



Info-Drive Software Ltd.

Be more tomorrow
than we are today

TWENTIETH
ANNUAL REPORT 2008



Info-Drive Software Ltd.

INFO-DRIVE SOFTWARE LTD.

Buhari Buildings, Second Floor,
No. 3, Moores Road,
Egmore, Chennai-600006, India.

Tel.: +91 - 44 - 28212368 / 9 / 28279466

Fax: +91 - 44 - 28212609

INFO-DRIVE SOFTWARE INC.

300 Park Avenue - 17th Floor,
New York City,
New York, 10022, USA.

Tel.: +1 - 212 - 572 - 6217

INFO-DRIVE SOFTWARE INC.

1159 Sonora Court,
Sunnyvale, CA 94086,
United States of America.

Tel. / Fax: +1 408 - 245 - 7400

INFO-DRIVE SYSTEMS SDN BHD.

23A-2A-1, Plaza Sentral-Phase2,
Jalan Stesen Sentral 5,
Kuala Lumpur Sentral 50470,
Kuala Lumpur,
Malaysia.

Tel.: +60 - 3 - 27735710

Fax: +60 - 3 - 27802131

INFODRIVE SOFTWARE LLC

P. O. Box No.: 82049,
Deira, Dubai, UAE.

Tel.: +971 - 4 - 2732433

Fax: +971 - 4 - 2736733

INFO-DRIVE SOFTWARE PTE LTD

3 Shenton Way,
#19-04 Shenton House,
Singapore - 068805.

Tel.: +65 - 6224 8116

Fax: +65 - 6224 8119

info@infodriveservices.com
www.infodriveservices.com

page **04**
**Board of
Directors and
Management
Team**

page **06**
**Message from our
Chief Mentor**

page **08**
**Corporate
Information**

page **30**
**Corporate
Governance Report**

page **56**
Auditors' Report

page **60**
Balance Sheet

page **61**
**Profit and
Loss Account**

page **70**
**Notes on Balance Sheet
and Profit and Loss Account**

page **75**
**Balance Sheet Abstract
and Company's General
Business Profile**

page **76**
**Consolidated
Financial
Statements**

page **80**
**Schedules Forming
part of the
Consolidated
Balance Sheet**

page **84**
**Schedules Forming
part of the
Consolidated Profit
and Loss Account**

page **86**
**Consolidated
Cash Flow Statement**

page **10**
**Financial
Highlights**

page **16**
Directors' Report

page **12**
Notice

page **42**
**Management Discussions
and Analysis**

page **62**
**Schedules Forming
Part of the Balance Sheet**

page **67**
**Schedules Forming
Part of the
Profit and Loss Account**

page **69**
**Cash Flow
Statement**

page **77**
Auditors' Report

page **78**
**Consolidated
Balance Sheet**

page **79**
**Consolidated
Profit and Loss Account**

page **87**
**Notes to the Consolidated
Financial Statements**

page **94**
**Statement under Section 212 of the Companies
Act, 1956 relating to subsidiary companies**

Board of Directors and Management Team

Page

04

Board of Directors

V. N. SESHAGIRI RAO
DIRECTOR

K. CHANDRASEKARAN
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

K. SHIVAKUMAR
JOINT MANAGING DIRECTOR

N. T. SHIVKUMAR
WHOLE TIME DIRECTOR &
CHIEF OPERATING OFFICER

A. T. KRISHNAKUMAR
INDEPENDENT DIRECTOR

SINGANALLUR NARAYANAN
INDEPENDENT DIRECTOR

R. MOHAN
ALTERNATE TO SINGANALLUR NARAYANAN

S. SRIRAMAN
INDEPENDENT DIRECTOR

Advisory Board

K. K. AITHAL

PROF. DR. BALA SHANMUGAM

Management Team

V. GOPAL RAO
SENIOR VICE PRESIDENT - LEGAL
& COMPANY SECRETARY

SUBRAMANIAM RAMACHANDRAN
CHIEF HR OFFICER

ANL MADHAVANN
CHIEF FINANCIAL OFFICER

KOMAL SRIRAM
SENIOR VICE PRESIDENT &
HEAD OF PENSION BPO PRACTICE

G. MANOHARAN
SENIOR VICE PRESIDENT &
HEAD OF FAR EAST REGION

MATHEW CHACKO
SENIOR VICE PRESIDENT
GLOBAL PRODUCT & TECHNOLOGY STRATEGY

V. MURALI
SENIOR VICE PRESIDENT
GLOBAL SYSTEMS INTEGRATION PRACTICE

T. G. RAMESH
SENIOR VICE PRESIDENT
FINANCE & ACCOUNTS

P. RAMESH
BUSINESS LEADER
NETWORKING & INFRASTRUCTURE MANAGEMENT
PRACTICE

K. JAYASANKAR
BUSINESS LEADER
BIOMETRICS PRACTICE

V. M. MURALIDHARAN
BUSINESS LEADER
DOMESTIC INFRASTRUCTURE MANAGEMENT SALES

BALAJI SUBRAMANIAN
BUSINESS LEADER
APPLICATIONS & SOFTWARE SERVICES PRACTICE

VIJAYANAND KRISHNAN
VICE PRESIDENT ADMINISTRATION,
ACCOUNTS & SHARED SERVICES
USA

FEROZ
VICE PRESIDENT BUSINESS DEVELOPMENT
FAR EAST REGION

HARI SUBRAMANIAN
VICE PRESIDENT BUSINESS DEVELOPMENT
USA & UAE

PRASANNA KUMAR
VICE PRESIDENT &
HEAD OF E-LIVING PRACTICE

SMITHA IYER
SENIOR MANAGER
CORPORATE AFFAIRS



Message from our Chief Mentor



Dear Shareholders,

I have great pleasure in sending this message to you all who have been with the Company through thick and thin. Your patience has given us the requisite impetus to look forward and take your company to greater heights and be recognized as a leading Tier 2 player in the Indian IT Industry.

Last year was a year of significant achievement and transformation for Info-Drive. Your company achieved new records of revenue and operating income, and laid the foundation for future growth through key changes in management, organizational structure and leadership.

After we took over the management, we were able to turn around the company and have even recommended a maiden dividend of 5% for the year under review.

Today, Info-Drive has become one of the budding companies in the IT & ITeS space. Its 1400 plus employees are committed to partnerships that sustain long-term, proven value in order to win in today's global marketplace.

These excellent results have been driven by multiple factors, one of which is the business strategy of investing in dynamic global services. The integrated model of inorganic acquisitions has helped us leverage our position in the market by which we can offer onshore, near shore and off shore support.

During the last 12 months, as a result of clear business model and continuous efforts, we have expanded our geographic presence, focus on emerging market, building service offerings and capacity to serve a broader range of industry vertical. Last year, your company established a significant business execution model to achieve scale in all the practice areas within the realm of IT services, IT Infrastructure services, Systems Integration, Islamic Banking solutions, e-Living Solutions and Pension Administration & Healthcare BPO services.

Our success has been widely recognised by analysts and the financial press and your company has been ranked 6, amongst the top twenty wealth creators in 2007 amongst all the small cap stocks by "The Economic Times, on December 31, 2007".

Fostering depth of leadership remains a top priority in a dynamic market. Currently, we have a strong leadership team at the Board and Operating layers who have a collective industry experience of over 100 staff years at a global level and we are confident that their experience & expertise efforts will engender a new generation of middle management leaders to steer the Company into the future.

Powered by the experience of our leadership team and testing reaffirmed faith in the uniqueness of our services offerings & resilience of our business model, we look forward to overcoming any challenges that may lie ahead of us. We thank our investors, employees and all our stakeholders as we enter a new phase of our journey with determination and optimism for an even more exciting phase of growth.

Regards

A handwritten signature in blue ink, appearing to read 'Arif B Rahman'.

Arif B Rahman

Chief Mentor

Corporate Information

CORPORATE INFORMATION

Board of Directors

Mr. V.N. Seshagiri Rao	Director
Mr. K. Chandrasekaran	Managing Director & Chief Executive Officer
Mr. K. Shivakumar	Joint Managing Director
Mr. N.T. Shiv kumar	Whole Time Director & Chief Operating Officer
Mr. A.T. Krishnakumar	Independent Director
Mr. Singanallur Narayanan	Independent Director
Mr. R. Mohan	Alternate to Singanallur Narayanan
Mr. S. Sriraman	Independent Director

Company Secretary

Mr. V. Gopal Rao	B.Sc., B.L., F.C.S.
-------------------------	---------------------

Chief Financial Officer

Mr. ANL Madhavann	B.Sc., FCA, FCS., PGDBA, BGL
--------------------------	------------------------------

Auditors

M/s. K.S. Reddy Associates Chartered Accountants	New No.36, First Floor, North Usman Road, T.Nagar Chennai – 600 017, India. Tel: +91 - 44 - 42605656 Mobile: +91 - 94444 04761
------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------

Secretarial Auditors

Mr. T. Balasubramanian Practising Company Secretary	“Firdous”, First Floor 25/11, Cenotaph First Street Teynampet Chennai – 600 018, India.
---------------------------------------------------------------	--------------------------------------------------------------------------------------------------

Bankers

Union Bank of India Axis Bank Ltd.

Depository Services Share Transfer Agents

Cameo Corporate Services Limited	“Subramanian Building” No.1, Club House Road, Chennai – 600 002, India. Tel: +91 - 44 - 28460390, Fax: +91 - 44 - 28460129
-----------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------

Registered Office

Info-Drive Software Limited	Buhari Building, Second Floor, No.3, Moores Road, Chennai – 600 006, India. Tel: +91 - 44 - 28212368 / 9 Fax: +91 - 44 - 28212609 Website: www.infodriveservices.com E-mail: info@infodriveservices.com
------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Financial Highlights

Page

10

Rs. in Lakhs

Total Revenue

31st March 2008
19,410.36
31st March 2007 31st March 2006
17.65 (2.71)

Net Profit

31st March 2008
847.65
31st March 2007 31st March 2006
1.39 (14.65)

Net Worth

31st March 2008
5,821.29
31st March 2007 31st March 2006
15.36 35.33

In Rs.

Earnings Per Share

31st March 2008
2.90
31st March 2007 31st March 2006
0.03 (0.24)

Book Value Per Share

31st March 2008
19.91
31st March 2007 31st March 2006
0.31 0.71



Notice

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the Company will be held at the "The Music Academy, "Kasthuri Srinivasan Mini Hall", New No168, T.T.K Road, Royapettah, Chennai – 600014, India, at 10.30 a.m. on Tuesday, the 23rd September 2008, to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2008 and the Balance Sheet on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. V.N. Seshagiri Rao, Director, who retires by rotation. Mr. V.N. Seshagiri Rao being eligible offers himself for reappointment.
4. To appoint Auditors for the Company, to hold Office from the conclusion of this Annual General Meeting till the conclusion of the 21st Annual General Meeting and to fix their remuneration. M/s. K.S. Reddy Associates, Chartered Accountants, Chennai, who are presently the Auditors are eligible for reappointment and have expressed their willingness to be appointed as the Auditors of the Company.

SPECIAL BUSINESS

5. To appoint Mr. S. Sriraman as Director of the Company.
6. To consider and pass a Special Resolution to amend Article 21 (g) of the Articles of Association of the Company, in respect of the increase in payment of Director's sitting fees from the present Rs.250/- (Rupees Two Hundred and Fifty only) per Director, per Meeting of the Board or of the Committee to Rs.10,000/- (Rupees Ten Thousand only) (exclusive of travel and out of pocket expenses) per Director, per Meeting of the Board or of the Committee or thereof.

The following Resolution may be passed as a Special Resolution with or without modification.

"RESOLVED that the Articles of the Association of the Company be amended by substituting the following new Article 21 (g) in the place of the existing Article 21 (g)."

The new Article 21 (g) will read as follows :

"The remuneration of each Director shall be by way of Sitting Fee not exceeding Rs.10,000/- (Rupees Ten Thousand only) (exclusive of travel and out of pocket expenses) per Director for each Meeting of the Board or Committee attended."

7. To delete Article 21 (i) from the Articles of Association of the Company.

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

"RESOLVED that the Article 21 (i) of the Articles of Association of the Company be deleted."

Place : Chennai – 600 006, India
Date : 08.08.08

By Order of the Board
For Info-Drive Software Limited
Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

NOTES

1. Every member entitled to attend and appoint at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company. 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 8th September 2008 to 10th September 2008 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. Dividend if declared will be paid to such members whose names appear in the Register of Members on the last day of closure of Books.
6. No gifts or complimentary items will be distributed.

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

Item No.5 : Mr. S. Sriraman who has been appointed as an Additional Director at the Board Meeting held on 8th August 2008, vacates Office at this Annual General Meeting under Section 260, of the Companies Act, 1956. He is being proposed to be appointed as a Director and necessary Notice has been received under Section 257 from a Member, proposing his candidature together with the required deposit.

Mr. S. Sriraman is a qualified Banker with CAIIB from Indian Institute of Bankers. He is also an MBA from Madurai Kamaraj University, with specialization in Finance & Marketing. In addition, he holds a Masters qualification in Economics from University of Madras and a Doctor of Business Administration from University of South Australia.

Mr. S. Sriraman has around 25 years of experience in Banking , Fund Management and in Corporate Sector. His stints include organizations like Canara Bank, Canbank Mutual Fund, Wipro Finance Ltd., IL & FS Venture Corporation Limited and SilkRoute Indchem Limited. Mr. S. Sriraman has an impressive track record of mentoring start ups as part of venture capital initiatives till they are Listed. At present he is involved in the operations of a fund management company in Chennai, with focus on venture capital, private equity, mergers and acquisitions.

Except Mr. S. Sriraman, no other Director is deemed to be interested in this resolution.

Item No.6 : Presently the Articles of Association of the Company provides for the payment of Directors Sitting Fees not exceeding Rs.250/- (Rupees Two Hundred and Fifty only) per Director for each Meeting attended. It is proposed to increase the Sitting Fees to Rs.10,000/- (Rupees Ten Thousand only) (exclusive of travel and out of pocket expenses) per Director, per Meeting of the Board or the Committee.

