mr. R. Sankarakrishnan was appointed as Additional Director on 4.09.2006. He holds office upto the Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature.

Item No.7: Ms. S. Shrelakshme was appointed as Additional Director on 4.09.2006. She holds office upto the Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature.

DIRECTORS REPORT

Your Directors have pleasure in submitting the 18th Annual Report with audited accounts of the Company for the period ended 31st March 2006.

FINANCIAL RESULTS:

Your Company's income from operations for the year was Rs(2,71,268)- as against Rs.6,77,094 for the previous 12 months. The total expenditure including depreciation for the year amounted to Rs.11,93,629 as against 18,63,129 for the previous year. Your Company made a net loss Rs 14.65 lacs for the year as against Rs. 11.86 lacs for the previous year.

DIVIDEND:

Due to losses incurred, your directors do not recommended any dividend for the period ended 31st March 2006.

BUSINESS PROSPECTS:

Your company has tied up with a strategic partner, namely Bhari Information Technology Systems Pvt Ltd (BITECH).An open offer had been given by BITECH to acquire 20% stake in the company along with Mr V.N. Seshagiri Rao. At the closure of the open offer, the acquirers had acquired 10.96% of the shares, becoming the co-promoters of the company. BITECH is engaged in the activity of education and training of high-end Software Technology and Off shore development. The core activity of BITECH & IDSL is almost identical. Both BITECH & IDSL have their niche in different segments within their area of business. As part of their growth strategy, BITECH is looking to explore the possibilities of acquiring a company into its fold, where the management of IDSL has experience in the field. The Acquirers feel that the combined expertise of the management of both companies will

result in creating quality training tools that would have very good revenue potential. BITECH wishes to gain global market share for your company in the area of education software and training. International marketing exposure of BITECH will certainly help your company in promoting its existing software products. Plans are underway to get into BPO sector and also to acquire some companies that will add momentum to the growth of the company.

FIXED DEPOSIT:

The company did not accept/renew any fixed deposit during the year under review.

DIRECTORS:

1. Mr K. Ganesh Krishna , Promoter Director had resigned with effect from September 4th 2006. The Board while thanking him for his immense contribution had relieved him of his duties and responsibilities.
2. Mr. A.T.Krishnakumar was appointed to the Board on 3.10.2005. He holds office upto the 18th Annual General Meeting. An MBA professional, he is highly experienced in the field of Consultancy, Corporate Finance and Planning. His experience and knowledge will be assets to the Company. He is eligible for re-appointment. He does not hold any shares in the Company.
3. The Board appointed Mr. V.N. Seshagiri Rao as Additional Director effective from 4.09.2006. Mr. V.N. Seshagiri Rao has an experience of over 30 years in the field of management. A qualified Chartered Accountant by profession, he has worked in Senior Management level throughout his career. He has been in the Board of several prominent industrial houses and acts as an advisor to several leading companies in India. His knowledge and guidance will be an asset to the Company in its revival and growth plans. He is not holding any shares in the Company.
4. The Board appointed Mr. R. Sankarakrishnan, as Additional Director effective from 4.09.2006. Mr. Sankarakrishnan is an experienced consultant in many areas concerning Foreign Exchange, SEBI and other Stock Market related subjects. He has very wide experience of over 20 years in the above mentioned fields. His knowledge and experience will be assets to the Company.
5. The Board appointed Ms. S. Shrelakshme, as Additional Director effective from 4.09.2006. Ms.Shrelakshme has worked in the capacity of office administrator in several organizations. Being a post graduate in Sociology, her experience and knowledge will be an asset to the company especially in running BPO organizations. She is holding 1,89,850 shares in the company.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That they have selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for that period;

3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
4. That they have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY OR TECHNOLOGY ABSORPTION:

Your company has no activity relating to conservation of energy or technology absorption.

PERSONNEL:

There are no employees in terms of the requirement of Section 217(2A) of the Companies Act, 1956.

AUDITORS:

M/s. K S Reddy Associates, Chartered Accountants, Chennai have expressed their willingness to continue to act as Statutory Auditors of the Company if appointed at the Annual General meeting. Your Board recommends their appointment.

