

# **ANNUAL REPORT 2007**

**INFO - DRIVE  
SOFTWARE LIMITED**

<b>Board of Directors</b>	<ol style="list-style-type: none"><li>1. Mr. V.N. Seshagiri Rao</li><li>2. Mr. A.T. Krishnakumar</li><li>3. Mr. K. Chandrasekaran</li><li>4. Mr. N.T. Shivkumar</li><li>5. Mr. Singanallur Narayanan</li><li>6. Mr. Clark B. Reiner</li><li>7. Mr. K. Shivakumar - Managing Director</li><li>8. Mrs. S. Shrelakshme – Alternate Director to Mr. N.T. Shivkumar</li><li>9. Mr. R. Sankarakrishnan – Alternate Director to Mr. Clark B. Reiner</li><li>10. Mr. R. Mohan – Alternate Director to Mr. Singanallur Narayanan</li><li>11. Mr. G. Vasu – Resigned on 13.02.07</li></ol>
<b>Registered Office</b>	No.3, Moores Road, `Buhari Building' II Floor, Chennai – 600 006 Tel: +91-44-28238801/28238802 Fax: +91-44-28238800 E-mail: <a href="mailto:info@infodriveservices.com">info@infodriveservices.com</a> Website: <a href="http://www.infodriveservices.com">www.infodriveservices.com</a>
<b>Auditors</b>	M/s K.S. Reddy Associates Chartered Accountants New No.36, I, Floor, North Usman Road, T.Nagar Chennai – 600 017 Tel: +91-44-42605656 Mobile: 094444 04761
<b>Company Secretary</b>	Mr. V. Gopal Rao, B.Sc., B.L., F.C.S.
<b>Bankers</b>	Union Bank of India UTI Bank
<b>Depository Services Share Transfer Agents</b>	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai - 600 002 Tel: +91-44-2846 0390 Fax: +91-44-28460129

## NOTICE

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Company will be held at the Mini Hall of Narada Gana Saba, T.T.K. Road, Alwarpet, Chennai – 600 018 at 10.30 A.M. on Wednesday the 19<sup>th</sup> September 2007.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit and Loss Account for the year ended 31.03.2007 and the Audited Balance Sheet as on that date together with the Auditors' report thereon.
2. Mr. A.T. Krishnakumar, Director retires at the ensuing Annual General Meeting 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 from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.

### SPECIAL BUSINESS

4. To appoint Mr. Clark B. Reiner as Director of the Company.
5. To appoint Mr. Singanallur Narayanan as Director of the Company.
6. To appoint Mr. K. Chandrasekaran as Director of the Company.
7. To appoint Mr. N.T. Shivkumar as Director of the Company.
8. To consider and pass a Special Resolution under Section 293 (1) (d) of The Companies Act for fixing limits for borrowing in excess of the paid-up capital and free reserves upto a limit of Rs.500 Crores.

The following Special Resolution may be passed with or without any modifications :

**"Resolved** that subject to Section 293 (1) (d) of The Companies Act and other applicable provisions of The Companies Act 1956 and / or other applicable acts, statues and subject to such other approvals, permissions, consent and sanctions from such authorities, statues, departments or bodies as may be necessary the consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the Board which terms shall be deemed to include any Committee(s) which the Board may constitute for this purpose) to borrow in one or more tranches sums in excess of its paid up capital and free reserves upto and inclusive of Rs.500 Crores."

**"Resolved further** that the Board be and is hereby authorized to negotiate, accept and modify the terms and conditions that may be imposed by the Banks, Financial Institutions and other Bodies in the course of obtaining such loans in excess of the paid up capital and free reserves upto and including Rs.500 Crores and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolutions."

9. To consider and pass a Special Resolution under Section 372 (A) of The Companies Act for making investments in excess of 60% of the paid-up capital and free reserves of the Company or 100% of the free reserves whichever is higher with or without modification.

**“Resolved** that pursuant to the provisions of Section 372 (A) and all other applicable provisions of The Companies Act 1956 and / or other applicable Acts, Statutes and subject to such other approvals, permission, consent and sanctions from the Reserve Bank of India and / or any other appropriate Authorities, Statutes, Departments or Bodies as may be necessary the consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the Board which terms shall be deemed to include any Committee(s) which the Board may constitute for this purpose) to invest in M/s. Bhari Information Technology SDN., BHD., Malaysia or in such Bodies Corporate in India / Abroad sums in excess of Rs.19.00 Crores notwithstanding that the aggregate investment and loans so far made in or to be made in other Bodies Corporate exceeding the limits laid by the Act.”

By Order of the Board  
**For Info-Drive Software Limited**

Sd/-  
**K. SHIVAKUMAR**  
**MANAGING DIRECTOR**

Place : Chennai – 600 006  
Date : 13<sup>th</sup> August 2007

**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 4<sup>th</sup> September'07 to 6<sup>th</sup> September'07 both days inclusive.
3. Members are requested to notify the Company at its Registered Office or to the Share Transfer Registrar 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 atleast two days in advance, to enable gathering of data needed for the replies.
5. No gifts or complimentary items will be distributed.

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

Item No.4: Mr. Clark B. Reiner was appointed as Additional Director on 22.12.2006. He holds office upto this Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature. Your Directors' recommend passing of the Resolutions.

Item No.5: Mr. Singanallur Narayanan was appointed as Additional Director on 22.12.2006. He holds office upto this Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature. Your Directors' recommend passing of the Resolutions.

Item No.6: Mr. K. Chandrasekaran was appointed in the Board on 13.02.2007. He holds office upto this Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature. Your Directors' recommend passing of the Resolutions.

Item No.7: Mr. N.T. Shivkumar was appointed as Additional Director on 13.02.2007. He holds office upto this Annual General Meeting. He is eligible for re-appointment. Notice under Sec 257 has been received from a member proposing his candidature. Your Directors' recommend passing of the Resolutions.