The Rules framed under Section 310 of the Companies Act, 1956, permits the payment of higher Sitting Fees to the Directors not exceeding Rs.20,000/- in case of a Company having Paid-Up Capital and Free Reserves of Rs.10 Crores or above or a turnover of Rs.50 Crores and above.

All the Directors for the time being would be deemed to be interested in passing of the relevant Resolutions.

Item No.7 : Article 21 (i) of the Articles of Association which reads as follows provides for methodology of resignation of Directors.

"A Director may retire from the Office upon giving one month's notice in writing to the Company of his intention to do so and such resignation shall take effect upon the expiration of such notice or its earlier acceptance."

This Article is not in consonance with the provisions of the Companies Act, 1956 or Table – A of the Act. Hence, the Directors recommend deleting of Article 21 (i) from the Articles of Association of the Company.

None of the Directors are interested in the Resolution.

Place : Chennai – 600 006, India
Date : 08.08.08

By Order of the Board
For Info-Drive Software Limited
Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Directors'

Report

Page

16

DIRECTORS' REPORT

Your Directors have the pleasure in submitting the Twentieth Annual Report with Audited Accounts of the Company for the year ended 31st March 2008.

Financial Results

The new Management of your Company in line with its stated objectives, translated its strategic initiatives into Operating results which is evidenced by its record Annual results for the year under review.

Your Company's Income for the year on a Consolidated basis was Rs.19,410.36 Lakhs including other Income of Rs.94.21 Lakhs as against Rs.17.65 Lakhs and Rs.9.43 lakhs respectively for the previous year. The corresponding total Expenditure including depreciation for the year amounted to Rs.18,298.63 Lakhs as against Rs.16.06 Lakhs for the previous year. The Net Profit for the year (before minority interest) was Rs.726.02 Lakhs as against Rs.1.39 Lakhs for the previous year.

Your Company's Income for the year on a Standalone basis was Rs. 473.68 Lakhs against Rs.17.65 Lakhs for the previous year. The total Expenditure including depreciation for the year amounted to Rs.187.40 Lakhs as against Rs.16.06 Lakhs for the previous year. Your Company has posted a Net Profit of Rs.227.67 Lakhs as against Rs.1.39 Lakhs for the previous year.

The Financial Results are briefly given hereunder :

Consolidated

	(Rs. In Lakhs) 2007 – 2008
Turnover / Income from Operations	19316.15
Other Income	94.21
Interest and Finance Charges	283.77
Profit / (Loss) before Depreciation	1314.39
Extra Ordinary Items (net) Goodwill written off	18.34
Depreciation	202.66
Profit / (Loss) before tax	1093.39
Provision for Tax	295.48
Fringe Benefit Tax	25.48
Profit/[Loss] after Tax (after Minority Interest adjustment)	847.65
Proposed Dividend (incl. dividend tax)	174.96
Balance Profit/[Loss] brought forward from the previous year	(523.27)
Balance Profit/ [Loss] carried to Balance Sheet.	149.43

Stand-Alone

	(Rs. In Lakhs) 2007 – 2008	(Rs. In Lakhs) 2006 – 2007
Turnover / Income from operations	424.70	8.22
Other Income	48.98	9.43
Interest and finance charges	17.06	0.26
Profit / (Loss) before depreciation	293.35	3.63
Extra ordinary items (net) Goodwill written off	18.34	----
Depreciation	7.07	2.04
Profit / (Loss) before tax	267.94	1.59
Provision for tax (incl. deferred tax)	38.80	0.20
Fringe Benefit Tax	1.47	---
Profit/[Loss] after Tax	227.67	1.39
Proposed Dividend (incl. dividend tax)	171.05	0.00
Balance Profit/[Loss] brought forward from the previous year	(523.28)	(524.67)
Balance Profit/ [Loss] carried to Balance Sheet.	(466.66)	(523.28)

Dividend

We are particularly pleased to have achieved record revenues for the year 2008. In addition we achieved our highest ever new Order Bookings, Earnings per Share and free Cash Flow. Keeping in mind your company's future outlook and to reward the Shareholders, your directors are pleased to recommend a Maiden Dividend of 5 % (five percent) per equity share for FY 07-08. The dividend will be paid in line with applicable regulations, if approved by the shareholders at the Annual General Meeting. The Directors are hopeful that the return on investments to the Shareholders would continue in the coming years.

Business

Business Review and Prospects

The New Management of your company, in line with its stated objectives, translated its strategic initiatives into operating results which is evidenced by its record Annual results for the year under review.

The jump/ improvement in the performance of the company has been reflected in the company's Market Capitalization from Rs.875.50 Lakhs in 31st March 2007 to Rs.15905.95 Lakhs in 31st March 2008.

During the year, your company executed a few strategic acquisitions and made several organic initiatives for accelerating growth, drew up an aggressive business development plan globally, added highest ever number of people to its team to create a multi-layered and multi-skilled organization structure to achieve the aggressive scale-up plans.

Your company's plan to focus and invest in niche emerging segments provides significant room to grow and create value over the coming years. Your company has added its geographic presence, expanded its business portfolio, enhanced its global delivery capabilities to fuel organic growth and to further lift the growth trajectory - target inorganic growth avenues on the relatively underserved and high growth Small to Medium Enterprises (or SME) segment of the market. We have strengthened the domain expertise to offer customized solutions that are applicable to a wider array of sectors in the chosen domain.

To finance the same, your company made Rights Issue, in June 2007, for Rs.24 Crores (2 Crores Equity Shares of Rs.10/- each, at a premium of Rs. 2/- per Share) and the Shares were listed in M/s. Bombay Stock Exchange Ltd., on 25th July 2007. For the information of the members the details regarding utilization of the proceeds are briefly given below:

Particulars	31st March 2008 in Rs.
Issue proceeds through Rights Issue	24,00,00,000/-
Total Funds Received	24,00,00,000/-
Particulars of utilization / deposits	
Investment in subsidiary companies	17,07,15,525/-
Loans to subsidiary companies / others	3,10,22,000/-
Issue expenses	40,05,730/-
Fees for Increase in authorized capital	24,00,000/-
Balance amount parked in deposits	3,18,56,745/-

Your Company had indicated in the Letter of Offer pertaining to the Rights Issue that the proceeds of the Rights Issue would be utilized for acquiring companies, inter alia other expenses. With regard to the proposal to acquire M/s. Kashi Infotech Private Ltd., Mumbai, India (KIPL), the Directors wish to state that the negotiations are still on and expected to be completed in the current financial year.

The Board thanks all the Shareholders for the support extended for having made the Issue being successful.

Through these efforts, we have now established formidable global footprint and significant presence in such diverse fields as Pension Administration Outsourcing, Islamic Banking Software Solution; Systems Integration; IT Networking Solutions, IT Consulting, Technology Infrastructure Management & Support Services, Remote Infrastructure Management, Biometrics Solutions and E-Living Solution.

All our strategic initiatives have helped in enabling value creation potential for customers and shareholders alike. The various milestones achieved by your company for the year under review are listed below:

a. Islamic Banking Software Solution

Islamic banking has been identified as key emerging area in Banking Industry across the world with Islamic Institutions rising from 75 in 1975 to over 300 in 2005, in more than 75 countries. Total assets worldwide are estimated at \$250 billion, and growing at about 15 percent per annum. The Malaysian Islamic Banking system registered strong performance with higher profitability and positive trends in all key indicators. The operating environment of Islamic finance in Malaysia has also evolved dramatically. Technology is facilitating new ways of working with customers to leverage information and knowledge to meet their customers' needs.

The Islamic Banking and Finance Industry is now looking at full fledged Islamic Core Banking solution with all required vertical applications and delivery channels practically from a single vendor. The differentiating capabilities go beyond just providing Integrated Islamic Banking Solution but a follow on system that upgrades to support the subsequent growth of financial institution's long term business needs.

In August 2007, your company in order to achieve expertise in Islamic Banking Software Solution domain, acquired 100% stake in M/s. Bhari Information Technology Systems Sdn Bhd., Kuala Lumpur, Malaysia (since named as M/s. Info-Drive Systems Sdn Bhd).

This company is an established Information Technology and System Integration solutions provider with long and deep experience in delivering business oriented, technology based solutions to the banking, telecommunications and government sectors. The company offers extensive expertise in the Banking, Finance & Insurance industries with specialized focus on providing solutions to the Islamic Banking Sector.

Your company has the distinction of winning a contract with RHB Bank, one of the largest Islamic Banks and a leading Financial Services Institution in Malaysia with 200 offices, to consult, implement and maintain Islamic Banking Software Solution on an Enterprise Scale with a total value of about RM 25 Million (Malaysian Ringitts). This mandate is reckoned to be one of the largest implementation projects in the Islamic Banking segment.

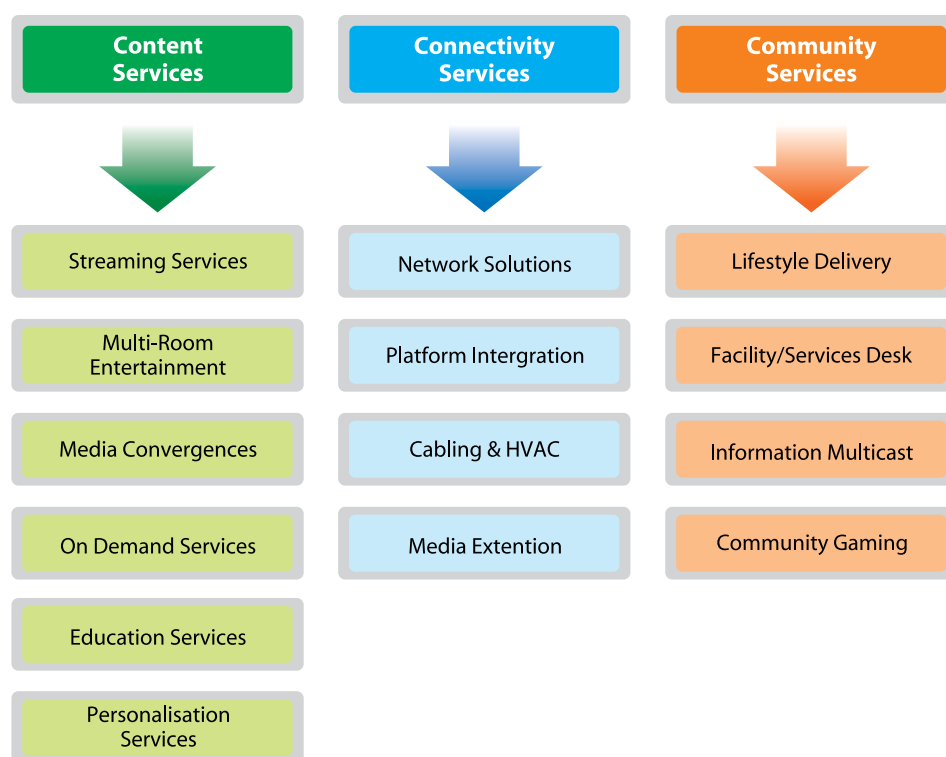
With experience gained in such projects, your company will now focus to deliver similar solution to various Islamic Banks & Financial Institutions in the ASEAN countries. Malaysia being the hub in Far East for Islamic Finance, your company will invest additionally towards enhancing skills-base, IP creation and new modules development in the fast emerging areas like Islamic Insurance, Islamic Bonds and other related Islamic offerings in the financial sector.

b. Networking & E-Living Solutions

During 2008 the spend on Information and Communications Technology (ICT) products and services in the Middle East and North Africa (MENA) will overtake the US. According to a recent report by International Research Company, Global Insight. "The Middle East is one of the fastest growing ICT regions in the world, combining strong business acumen and substantial experience in developing growth. According to the Global Insight report, the total ICT spend in the Middle East this year is predicted to be US\$ 73 billion, rising to more than US\$ 95 billion in the next three years". With the Middle East strategically positioned as a hub of global technology, ICT companies are now looking to capitalize on this attractive market with increased investment in the area.

In October 2007, your company acquired M/s. Combiz Trading LLC, Dubai (since named as M/s. Infodrive Software LLC). The Company offers full range of networking technologies covering communications and networking infrastructure, software solutions, systems integration projects as well as security solutions. It will cater to the requirements of important market segments such as hospitality, real estate, telecom and utilities and these sectors have recorded impressive growth over the last few years.

Recognizing the role of digital technology in day to day life of people, your company has launched a new practice for "Digi-life" - digital living experience that combines futuristic living concepts with Industry best technology to cater the need of Haute Living. Infodrive's futuristic design luxury component with use of digital technology redefines the use of digital and role of information technology in day to day living.

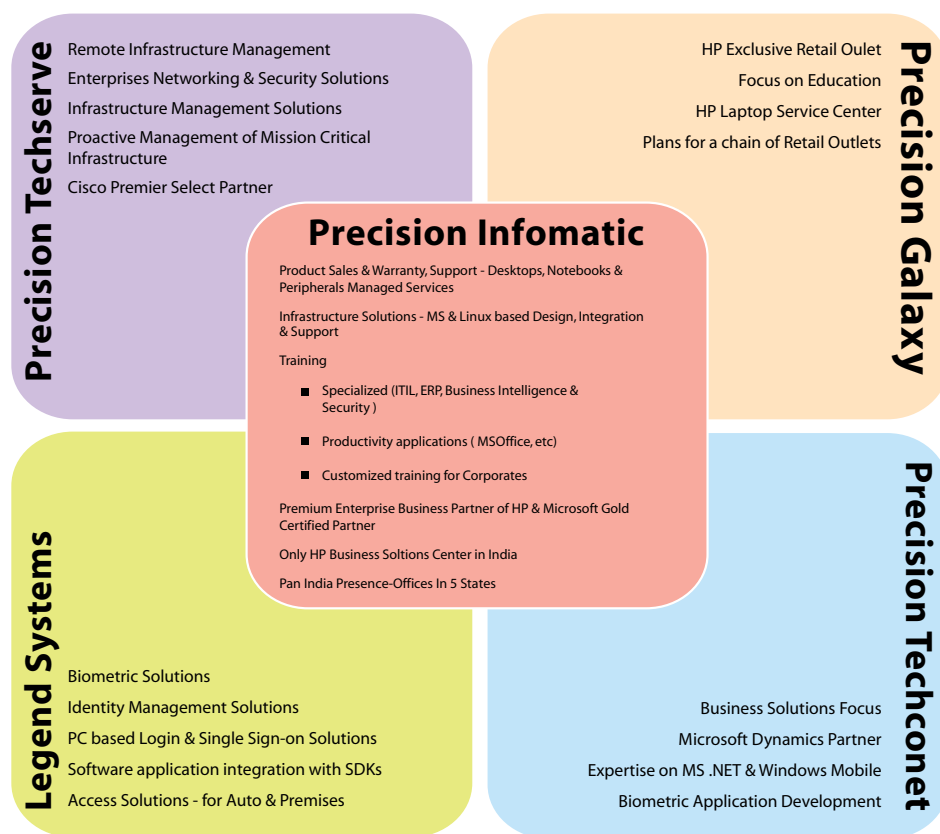


Your company recently signed an Agreement as Master System Integrator to deliver e-living solution in Dubai.

c. IT Technology Consulting and Infrastructure Solutions

In November 2007, your company acquired a 51% stake in M/s. Precision Infomatic (Madras) Private Limited. The company and its subsidiaries offer IT Consulting and Infrastructure solutions comprising of IT Product sales, Technology Consulting (for the User Community, Data Center, Network and Security needs), Enterprise Solutions (ERP, ITIL Consulting and Software Development) and Biometric Security devices.