AUDITORS' REMARKS:

In respect of other observations made by the Auditors in their ANNEXURE to the Report the Directors wish to state as follows:

Erosion of net worth: In spite of company's best efforts the company is unable to increase its turnover. Due to fixed and unavoidable overheads the company is incurring losses. The company is hopeful of recovery in the forthcoming years.

Internal control and internal audit system: In the opinion of the management, the company has put all internal controls in place. The company has not been able to do any substantial business and is incurring heavy losses and is suffering from cash crunch. However steps are being taken to have internal audit.

Share application money pending repayment: During the year the company has accepted share application money for allotment of shares on preferential basis. Due to withdrawal by the preferential allottees the preferential issue did not materialise. Some of the share application money has been repaid during the year. Balance amount has been kept under unsecured loans. The same has been deposited in a separate fixed deposit account and paid in April 2006.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee as required under the provisions of Section 292A of the Companies Act, 1956.

CORPORATE GOVERNANCE: REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31,2006

(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)

Company's Philosophy

- 1.The Company firmly believes in and has consistently endeavored to practice good corporate governance.
- 2.The Company firmly believes in the value of transparency, professionalism, and accountability in its dealings with its customers, employees, shareholders and with every individual who comes in contact with the company.

Board of Directors

Composition, Attendance at the Board Meetings and last Annual General Meeting, Outside Directorships and other Board Committees.

Above information as on 31st March, 2006 or for the year 2006, as applicable is tabulated here under:

Director	No of Board Meeting attended	Attendance at previous AGM held on 30th September 2005.	No of Outside Directorship held(excluding alternate directorships and directorships in private companies)	No of membership/chairmanship in other Board Committees	Executive/ Non executive / Independent
Mr.K.Shivakumar	11	Present	Nil	Nil	Executive
Mr.K.GaneshKrishna	11	Present	Nil	Nil	Non executive
Mr.A.T.Krishnakumar	4	Present	7	2	Non executive
Mr. P. Shreenivas Reddy	1	N.A	Nil	Nil	Non executive
Mr.Vasu G.	11	Present	nil	Nil	Nonexecutive

Board meetings held during the year 2006-2006

During the year 2005-2006 Eleven Board meetings were held on 18th April 2005,8th June 2005, 15th June 2005, 30th July 2005, 10th August 2005, 30th August 2005, 12th September 2005, 3rd October 2005, 29th October 2005, 26th November 2006,30th January 2006.

Board Committees

The Board has set up the following committees as per the code of conduct for Corporate Governance.

1.Audit Committee

The Audit committee comprises of Mr Vasu, Mr Ganesh Krishna and Mr. A.T.Krishnakumar. Mr G Vasu is the chairman of the Audit Committee. The role and terms of reference of the Audit Committee covers the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The Audit Committee met 4 times during the year 2005-2006 on 18th April 2005, 30th July 2005, 29th Oct 2005 and 30th Jan 2006. The representatives of the Statutory Auditors attended all the Audit Committee Meetings.

Names of Directors	Number of Committee Meetings Attended
Mr. Vasu G	4
Mr. A.T.Krishnakumar	4
Mr. K. Ganesh Krishna	4

2. Shareholders' Grievance Committee

The shareholders' grievances committee is headed by Mr. A.T.Krishnakumar, director and Mr. Vasu G and K. Ganesh Krishna as the other members of the committee. Mr. K.Shivakumar, is the compliance officer.

During the year 2005-2006, all the complaints received from the shareholders and investors have generally been solved to the satisfaction of the complainants. There are no pending complaints.

3. Remuneration Committee

The remuneration committee as contemplated under the listing agreement is not presently required and will be constituted in due course.

4 Directors Remuneration

The company has not paid any remuneration to its directors during the year 2005-2006. The company has not paid any sitting fees either during the year 2005-2006.

5. General Body Meetings

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2004-2005	Kasturi Srinivasan Hall(Mini Hall)The Music Academy New No 168, Old No 306 T.T.K. Road, Chennai 600 014	30/9/05	3.30p.m.
2003-2004	203/91 V.M. Street, Mylapore, Ch.4	30/09/2004	9.30 a.m.
2002-2003	203/91 V.M. Street, Mylapore, Ch.4	30/09/2003	9.30 a.m.