Item No.8: The Company is in the process of expansion by way of acquisition of Bodies Corporate / Companies from USA., and Malaysia, Singapore and also Companies in India. To fund these acquisitions the Company requires to raise loan capital. In order to full fill the requirements of Section 293 (1) (d) the Company proposes to borrow in excess of the paid up capital and free reserves upto a limit of Rs.500 Crores. As at 31<sup>st</sup> March 2007 the paid up capital and free reserves is Rs.15.40 Crores. Your Directors' recommend passing of the Resolutions.

Item No.9 : The Company is proposing a Special Resolution under Section 372 (A) of The Companies Act for making investment in Companies in USA., and Malaysia and also other investments from time to time since the acquisition of shares would be in excess of 60% of the paid up capital and free reserves of your Company it is recommended that a Special Resolution under Section 372 (A) be passed as proposed in the Notice. Your Directors' recommend passing of the Resolutions.

A brief note on M/s. Bhari Information Technology, SDN., BHD., based in Kuala Lumpur, Malaysia is given below :

M/s. Bhari Information Technology, SDN. BHD., Malaysia (BITSB) was incorporated in 1994 and has been in Information Technology Consultancy Services. The Company pioneered the introduction of structured Islamic Banking Integrated Solution in the far East Market. BITSB has set up a fully functional presence in Malaysia. BITSB has a "Strategic Information Technology Consulting" division, which formulates a comprehensive approach for project planning and management functions, which in turn enhances its capability to implement integrated Islamic Banking Systems for its clients under different models. Initially your Company proposes to acquire 2,60,000 Equity Shares of RM – 1 per share at a price of Rs.6.00 Crores in the above Company.

## **DIRECTORS REPORT**

Your Directors have pleasure in submitting the 19<sup>th</sup> Annual Report with audited accounts of the Company for the period ended 31<sup>st</sup> March 2007.

### **FINANCIAL RESULTS:**

Your Company's income from operations for the year was Rs.17,64,496/- as against (Rs.2,71,268/-) for the previous 12 months. The total expenditure including depreciation for the year amounted to Rs.16,04,249/- as against Rs.11,93,629/- for the previous year. Your Company has posted a marginal profit of Rs.1.40 Lakhs as against a net loss of Rs.14.65 Lakhs for the previous year. The income from operations for the year under review was Rs.8,21,870/- while other income amounted to Rs.9,42,626/-.

### **DIVIDEND :**

Since the Company has posted marginal profit for the year under review your Directors do not recommend any dividend for the period ended 31<sup>st</sup> March 2007.

### **BUSINESS PROSPECTS :**

The Company had recently come out with Rights Issue of 2,00,00,000 Equity Shares of Rs.10/- each at a premium of Rs.2/- aggregating to Rs.24,00,00,000/-. With this the Company is in a position to look forward to pursue a business model of both organic and inorganic mode as also to establish alliances with Overseas Bodies Corporate / Companies / Institutions. The Company is looking to acquire businesses that will compliment the other portfolio service offering with broad based activities including Software development, etc.,

During the year under review the Company has established a subsidiary at Sunnyvale, California, U.S.A. in the name of M/s. Info-Drive Software Inc., The Company has invested an amount of USD 2,000 (Rs.88,495/-) towards Equity subscription of 2,000 Equity Shares in the subsidiary Company. The subsidiary was incorporated on 2<sup>nd</sup> March'07. With the establishment of the subsidiary in U.S.A., the Company hopes to implement its Overseas business plans and targets in the coming years. The Company has similar plans for opening a wholly owned subsidiary in Malaysia / Singapore to give impetus to its business plan. It is expected that these subsidiaries would facilitate the go-to-market scenario as well as establishing its brand in the Overseas Market.

### **FIXED DEPOSIT :**

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

## DIRECTORS

1. Mr. A.T. Krishnakumar, Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. He is an MBA Professional, highly experienced in the field of Consultancy, Corporate Finance and Planning. He does not hold any shares in the Company.
2. The Board appointed Mr. Clark B. Reiner as additional Director with effect from 22.12.2006. He is MBA Finance professional from U.C.L.A. Business School and holds a NASD License. He has varied and extensive experience in Stock and Equity research and Mutual Funds and in Investment Advisory Services. He is the founding partner and the Board Member of M/s. Allied Investment House, New York, a division of M/s. Allied World LLC., an International Consulting and Finance Company. He is not holding any shares in the Company.
3. The Board appointed Mr. Singanallur Narayanan as additional Director with effect from 22.12.2006. Mr. Narayanan has a MBA from Columbia University School of Business, M.S. in Computer Science from University of Texas and Bachelor of Technology from IIT, Chennai. He is the General Manager of M/s. Kuberon Capital LLC., New York, a hedge fund with macro long / short equity strategy. He has around 15 years of experience in Equity Research and Derivative Strategies. He will be heading a hedge fund to be launched shortly. He is not holding any shares in the Company.
4. The Board appointed Mr. K. Chandrasekaran as additional Director from 13.02.2007. Mr. K. Chandrasekaran is a qualified Chartered and Cost Accountant and has over two decades of experience in Corporate Sector both India and Abroad. He has handled large Merger and Acquisition deals of IT Companies and also Companies in other areas. He has been instrumental in launching a BPO venture in the Middle East as a Joint Venture between a large conglomerate in the Middle East and the reputed Indian Corporate Group. He will spear head the Corporate think tank, governance, vision process and business strategy. He is holding 14,60,900 shares in the Company.
5. The Board appointed Mr. N.T. Shiv Kumar as additional Director from 13.02.2007. He is a M.Sc., (Technology) – Industrial Engineering (Engineering Technology) from BITS Pilani, India. Mr. N.T. Shiv Kumar has 18 years of experience in the IT and ITES / BPO Industry – focused on offshore IT outsourcing and BPO services sector. He has extensive experience across diverse functional areas ranging from new business development and sales operation management, marketing, product management and managing joint ventures / alliances. He is not holding any shares in the Company.
6. Mr. R. Sankarakrishnan resigned as Director with effect from 13.02.2007. Mr. R. Sankarakrishnan was appointed as alternate Director to Mr. Clark B. Reiner effective 13.02.2007. He is not holding any shares in the Company.
7. Ms. S. Shrelakshme resigned as Director with effect from 13.02.2007. Ms. S. Shrelakshme was appointed as alternate Director to Mr. N.T. Shiv Kumar effective 13.02.2007. She is holding 249,250 shares in the Company.
8. The Board has appointed Mr. R. Mohan as an alternate Director to Mr. Singanallur Narayanan with effect from 13.02.07. He is a Chartered Accountant by profession. He is not holding any shares in the Company.
9. Mr. G. Vasu resigned as Director with effect from 13.02.2007. The Board while thanking him for his immense contribution has accepted his resignation.