The Precision group founded in 1996 has an impressive array of products, solutions and services and comprises of four operating subsidiaries as follows



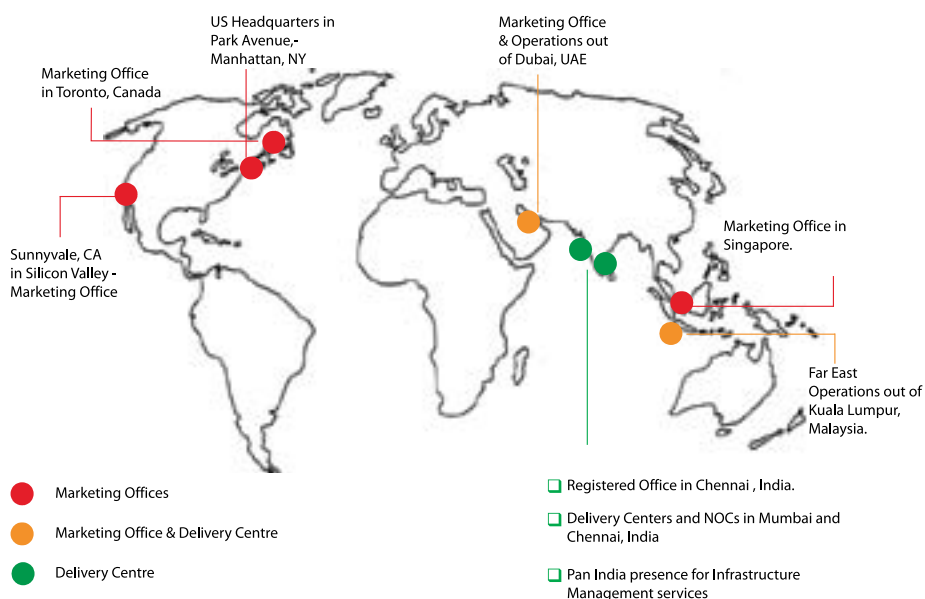
With this acquisition, your company will cross synergize the service offering along with IT Infrastructure Outsourcing, to encompass a range of IT services and provide its customers one stop solution for all its IT needs.

Expanding & Establishing Global Footprint

We strongly believe that our organic growth model, combined with our strategy to compete in global market provides significant room to grow and create value over the coming years.

With global delivery is rapidly becoming more accepted, your company laid the foundation by investing in marketing and sales offices in USA, Singapore, Dubai, Malaysia and Canada.

- In February 2007, your company established a Wholly Owned Subsidiary in USA.
- In November 2007, your company established a Wholly Owned Subsidiary and a Branch in the Republic of Singapore.
- In June 2008, your company established a Wholly Owned Subsidiary in Canada.



We market our services directly through our Sales & Marketing team, which operates out of New York, Sunnyvale (California), Dubai, Kuala Lumpur, Singapore, and our business development / solution support team, which operates out of Chennai, India.

Our sales, marketing and business development group is responsible for new client acquisition, client relationship management, public relations and participation in industry forums and conferences in the United States, the Middle East, Far East and India. Our sales, marketing and business development group identifies prospective clients based on selective criteria that apply our industry expertise to the prospective client's business lines, goals and operating constraints, and qualify the long-term relationship potential with the client. Our client relationships typically evolve from a single, discrete process or an SOW (Statement of Work) into a series of additional complex, integrated annuity contracts across multiple business lines.

Our sales and marketing professionals operate collaboratively with our business development professionals based in India. Our sales and marketing professionals focus on identifying, qualifying and initiating discussions with prospective clients, while our business development team frames services, prepares responses to requests for proposals, hosts client visits to our facilities and coordinates due diligence process into client processes. We intend to double our sales and marketing team in the United States, Dubai and Kuala Lumpur during the next 12 months.

Our sales, marketing and business development group works actively with our service delivery team as the sales process moves closer to the prospective client's selection of a global service provider. The sales team works with the service delivery team to define the scope, services, assumptions and execution strategies for a proposed project and to develop project estimates and pricing and sales proposals. Senior management reviews and approves each proposal. The selling cycle varies depending on the type of service required and generally ranges from six months to over a year.

Members of our sales, marketing and business development group remain actively involved in a project through the execution phase as relationship management representatives. Supporting each relationship manager is a corporate sponsor, executive steering committee, operations leadership team and, in some cases, a dedicated human resources and infrastructure team. Relationship managers are also responsible for business expansion and revenue growth from their accounts.

Subsidiaries

Our Subsidiaries are:

Name of the Subsidiary	Country of Incorporation
M/s. Info-Drive Software Inc.	United States of America
M/s. Info-Drive Systems Sdn Bhd.	Malaysia
M/s. Precision Infomatic (Madras) Pvt. Ltd.	India
M/s. Infodrive Software LLC.	Dubai, United Arab Emirates
M/s. Info-Drive Software Pte. Ltd.	Singapore

The Board of Directors of your company reviews all the Affairs of your Subsidiary Companies periodically. Details of the investment made by your company in its subsidiaries are shown separately. See Note No.1 (n) of Significant Accounting Policies and Notes to Accounts provided as an Annexure to the complete and full Balance Sheet and Profit & Loss Account.

Particulars required as per Section 212 of the Companies Act, 1956

Your Company has applied for an exemption under Section 212 of the Companies Act, 1956, to the Central Government, Ministry of Corporate Affairs (MCA) from attaching the Balance Sheet, Profit & Loss Account, Directors' Report and the Auditor's Report of its subsidiaries to the Annual Report. Based on the expected approval from MCA, this Annual Report does not contain the financial statements of the subsidiaries, instead contains the Consolidated Audited Financials of your Company and its subsidiaries. Further, information relating to each subsidiary has been disclosed in an abstract format, which is forming part of the consolidated Balance Sheet.

The Annual Accounts of the subsidiary companies will be made available by your company to the investors seeking such information at any point of time. Annual Accounts of the subsidiary companies will be kept for inspection during business hours at the Company's Registered Office.

As per Clause 49 of the Listing Agreement, your company does not have any material non-listed subsidiary company, whose turnover or networth exceeds 20% of the consolidated turnover or networth respectively of your company and its subsidiaries in the immediately preceding accounting year.

Accolades

"Wealth Creator of the Year 2007"

Info-Drive has been ranked 6, amongst the top twenty wealth creators amongst all the small cap stocks by The Economic Times, on December 31, 2007.

The improvement in the performance of the company has been reflected in the Market Capitalization of your company gaining by 26 times from Rs. 10 Crores in the beginning of 2007 to Rs. 264.60 Crores at the end of the year 2007. Info-Drive will strive to provide attractive returns to its stakeholders in the years to come.

Future Outlook

Striving to continue the growth momentum in overall Business scenario, your company has chalked out ambitious plans:

- a. Develop a robust sales & marketing front end in US, Dubai, Malaysia, Singapore and Canada with a clear 12-18 month runway to achieve the aggressive revenue targets with a team of 6 senior business leaders across the above locations with sales & solution teams underneath each line of practice.
- b. Establishing CoE's (Centre of Excellence) to incubate new products / tools / methodologies / best practices / knowledge centers / IPR etc in each of the practice line, with subject matter advisory teams & domain experts, to create significant differentiation in the offerings portfolio:
 - Islamic Banking Software Solution in Kuala Lumpur, Malaysia.
 - Remote Infrastructure Management (RIM) at Chennai, India.
 - Pension Administration Services at New York, USA.
 - Systems Integration staging center in Singapore.
 - E- Living solutions at Dubai, UAE.
 - Product & Portal Development Lab in California, USA.
- c. Augment Offshore delivery infrastructure for emerging areas like Remote Infrastructure Management by investing on world class NOC (network operations center) at multiple locations, tools, network management platforms etc.,

With a healthy order backlog and visibility of definitive revenues from qualified business pipeline, your company is confident of achieving its stated goals on all critical business parameters including quality of revenues, well de-risked client portfolio across all geographies, enabling maturity of Greenfield initiatives, industry standard processes on all services delivery and robust client & employee satisfaction / retention programs, thereby significantly enhancing stakeholder value on a sustained basis in the years to come.

In order to put in motion the above growth plans, your company convened an Extra-Ordinary General Meeting on 6th March 2008 and obtained the Members' consent for increasing the Authorized Capital from Rs.3000 Lakhs to Rs.6000 Lakhs and also for Issuing of ADRs / GDRs or any other class of instrument for raising additional capital not exceeding USD 100 Million. Further your Company proposes to hold an Extra-Ordinary General Meeting on 14th August 2008 to fix the relevant date for the Issue.

Fixed Deposit

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

Directors

1. **Mr. V. N. Seshagiri Rao**, Director, retires at the ensuing Annual General Meeting and being eligible offers himself for reappointment. 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 at the Senior Management level throughout his career. He has been in the Board of several prominent Industrial Houses. His knowledge and guidance will be an asset to the Company in its growth and expansion plans. He is holding 39,656 Shares in the Company.
2. **Mr. A. T. Krishnakumar** has been re-appointed as Director at the previous Annual General Meeting held on 19th September 2007. 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.
3. The Board appointed **Mr. Clark B. Reiner** as additional Director with effect from 22nd December 2006. He is MBA Finance professional from U.C.L.A. Business School and holds a NASD License. Due to his other pre-occupations, he has resigned from the Board during December 2007.
4. **Mr. Singanallur Narayanan** has been appointed as Director in the previous Annual General Meeting held on 19th September 2007. Earlier he was an Additional Director. Mr. Narayanan is an MBA from Columbia University School of Business, M.S. in Computer Science from University of Texas and Bachelor of Technology from IIT, Chennai, India. He is the partner 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.
5. **Mr. K. Chandrasekaran** was appointed as Director at the previous Annual General Meeting held on 19th September 2007. Earlier he was an Additional Director. Mr. K. Chandrasekaran is a qualified Chartered and Cost Accountant and has over two decades of experience in the 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. As he is spear-heading the Corporate think tank, governance, vision process and business strategy, he has been appointed as Managing Director & Chief Executive Officer with effect from 28th September 2007 by the Board. He is holding 14,60,900 Shares in the Company.
6. **Mr. N. T. Shiv Kumar** was appointed as Director at the previous Annual General Meeting held on 19th September 2007. Earlier he was an Additional Director of the Company. He is an alumnus of BITS Pilani (India) and has over two decades of experience in the Offshore IT Outsourcing & BPO Services sector. As the Chief Operating Officer, he is responsible for identifying greenfield opportunities for fast-track growth and managing the global business operations of all practice lines and portfolio companies. Prior to his Info-Drive venture, Mr. Shiv Kumar had an outstanding tenure as the Head of global sales & marketing at Oakhill Capital's portfolio firm EXL Service (NASDAQ:EXLS) after his 16-year association with the HCL group where he had the distinction of successfully leading several pioneering initiatives to fuel the organic and inorganic growth of HCL America. Mr. Shiv Kumar also serves as a Director on the Board of several other ventures in the India-US business corridor including SAI SEVA BPO at Puttaparthi, India (a rapidly growing venture built on a unique 'Microsourcing' delivery model to transform rural India

thru BPO business), Dreamcricket (a cricket portal that combines eCommerce, fantasy gaming and contents for the global cricket community) and CES (a boutique technology consulting & data research firm). He has been appointed as Whole Time Director and Chief Operating Officer with effect from 28th September 2007 by the Board. He is holding 3,50,000 Shares in the Company.

7. **Mr. K. Shivakumar** who has been the Founder Promoter of the Company, has been acting as the Managing Director of the Company since inception. He is an MBA (U.S.A. specialization in Information Systems). He has over 22 years of working experience. He has been re-designated as Joint Managing Director with effect from 28th September 2007 for a period of two years ending on 27th September 2009 under Section 269 read with Schedule XIII of the Companies Act, 1956 on a cost to company basis. His appointment as Joint Managing Director and fixation of his remuneration were ratified by the Members at the Extra-Ordinary General Meeting of the Company held on 6th March 2008. He is holding 4,59,090 Shares in the Company.
8. **Mr. S. Sriraman** is a qualified Banker with CAIIB from Indian Institute of Bankers. He is also an MBA from Madurai Kamaraj University, with specialization in Finance and Marketing. In addition, he holds a Masters qualification in Economics from University of Madras and a Doctor of Business Administration from University of South Australia, Adelaide, Australia. Mr. S. Sriraman has around 25 years of experience in Banking , Fund Management and in Corporate Sector. His stints include organizations like Canara Bank, Canbank Mutual Fund, Wipro Finance Ltd., IL & FS Venture Corporation Limited and SilkRoute Indchem Limited. Mr. S. Sriraman has an impressive track record of mentoring start ups as part of venture capital initiatives till they are listed. At present he is involved in the operations of a fund management company in Chennai, with focus on venture capital, private equity, mergers and acquisitions. He has been appointed as Additional Director with effect from 8th August 2008. He is vacating Office at the ensuing Annual General Meeting and being eligible seeks appointment as Director. He is not holding any Shares in the Company.
9. The Board has appointed **Mr. R. Mohan** as an Alternate Director to Mr. Singanallur Narayanan with effect from 13th February 2007 and he is re-appointed from time to time as required under the Act. He is a Chartered Accountant by profession. He is not holding any Shares in the Company.