6.Special Resolutions: A Special Resolution was passed in the Extra-Ordinary General Meeting of the Company held on August 10 2005 for issue and allotment of Equity Shares on Preferential Basis. Since the proposed Allottees have withdrawn their willingness to subscribe the shares the proposals for issue of Equity Shares on Preferential Basis has not materialized.

7. Disclosures

During the year 2005-2006, the Company had no material significant related party transactions, which is considered to have potential conflict with the interests of the Company at large.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

8. Management Discussion and Analysis Report.

A management discussion and analysis report forms part of the directors' report.

9. Means of communication.

The quarterly results was published in News Today and Maalai Sudar, Chennai and also in SEBI website.

10. General Shareholder Information

Annual General Meeting

Date and Time Friday, September 30th 2006 11 a.m.

Venue at Mylapore Club,39, Luz Church Road,
Mylapore, Chennai 600 004.

11. Financial Calender of the Company:

The financial year covers the period from 1st April 2005 to 31st March 2006.

Financial Reporting for 2006-2007 (tentative)

Results for 30/6/2006	End july 2006
Results for 30/9/2006	End october 2006
Results for 31/12/2006	End January 2007
Results for 31/3/2007	End April 2007

12. Date of Bookclosure

The period of book closure is fixed from 26th Sept to 30th Sept both days inclusive

13. Outstanding ADRs/ GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not applicable

14. Listing on Stock Exchanges and Stock Code:

The shares of the Company are listed at the Madras Stock Exchange and Bombay Stock Exchange' Company Code: 530703

Month	High	Low	Month	High	Low
April 2005	6.32	2.77	October 2005	10.6	7
May 2005	4.2	3	November 2005	9.37	7.61
June 2005	5.59	3.03	December 2005	9.35	6.38
July 2005	7.00	3.11	January 2006	8.00	6.44
August 2005	16.67	5.26	February 2006	8.01	6.56
September 2005	16	9.99	March 2006	6.59	3.91

15. Registrar and transfer agents, share transfer system

The Registrar of the Company is M/s Cameo Corporate Services Ltd., Chennai.

16. Distribution of Shareholding

No of Equity Shares Held	No of Shareholders	No of shares
Upto 500	5736	1192780
501-1000	584	503290
1001-2000	203	304928
2001-3000	71	180096
3001-4000	22	80159
4001-5000	28	131781
5001-10000	28	176134
10001 and above	34	2430832
Total	6706	5000000

17. Shareholding Pattern

Sl.No	Category	No.of Holders	No.of Shares	% of Shares
1	Resident Indian	6533	4007407	80.15
2	Domestic Companies	55	167793	3.36
3	NRIs	110	158600	3.17
4	Promoters	4	646200	12.92
5	Mutual Funds	1	800	0.02
6	Financial Institutions	1	10500	0.22
7	Clearing Member	6	8700	0.16
Total		6706	5000000	100.00

18. Dematerialisation of shares and liquidity.

As on 31.03.2006, 32,49,140 shares, that is 65 % were held in dematerialised form and the balance of 35 % of shares that is 17,50,860 shares were held in physical form.

Demat ISIN No. INE – 804D01011

19. Address for correspondence.

Company's Registered Office	Company Registrar
Info-drive Software Limited 203/91 V.M. Street, Mylapore, Chennai 600 004 Tel:24983244 / 24980616 Email: infodrive@pobox.com	M/s Cameo Corporate Services Limited, Subramanian Building, 5 th floor, No1, Club House Road, Chennai 600 002. Tel:28460390 Email:cameo@cameoindia.com

ACKNOWLEDGEMENT:

Your Directors wish to place on record their gratitude to the employees of the company, bankers, customers and shareholders for their continued confidence and support.

For and on behalf of the Board

Chennai
4th September 2006.