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

### **1. Industry Structure and developments:**

IT and BPO are among the fastest growing segments in the global economy having the potential to generate foreign exchange earnings, high quality employment and also contribute to the productivity of the economy, The investment opportunities having high yield potential in the IT and BPO sectors are from the BFSI, Finance and Accounting, and Healthcare. The ITES industry in India is very buoyant and is growing exponentially and is expected to grow to US\$53 Billion by end of 2008 and employ over 1.1.million Indians.

### **2. Opportunities & Threats.:**

The opportunities in the IT & BPO sectors are varied and in diverse functional areas like Financial Services, Health Care, Pension Administration, etc. The Company by virtue of being in the IT Sector for nearly two decades is placed in a favorable situation to derive optimum advantages and opportunities in the recently emerged BPO followed by KPO Sectors. The company does not foresee any threat to its goal of establishing itself and carving a niche for itself in it's targeted areas of the IT & ITES industry, other than competition from the current major players in the aforesaid functional areas.

### **3. Segment-Wise or product wise performance.:**

Till recently the Company was engaged only in one segment ie., sale of Bhartnatyam CDs. Until 2005-06 the company had been incurring losses and only in the year 2006-07 the company managed to post a marginal profit of Rs.1.40 lacs against a modest turnover of Rs.8.21 lacs comprising of Sale of CDs for Rs.8.00 Lacs and website receipts, amounting to Rs.0.21 Lacs.

### **4. Outlook:**

The future outlook for the IT & ITES Industry in general and for the Company in particular is very bright and promising. With the infusion of fresh capital by means of the Rights Issue, the company has chalked out ambitious plans for acquisition of other companies engaged in providing high end IT Solutions as also in the BPO / KPO segment more focused in the pension fund / health care areas. The company also plans to target aggressively to provide IT solutions to the Islamic Banking segment in the far East, which is already operational in the majority of the ASEAN countries, with Malaysia as the hub for the same. The company plans to focus on the turnkey project implementation aspects of the business. The company hopes to record steady and sustainable profits in the coming years.

### **5. Risks & Concerns:**

The main risk that the Company envisages other than the normal business risks arising out of competition is the exchange rate fluctuations. The one area of concern that the Company foresees is in the escalation of Administrative and Establishment Costs.

**6. Internal Control systems and adequacy:**

There is 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 the sale of goods and services.

**7. Discussion on financial performance with respect to operational performance:**

After posting continuous losses for the past few years the company has made a positive beginning for the Year Ended 31<sup>st</sup> March 2007, by posting a modest profit of Rs.1.40 Lacs, with regard to the operational performance. As part of its strategy of tying up strategic alliances with overseas business partners, the company has established a Wholly Owned Subsidiary and invested USD2000 [Rs.88,495] in the Equity of the Subsidiary. The company has also earned foreign exchange to the tune of Rs.8,08,520/- by virtue of concluding a sale with a client in UAE for the sale of CDs. Hence, the financial performance has also been quite encouraging and the company is confident of showing better results in the coming years.

**8. Material Development in Human Resources / Industrial Relations Front including number of people employed:**

The company did not have any employees during the Financial Years ended 31/3/2003 to October 2006 except the Managing Director. The company has appointed key managerial personal and also a full time Senior Vice President & Company Secretary. Presently the staff strength of the company is 18. The company does not face any industrial relations problem.

**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 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 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 but for the year ended 31<sup>st</sup> March 2007, the Company has made a marginal net profit of Rs.1.40 Lakhs. The Company is hopeful of improved performance and sustainable recovery in the forthcoming years. After the infusion of fresh capital from the Rights Issue the networth will be positive. Since the allotment of Right Shares the erosion has been set right.

**AUDIT COMMITTEE:**

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

**CORPORATE GOVERNANCE: REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2007.**

(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 endeavoured to practice good corporate governance.
2. The Company firmly believes in the value of transparency, professionalism, and accountability in its dealing 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 31<sup>st</sup> March 2007 or for the year 2007, as applicable is tabulated hereunder:

Director	No. of Board Meetings attendance	Attendance at previous AGM held on 30.09.2006	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	5	Present	Nil	1	Executive
Mr.V.N.Seshagiri Rao	4	Present	8	1	Executive
Mr.A.T.Krishnakumar	5	Present	7	2	Non Executive
Ms.S.Shrelakshme	3	Present	Nil	Nil	Non Executive
Mr. G. Vasu	1	Present	Nil	Nil	Non Executive

## Board Meetings held during the year 2006 - 2007

During the year 2006 - 2007 five Board Meetings were held on 31<sup>st</sup> July'06, 27<sup>th</sup> October'06, 23<sup>rd</sup> December'06, 29<sup>th</sup> January'07 and 13<sup>th</sup> February'07.

## 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. A.T. Krishnakumar, Mr. R. Mohan and Mr. R. Sankarakrishnan. Mr. A.T. Krishnakumar 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 292 A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The Audit Committee met four times during the year on 27<sup>th</sup> April'06, 31<sup>st</sup> July'06, 27<sup>th</sup> October'06 and 29<sup>th</sup> January'07. The representatives of the Statutory Auditors attended all the Audit Committee Meetings.