Retirement and Re-appointment of Directors

Mr. Sriraman was appointed as an Additional Director at the Meeting of the Board of Directors' held on 8th August 2008 under the Section 260. He vacates Office at the ensuing Annual General Meeting and being eligible, seeks appointment. Your Directors' have proposed a Resolution for appointment of Mr. S. Sriraman. The profile of Mr. Sriraman has been given in the Explanatory Statement and also in the particulars of the Director.

Directors Responsibility Statement

Mr. V. N. Seshagiri Rao who would be retiring at the ensuing Annual General Meeting, seeks re-election. Mr. V.N. Seshagiri Rao has got vast experience on Finance and has been associated with the Company since takeover by the new Management. The profile of Mr V.N.Seshagiri Rao has been given in the particulars of the Directors. Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 ("Act") and based on the representations received from the operating management, the Directors hereby confirm that:

- a. in the preparation of annual accounts for the year 2007- 2008, the applicable Accounting Standards have been followed and there are no material departures;
- b. they have selected such accounting policies in consultation with statutory authorities and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- c. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the Annual Accounts on a going concern basis.

Auditors

M/s. K.S. Reddy Associates, Chartered Accountants, Chennai, who are the Auditors of the Company, hold Office till the conclusion of the ensuing Annual General Meeting. They are eligible for reappointment and they have expressed their willingness to be appointed as Statutory Auditors of the company, at the said Annual General Meeting, They are qualified to be appointed under Section 224 of the Companies Act.

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 and Management Discussion and Analysis Statement

A report on Corporate Governance, Management Discussion and Analysis Statement is attached to this Report.

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

As part of its revamping and business strategy, the company had started the process of appointing Key Managerial Personnel last year. Key Managerial Personnel have been appointed to head the functional areas for achieving the set goals & targets and to ensure that the company is on a continued growth path.

During the Financial Year under review, there are no employees in the company in terms of the requirement of Section 217 (2A) of the Companies Act, 1956.

**Conservation of Energy or
Technology Absorption**

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

Corporate Governance Report

Page

30

CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the year under review as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

Company's Philosophy

Corporate Governance for Info-Drive is passion, motto and culture. To attain growth in all facets and at the same time ensuring welfare of the society at large is only possible by adhering to high standards of Corporate Governance.

We are proud that we believe in Corporate Governance not only as a law but in spirit too. Our endeavour is to maximise the wealth of the stakeholders by managing the affairs of the Company with pre-eminent level of accountability, transparency and integrity.

We believe that accurate and timely disclosures improve public understanding on the activities of the Company which consequently attracts investors towards the Company. We aim to adopt best practices in Corporate Governance and are confident of achieving it.

Board of Directors

Composition, Attendance at the Board Meetings and last Annual General Meeting, Outside Directorships and other Board Committees as on 31st March 2008 or for the year 2008, as applicable is tabulated hereunder:

Director	No. of Board Meetings Attended	Attendance at previous AGM held on 19 th Sept 2007	No. of Outside Directorship held (excluding Alternate Directorships and Directorships in Pvt Companies)	No. of Membership / Chairmanship in other Board Committees	Executive / Non Executive Independent
Mr. V.N. Seshagiri Rao	9	Present	Nil	Nil	Non- Executive
Mr. K. Chandrasekaran	3	Not Present	1	Nil	Executive
Mr. K. Shivakumar	9	Present	Nil	Nil	Executive
Mr. N.T. Shivkumar	7	Not Present	Nil	Nil	Executive
Mr.A.T. Krishnakumar	7	Present	Nil	Nil	Non -Executive
Mr. Singanallur Narayanan	2	Not Present	Nil	Nil	Non - Executive
Mr. R. Mohan	1	Not Present	Nil	Nil	Alternate Director

Board Meetings held during the year 2007 - 2008

1.	27 th June 2007	6.	28 th November 2007
2.	24 th July 2007	7.	26 th December 2007
3.	13 th August 2007	8.	23 rd January 2008
4.	23 th August 2007	9.	17 th March 2008
5.	28 th September 2007		

Board Committees

The Board has set up the following committees as per the Code of Conduct for Corporate Governance.

Audit Committee

The Audit Committee was reconstituted during the year. Mr. R. Sankarakrishnan was one of the Members of the Audit Committee for part of the year (till 19th September 2007). At present the Audit Committee comprises of Mr. K. Chandrasekaran, Mr. A. T. Krishnakumar, Mr. Singanallur Narayanan (Mr. R. Mohan, alternate to Mr. Singanallur Narayanan).

Mr. K. Chandrasekaran 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 three times during the year on 27th June 2007, 28th November and 23rd January 2008. The Statutory Auditor attended all the Audit Committee Meetings.

Names of Directors	Number of Committee Meetings Attended
Mr. K. Chandrasekaran	1
Mr. A.T. Krishnakumar	3
Mr. Singanallur Narayanan	2
Mr. R. Mohan	1
Mr. R. Sankarakrishnan	1

Shareholders' Grievance Committee

The Shareholders' grievances committee comprises of Mr. V.N. Seshagiri Rao, Mr. K. Shivakumar, Mr. R. Mohan and Mr. V. Gopal Rao, who is the Compliance Officer of the Company and meet every month.

During the year 2007 - 2008 all the complaints received from the shareholders have generally been solved to the satisfaction of the Complaints. Two shareholders, who were not allotted shares in the Rights Issue, have filed an appeal in the Consumer Forum. Your company has initiated steps to obtain Anti-Suit Injunction against these two shareholders.

Remuneration Committee

The Remuneration Committee has been re-constituted as Mr. R. Sankarakrishnan resigned. At present the Committee consists of Mr. K. Chandrasekaran and Mr. A.T. Krishnakumar and Mr. Singanallur Narayanan. The Committee makes recommendation to the Board regarding appointment and compensation payable. The Remuneration Committee met on 26th September 2007 for the purpose of recommending to the Board and the Members regarding the re-designation of Mr. K. Shivakumar as Joint Managing Director for a period of two years and fixation of remuneration to him on a cost to company basis.

Directors Remuneration

The company has not paid any Sitting Fees during the year 2007 – 2008.

Mr. K. Shivakumar who has been the Managing Director of the Company has been re-designated as Joint Managing Director with effect from 28th September'07 with a remuneration of Rs.50,000/- per month on a cost to company basis and his appointment has been made under Section 269 read with Schedule XIII of the Companies Act, 1956. Mr. K. Shivakumar has been paid a remuneration of Rs.3,00,000/- for the year under review.

Mr. K. Chandrasekaran appointed during the year as Managing Director and Chief Executive Officer and Mr. N.T. Shiv kumar appointed during the year as Whole Time Director and Chief Operating Officer are not being paid any remuneration.

General Meetings of the Company

Meeting Date Time	17th AGM 30.09.2005 3.30 P.M		18th AGM 30.09.2006 11.00 A.M		19th AGM 19.09.2007 10.30.A.M		EGM 23.01.2007 10.30A. M		EGM 19.09.2007 11.00.A.M		EGM 06.03.2008 11.00 A.M		POSTAL BALLOT 11.01.2008	
Venue	Music Academy, Chennai, India		Mylapore club, Chennai, India		Narada Gana Sabha, Chennai, India		Mylapore club, Chennai, India		Narada Gana Sabha, Chennai, India		Narada Gana Sabha, Chennai, India			
Sl. No.	Type	Resolutions Passed	Type	Resolution Passed	Type	Resolution Passed	Type	Resolution Passed	Type	Resolution Passed	Type	Resolution Passed	Type	Resolution Passed
1	0	Adoption of Annual Accounts (31/03/2005)	0	Adoption of Annual Accounts (31/03/2006)	0	Adoption of Annual Accounts (31/03/2007)	0	To amend the Authorised Share Capital Clause in the Memorandum of Association of the Company	S	Approval under Sec. 81(1A) for Preferential Issue	0	To Amend the Authorised Share Capital Clause in the Memorandum of Association of the Company	S	Approval under Section 372 A of the Companies Act, 1956 for "Corporate Guarantee" to be furnished on behalf of M/s. Precision Infomatic (Madras) Pvt. Ltd., & its subsidiaries, and on behalf of M/s. Kashi Infotech Pvt. Ltd.,
2	0	Re-Appt of Mr. G. Vasu as Director	0	Re-Appt of Mr. G. Vasu as Director	0	Re-Appt of Mr. A.T. Krishnakumar as Director	S	Alteration of the Article 3 in the Articles of Association of the Company			S	Alteration of the Article 3 in the Articles of Association of the Company	S	Approval under Section 372 of the Companies Act 1956 for 'Loan to be granted to M/s. Precision Infomatic (Madras) Pvt. Ltd. and its Subsidiaries and to M/s. Kashi Infotech Pvt. Ltd.
3	0	Re-Appt of M/s.K.S. Reddy Associates as Auditors	0	Re-Appt. of M/s.K.S.Reddy Associates as Auditors	0	Re-Appt. of M/s. K.S.Reddy Associates as Auditors	S	Approval under Sec. 81,81(1A) for Rights Issue			S	Approval under Sec. 81,81 (1A) for Issuing several classes of instruments to raise upto US\$ 100 Million		
4			0	Appt. of Mr. A.T. Krishnakumar as Director	0	Appt. of Mr. Clark Reiner as Director					S	Ratification of re-designation of Mr. K. Shivakumar as Joint Managing Director on a cost to company basis under Sec. 269 read with Schedule XIII of CA		
5			0	Appt. of Mr. V.N. Seshagiri Rao as Director	0	Appt. of Mr. Singanallur Narayanan as Director								
6			0	Appt. of Mr. R. Sankar Krishnan as Director	0	Appt. of Mr.K. Chandrasekaran as Director								
7			0	Appt. of Ms. S. Sreelakshme as Director	0	Appt of . Mr. N.T. Shiv Kumar as Director								
8					S	To fix limit for borrowing in excess of the Paid Up Capital and free reserve upto a limit of Rs. 500 Crores under Sec. 293(1) (d) of the CA								
9					S	To make Investments in excess of 60% of the Paid Up Capital and free reserve of the company or 100% of the free reserve whichever is higher under Sec. 372A of the CA								

Type : O = Ordinary Resolutions, S = Special resolutions
CA means the Companies Act 1956

Postal Ballot

During the year, the Special Resolutions contained, in the Postal Ballot Notice dated 28th November 2007 was passed by the Shareholders of the Company through Postal Ballot. The results of the Postal Ballot were declared on 11th January 2008.

The Board appointed Mr. T. Balasubramanian, Practising Company Secretary, as the Scrutinizer to conduct the Postal Ballot process. The details of the voting pattern were as under.

Sl. No.	Description of the Resolution	No. of Valid Postal Ballot Forms received	Votes Cast	
			For	Against
1.	Approval under Section 372 A of the Companies Act 1956 for "Corporate Guarantee" to be furnished on behalf of M/s. Precision Infomatic (Madras) Pvt. Ltd. and its Subsidiaries and on behalf of M/s. Kashi Infotech Pvt. Ltd.	252	218	34
2.	Approval under Section 372A of The Companies Act 1956 for "Loan to be granted to M/s. Precision Infomatic (Madras) Pvt., Ltd and its Subsidiaries and to M/s. Kashi Infotech Pvt. Ltd.			

Accordingly the said Resolutions were approved by the Shareholders, with requisite and overwhelming majority of 99.83%. The results of Postal Ballot were published on 12th January 2008 in 'Trinity Mirror' and 'Makkal Kural' (Tamil). The results were also posted in the website of the company. The Company does not propose to pass any Special Resolution by Postal Ballot at the ensuing Annual General Meeting.

Special Resolutions

A Special Resolution was passed in the Extra-Ordinary General Meeting of the Company held on 19th September 2007 for obtaining the Shareholders consent to issue 42,38,890 Equity Shares of Rs.10/- each at a premium of Rs.26/- per Share for consideration other than cash, aggregating to Rs.15.26 Crores credited as fully paid-up, on preferential basis to the existing Shareholders of M/s. Bhari Information Technology Systems Sdn. Bhd., Kuala Lumpur, Malaysia, (BITSSB). This constitutes 74% stake in BITSSB. Earlier Info-Drive Software Limited has obtained 26% Equity stake in BITSSB by making direct investment. In this regard the Resolutions were passed under Section 81 (1A) of the Companies Act, 1956 for the issue of shares on preferential basis and also to rank the new Equity Shares pari-passu in all respects with the existing Equity Shares of the Company.

An Extra-Ordinary General Meeting held on 6th March 2008 for obtaining the Shareholders consent to amend the Memorandum and alter the Articles of Association for increasing the Authorized Share Capital from 3 Crores Equity Shares of Rs.10/- each aggregating to Rs.30 Crores to 6 Crores Equity Shares of Rs.10/- each aggregating to Rs.60 Crores. The Meeting was convened also obtained the approval of the General Body for raising additional capital in one or more tranches for an amount not exceeding USD 100 Million by issuing several class of debt instruments which would include Equity / Debentures / American Deposit Receipts / Global Depository Receipts, Foreign Currency Convertible Bonds and Qualified Institutional Buyers.

The above special resolutions were passed at the Extra-Ordinary General Meeting.

Disclosures

a. Materially significant related party transactions.