K.Shivakumar,
Managing Director.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**To the Member of Info-drive Software Limited**

We have examined the compliance of conditions of Corporate Governance by M/s. Info-drive Software Limited for the year ended 31st March 2006 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state as per the records maintained and certified by the Registrars and Share Transfer Agents of the company, there were no investor grievances remaining unattended/pending for more than 30 days as at 31st March 2006.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date : 28th June 2006

For K.S.REDDY ASSOCIATES
Chartered Accountants

K. SUBBA REDDY (Proprietor)
Date: 28th June 2006.

AUDITOR'S REPORT

To the Members of INFO-DRIVE SOFTWARE LIMITED.

We have audited the attached Balance Sheet of INFO DRIVE SOFTWARE LIMITED, as at 31st March 2006 and also the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004, (the Order) issued by the Central Government of India in terms of subsection (4A) of Section 227 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.

Further to our comments in the Annexure referred to above, we report 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 Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) The company is incurring losses continuously and its net worth has been eroded substantially.
- g) Refer Note No.8 of Schedule O. The company proposed for preferential allotment of shares, which did not materialise due to withdrawal of applications by the proposed allottees. Out of a sum of Rs.2,36,10,072/- still to be repaid and shown under unsecured loans.
- h) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006
 - ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place: Chennai

for K.S.REDDY ASSOCIATES
Chartered Accountants

Date : 28th June 2006

K. SUBBA REDDY (Proprietor)
M.No.208754

ANNEXURE TO THE AUDITOR'S REPORT

Annexure to the Auditor's report of even date to the Member of INFO DRIVE SOFTWARE LIMITED

(1).a) The company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets.

b)As explained to us, all the fixed assets have not been physically verified by the management during the year.

c)During the year the company has not disposed off substantial part of the fixed assets and hence the going concern status of the company is not affected.

(ii) a) The inventory have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.

b)In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.

c)In our opinion the company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account

(iii)a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

b)The company has taken interest free loan to the tune of Rs.11,73 lakhs from two directors. Except that, during the year, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Share application money pending repayment has been shown as unsecured loans by the company.

c)The interest on the above loans have been waived by the directors and the other terms and conditions on which the above loans have been taken from the directors are not prima-facie prejudicial to the interest of the company.

d)The payment of the principal is as per the terms with the directors. No interest is provided on the above loans.

e)There are no overdue loans as per the terms and conditions on which the above loans have been taken.

(iv)In our opinion and according to the information and explanations given to us there is no adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services.

(v)a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements need to be entered into the register maintained under section 301 of the Act have been so entered.

b)In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi)The company has not accepted any deposits from the public as per section 58A, 58AA or any other relevant provisions of the Act.

(vii)The company has no internal audit system commensurate with the size and nature of its business.

(viii)The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the companies Act, 1956 for the company.

(ix)a) According to the records, information and explanations provided to us, the company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, Service-tax and any other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2006 for a period of more than six months from the date they become payable.

b)According to the information and explanations given to us, there are no dues of sales-tax, income-tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

(x)In our opinion and according to the information and explanations given to us, the companies accumulated losses at the end of the financial year is more than 50% of its net worth and the company has incurred cash losses in the immediately preceding financial year.

(xi)Based on our audit procedures and on the information and explanations given by the management, te company has not defaulted in repayment of dues to any financial institution or bank.

(xii)Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii)The company is not a chit/nidhi/mutual benefit fund/society and clause xiii of the Order is not applicable.

(xiv)The company is not dealing or trading in shares, securities, debentures and other investments.

(xv)On the basis of the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi)In our opinion, the company has not raised any term loans during the financial year.

(xvii)According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term have been used for long term investment. No long term funds have been used to finance short term assets.

(xviii)During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.

(xix)The company did not have any outstanding debentures during the year.

(xx)The company has not raised any money by public issue during the year.