Names of Directors	Number of Committee Meetings Attended
Mr. A.T. Krishnakumar	4
Mr. R. Mohan	4
Mr. R. Sankarakrishnan	4

**2. Shareholders' Grievance Committee**

The Shareholders' grievances committee comprises of Mr. V.N. Seshagiri Rao, Director, Mr. K. Shivakumar, Managing Director, Mr. R. Mohan, Alternate Director and Mr. V. Gopal Rao, Sr. Vice President & Company Secretary who is the Compliance Officer of the Company, and meet every month.

During the year 2006 - 2007 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 consists of Mr. R. Sankarakrishnan, Mr. K. Chandrasekaran and Mr. A.T. Krishnakumar. The Committee makes recommendation to the Board regarding appointment and compensation payable.

**4. Directors Remuneration**

The company has not paid any remuneration to its directors during the year 2006 – 2007. The company has not paid any sitting fees either during the year 2006 – 2007.

**5. General Body Meetings**

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

Year	Venue	Date	Time
2005 – 2006	Mylapore Club, 39, Luz Church Road, Mylapore, Chennai – 600 004	30/09/06	11.00 A.M.
2004 – 2005	Kasturi Srinivasan Hall (Mini Hall) The Music Academy, New No.168, Old No.306, T.T.K. Road, Chennai – 600 014	30/09/05	3.30 P.M.
2003 – 2004	203/91, V.M. Street Mylapore, Chennai – 600 004	30/09/04	9.30 A.M.

**6. Special Resolutions :**

A Special Resolution was passed in the Extra-Ordinary General Meeting of the Company held on 23<sup>rd</sup> January 2007 for obtaining the Shareholders consent to issue and offer 2,00,00,000 Equity Shares of Rs.10/- each for cash at par or at such premium as may be decided by the Board aggregating to Rs.20,00,00,000/- or such sums including the premium on Rights basis in the ratio of 4 (four) Equity Shares of Rs.10/- each for every 1 (one) Equity Share held of Rs.10/- each to the existing Shareholders of the Company as on the required date. In this regard further Resolutions were passed to issue Letters of Offer, to rank the new Equity Shares as Pari-Passu in all respects with the existing Equity Shares and to appoint Lead Managers, Registrars and Bankers to this Issue.

**7. Disclosures :**

During the year 2006 - 2007 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 were published in News Today and Maalai Sudar, Chennai and also in SEBI, BSE and the Company's websites: [www.infodrivservices.com](http://www.infodrivservices.com)

**10. General Shareholder Information**

Annual General Meeting  
 Date and Time : Wednesday, September 19<sup>th</sup> 2007 – 10.30 A.M.  
 Venue : Narada Gana Sabha  
 T.T.K. Road  
 Alwarpet  
 Chennai – 600 018

**11. Financial Calendar of the Company**

The financial year covers the period from 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007.

Financial Reporting for 2007 - 2008 (tentative)

Results for 30/06/2007	End July 2007
Results for 30/09/2007	End October 2007
Results for 31/12/2007	End January 2008
Results for 31/03/2008	End April 2008

**12. Date of Book closure :**

The period of book closure is fixed from 4<sup>th</sup> September 2007 to 6<sup>th</sup> September 2007 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 2006	6.30	4.31	October 2006	10.82	7.75
May 2006	8.47	5.25	November 2006	12.84	7.55
June 2006	9.34	8.10	December 2006	19.16	9.15
July 2006	8.79	7.40	January 2007	23.95	13.00
August 2006	8.50	6.01	February 2007	17.90	12.25
September 2006	8.97	6.10	March 2007	18.05	12.00

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.**

The Company has come out with the Rights Issue in June – July 2007 and consequent to the same, the issued and paid-up capital has increased to 2,50,00,000. The distribution of Shareholding as on 31.03.2007 and also as on 19.07.2007 (Post Rights Issue) is given below :

**Distribution Schedule as on 31.03.2007**

No. of Equity Shares Held	No. of Shareholders	No. of Shares
1 – 500	5246	1076620
501 – 1000	539	465956
1001 – 2000	191	294545
2001 – 3000	75	192740
3001 – 4000	21	77104
4001 – 5000	25	118414
5001 – 10000	34	251220
10001 and above	39	2523401
<b>Total</b>	<b>6170</b>	<b>50,00,000</b>

**Post Rights Issue distribution schedule**

No. of Equity Shares Held	No. of Shareholders	No. of Shares
1 – 500	5640	1052771
501 – 1000	603	519990
1001 – 2000	285	435129
2001 – 3000	101	267432
3001 – 4000	55	202666
4001 – 5000	51	246775
5001 – 10000	66	505022
10001 and above	158	21770215
<b>Total</b>	<b>6959</b>	<b>2,50,00,000</b>

17. **Shareholding Pattern :**

**As on 31.03.2007**

Sl.No.	Category	No. of Holders	No. of Shares	% of Shares
1.	Resident Indian	5981	3676480	73.53
2.	Domestic Companies	73	356736	7.13
3.	NRIs	102	139700	2.79
4.	Promoters	4	799794	16.00
5.	Mutual Funds	1	800	0.02
6.	Financial Institutions	1	10000	0.20
7.	Clearing Member	8	16490	0.33
<b>Total</b>		<b>6170</b>	<b>50,00,000</b>	<b>100</b>

**Post Rights Issue Share Holding Pattern**

Sl.No.	Category	No. of Holders	No. of Shares	% of Shares
1.	Resident Indian	6733	15499210	62.00
2.	Domestic Companies	106	4383215	17.54
3.	NRIs	104	1093550	4.37
4.	Promoters	4	3998970	16.00
5.	Mutual Funds	1	800	0.00
6.	Financial Institutions	1	10000	0.04
7.	Clearing Member	10	14255	0.05
<b>Total</b>		<b>6959</b>	<b>2,50,00,000</b>	<b>100</b>

18. **Dematerialization of Shares and liquidity.**

As on 31.03.2007, 35,15,797 shares that is 70% were held in dematerialized form and the balance of 30% of shares that is 14,84,203 shares were held in physical form.