During the year 2007 - 2008, the list of related parties where control exists and other related parties with whom the Company had transactions and their relationship is as below:

Sl.No.	Name of the related party	Nature of relationship
1.	Info-Drive Software Inc.	Subsidiary Companies
2.	Infodrive Software LLC	
3.	Info-Drive Software Pte. Ltd.	
4.	Info-Drive Systems Sdn. Bhd.	
5.	Precision Infomatic (Madras) Pvt. Ltd.	
6.	Precision Techconet Private Limited	Fellow Subsidiary Companies (Subsidiaries of M/s. Precision Infomatic (Madras) Private Limited)
7.	Legend Systems Private Limited	
8.	Precision Techserve Private Limited	
9.	Precision Galaxy Private Limited	
10.	K. Chandrasekaran	Key Management Personnel
11.	N.T Shivkumar	
12.	K. Shivakumar	

Sl. No.	Name of the related party	Nature of Transaction	31.03.2008 Rs.	31.03.2007 Rs.
1.	Info-Drive Software Inc.	a. Investment in Equity b. Advance given	40,36,495/- 1,57,92,000/-	88,495/- Nil
2.	Infodrive Software LLC.	a. Investment in Equity	3,68,65,000/-	Nil
3.	Info-Drive Software Pte. Ltd.	a. Investment in Equity	57,39,030/-	Nil
4.	Info-Drive Systems Sdn. Bhd.	a. Investment in Equity	21,26,00,040/-	Nil
5.	Precision Infomatic (Madras) Pvt. Ltd.	a. Investment in Equity b. Receivables at year end	9,00,00,000/- 6,38,590/-	Nil Nil
6.	Precision Techserve Pvt. Ltd.	a. Advance given	25,00,000/-	Nil

b. Instances of Non-Compliance

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.

c. Whistle Blower Policy

The Company has evolved a Whistle Blower Policy to provide appropriate avenues to the Employees to bring to the attention of the Management any issue which is perceived to be in violation or in conflict with the fundamental business principles of the Company. No employee has been denied access to the Audit Committee.

The Management Discussion and Analysis Report

The Management Discussion and Analysis report forms part of this Annual Report.

Non-Mandatory Requirements

The Company is complying with all the mandatory requirements of Clause 49 of the Listing Agreement and with regard to the non-mandatory requirements the Company has constituted a Remuneration Committee and also adopted the Whistle Blower Mechanism as referred in Clause 49 of the Listing Agreement. The Company also follows the guidelines laid down in the "Secretarial Standards", issued by the Institute of Company Secretaries of India.

Means of Communication

The quarterly results were posted in the website of the company, published in The Economic Times, News Today, Trinity Mirror, Maalai Sudar and Makkal kural and also intimated to SEBI and BSE.

General Shareholder Information

Annual General Meeting

Date : Tuesday , 23rd September, 2008

Time : 10.30 am

Venue : Kasthuri Srinivasan Hall (Mini Hall), Music Academy, T.T.K Road, Chennai – 600014, India

Financial Calendar of the Company

The financial year covers the period from 1st April 2007 to 31st March 2008.

Financial Reporting for 2008 - 2009 (tentative)

Results for 30/06/2008	End July 2008 - since reported
Results for 30/09/2008	End October 2008
Results for 31/12/2008	End January 2009
Results for 31/03/2009	End April 2009

Date of Book closure

The period of book closure is fixed from 8th September 2008 to 10th September 2008 both days inclusive.

Outstanding ADRs / GDRs / Warrants

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

Listing on Stock Exchanges and Stock Code

The shares of the Company are listed at the Madras Stock Exchange and Bombay Stock Exchange (Scrip No: 530703).

Month	High	Low
April 2007	21.55	16.75
May 2007	20.30	13.85
June 2007	18.45	12.50
July 2007	28.10	14.85
August 2007	55.55	23.90
September 2007	94.60	58.30

Month	High	Low
October 2007	93.90	72.75
November 2007	101.95	75.00
December 2007	111.10	92.50
January 2008	133.25	71.30
February 2008	78.00	57.10
March 2008	71.45	47.55

Distribution of Shareholding

The Company has made a Preferential Allotment of 42,38,890 Equity Shares of Rs.10/- each in December 2007 consequent to which the Issued and Paid-up Capital has increased to 2,92,38,890 Equity Shares. The distribution of Shareholding and the Shareholding pattern as on 31st March 2008 and as on 30th June 2008 are given below:

Distribution Schedule as on 31.03.2008

No. of Equity Shares Held	No. of Shareholders	No. of Shares
1 – 500	5120	974061
501 – 1000	510	440349
1001 – 2000	223	343993
2001 – 3000	79	209348
3001 – 4000	40	143776
4001 – 5000	44	208036
5001 – 10000	74	545929
10001 and above	155	26373398
Total	6245	29238890

Distribution Schedule as on 30.06.2008

No. of Equity Shares Held	No. of Shareholders	No. of Shares
1 – 500	5113	970952
501 – 1000	525	452368
1001 – 2000	224	347407
2001 – 3000	82	213786
3001 – 4000	36	129135
4001 – 5000	46	218519
5001 – 10000	64	463064
10001 and above	156	26443659
Total	6246	29238890

Shareholding Pattern

As on 31.03.2008

Sl.No.	Category	No. of Holders	No. of Shares	% of Shares
1.	Resident Indian	5977	15041922	51.45
2.	Domestic Companies	148	9174529	31.38
3.	NRIs	100	1788913	6.12
4.	Promoters	5	3098536	10.6
5.	Mutual Funds	1	800	0.00
6.	Financial Institutions	2	99689	0.34
7.	Clearing Member	12	34501	0.11
TOTAL		6245	29238890	100

As on 30.06.2008

Sl.No.	Category	No. of Holders	No. of Shares	% of Shares
1.	Resident Indian	5968	15043874	51.46
2.	Domestic Companies	155	8583083	29.36
3.	NRIs	100	1787603	6.11
4.	Promoters	6	3698536	12.65
5.	Mutual Funds	1	800	0.00
6.	Financial Institutions	2	99689	0.34
7.	Clearing Member	14	25305	0.08
TOTAL		6246	29238890	100

Dematerialization of Shares and Liquidity

Demat ISIN No. INE – 804D01011

As on 31st March 2008, 2,39,65,740 shares, that is, 81.96% were held in Dematerialized form and the balance of 18.04% of shares that is 52,73,150 shares were held in Physical form.

As on 30th June 2008, 2,39,83,340 shares, that is, 82.02% were held in Dematerialized form and the balance of 17.98% of shares, that is, 52,55,550 shares were held in Physical form.

Promoters and Promoters Group

Given below are the Shareholdings of “Promoters and Promoters Group” as on 30th June 2008.

Sl. No.	Name of the Shareholder	No. of Shares	% of Shares
1.	Mr. Arif Buhary Rahman	13,88,890	4.75
2.	M/s. Bhari Information Technology Systems Pvt. Ltd.	16,49,724	5.65
3.	Mr. V.N. Seshagiri Rao	39,656	0.13
4.	Mr. K. Shivakumar	4,59,090	1.57
5.	Mr. K. Chandrasekaran (Person acting in Concert)	14,60,900	5.00
6.	Mr. N. T. Shiv Kumar (Person acting in Concert)	3,50,000	1.19
Total		53,48,260	18.29

Capital Structure

Given below are the details of the periodic increase in the Issued and Paid-up Capital of the Company since Inception

Sl.No.	Date	No. of Equity Shares	Value (in Rs.)	Cumulative increase in Share Capital (in Rs.)
1.	16.03.1988	200	2,000	2,000
2.	01.12.1989	7,500	75,000	77,000
3.	26.04.1991	2,300	23,000	1,00,000
4.	29.07.1991	20,000	2,00,000	3,00,000
5.	27.03.1992	50,000	5,00,000	8,00,000
6.	29.05.1992	3,20,000	32,00,000	40,00,000
7.	04.06.1993	6,00,000	60,00,000	1,00,00,000
8.	04.11.1994	500	5,000	1,00,05,000
9.	31.01.1995	3,50,000	35,00,000	1,35,05,000
10.	03.06.1995	26,49,500	2,64,95,000	4,00,00,000
11.	14.02.2000	10,00,000	1,00,00,000	5,00,00,000
12.	18.07.2007	2,00,00,000	20,00,00,000	25,00,00,000
13.	10.12.2007	42,38,890	4,23,88,900	29,23,88,900

Registered Office

M/s. Info-Drive Software Limited
Buhari Buildings, Second Floor
No.3, Moores Road
Chennai – 600 006, India.
Tel: +91 - 44 - 28212368 / 9
Fax: +91 - 44 - 28212609
Website : www.infodriveservices.com
E-mail: info@infodriveservices.com

Company's Registrar

M/s. Cameo Corporate Services Limited
Subramanian Building,
No.1, Club House Road,
Chennai – 600 002, India.
Tel: +91 - 44 - 28460390
Fax: +91 - 44 - 28460129
E-mail : cameo@cameoindia.com

Corporate Communications

Ms. Smitha Iyer
Senior Manager- Corporate Affairs
M/s. Info-Drive Software Limited
No.3, Moores Road
'Buhari Buildings', Second Floor
Chennai – 600 006, India.
Tel: +91 - 44 - 28212368 / 9
Fax: +91 - 44 - 28212609
E mail: smitha@infodriveservices.com

ACKNOWLEDGEMENT

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

Place : Chennai – 600 006
Date : 08.08.08

For and on behalf of the Board
Sd/-
V. N. Seshagiri Rao
Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members 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 2008 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 2008.

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 : 08.08.08

for K.S.REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

Management Discussion and Analysis Report

Page

42

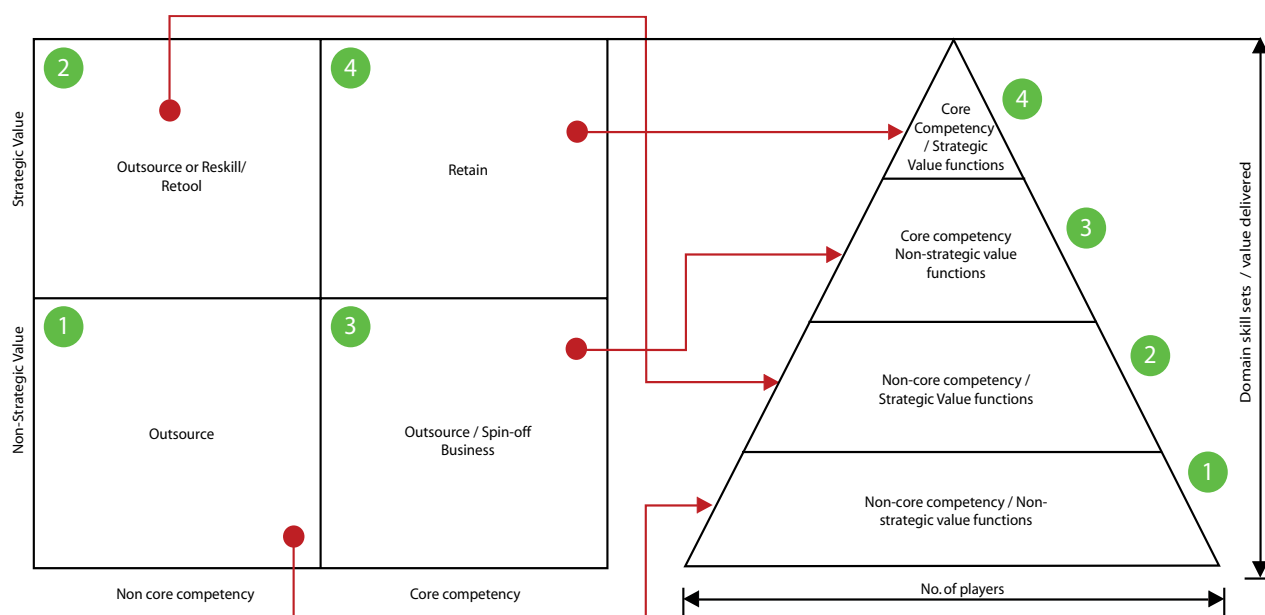
MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Developments

Indian IT-ITES industry continued to build on the strong growth momentum of the recent past. Over the years, the stature of Indian Information Technology (IT) and Business Process Outsourcing (BPO) services companies has grown on the back of a steady reputation for high quality delivery at costs that are significantly lower than rates at which comparable services can be sourced from overseas vendors.

Sufficient demand, strong fundamentals and a favorable environment support a positive outlook for Indian IT-BPO exports. Further, strong imperatives for increasing technology adoption in India and growing numbers of Indian MNCs (multinational corporations) represent significant potential for growth in the domestic market as well.

Indian IT and ITES companies have moved up the value chain and have expanded their product and service portfolios gravitating towards higher value processes and achieving increased traction in engineering and product development services. India's edge in the off shoring domain was based on factors such as availability of people's skills, a conducive business environment, focus on information security and operational excellence by leading IT-ITES vendors and relevant financial structures.



Source : Business Consulting Group Analysis

Indian IT-BPO is on track to reach US\$60 billion in exports, and US\$73 billion to US\$75 billion in overall software and services revenues by 2010. Achieving these targets will also increase the IT-BPO sector's contribution to India's socio-economic development. At the aspired levels of growth, IT-BPO will employ about 2.5 million to 3 million professionals directly in the sector, account for direct investment of about US\$10 billion to US\$15 billion, and contribute 7 percent to 8 percent of the national GDP (Gross Domestic Product).

The Global IT services Industry are driven by number of environmental factors, namely, economic growth, technology related spending, propensity to outsource IT & business processes that influence impetus of global sourcing. Forrester projects, Global IT spending on technology goods, services, and staff will be US\$ 2.4 trillion in 2008,

up 8% from US\$ 2.1 trillion in 2007 and the estimates of annual growth rate for the next five years range from 5% to 8%. (Source: Forrester)

Middle East and North Africa (MENA) IT Investment and IT Purchases Grow Slowly but steadily perhaps because it is at an earlier stage of the outsourcing evolutionary cycle and will experience more growth than the U.S.

The growth rates for regional IT spending, the US and Western Europe clearly are on a low-growth track, with annual growth rates for 2007 to 2008 in the 4% to 6% range. In contrast, Eastern Europe, the Middle East, and Africa as well as the Asia Pacific markets are on a high-growth track, with annual growth rates above 12% in 2007 and 2008. Though the short term US outlook seems muted, global technology spending forecasts remain relatively on track, as supported by momentum in MENA and APAC regions.