(xxi)Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Chennai

Date : 28th June 2006

for K.S.REDDY ASSOCIATES
Chartered Accountants

K. SUBBA REDDY (Proprietor)
M.No.208754

INFO-DRIVE SOFTWARE LIMITED**BALANCE SHEET AS AT 31ST MARCH 2006**

SOURCES:		Schedule	31.03.2006 (12 months)		31.3.2005 (12months)
SHARE HOLDERS' FUNDS					
SHARE CAPITAL	A		50,000,000	50,000,000	
RESERVES & SURPLUS	B		6,000,000	6,000,000	56,000,000
LOAN FUNDS					
Secured Loans		0.00	0.00	0.0	
Unsecured Loans	C	23,610,072	23,610,072	1,164,836	1,164,836
			79,610,072		57,164,836
APPLICATION OF FUNDS					
Fixed Assets	D				
Gross Block		11,999,113	11,999,113	11,999,113	11,999,113
Less : Depreciation		7,155,956	7,155,956	6,952,646	6,952,646
NETT BLOCK (I)			4,843,157		5,046,467
CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	E	1,538,250	1,538,250	1,547,839	
b) Sundry Debtors	F	-	-	540,750	
c) Cash & Bank Balances	G	610,027	610,027	17,061	
d) Loans & Advances	H	20,525,292	20,525,292	417,386	
			22,673,569		2,523,036
Less : Current Liabilities					
			373,187		1,406,303
Net Current Assets(II)			22,300,382		1,116,733
Miscellaneous Expenditure to the extent not written off	J	-	-	-	-
Profit and Loss Account (III)		52,466,533	52,466,533		51,001,636
			52,466,533		51,001,636
Total= I+II+III			79,610,072		57,164,836

NOTES ON ACCOUNTS O

for and on behalf of Infodrive Software Limited

As per our report of even date,
For K.S.REDDY ASSOCIATES
Chartered Accounts**K.SHIVAKUMAR**
Mg. Director**K.GANESH KRISHNA**
Director**A.T.KRISHNAKUMAR**
Director**G.VASU**
Director**K.SUBBA REDDY (Proprietor)**

INFO-DRIVE SOFTWARE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006

INCOME	SCHEDULE	31.3.2006 12 months	31.03.2005 12months
Income from Operations	K	(467,110)	677,094
Other Income	L	195,842	-
		(271,268)	677,094
EXPENDITURE			
Increase/Decrease in Stock-in-trade	M	25,389	311,646
Administrative Selling and Other Expenses	N	964,930	1,348,218
Depreciation	D	203,310	203,265
		1,193,629	1,863,129
LOSS FOR THE PERIOD BEFORE TAXATION		1,464,897	1,186,035
Less Provision for Taxation		-	---
LOSS		1,464,897	1,186,035
Add : Loss brought forward from previous year		51,001,636	49,815,601
BALANCE CARRIED TO BALANCE SHEET		52,466,533	51,001,636
NOTES ON ACCOUNTS	O		

for and on behalf of Infodrive Software Limited

As per our report of even date,
For K.S.Reddy Associates
Chartered Accounts**K.SHIVAKUMAR**
Mg. Director**K.GANESH KRISHNA**
Director**A.T.KRISHNAKUMAR**
Director**G. Vasu**
Director**K.Subba Reddy**
Proprietor.

INFO-DRIVE SOFTWARE LIMITED**SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2006**

SCHEDULE – A:	31.03.2006(12months)	31.3.2005(12months)
Share Capital- Authorised:		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & Paidup:		
50,00,000 Equity Shares of Rs.10/- each fully paid up	50,000,000	50,000,000
SCHEDULE – B:		
RESERVES & SURPLUS: Share Premium Account	6,000,000	6,000,000
SCHEDULE – C		
Unsecured Loan: a. Directors	-	1,164,836
b. Others(Share application money pending repayment)	23610,072	
SCHEDULE – E: INVENTORIES		
Stock of Bharata natyam CDs	1,538,250	1,538,250
Stock of Bharata natyam DVDs	-	9,589
(As valued and certified by management)	1,538,250	1,547,839
SCHEDULE – F: Sundry Debtors		
(unsecured and considered goods)		
More than six months	-	-
Less than Six months	-	540,750
		540,750
SCHEDULE – G: Cash & Bank Balances:		
Cash on hand	6,749	4,010
with Scheduled Banks – in current accounts	603,278	13,051
	610,027	17,061
SCHEDULE –H: Loans and advances:		
Advances (Recoverable in cash or kind or for value to be received)		
Deposits with Government Departments	206,885	206,885
Other Advances	98,065	185,50
Fixed deposit – bank guar. Dispute consumer forum	25,000	25,000
Fixed Deposit with UTI bank with interest accrued	20,195,342	-
	20,525,292	417,386
SCHEDULE – I : Current Liabilities & Provision:		
a. Sundry Creditors:		
For Trade & Others	-	563,910
For Expenses	373,187	842,393
b. Provisions	-	-
	373,187	1,406,303
SCHEDULE J Miscellaneous Expenditure		
Opening Balance	-	450,309
Less: Written off During the year	-	450,309
	-	-