As on 27.07.2007, (Post Rights Issue), 2,34,06,297 shares that is 94% were held in dematerialized form and the balance of 6% of shares that is 15,93,703 shares were held in physical form.

Demat ISIN No. INE – 804D01011

19. **Address for correspondence**

Registered Office	Company's Registrar
M/s. Info-Drive Software Limited No.3, Moores Road 'Buhari Buildings' II Floor Chennai – 600 006 Tel: +91-44-28238801/28238802 Fax: +91-44-28238800 E-mail: <a href="mailto:info@infodriveservices.com">info@infodriveservices.com</a> Website : <a href="http://www.infodriveservices.com">www.infodriveservices.com</a>	M/s. Cameo Corporate Services Limited Subramanian Building, No.1, Club House Road, Chennai-600 002 Tel: +91-44-28460390 Fax: +91-44-28460129 E-mail : <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a>



**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**

Place : Chennai – 600 006  
Date : 13<sup>th</sup> August 2007

Sd/-  
**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 31<sup>st</sup> March 2007 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 31<sup>st</sup> March 2007.

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

Place : Chennai  
Date : 8<sup>th</sup> June 2007

**For K.S.REDDY ASSOCIATES**  
Chartered Accountants

Sd/-  
**K. SUBBA REEDY**  
(Proprietor)

## AUDITORS' REPORT

To the members of INFO DRIVE SOFTWARE LIMITED

We have audited the attached Balance Sheet of INFO DRIVE SOFTWARE LIMITED, as at 31<sup>st</sup> March 2007 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, 2007 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) 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 31<sup>st</sup> March 2007
  - ii) in the case of the Profit and Loss Account, of the profit 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  
Date: 8<sup>th</sup> June 2007

**for K.S.REDDY ASSOCIATES**  
Chartered Accountants

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M.No.208754

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

- i) 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 from one company to the tune of Rs.43.14 lakhs. Except that, during the year, the company has not taken any loans, secured or unsecured from firms or other parties covered in the register maintained under section 301 of the Act.
- c) The above loans are not prima-facie prejudicial to the interest of the company.
- d) We have no comment, as there are no specific terms and conditions in respect of repayment of principal.
- iv) In our opinion and according to the information and explanations given to us there is 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 an 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 31<sup>st</sup> March, 2007 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, the 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 : 8<sup>th</sup> June 2007

**for K.S.REDDY ASSOCIATES**  
Chartered Accountants

Sd/-

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

**INFO-DRIVE SOFTWARE LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2007**

SOURCES:		Schedule	31.03.2007 (12 months)		31.03.2006 (12 months)	
<b>SHARE HOLDERS' FUNDS</b>						
<b>SHARE CAPITAL</b>	A		50,000,000	50,000,000		
<b>RESERVES &amp; SURPLUS</b>	B		6,000,000	6,000,000		56,000,000
<b>LOAN FUNDS</b>						
Secured Loans		0.00	0.00	0.00		0.0
Unsecured Loans	C	5,831,620	5,831,620	23,610,072		23,610,072
			<b>61,831,620</b>		<b>79,610,072</b>	
<b>APPLICATION OF FUNDS</b>						
Fixed Assets	D					
Gross Block		12,079,337		11,999,113		
Less : Depreciation		7,359,818		7,155,956		
<b>NETT BLOCK (I)</b>			<b>4,719,519</b>		<b>4,843,157</b>	
<b>INVESTMENTS (II)</b>						
Info-Drive Software Inc.,		88,495	88,495	-		-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>						
a) Inventories	E	1,528,250		1,538,250		
b) Sundry Debtors	F	8,00,000		-		
c) Cash & Bank Balances	G	5,354		610,027		
d) Loans & Advances	H	402,796		20,525,292		
			<b>2,736,400</b>		<b>22,673,569</b>	
<b>Less: Current Liabilities</b>	I					
		175,333	<b>175,333</b>	373,187		<b>373,187</b>
<b>Net Current Assets(III)</b>		2,561,067	<b>2,561,067</b>	22,300,382		<b>22,300,382</b>
<b>MISCELLANEOUS EXPENDITURE</b>						
Preliminary and issue expenses to the extent neither written off nor adjusted	J	2,136,253		-		-
Profit and Loss Account		52,326,286		52,466,533		
<b>(IV)</b>			<b>54,462,539</b>		<b>52,466,533</b>	
<b>Total= I+II+III+IV</b>			<b>61,831,620</b>	<b>79,610,072</b>		<b>79,610,072</b>
<b>NOTES ON ACCOUNTS</b>	O					

Place : Chennai  
Date : 8<sup>th</sup> June 2007

As per our report of even date,  
**For K.S.REDDY ASSOCIATES**  
Chartered Accounts  
Sd/-  
**K.SUBBA REDDY**  
Proprietor

for and on behalf of Infodrive Software Limited

Sd/-  
**K.SHIVAKUMAR**  
Mg. Director

Sd/-  
**V.N. SESHAGIRI RAO**  
Director

Sd/-  
**A.T.KRISHNAKUMAR**  
Director

Sd/-  
**V. GOPAL RAO**  
Sr. Vice President & Company Secretary

Place : Chennai, 600 006  
Date : 13<sup>th</sup> August 2007



**INFO-DRIVE SOFTWARE LIMITED  
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2007**

<b>INCOME</b>	<b>SCHEDULE</b>	<b>31.3.2007 12 months</b>	<b>31.3.2006 12 months</b>
Income from Operations	<b>K</b>	821,870	(467,110)
Other Income	<b>L</b>	942,626	195,842
		<b>1,764,496</b>	<b>(271,268)</b>
<b>EXPENDITURE</b>			
Increase/Decrease in Stock-in-trade	<b>M</b>	10,000	25,389
Administrative Selling and Other Expenses	<b>N</b>	1,390,387	964,930
Depreciation	<b>D</b>	203,862	203,310
		<b>1,604,249</b>	<b>1,193,629</b>
<b>PROFIT / (LOSS) FOR THE PERIOD BEFORE TAXATION</b>		160,247	(1,464,897)
Less Provision for Taxation		20,000	-
<b>PROFIT / (LOSS)</b>		<b>140,247</b>	<b>(1,464,897)</b>
Add : Loss brought forward from previous year		52,466,533	51,001,636
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(52,326,286)</b>	<b>(52,466,533)</b>