Canada and Latin America are in between, with moderate growth of 6% to 8% in 2006, 2007, and 2008. Outsourcing is recession-proof. ITO Demand in North America will improve in 2008. (Source: February 11, 2008 Global IT 2008 Market Outlook by Andrew Bartel for Vendor Strategy Professionals).

The global sourcing industry is fundamentally driven by three factors, namely, access to newer talent pools, reduction in costs and business improvements. The future outlook on these factors favours strong growth for global sourcing. Cost pressures are likely to continue unabated on businesses as customers continue to demand more for less in an ever increasing competitive environment. The trend towards offshore technology services:-

- Outsourcing is recession-proof. ITO Demand in North America will improve in 2008.
- Global multi-shore and multi-provider outsourcing will become more norm than exception. This could mean several providers in several regions around the world.
- Indian service providers will set up more local delivery services centers in US and MENA as the Indian market gets impacted by wage inflation; talent attrition; stronger rupee and infrastructure strain.
- Canada's appeal as a near-shore destination will lessen due to currency appreciation.
- Governance of outsourcing deals will become paramount as buyers seek to maximize value and minimize value leakage.

With significant potential still untapped, it is expected that the global sourcing phenomenon will continue to expand in scope, scale and geographic coverage. As global delivery matures, multi-location strategies will become the norm and most sourcing destinations, including emerging locations, will grow in size. Building on its existing strengths, India will remain the leading destination and will continue to play an important role in most global sourcing strategies. As per NASSCOM Strategic Review 2008; the Indian technology and related services sector is expected to reach US\$ 64 billion in FY 2008.

In view of the circumstances referred, Your Company has strengthened its position in global markets and has strengthened technical expertise in the focus areas. It has acquired domain knowledge in focus areas and is banking on vertical segments to drive the company's growth opportunities.

Your Company is filled with a lot of promising business opportunities and hence it has equipped itself to capture the opportunities and at the same time focus on expansion and diversification of the services offered.

Company Overview

About INFO-DRIVE SOFTWARE LIMITED

Overview

Info-Drive Software Limited is a multi-dimensional Technology and Business Services Company, headquartered in Chennai, India. With headquarters in Chennai (India), Info-Drive has service delivery centers across India, Kuala Lumpur (Malaysia) and Dubai (UAE) supporting the business development centers in the USA (Sunnyvale and New York), and Singapore to deliver Information Technology and Business Process Outsourcing services across the select verticals including Banking, Finance, Insurance, Healthcare and Pension Administration.

Info-Drive Software Limited along with its subsidiaries offers solutions in (1) IT Services 2) BPO Services and 3) IT Infrastructure Management Services.

IT Services

Info-Drive takes charge of the IT needs of the entire enterprise. The gamut of services extends from Product Development, Enterprise Application Services (ERP- Microsoft Dynamics) and customized software and integration services. Our enterprise solutions have served and continue to serve clients in Corporate, Small and Medium Enterprises in India. Info-drive has partnerships with leading software product companies and has created broad range of services across Islamic Banking & Finance domain. The company offers one stop solution for Islamic Banking Software Solutions suite comprising of Integrated Core Banking Solution, E-Banking suite and Systems Integration.

BPO Services

Info-drive's BPO services customer requirements by leveraging its tenets of quality and innovation, the best people talent, self sustaining process framework and domain knowledge. We offer customized service offerings; translating into the most flexible and cost effective services of the highest quality for our customers. We offer back office processing services to Third Party Administrators (TPA's) in US Pension Industry. We are pioneers in pension plan back office services in India. Info-Drive's Pension Administration Back office services are highly regarded for significant, sustained value delivery, bolstered by an incident-free track record and renewal of all major contracts.

Infrastructure Management Services

Info-Drive's Infrastructure Management Services offer the entire gamut of infrastructure services that enable customers to plan, deploy, operate, manage and review their IT assets with a high degree of resource efficiency in an environment that is engineered to achieve security, reliability and availability. The services are compliant with state-of-the-art quality standards such as ISO 9002, BS: 7799. Unique in house tools and diagnostics provide enhanced visibility into the customer's IT infrastructure to optimize performance, increase availability and reduce costs. Our services lines include (i) Enterprise Network Connectivity (ii) Solution Information Security Solutions and Service (iii) IT Infrastructure Management Services (iv) Remote IT Infrastructure Management Services (v) Biometrics Solutions (vi) e Living solutions like Home Automation, Community Connectivity & Datacenter Applications and Telecom-Internet-Media Convergence.

Threats, Risks & Risk Mitigation

The Software Industry thrives on a dynamic and highly competitive business environment, characterized by rapid technological change and innovations that constantly challenge conventional business models. Our future depends on a number of factors, including:

- the size, complexity, timing, pricing terms and profitability of significant projects or product orders;
- seasonal changes that affect the mix of services we provide to our clients or the relative proportion of services and product revenue;
- seasonal changes and capex decision that affect purchasing patterns among our consumers of desktops, notebooks, servers and communication devices;
- unanticipated cancellations, contract terminations or deferral of projects, or those occurring as a result of our clients reorganizing their operations;
- the duration of tax holidays or exemptions and the availability of other Government of India incentives;
- the effect of seasonal hiring patterns and the time we require to train and productively utilize our new employees; unanticipated variations in the duration, size and scope of our projects, as well as changes in the corporate decision making process of our clients;
- currency exchange fluctuations; and
- other economic and political factors in the geographies where your company is present.

Info-Drive has adopted a risk management framework that enables continuous monitoring and management of the organization's risks. The audit committee of the board monitors the risk management framework to provide direction to the management. The framework is designed to identify and assess risks at the operational as well as entity level. Risk definitions are established to cover all primary risk categories, which are Strategy; Industry; Market; counter – parts; Resources; Operations and Regulations & compliance. The mitigation plan is designed based on management's response to the assessed risks.

Being the driver of the Company's strategy, the top management is well acquainted with the risks inherent to the IT business and the risks emerging from its strategic decisions. Therefore, top management plays a significant role in addressing business risks. Your company too faces several business risks, of which some prominent ones are discussed hereunder.

Internal Risks

- a. Business concentration risks
- b. M&A and execution risk

a. Business Concentration Risks

The business concentration risk can be classified into Concentration of Service Offerings, Client Concentration and Geographic Concentration.

Your Company generates revenues from a total of around 150 clients to ensure a well diversified spread. During the year under review, your company concluded a significantly large IT Application and Systems Integration contract with one of the largest Islamic Bank in Malaysia. Your company is also increasing its focus on the Middle East region besides US and Asia Pacific. Recently, your company has signed a "Master Service Agreement" with a leading realtor in Middle East to address the smart community services in real estate domain. Your company under

the year of review through a unique synthesis of organic and inorganic growth model has created its business portfolio in IT & BPO services and has established a well-balanced portfolio of services catering to the mainstream, uncontested, and emerging markets globally.

Your company's geographic risk is mitigated through spread in focus on tested big market like North America and emerging markets like MENA and Far East. To achieve this, your Company has augmented its marketing & sales teams and opened new offices & establishments in California, New York, Singapore, Dubai and Kuala Lumpur. Your Company has taken steps to ensure that it does not become too dependent on a specific service lines, client or particular geography.

b. M & A, Execution risk

Your Company follows a very structured approach in pursuance of its M & A strategy. Many of the risks are mitigated by restricting the choice of target companies by applying certain rigorous selection criteria and after thorough legal, business, financial and human resource due diligence.

Your Company has grown in an inorganic route and has undertaken a series of acquisitions in the period under review. The Company faces a risk with respect to executing its post acquisition related transactions. The risk exposure in this area is the difficulties in integration of acquired entities within the framework of a common operational fabric. Your company has identified a core transition team that would address the Financial (managing cash flows & return expectations, Tax and transfer pricing, accounting and compliance), Operational (integrating systems & processes, information flow) , Business (establishing synergy between different entities) and People integration(performance metrics, motivating and managing aspirations. The team will be involved in the integration effort to incorporate learning's from different structures to reinforce desired culture and inspire sense of Ownership.

External Risks

- a. Competition related risks
- b. Exchange rate risks
- c. Geo-political risks

a. Competition related risks

Your Company faces risks of competition in its BPO and global Information Technology business. Inspired by the Indian IT-ITES success story, several other nations have started representing alternate destinations for offshore based outsourcing. However, India still remains a preferred offshore destination; the main challenge is from countries like China, Malaysia, Philippines and East European Countries. Potential threat for the Company comes from the leading Indian IT vendors, Global IT Services companies having bases in India. Your Company is addressing same by coming up with proven, systematic, sustainable and scalable tools that effectively integrate onsite and offshore execution capabilities.

Your company has also increased the depth and breadth of service offerings to provide a one-stop solution in an environment where corporations are increasingly reducing the number of technology service vendors they are using.

b. Exchange related risk

Strengthening of the Indian Rupee has adversely affected the IT industry in fiscal 2008 and may continue 2009. The Company's revenues are denominated

in foreign currency apart from the Indian rupee revenues derived from domestic market. Predominantly the foreign currency revenues are US\$, AED and RM. A large proportion of the revenues and costs for the year under review are denominated in Indian Rupees (INR). Hence the exchange risk for the year under review has been minimal. However to mitigate risk, the Company would follow a proactive hedging policy for all the foreign currencies.

c. Geo-Political Risks

Your company continues to expand its global footprint and is establishing its operations in many countries. Your company has Delivery Centers in Malaysia, United Arab Emirates and looking at ramping up a new Delivery Center in Singapore. Operating in multiple geographies reduces the risk of business concentration in specific markets but increases geo-political and macro-economic risks. To mitigate this risk, your Company carries out a thorough due diligence exercise prior to starting operations in a new delivery location and includes action of moving more work offshore to India. At the operational level, your Company has made adequate investments in business continuity and disaster recovery plans across locations in case of any unforeseen turn of events.

Opportunities

As an IT & ITeS service provider with unique service portfolio, Info- Drive has identified several business areas which will drive company's organic growth for the foreseeable future. Some of these growth drivers are:

Geographic expansion to new markets

The company has consolidated on the new regions entered in 2007-2008 and continues on its strategy for growth into emerging markets;

- The company has identified Canada as the one of the emerging markets and has established its footprint in June 2008.
- The company proposes to target wider geographies through its marketing and sales office in Singapore.

IP Monetization

New international market strategies and monetization of the Intellect assets poses an immense opportunity for growth for the company in the coming years.

New Sales

The company continues its sales thrust in areas of industry verticals and key accounts in which it has built significant competitive strength, which are also the mainstay business of the Company.

Service Portfolio Enhancement

We provide a comprehensive range of IT services, including application development, maintenance & support, packaged software implementation, infrastructure management services, system integration and business process outsourcing. Our knowledge and experience span multiple computing platforms and technologies, which enable us to address a range of business needs and to function as a virtual extension of our clients' IT departments. We offer a broad spectrum of services in select industry sectors, which we leverage to capitalize on opportunities throughout our clients' organizations.

Outlook

The year 2007-08 was a year of phenomenal growth and 2008 will be a year of consolidation and exploring new markets in the chosen areas of domain. The software industry is on new footing and is poised for significant advances in 2008.

The IT and ITeS industry is an exciting phase of growth as it gears up to tap significant opportunities that the global economy presents. It is also working hard on improving its productivity further, to overcome challenges of infrastructure and inflation. M&A has become a way of life and your company recognizes this fact and would continue to look for opportunistic growth alliances.

Against the backdrop of this scenario, your company has embarked upon an expansion program which is a judicious mix of organic and inorganic growth. It expects to create value for the shareholders with focused efforts in business development, mutually rewarding acquisitions, and investments in execution excellence throughout the entire operations.

All the Building Blocks for growth are in place and the future outlook of the company is very encouraging to keep all its stakeholders excited and moving forward. Your company is confident of achieving the Industry growth rate in revenues and profits.

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 the purchase of inventory, fixed assets and for the sale of goods and services. Policies have been designed to provide reasonable assurances with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets and executing transactions with proper authorization and delegation ensuring compliances. Your company has put in place budgetary review mechanisms whereby the management regularly reviews actual performance with reference to budgets and forecasts.

Discussion on Financial Performance with respect to Operational Performance

Info-Drive Software Limited (Consolidated)

The Management Discussion and Analysis below relates to the Consolidated financial statements of Info-Drive Software Limited and includes the results of its subsidiaries. The Discussion should be read in conjunction with the financial statements and related Notes to the Consolidated Accounts of Info-Drive Software Limited for the year ended March 31st, 2008.

The financial statements have been prepared in compliance with requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. Our management accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgements used therein. The estimates and judgments relating to the financial statements have been made (wherever applicable) on a prudent and reasonable basis, in order that the financial statements reflect a true and fair view of the form and substance of transactions and reasonably present our state of affairs and profits for the year.

Results of Operations (Consolidated)

Income from Operations

In fiscal 2008, the total operating income aggregated to Rs. 19,410.36 Lakhs. The company's revenues consist mainly of income from ITeS and Overseas Consultancy Services and also due to acquisitions. The company recognizes contracts priced on a time and materials basis when services are rendered and related costs incurred. The classification of revenues by geography and industry practice is more relevant when reviewed as consolidated results of the company

Revenue by Geography

	Revenue (Rs. Lakhs)
Malaysia	3,176.55
United States of America	1,346.77
United Arab Emirates	549.48
India	14,337.56
Total	19,410.36

Expenditure

Employee costs

Employee Costs for the year under review was Rs. 2014.92 Lakhs. Total employee cost as a percentage of total income was 10.38%. There had been increase in the headcount and compensation packages are commensurate with the market. The total employee strength is 1400 plus

Administration and Other expenses

The nature of administrative expenses (other than employee costs) includes rent, rates, taxes, advertisement, repairs and maintenance, postage, telephone etc., amounting to Rs. 1108.68 Lakhs.

Profit before Interest, Depreciation and Taxes (PBITD)

The profit before interest, depreciation and taxes in fiscal 2008 was Rs.1598.16. The profit after tax (before maiden dividend during the year) as a percentage of total income is 4.64% in fiscal 2008.