INFO DRIVE SOFTWARE LIMITED - CHENNAI

SCHEDULES FORMING PART OF THE BALANCE SHEET

						DEPRECIATION			FIXED ASSETS	
Net Block		Gross Block	Addition on	With-	Gross Block		With-		Net Block	
as on	Particulars	as on	During	drawn	as on	Upto	for the	drawn	Total	as on
01.04.2005		01.04.2005	the year		31.03.2006	01.04.05	period			31.03.2006
669,791	Plant & Machinery	1,757,236	-	-	1,757,236	1,087,445	83,469	-	1,170,914	586,322
629,518	Furniture & Fittings	1,791,202	-	-	1,791,202	1,161,684	113,383	-	1,275,067	516,135
76,472	Office Equipments	135,961	-	-	135,961	59,489	6,458	-	65,947	70,014
100	Computers	4,644,128	-	-	4,644,128	4,644,028	-	-	4,644,028	100
1,836,794	Software Package	1,836,794	-	-	1,836,794	-	-	-	-	1,836,794
1,833,792	Goodwill	1,833,792	-	-	1,833,792	-	-	-	-	1,833,792
5,046,467	Total	11,999,113	-	-	11,999,113	6,952,646	203,310	-	7,155,956	4,843,157

**INFO-DRIVE SOFTWARE LIMITED SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST MARCH 2006**

SCHEDULE – K	31.03.2006 (12 MONTHS)	31.3.2005 (12 MONTHS)
INCOME FROM OPERATIONS		
Sales	53,715	658,025
Website receipts	19,925	19,069
	73,640	
Less: Sales returns due to defect in DVDs(ReferNote No 7)	540,750	-
	(467,110)	677,094
SCHEDULE – L Other Income :		
Interest received	195,342	-
Other Income	500	-
	195,842	-
SCHEDULE –M: INCREASE/DECREASE IN STOCK:		
Opening Stock	1,547,839	1,538,250
Add:DVD Conversion charges	15,800	32,235
	1,563,639	1,859,485
Less:Closing Stock	1,538,250	1,547,839
	25,389	311,646
SCHEDULE – N : ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent		
Printing and Stationery	72,000	144,000
Postage and Telephones	195,000	60,523
Consultancy Charges	47,339	50,920
Miscellaneous expenses	19,051	5,500
Electricity Charges	-	570
Audit Fees	5,433	5,851
Advertisement	15,000	10,000
Listing Fees	11,365	31,363
Filing fees	-	79,850
Adjustment for prior period	354,000	2,000
Folio Maintenance Charges/Filing Fees	-	309,289
Meeting Expenses	45,000	39,668
Legal expenses	23,520	8,975
Issue Expenses	15,740	-
Bad Debts Written Off	-	450,309
Office Maintenance	137,436	137,700
Bank Charges	7,800	8,075
Cash Withdrawal tax	4,406	3,625
	240	-
	964,930	1,348,218

INFO-DRIVE SOFTWARE LIMITED SCHEDULE –O NOTES ON ACCOUNTS

Schedules forming part of the balance sheet as at 31st march 2006 and the profit and loss account for the period ended on that date.