**NOTES ON ACCOUNTS** **O**

Place : Chennai  
Date : 8<sup>th</sup> June 2007

As per our report of even date,  
**For K.S.Reddy Associates**  
Chartered Accounts

for and on behalf of Infodrive Software Limited

Sd/-  
**K.SHIVAKUMAR**  
Mg. Director

Sd/-  
**V.N. SESHAGIRI RAO**  
Director

Sd/-  
**A.T.KRISHNAKUMAR**  
Director

Sd/-  
**K. Subba Reddy**  
Proprietor

Sd/-  
**V. GOPAL RAO**  
Sr. Vice President & Company Secretary

Place : Chennai – 600 006  
Date : 13<sup>th</sup> August 2007

**INFO-DRIVE SOFTWARE LIMITED**  
**SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2007**

<b>SCHEDULE – A:</b>	<b>31.03.2007 (12months)</b>	<b>31.03.2006(12months)</b>
Share Capital- Authorized:		
3,00,00,000 Equity Shares of Rs.10/- each	<b>300,000,000</b>	<b>120,000,000</b>
(previous year 1,20,00,000 Equity Shares of Rs.10/- each)		
<u>Issued, Subscribed &amp; Paid up:</u>		
50,00,000 Equity Shares of Rs.10/- each fully paid up	50,000,000	<b>50,000,000</b>
<b>SCHEDULE – B:</b>		
RESERVES & SURPLUS: Share Premium Account	<b>6,000,000</b>	<b>6,000,000</b>
<b>SCHEDULE – C</b>		
Unsecured Loan: a. Directors	-	-
b. Others(Share application money	4,313,666	23,610,072
pending repayment earlier year		
c. UTI Bank Overdraft	1,517,954	-
	<b>5,831,620</b>	<b>23,610,072</b>
<b>SCHEDULE – E: INVENTORIES</b>		
Stock of Bharata natyam CDs	<b>1,528,250</b>	<b>1,538,250</b>
Stock of Bharata natyam DVDs		
(As valued and certified by management)	-	-
<b>SCHEDULE – F: <u>Sundry Debtors</u></b>		
(unsecured and considered goods)		
Due for More than six months	-	-
Due for Less than Six months	<b>8,00,000</b>	-
<b>SCHEDULE – G: <u>Cash &amp; Bank Balances:</u></b>		
Cash on hand	5,354	6,749
with Scheduled Banks – in current accounts	-	603,278
	<b>5,354</b>	<b>610,027</b>
<b>SCHEDULE –H: <u>Loans and advances (Unsecured) :</u></b>		
Advances (Recoverable in cash or kind or for value to be received)		
Deposits with Government Departments	159,171	206,885
Other Advances	-	98,065
Fixed deposit – bank guar. Dispute consumer forum	-	25,000
Fixed Deposit with UTI bank with interest accrued	-	20,195,342
Tax deducted at source	243,625	-
	<b>402,796</b>	<b>20,525,292</b>
<b>SCHEDULE – I : <u>Current Liabilities &amp; Provision:</u></b>		
<b>a. <u>Sundry Creditors:</u></b>		
For Trade & Others	-	-
For Outstanding Expenses	155,333	373,187
b. Provisions	20,000	-
	<b>175,333</b>	<b>373,187</b>
<b>SCHEDULE J <u>Miscellaneous Expenditure</u></b>		
<u>Rights Issue Expenses</u>		
ROC Fees paid	9,00,000	-
Consultancy Charges Paid	278,333	-
Issue Expenses	957,920	-
	<b>2,136,253</b>	

INFO DRIVE SOFTWARE LIMITED - CHENNAI

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - D										FIXED ASSETS
Net Block		Gross Block			Gross Block				Net Block	
as on	Particulars	as on	Additions	Withdrawn	as on	Upto	for the	Withd	Total	as on
01.04.2006		01.04.2006			31.03.2007	01.04.2006	year	rawn		31.03.2007
586,322	Plant & Machinery	1,757,236	-	-	1,757,236	1,170,914	83,469	-	1,254,383	502,853
516,135	Furniture & Fittings	1,791,202	-	-	1,791,202	1,275,067	113,383	-	1,388,450	402,752
70,014	Office Equipments	135,961	29,999	-	165,960	65,947	6,536	-	72,483	93,477
100	Computers	4,644,128	50,225	-	4,694,353	4,644,028	474	-	4,644,502	49,851
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
<b>4,843,157</b>		<b>11,999,113</b>	<b>80,224</b>	<b>-</b>	<b>12,079,337</b>	<b>7,155,956</b>	<b>203,862</b>	<b>-</b>	<b>7,359,818</b>	<b>4,719,519</b>