Interest costs & Depreciation

Interest expense is Rs. 283.77 Lakhs in fiscal 2008. Depreciation charge is Rs. 202.66 Lakhs in fiscal 2008. In terms of total income, depreciation charge was 1.04% in fiscal 2008.

Profit before Taxes

The Profit before taxes in fiscal 2008 was Rs. 1093.39 Lakhs.

Maiden Dividend

The Board has recommended a maiden Dividend of 5% (Re. 0.50 per share) amounting to Rs. 146.19 Lakhs (excluding dividend tax of Rs. 28.77 Lakhs).

Net Profit before Minority Interest

The company's net profit before minority interest in fiscal 2008 is Rs. 726.02 Lakhs. Net profit as a percentage of total income is 3.74%.

Minority Interest

Minority interest is that part of the net profit attributable to third party ownership interests in the company's subsidiaries.

Net Profit (after minority interest)

The Company's net profit (consolidated) is Rs. 672.70 Lakhs. Net profit as a percentage of total income is 3.46% in fiscal 2008.

Financial Position (Consolidated)**Share Capital**

At present, we have only one class of shares viz., equity shares of par value of Rs. 10/- each. During fiscal 2008 our Authorised Share Capital was increased from Rs. 30 Crores comprising of 3 Crores equity shares of Rs. 10/- each to Rs. 60 Crores comprising of 6 Crores equity shares of Rs. 10/- each.

Reserves and Surplus

The net addition to the share premium of Rs.1502.11 Lakhs during the year is due to premium received on issue of 20 Million equity shares @ Rs. 12/- per share (issue price with a premium of Rs. 2/- per share) and in addition, a premium of Rs. 26/- per equity share (face value Rs. 10/- per equity share) on 42,38,890 equity shares issued on preferential basis for consideration other than cash (swap).

Reserves and Surplus at the end of fiscal 2008 stood at Rs. 2976.32 Lakhs.

Loans

Secured Loans at the end of fiscal 2008 were Rs. 2495.99 Lakhs. Unsecured loans at the end of fiscal 2008 were Rs. 217.16 Lakhs.

Deferred Tax Liability (Net)

The company has deferred tax liability (net) of Rs. 22.23 Lakhs.

Fixed Assets

Addition to Gross Block in fiscal 2008 amounted to Rs.710.54 Lakhs. The significant items of additions in fiscal 2008 were office equipments (Rs. 63.44 Lakhs), furniture & fittings (Rs. 83.46 Lakhs) electrical installations (Rs.2.50 Lakhs), buildings (Rs.193.38 Lakhs), vehicles (Rs. 66.45 Lakhs), computer systems (Rs. 127.86 Lakhs), software packages (Rs. 9.33 Lakhs), intangible assets (Rs. 145.24 Lakhs).

Investments

The company has been investing in various mutual funds during the fiscal 2008. These are typically investments in short-term funds to gainfully use investible cash balance with the company. The investments in fiscal 2008 stood at Rs. 10.50 Lakhs.

Inventories

The company's inventory constitutes raw materials, components, sub-assemblies and finished goods. The inventory in fiscal 2008 stood at Rs. 609.80 Lakhs.

Current Assets, Loans & Advances

Sundry Debtors

Sundry Debtors as at 31st March, 2008 aggregated Rs. 4274.63 Lakhs. As a percentage of total income, sundry debtors were 22.02% as at 31st March, 2008.

Cash and Bank balances

The company had cash and bank balance of Rs. 1761.84 Lakhs as at 31st March, 2008.

Loans & Advances

Loans & Advances as at 31st March, 2008 stood at Rs. 557.34 Lakhs. Significant items of loans and advances were deposits with government departments (Rs.1.70 Lakhs) and other advances Rs. 387.34 Lakhs, rental deposits Rs. 16 Lakhs, staff-advances Rs. 1.15 Lakhs.

Current Liabilities & Provisions

Current liabilities as at 31st March, 2008 include sundry creditors Rs. 2772.05 Lakhs, provisions made towards taxes, contingencies, proposed dividend, tax on dividend aggregated Rs. 470.04 Lakhs.

Cash Flow (Consolidated)

Cash Flow from Operations

In fiscal 2008, the company generated net cash of Rs. 643 Lakhs from operating activities. Apart from net profit before taxes & write off Rs. 1093.39 Lakhs, the net cash generated includes non cash items like depreciation of Rs. 202.66 Lakhs.

Cash Flow from Investing Activities

In fiscal 2008, the company used Rs. 4219.78 Lakhs on investing activities. Significant amount of cash used in investment activities in fiscal 2008 are (a) acquisition/investment in subsidiary companies Rs. 3466.19 Lakhs and (b) purchase of fixed assets Rs. 753.59 Lakhs.

Cash Flow from Financing activities

In fiscal 2008, the significant item of cash used in financing activities includes proceeds of further issue of equity shares amounting to Rs. 4932.01 Lakhs, long term borrowings (net) Rs. 817.36 Lakhs, short-term borrowings (net) Rs. 23.80 Lakhs etc.

Cash Position

Cash and cash equivalents as at 31st March, 2008 amounted to Rs. 1761.84 Lakhs.

Discussion on Financial Performance with respect to Operational Performance

Info-Drive Software Limited (Unconsolidated)

The Management's Discussion and Analysis given below relates to the financial statements of Info-Drive Software Limited (Unconsolidated). The discussion should be read in conjunction with the financial statements and related notes for the year ended March 31st, 2008.

Overview

The financial statements have been prepared in compliance with requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. Our management accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made (wherever applicable) on a prudent and reasonable basis, in order that the financial statements reflect a true and fair view of the form and substance of transactions and reasonably present our state of affairs and profits for the year.

Results of Operations (Unconsolidated)

Income from Operations

The company's revenues consist mainly of income from ITeS and Consultancy Services. The company recognizes contracts priced on a time and materials basis when services are rendered and related costs incurred. The company's (unconsolidated) revenues increased to Rs. 424.70 Lakhs in fiscal 2008, from Rs. 8.22 Lakhs in fiscal 2007- a stupendous growth of more than fifty times (50.66 times) in the year under review. Revenues increase is due to increased overseas consultancy services and enabled services.

Expenditure

Employee costs

Employee Costs in fiscal 2008 was Rs. 71.68 Lakhs an increase of 32.5% over the total employee cost of Rs. 2.14 Lakhs in fiscal 2007. Total employee cost as a percentage of total income was 15.13% in fiscal 2008 as compared to a percentage of 12.12% in fiscal 2007.

This increase is attributable to the relative increase in the headcount and compensation package commensurate with the market.

Administration and Other expenses

The nature of administrative expenses (other than employee costs) includes rent, rates, taxes, advertisement, repairs and maintenance, postage, telephone etc., They rose from Rs. 11.52 Lakhs in fiscal 2007 to Rs. 91.54 Lakhs in fiscal 2008, an increase by almost 7 times

Profit before Interest, Depreciation and Taxes (PBITD)

The profit before interest, depreciation and taxes in fiscal 2008 was Rs. 310.41 Lakhs, an increase of almost 79 times from Rs. 3.89 Lakhs in fiscal 2007. The profit after tax (before maiden dividend during the year) as a percentage of total income is 48.06% in fiscal 2008 as compared to 7.87% in fiscal 2007.

Interest costs & Depreciation

Interest expenses increased from Rs. 0.26 Lakhs in fiscal 2007 to Rs. 17.06 Lakhs in fiscal 2008. Depreciation charge increased from Rs. 2.04 Lakhs in fiscal 2007 to Rs. 7.07 Lakhs in fiscal 2008-an increase of around 2.46 times. In terms of total income, depreciation charge was 1.49% in fiscal 2008 (11.55% in fiscal 2007).The value-increase in fiscal 2008 is attributable to additions in infrastructural facilities.

Profit before Taxes

The Profit before taxes in fiscal 2008 was Rs. 267.94 Lakhs, a stupendous increase of 168 times from Rs. 1.59 Lakhs in fiscal 2007.

Maiden Dividend

The Board has recommended a maiden Dividend of 5% (Re 0.50 per share).

Profit after Tax (PAT)

The Company has achieved an exemplary PAT of Rs. 227.67 Lakhs in fiscal 2008 compared to Rs. 1.39 Lakhs resulting in a stupendous increase by 163 times.

Financial Position (Unconsolidated)

Share Capital

At present, we have only one class of shares viz., equity shares of par value of Rs. 10/- each. During fiscal 2008 our Authorised Share Capital was increased from Rs. 30 Crores comprising of 3 Crores equity shares of Rs. 10/- each to Rs. 60 Crores comprising of 6 Crores equity shares of Rs. 10/- each.

Reserves and Surplus

The net addition to the share premium of Rs.1502.11 Lakhs during the year is due to premium received on issue of 20 Million equity shares @ Rs. 12/- per share (issue price with a premium of Rs. 2/- per share) and in addition, a premium of Rs. 26/- per equity share (face value Rs. 10/- per equity share) on 42, 38, 890 equity shares issued on preferential basis for consideration other than cash (swap).

Fixed Assets

During the year, the company added Rs. 57.36 Lakhs to gross block of assets towards infrastructure including for expansions.

Investments

Wholly-owned Subsidiaries

- Info-Drive Software Inc., USA
- Info-Drive Systems Sdn Bhd, Malaysia
- Info-Drive Software Pte Ltd., Singapore

Other Subsidiaries

- Infodrive Software LLC, (80%)
- Precision Infomatic (Madras) Private Limited. (51%)

Liquidity

The Company had cash equivalents of Rs. 459.04 Lakhs as at 31st March, 2008 (Rs. 0.05 Lakhs as at 31st March, 2007)

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

Auditors'

Report

Page

56

AUDITORS' 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 2008 and also the Profit & 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said 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 2008
 - 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 : 08.08.08

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 Members 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 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 granted secured/unsecured loans to four companies covered in the register maintained under section 301 of the Act.
- b) The rate of interest where ever applicable and other terms and conditions of loans given by the company are not prima facie prejudicial to the interest of the company.
- c) We have no comment as there are no specific terms and conditions in respect of repayment of principal.
- d) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- 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 31st March, 2008 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 accumulated losses of the company are not more than fifty percent of its net worth. The company has not 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) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 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) We have verified the end use of money raised by rights issue as disclosed in the notes to the financial statements.
- 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 : 08.08.08

for K.S.REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

BALANCE SHEET AS AT 31ST MARCH 2008

Rs. In lakhs

	Schedule	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS:			
SHARE HOLDERS' FUNDS			
Share Capital	A	2,923.89	500.00
Reserves & Surplus	B	1,562.11	60.00
LOAN FUNDS			
Secured Loans	C	31.61	-
Unsecured Loans	D	-	58.32
Deferred tax Liability		7.80	-
Total		4,525.41	618.32
APPLICATION OF FUNDS:			
FIXED ASSETS	E		
Gross Block		159.81	120.79
Less: Depreciation		80.67	73.60
Net Block	I	79.14	47.19
INVESTMENTS			
In subsidiary companies - Un quoted	II F	3,492.68	0.88
CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories	G	15.23	15.28
b. Sundry Debtors	H	186.58	8.00
c. Cash & Bank Balances	I	459.04	0.05
d. Loans & Advances	J	389.86	4.03
		1,050.71	27.36
LESS: CURRENT LIABILITIES			
a. Current Liabilities	K	418.38	1.55
b. Provisions	L	203.50	0.20
Net Current Assets	III	428.83	25.61
MISCELLANEOUS EXPENDITURE			
Preliminary & Issue Expenses (to the extent neither written off nor adjusted)	M	58.10	21.36
Profit and Loss Account		466.66	523.28
	IV	524.76	544.64
Total = I + II + III + IV		4,525.41	618.32
Notes to Accounts	T		

Place : Chennai
Date : 08.08.08

As per our report of even date
for K. S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

For and on behalf of Info-Drive Software Limited
Sd/-
K. Shivakumar
Jt. Managing Director

Sd/-
N. T. Shiv Kumar
Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

Rs. In lakhs

	Schedule	2007-2008	2006-2007
INCOME:			
Income from operations	N	424.70	8.22
Other Income	O	48.98	9.43
		473.68	17.65
EXPENDITURE:			
Increase/Decrease in Stock in trade	P	0.05	0.10
Payments to Employees	Q	71.68	2.14
Administrative, Selling & Other Expenses	R	91.54	11.52
Finance Charges	S	17.06	0.26
Depreciation	E	7.07	2.04
		187.40	16.06
Profit for the year before taxation		286.28	1.59
Less: Goodwill written off		18.34	-
		267.94	1.59
Less: Provision for Taxation including Deferred tax & FBT		40.27	0.20
		227.67	1.39
Less: Provision for dividend including dividend tax		171.05	-
		56.62	1.39
Add: Loss brought forward from previous year		523.28	524.67
Balance carried to Balance Sheet		(466.66)	(523.28)

Notes to Accounts

T

Place : Chennai
Date : 08.08.08

As per our report of even date
for K.S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

For and on behalf of Info-Drive Software Limited

Sd/-
K. Shivakumar
Jt. Managing Director

Sd/-
N. T. Shiv Kumar
Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

	31.03.2008	31.03.2007
SCHEDULE - A	-	
SHARE CAPITAL	-	
Authorised:		
6,00,00,000/3,00,00,000 equity shares of Rs.10/- each	6,000.00	3,000.00
Issued, Subscribed and Paid up:		
2,92,38,890/50,00,000 equity shares of Rs.10/- each fully paid up	2,923.89	500.00
	31.03.2008	31.03.2007
SCHEDULE - B		
RESERVES & SURPLUS		
Share Premium Account	1,562.11	60.00
	31.03.2008	31.03.2007
SCHEDULE - C		
SECURED LOANS		
a. Union Bank of India (Secured on hypothecation of vehicles)	15.57	-
b. Union Bank of India - Term Loan (Secured on computers and corporate guarantee given by Bhari Information Technology Systems Private Limited)	16.04	-
	31.61	-
	31.03.2008	31.03.2007
SCHEDULE - D		
UNSECURED LOANS		
a. Others	-	43.14
b. UTI Bank Overdraft	-	15.18
	-	58.32