ACCOUNTING POLICIES

1. The accounts are prepared in accordance with normally accepted accounting policies.
2. The company follows mercantile system of accounting
3. Fixed assets are stated at historical cost of acquisition and improvements thereon.
4. Depreciation: Depreciation on fixed assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956.
5. Income and Expenditure are accounted on accrual basis.
6. No provision for depreciation has been made on the assets goodwill and software packages.
7. The Company has sold DVD's in the earlier year. The DVD's are in sets of eight and out of that one DVD did not work due to technical snag. Hence whole of the DVD's (105 Nos) amounting to Rs.5,40,750/- have been returned by the buyers. This has no use for the company. Hence whole of the returned DVD's amounting to Rs.5,40,750/- have been returned to Profit and Loss Account.
8. The company has proposed to make preferential allotment of 44,00,000 shares/warrants amounting to Rs.4,40,00,000/- The company has received a sum of Rs.3,14,00,000 towards share application money. Due to withdrawal of the applications by the proposed allottees the preferential issue did not materialise. Hence the share application money requires to be returned. Some of the share application money has been returned. Balance amount has been kept under unsecured loans. The same has been deposited in a separate fixed deposit account and paid in April 2006.
9. Stock is valued at cost of market value which ever is lower.
10. Quantitative information:

	Opening	Production	Sales	Closing
Software CD'S	1,465	---	---	1,465
Software DVD's	4	6	10	0

11. Foreign Currency Transactions:

	This Year	Last Year
Earnings in Foreign Currency	19,925	19,069
Expenditure in Foreign Currency	Nil	Nil

12. As there is no manpower is employed during the period under review the question of provision for gratuity and leave encashment does not arise.
13. The provisions of Employees State Insurance Act are not applicable to the company
14. Sundry creditors do not includes any dues to SSIs.
15. No provision has been made for Fringe Benefit Tax.
16. Contingent Liabilities: No provision has been made against the complaint lodged on the company before the district consumer forum at Coimbatore, which involved an amount of Rs.25,000/-. The company is hopeful of succeeding the case. However, the company has given bank guarantee to the extent of Rs.25,000/-
17. During the year the company written off an amount of Rs.3,50,000/- being the filing fees paid to enhance the authorized share capital.
18. During the year an amount of Rs.1,37,436/- was written off as bad debts as it is not recoverable in spite of the best efforts made by the company to recover the amount.
19. The figures in the Balance Sheet and Profit and Loss Account are rounded off to the nearest rupee.
20. Previous year figures have been rearranged or regrouped wherever necessary.
21. The company does not envisage any taxable income in the near future. Hence, the directors of the company are of the opinion that no provision is necessary for differed tax asset/liability as on 31st March 2006 as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India.
22. As the company is dealing with one product, namely software CDs/DVDs and as it is only sold locally the segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India are not applicable to the company.
23. Related parties disclosure: The company does not have any holding company, subsidiary company, associate company or the companies controlling the company as defined under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. However, as a matter of abundant transparency, transactions with various parties related to the company are disclosed hereunder.

- A. Key Management Personnel: K. SHIVAKUMAR, Managing Director
 B. Relatives to Key Management Personnel: K. GANESH KRISHNA, Director and R.K.SIVANADAVALLI

Disclosures of transactions between the company and related parties and outstanding balances as on 31st March 2006

Nature of transaction	31.03.2006	31.03.2005
A. Key Management Personnel		
Remuneration	Nil	Nil
Loan received	Nil	11,38,400
B. Relatives to Key Management Personnel		
Rent Payable	2,85,481	5,57,000

24. Earnings per share: Basic and diluted earnings per share calculated in compliance with the provisions of Accounting Standard 20 (AS20) for the year ending 31st March 2006 comes to (-) 0.29 (Previous year Rs. (-) 0.24) and Rs. (-) 0.29 (Previous year Rs. (-) 0.24) respectively.

Basic Earnings per share = Loss Rs.1464897/5000000 = Rs.(-) 0.29 p.a.
 Diluted Earnings per share = Loss Rs.1464897/5000000 = Rs. (-) 0.29 p.a.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I.	Registration Details			
	Registration No. :	15475	State Code :	18
	Balance Sheet Date :	31 – 03 – 2006		
II.	CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)			
	Public Issue :	Nil	Rights Issue :	Nil
	Bonus Issue :	Nil	Private Placement :	Nil
III.	POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)			
	Total Liabilities :	79610	Total Assets :	79610
	<u>Sources of Funds:</u>		<u>Application of Funds:</u>	
	Paid up Capital :	50000	Net Fixed Assets :	4843
	Reserves & Surplus :	6000	Investments :	Nil
	Secured Loans :	Nil	Net Current Assets :	22300
	Unsecured Loans :	23610	Misc. Expenditure :	Nil
			Accumulated Losses :	52467
IV.	PERFORMANCE OF THE COMPANY (Amount in Rs. Thousand)			
	Turnover :	(271)	Total Expenditure :	1194
	Profit/(Loss) before tax:	(1465)	Profit/(Loss) after tax:	(1465)
	Earnings per Share in Rs.	-0.29	Dividend rate % :	Nil
V.	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY			
	Item Code :	85241000	Product Description :	Software