**INFO-DRIVE SOFTWARE LIMITED SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2007**

<b>SCHEDULE – K</b>	<b>31.03.2007 (12 MONTHS)</b>	<b>31.3.2006 (12 MONTHS)</b>
<b>INCOME FROM OPERATIONS</b>		
Sales	813,350	53,715
Website receipts	8,520	19,925
	821,870	73,640
Less: Sales returns due to defect in DVDs	-	540,750
	<b>821,870</b>	<b>(467,110)</b>
 <b>SCHEDULE – L Other Income :</b>		
Interest received on fixed deposit	680,698	195,342
Other Income	261,928	500
	<b>942,626</b>	<b>195,842</b>
 <b>SCHEDULE –M: INCREASE/DECREASE IN STOCK:</b>		
Opening Stock	1,538,250	1,547,839
Add: DVD Conversion charges	-	15,800
	1,538,250	1,563,639
Less: Closing Stock	1,528,250	1,538,250
	<b>10,000</b>	<b>25,389</b>
 <b>SCHEDULE – N : ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent	30,000	72,000
Printing and Stationery	147,740	195,000
Postage Expenses	123,113	-
Telephones Expenses	74,016	47,339
Compensation paid	33,000	-
Salaries	211,174	11,600
Consultancy Charges	134,565	19,051
Miscellaneous expenses	48,720	-
Electricity Charges	31,470	5,433
Audit Fees	17,500	15,000
Website Expenses	54,800	-
Repairs & Maintenance	23,568	-
Advertisement	20,025	11,365
Fringe Benefit Tax	2,712	-
Listing Fees	38,556	-
Filing fees	6,550	354,000
Folio Maintenance Charges/Filing Fees	36,974	45,000
Professional Expenses	33,285	-
Staff Welfare	3,172	-
Meeting Expenses	12,450	23,520
Legal expenses	12,000	15,740
Traveling and Conveyance Expenses	191,625	-
Bad Debts Written Off	-	137,436
Transportation Charges	35,550	-
General Expenses	25,501	-
Office Maintenance	16,174	7,800
Bank Charges	26,147	4,646
	<b>1,390,387</b>	<b>964,930</b>

**INFO-DRIVE SOFTWARE LIMITED**

**SCHEDULE – O**

**NOTES ON ACCOUNTS**

Notes annexed to and forming part of the Balance Sheet as at 31<sup>st</sup> March 2007 and the Profit and Loss Account for the year ended on that date.

**1. ACCOUNTING POLICIES:**

- i. The accounts are prepared in accordance with normally accepted accounting policies.
- ii. The company follows mercantile system of accounting
- iii. Fixed assets are stated at historical cost of acquisition and improvements thereon.
- iv. 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.
- v. Income and Expenditure are accounted on accrual basis.
- vi. No provision for depreciation has been made on the assets goodwill and software packages.
- vii. Stock is valued at cost or market value which ever is lower.

**1. Quantitative information:**

	Opening	Production	Sales	Closing
Software CD'S	1,465	---	---	1,465
Software DVD's	0	3	3	0

**2. Foreign Currency Transactions:**

	This Year	Last Year
Earnings in Foreign Currency	8,08,520/-	19,069/-
Expenditure in Foreign Currency	88,495/-	Nil

- 3. There are no employees who have put in the minimum requisite service to become eligible for gratuity.

4. The provisions of Employees State Insurance Act are not applicable to the company
5. Sundry creditors do not includes any dues to SSIs.
6. An amount of Rs.20,000/- is provided towards Fringe Benefit Tax for the current year.
7. Contingent Liabilities: Nil
8. The company has lost the complaint lodged against it before the District Consumer Forum at Coimbatore. As per the order of the Forum the company has to pay an amount of Rs.33,000/- to the complainant. In addition to the bank guarantee given an amount of Rs.5,000/- is provided.
9. The figures in the Balance Sheet and Profit and Loss Account are rounded off to the nearest rupee.
10. Previous year figures have been rearranged or regrouped wherever necessary.
11. 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 31<sup>st</sup> March 2007 as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India.
12. The company is dealing with software development and software CDs/DVDs. The sale of CDs were amounting to Rs.21,870/- and sold locally. The software was developed and sold to foreign countries which amounting to Rs.8,00,000/-.
13. Related parties disclosure: During the year the company has incorporated a wholly owned subsidiary company in the United States of America, namely Info-drive Software Inc. Except that company does not have any holding 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: R.KULANDAIVELU

Disclosures of transactions between the company and related parties and outstanding balances as on 31<sup>st</sup> March 2007

Nature of transaction	31.03.2007	31.03.2006
A. Key Management Personnel Remuneration	Nil	Nil
B. Relatives to Key Management Personnel Rent paid to R. Kulaindavelu	30,000/-	2,85,481/-
C. Investment in Infodrive Software Inc. (Wholly owned subsidiary company)	88,495/-	Nil

15. Earnings per share: Basic and diluted earnings per share calculated in compliance with the provisions of Accounting Standard 20 (AS20) for the year ending 31<sup>st</sup> March 2007 comes to 0.03 (Previous year Rs.(-) 0.24) and Rs.0.03 (Previous year Rs.(-) 0.24) respectively.

Basic Earnings per share = Profit Rs.1,40,247/5000000 = Rs.0.03 p.a.

Diluted Earnings per share = Profit Rs.1,40,247/5000000 = Rs.0.03 p.a.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**I. Registration Details**

Registration No. (CIN No.): L36999TN1988PLCO15475 State Code: 18  
 Balance Sheet Date : 31 – 03 – 2007

**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 : 61832 Total Assets : 61832

Sources of Funds:

Paid up Capital : 50000  
 Reserves & Surplus : 6000  
 Secured Loans : Nil  
 Unsecured Loans : 5832

Application of Funds:

Net Fixed Assets : 4720  
 Investments : 88  
 Net Current Assets : 2561  
 Misc. Expenditure : 2136  
 Accumulated Losses : 52327

**IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousand)**

Turnover : 1,764 Total Expenditure : 1604  
 Profit/(Loss) before tax : 160 Profit/(Loss) after tax : 140  
 Earnings per Share in Rs. 0.03 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 : 8<sup>th</sup> June 2007