Signatures to Schedules A to Q

As per our report attached of even date

Place: Chennai
 Date : 28th June 2006

For K. S. REDDY ASSOCIATES
 Chartered Accountants

For and on behalf of Info-drive Software Limited

K. SUBBA REDDY (Prop.)

K.SHIVAKUMAR Managing Director	K.GANESH KRISHNA Director	A.T.KRISHNAKUMAR Director	G. VASU Director
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INFODRIVE SOFTWARE LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005****31.3.2006 31.3.2005****(A) Cash flow from operating Activities**

Net Profit before tax (1,464,897) (1,186,035)

Adjustment for

Depreciation 203,310 203,265

Miscellaneous Expenses written off - 450,309

Other income 195,842 -

Operating Profit before working capital changes (1,065,745) (532,461)

Adjustment for: Increase/(-) Decrease in

Sundry Debtors 540,750 (403,050)

Loans & Advances (20,107,906) 670,539

Inventories 9,589 (9,589)

Trade Payable (1,033,116) (13,212)

Cash Generated from/(used in) operations (20,590,683) 244,688

Interest paid - -

Other income (195,842) -

Net Cash from Operating Activities (A) (21,852,270) (287,773)**B.Cash Flow From Investing Activities:**

Sale / Withdrawal of Fixed Assets - (69,964)

Withdrawal of Depreciation - -

Net Cash flow from/(used in) investing Activities (B) - (69,964)**C.Cash Flow From Financing Activities:**

Long Term Borrowings (Net) - -

Short Term Borrowings (Net) 22,445,236 341,952

Net cash from Financing Activities (C) 341,952**Net increase/Decrease in cash and cash `Equivalents 592,966 15,785**

Cash & Cash Equivalents (Opening Balance) 17,061 32,846

Cash & Cash Equivalents (Closing Balance) 610,027 17,061

for and on behalf of Infodrive Software Limited

K.SHIVAKUMAR K.GANESH KRISHNA A.T.KRISHNAKUMAR G.VASU

Mg. Director Director Director Director

Auditor's Certificate: The above cash flow statement has been prepared on the basis of audited accounts by the Board of Directors and is in agreement with the Profit and Loss Account and Balance Sheet..

Place : Chennai

Date:28th June 2006.For K.S.REDDY ASSOCIATES
Chartered Accountants
K.SUBBA REDDY (Proprietor)

info - drive SOFTWARE LIMITED
Regd. Office: No.New 203 (old 91) V.M.Stree,Mylapore,Chennai-4

ATTENDANCE SLIP

Regd Folio : DP Id*:
 No. of Shares Held: Client Id:
 Mr./Mrs/Miss:

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the Company held at The Mylapore Club, 39, Luz Church Road, Mylapore, Chennai 600 004, at 11 a.m. on Saturday the 30th of September 2006.

.....

Member's/Proxy's Name (In block letters) Member's/Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the Entrance of the Meeting Hall.

info - drive SOFTWARE LIMITED
Regd. Office: No.New 203 (old 91) V.M.Stree,Mylapore,Chennai-4

PROXY FORM

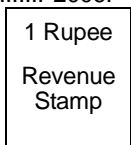
Regd Folio : DP Id*:
 No. of Shares Held: Client Id:

I/We
 Of being a member(s) of Info-Drive Software Limited
 hereby appoint.....
 Of

As my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company on on Saturday the 30th of September 2006 and at any adjournment thereof.

Signed this day of 2006.

Signature of the Member



- Note:
1. The Proxy need not be a member.
 2. The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
 3. * Applicable for investors holding shares in electronic form.

Please Note: No gifts are given