For K. S. REDDY ASSOCIATES  
 Chartered Accountants

For and on behalf of Info-drive Software Limited

Sd/-

**K.Subba Reddy**  
 Proprietor

Sd/-  
**K.SHIVAKUMAR**  
 Mg. Director

Sd/-  
**V.N. SESHAGIRI RAO**  
 Director

Sd/-  
**A.T.KRISHNAKUMAR**  
 Director

Sd/-  
**V. GOPAL RAO**  
 Sr. Vice President & Company Secretary

Place : Chennai – 600 006  
 Date : 13<sup>th</sup> August 2007



**INFODRIVE SOFTWARE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2007**

	<u>31.03.2007</u>	<u>31.3.2006</u>
<b>(A) Cash flow from operating Activities</b>		
Net Profit before tax	140,247	(1,464,897)
<b><u>Adjustment for</u></b>		
Depreciation	203,862	203,310
Miscellaneous Expenses written off	-	-
Interest income	(680,698)	(196,342)
Other income	(261,928)	(500)
Operating Profit before working capital changes	(598,517)	(1,457,429)
<b><u>Adjustment for: Increase/(-) Decrease in</u></b>		
Sundry Debtors	(800,000)	540,750
Loans & Advances	20,122,496	(20,107,906)
Inventories	10,000	9,589
Trade Payable	(197,854)	(1,033,116)
Cash Generated from/(used in) operations	18,536,125	(22,048,112)
Interest income	680,698	195,342
Other income	261,928	500
<b>Net Cash from Operating Activities (A)</b>	<b>19,478,751</b>	<b>(21,852,270)</b>
<b><u>B. Cash Flow From Investing Activities:</u></b>		
Investment in subsidiary Company	(88,495)	-
Purchase of Fixed Assets	(80,224)	-
Sale / Withdrawal of Fixed Assets	-	-
Withdrawal of Depreciation	-	-
<b>Net Cash flow from/(used in) investing Activities (B)</b>	<b>(168,719)</b>	<b>-</b>
<b>C. Cash Flow From Financing Activities:</b>		
Long Term Borrowings (Net)	-	-
Short Term Borrowings (Net)	(17,778,452)	22,445,236
Issue related expenses	(2,136,253)	-
<b>Net cash from Financing Activities (C)</b>	<b>(19,914,705)</b>	<b>22,445,236</b>
<b>Net increase/Decrease in cash and cash `Equivalents</b>	<b>(604,673)</b>	<b>592,966</b>
Cash & Cash Equivalents (Opening Balance)	610,027	17,061
Cash & Cash Equivalents (Closing Balance)	5,354	610,027

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: 8<sup>th</sup> June 2007.

For K.S.REDDY ASSOCIATES – Chartered Accountants  
Sd/-

**for and on behalf of Infodrive Software Limited**  
Sd/- Sd/-  
**K.SHIVAKUMAR**                      **V.N. SESHAGIRI RAO**  
Mg. Director                              Director  
Sd/-

**K. SUBBA REDDY**  
(Proprietor)  
Sd/-  
**A.T.KRISHNAKUMAR**  
Director

**V. GOPAL RAO**  
Sr. Vice President & Company Secretary  
Place : Chennai – 600 006  
Date : 13<sup>th</sup> August 2007

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:**

Name of the Subsidiary Company	INFO-DRIVE SOFTWARE INC
Financial Year of the Subsidiary Company ended on	31.12.2007 Incorporated on 02.03.2007
Number of Shares in the Subsidiary Company held by M/s. Info-Drive Software Limited at the above date and Value(Rs.44.25 = \$ 1)	2000 (100% Subsidiary) US \$ 2000
The net aggregate of profits, less losses, of the subsidiary so far as it concerns the members of M/s. Info-drive Software Limited	N.A.
(i) Dealt with in accounts of Info-drive Software Limited amounted to:	
(a) for the subsidiary's financial year ended 31 <sup>st</sup> December, 2006	N.A.
(b) for previous financial years of the subsidiary since it became subsidiary of Info-drive Software Limited	N.A.
(ii) not dealt with in the accounts of Info-drive Software Limited amounted to :	
(a) for the subsidiary's financial year ended 31 <sup>st</sup> December, 2006	N.A.
(b) for previous financial years of the subsidiary since it became subsidiary of Info-drive Software Limited	N.A.
Changes in the interest of Info-drive Software Limited between the end of the subsidiary's financial Year and 31 <sup>st</sup> December 2006:	

Number of Shares acquired

2000 Ordinary Shares

Material changes between the end of the Subsidiary's  
Financial year and 31<sup>st</sup> December, 2006

(i) Fixed assets (net additions)	NIL
(ii) Investments	NIL
(iii) Moneys lent by the subsidiary	NIL
(iv) Moneys borrowed by the subsidiary company Other than for meeting current liabilities	NIL

Place : Chennai

Date : 8<sup>th</sup> June 2007

For K. S. REDDY ASSOCIATES  
Chartered Accountants

Sd/-  
**K.Subba Reddy**  
Proprietor

**For and on behalf of Info-drive Software Limited**

Sd/-  
**K.SHIVAKUMAR**  
Mg. Director

Sd/-  
**V.N. SESHAGIRI RAO**  
Director

Sd/-  
**A.T.KRISHNAKUMAR**  
Director

Sd/-  
**V. GOPAL RAO**  
Sr. Vice President & Company Secretary

Place : Chennai – 600 006

Date : 13<sup>th</sup> August 2007

**INFO - DRIVE SOFTWARE LIMITED**

Regd. Office: No.3, Moores Road, `Buhari Building', II Floor,  
Chennai – 600 006

**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 19<sup>th</sup> ANNUAL GENERAL MEETING of the Company held at The Mini Hall, Narada Gana Saba, T.T.K. Road, Alwarpet, Chennai 600 018, at 10.30 a.m. on Wednesday the 19<sup>th</sup> of September 2007.

.....  
 .....

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.3, Moores Road, `Buhari Building', II Floor,  
Chennai – 600 006

**PROXY FORM**

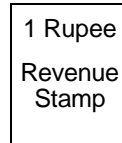
Regd Folio : ..... DP Id\*: .....  
 No. of Shares Held: ..... Client Id:.....

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 19<sup>th</sup> Annual General Meeting of the Company on Wednesday the 19<sup>th</sup> September 2007 and at any adjournment thereof.

Signed this ..... day of ..... 2007.

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**