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - E

FIXED ASSETS

Rs. in Lakhs									
Net Block as on 01.04.2007	Particulars	Gross Block as on 01.04.2007	Additions	Withdrawn	Gross Block as on 31.03.2008	Depreciation			Net Block as on 31.03.2008
						Upto 01.04.2007	For the year	Withdrawn	Total
5.03	Plant & Machinery	17.57	-	-	17.57	12.54	0.83	-	13.38
4.03	Furniture & Fittings	17.91	0.54	-	18.45	13.88	1.16	-	15.04
0.93	Office Equipments	1.66	8.96	-	10.62	0.72	0.20	-	0.93
-	Electrical Installations	-	2.50	-	2.50	-	0.03	-	0.03
-	Vehicles	-	21.31	-	21.31	-	0.58	-	0.58
0.49	Computers	46.94	14.72	-	61.66	46.45	0.91	-	47.35
18.37	Software Package	18.37	9.33	-	27.70	-	3.36	-	3.36
18.34	Goodwil	18.34	-	18.34	-	-	-	-	-
47.19		120.79	57.36	18.34	159.81	73.60	7.07	-	80.67
									79.14

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

	31.03.2008	31.03.2007
SCHEDULE - F		
INVESTMENTS		
Wholly Owned Subsidiaries		
Info-Drive Software Inc (102000 shares of \$ 1 each fully paid up)	40.36	0.88
Info-Drive Systems Sdn Bhd (1000000 shares of RM 1 each fully paid up)	2,126.00	-
Info-Drive Software Pte Ltd (205600 shares of S \$ 1 each fully paid up)	57.67	-
Other Subsidiaries		
Precision Infomatic Madras Private Limited (124900 equity share of Rs.10/- each fully paid up)	900.00	-
Infodrive Software LLC (240 shares of Dirham 1000 each fully paid up)	368.65	-
	3,492.68	0.88
	31.03.2008	31.03.2007
SCHEDULE - G		
INVENTORIES		
Stock of Bharatanatyam CDs (As valued and certified by the Management)	15.23	15.28
	15.23	15.28
	31.03.2008	31.03.2007
SCHEDULE - H		
SUNDRY DEBTORS		
(Unsecured and considered good)		
a. Due for more than 6 Months	90.15	-
b. Due for less than 6 Months	96.43	8.00
	186.58	8.00

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

	31.03.2008	31.03.2007
SCHEDULE - I		
CASH & BANK BALANCES		
a. Cash on hand	2.11	0.05
b. With Scheduled Banks - in Current Account	5.05	-
c. With Scheduled Banks - in Fixed Deposits	451.88	-
	459.04	0.05

	31.03.2008	31.03.2007
SCHEDULE - J		
LOANS AND ADVANCES (Unsecured)		
Advances (Recoverable in cash or kind or for value to be received)		
a. Deposits with Government Departments	1.69	1.59
b. Other Advances	30.56	-
c. Rental Deposit	16.00	-
d. Staff Advances	1.15	-
e. Tax deducted at source	11.14	2.44
f. Intercompany Loans	316.47	-
g. Security deposit with BSE	12.00	-
h. Fringe Benefit tax paid	0.85	-
	389.86	4.03

	31.03.2008	31.03.2007
SCHEDULE - K		
CURRENT LIABILITIES		
Sundry Creditors		
- Trade & Others	262.42	-
- Advance received for supply of services	147.25	-
- Outstanding Liabilities	8.71	1.55
	418.38	1.55

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

	31.03.2008	31.03.2007
SCHEDULE - L		
PROVISIONS		
- Provision for taxation	31.00	-
- Provision for FBT	1.46	0.20
- Provision for dividend	146.19	-
- Provision for dividend tax	24.85	-
	203.50	0.20
	31.03.2008	31.03.2007
SCHEDULE - M		
MISCELLANEOUS EXPENDITURE		
Right Issue Expenses		
ROC Fees paid	24.00	9.00
Issue Expenses	40.56	12.36
	64.56	21.36
Less: Written off during the year	6.46	-
	58.10	21.36

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rs. In lakhs

	31.03.2008	31.03.2007
SCHEDULE - N	-	-
INCOME FROM OPERATIONS	-	-
Sales	200.95	8.13
Overseas Consultancy	223.75	0.09
	424.70	8.22

	31.03.2008	31.03.2007
SCHEDULE - O		
OTHER INCOME		
Interest Income	48.81	6.81
Other Income	-	2.62
Exchange Fluctuation	0.17	-
	48.98	9.43

	31.03.2008	31.03.2007
SCHEDULE - P		
INCREASE/DECREASE IN STOCK		
Opening Stock	15.28	15.38
Less: Closing Stock	15.23	15.28
	0.05	0.10

	31.03.2008	31.03.2007
SCHEDULE - Q		
PAYMENTS TO EMPLOYEES		
Staff Salaries	59.03	2.11
Jt. Managing Directors Remuneration	3.00	-
Medical Reimbursement	2.41	-
Staff Welfare (Food & Beverages)	7.24	0.03
	71.68	2.14

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rs. In lakhs

	31.03.2008	31.03.2007
SCHEDULE - R		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rent	7.12	0.30
Rates & Taxes	0.51	0.03
Subscription, Books & Periodicals	0.34	-
Postage, Printing & Stationery	7.23	2.71
Telephone Expenses	7.69	0.74
Compensation paid	-	0.33
Conveyance Expenses	3.44	-
Donations	0.01	-
Electricity Expenses	2.14	0.31
Insurance	0.57	-
Issue Expenses written off	6.46	-
Auditor's Remuneration		
- Audit Fees	0.60	0.18
- Tax Audit	0.25	-
- Others	0.15	-
Website expenses	0.96	0.55
Repairs & Maintenance		
- Vehicle Maintenance	0.72	-
- Office Maintenance	1.26	0.16
- Plant & Machinery (Computers)	0.70	-
- Others	3.02	0.24
Advertisement	5.95	0.20
Filing Charges & Listing Fees	3.06	0.46
Folio Maintenance Charges	0.27	0.37
Security Charges	0.68	-
Car Hire Charges	4.41	-
Meeting Expenses	0.55	0.12
Legal & Professional Expenses	21.40	1.80
Travelling Expenses	11.19	1.92
Transportation charges	0.26	0.36
General expenses	0.60	0.74
	91.54	11.52
	31.03.2008	31.03.2007
SCHEDULE - S		
FINANCE CHARGES		
Interest & Bank Charges	17.06	0.26
	17.06	0.26

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Rs. In lakhs

	2007-2008	2006-2007
A. Cash flow from operating activities		
Net Profit before taxes	286.28	1.60
Adjustments for		
Depreciation	7.07	2.04
Interest Income	(48.81)	(6.81)
Goodwill written off	(18.34)	
Other income	-	(2.62)
Operating profit before working capital changes	226.20	(5.79)
Adjustments for increase/ (-) decrease in		
Sundry Debtors	(178.58)	(8.00)
Loans & advances	(385.83)	201.22
Inventories	0.05	0.10
Current Liabilities & Provisions	620.13	(2.18)
Cash generated from/(used in) operations	281.97	185.35
Interest Income	48.81	6.81
Other income	-	2.62
Taxes paid	(32.47)	-
Net cash from operating activities	A 298.31	194.78
B. Cash flow from investing activities:		
Investment in Subsidiary Companies	(3,491.80)	(0.89)
Purchase of Fixed Assets	(39.02)	(0.80)
Sale/withdrawal of Fixed Assets	-	-
Withdrawal of depreciation	-	-
Net cash flow from/(used in) investing activities	B (3,530.82)	(1.69)
C. Cash flow from financing activities:		
Long term borrowings (Net)	31.60	-
Short term borrowings (Net)	(58.32)	(177.78)
Share Issue	3,926.00	-
Issue related expenses	(36.74)	(21.36)
Dividend	(146.19)	-
Dividend tax	(24.85)	-
Net cash from financing activities	C 3,691.50	(199.14)
Net increase/decrease in cash and cash equivalents	458.99	(6.05)
Cash & Cash equivalents (Opening Balance)	0.05	6.10
Cash & Cash equivalents (Closing Balance)	459.04	0.05

For and on behalf of Info-Drive Software Limited

Sd/-
K. Shivakumar
Jt. Managing Director

Sd/-
N. T. Shiv Kumar
Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

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 & Loss Account and Balance Sheet.

Place : Chennai
Date : 08.08.08

for K.S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE – T

Notes annexed to and forming part of the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date.

Significant Accounting Policies:

- i. Basis of Preparation: The financial statements are prepared under the historical cost convention under accrual method of accounting and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and the mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and according to the provisions of the Companies Act, 1956.
- ii. Fixed Assets: Fixed assets are stated at historical cost of acquisition and improvements thereon less accumulated depreciation.
- iii. 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 and on pro-rata basis of the assets acquired during the year.
- iv. Revenue recognition: Revenues from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the proportionate completion method with contract costs determining the degree of completion.

- v. Investments: Investments are classified as current or long term in accordance with Accounting Standard 13 on 'Accounting for Investments'.
 - i) Long term investments are stated at cost to the company. The company provides for diminution in the value of long term investments other than those temporary in nature.
 - ii) Current investments – Nil
 - iii) In case of foreign investments
 - 1) the cost is the rupee value of the foreign currency on date of investments.
 - 2) the face value of the foreign investments is shown at the face value reflected in the foreign currency of that country.

During the year under review the company has acquired the following companies.

Sl.No.	Name of the company acquired	% of holding
1.	Info-Drive Software Inc. USA	100
2.	Info-Drive Software Pte. Ltd, Singapore	100
3.	Info-Drive Systems Sdn Bhd, Malaysia	100
4.	Infodrive Software LLC, Dubai	80
5.	Precision Infomatic (Madras) Private Limited	51

- vi. Employee benefits: Short term employee benefits are measured at cost. Long term employee benefits and post employment benefits would be worked and carried out at each balance sheet date.
- vii. As the company is dealing with only one segment viz Information Technology the segment reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India is not resorted to.
- viii. Earnings per Share: In determining the earnings per share, the company considers the net profit after tax and extraordinary items.

Particulars	31.03.2008	31.03.2007
Profit after tax and extraordinary items	Rs.2,27,66,893/-	Rs.1,40,247/-
No. of equity shares outstanding during the year	2,92,38,890	50,00,000
Basic & Diluted earnings per share	Re.0.78	Re.0.03

- ix. Taxation:
Current income tax expense comprises taxes on income from operation in India. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. For the year under review an amount of Rs.31 lakhs has been provided for as income tax.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. For the year under review an amount of Rs.7,80,423/- has been provided as deferred tax liability

Fringe benefit tax (FBT) is provided in respect of benefits to employees as defined under section 115WB. FBT payable under the provisions of 115WC of the Income Tax Act 1961, is in accordance with the guidance note on 'Accounting for Fringe Benefits Tax' issued by the Institute of Chartered Accountants of India regarded as an additional income tax and considered in determination of profits for the year. For the year under review an amount of Rs.1,46,500/- has been provided as FBT.

- x. Miscellaneous expenditure: Preliminary Expenses and Rights Issue Expenses are amortized over a period of 10 years.

- xi. Related party disclosures: List of related parties where control exists and other related parties with whom the company had transactions and their relationship is as below.

Sl.No.	Name of the related party	Nature of relationship
1.	Info-Drive Software Inc. USA	Subsidiary Companies
2.	Infodrive Software LLC, Dubai	
3.	Info-Drive Software Pte. Ltd., Singapore	
4.	Info-Drive Systems Sdn Bhd, Malaysia	
5.	Precision Infomatics (Madras) Pvt Ltd	
6.	Precision Techconet Private Limited	Fellow Subsidiary Companies (Subsidiaries of Precision Infomatics (Madras) Private Limited)
7.	Legend Systems Private Limited	
8.	Precision Techserve Private Limited	
9.	Precision Galaxy Private Limited	
10.	K. Chandrasekaran	Key Management personnel
11.	K. Shivakumar	
12.	N.T Shiv Kumar	

Sl.No.	Name of the related party	Nature of Transaction	31.03.2008 Rs.	31.03.2007 Rs.
1.	Info-Drive Software Inc.	a. Investment in equity	40,36,495/-	88,495/-
		b. Advance given	1,57,92,000/-	Nil
2.	Infodrive Software LLC	a. Investment in equity	3,68,65,000/-	Nil
3.	Info-Drive Software Pte. Ltd.,	a. Investment in equity	57,39,030/-	Nil
4.	Info-Drive Systems Sdn Bhd	a. Investment in equity	21,26,00,040/-	Nil
5.	Precision Infomatics (Madras) Pvt Ltd	a. Investment in equity	9,00,00,000/-	Nil
		b. Receivables at year end	6,38,590/-	Nil
6.	Precision Techserve P Ltd	a. Advance given	25,00,000/-	Nil

- xii. Details of utilization of funds received on Rights Issue of equity shares.

Particulars	31.03.2008 Rs.
Issue proceeds through rights issue	24,00,00,000/-
Total Funds Received	24,00,00,000/-
Particulars of utilization / deposits	
Investment in subsidiary companies	17,07,15,525/-
Loans to subsidiary companies / others	3,10,22,000/-
Issue expenses	40,05,730/-
Increase in authorized capital	24,00,000/-
Balance amount parked in deposits	3,18,56,745/-

xiii. Details of Secured Loans and Security :

Loan from Union Bank of India is secured by way of:

Hypothecation to the bank by way of first charge of on all computers, un-interrupted power supply equipments and also the company has facilitated by a corporate guarantee given by Bhari Information Technology Systems Private Limited.

xiv. Foreign Currency Transactions:

Monetary current assets and monetary current liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the exchange rates prevailing at the date of balance sheet.

	In Rs.	
	This Year	Last Year
Earnings in Foreign Currency	4,24,64,492/-	8,08,520/-
Expenditure in Foreign Currency	1,82,275/-	Nil
Investment in Foreign Currency	18,65,07,525/-	88,395/-

xv. Directors traveling included in traveling and conveyance amounts to Rs.12,47,384/-

xvi. Extraordinary item: Extraordinary items are separately classified, identified and dealt with as required under Accounting Standard 5 issued by the Institute of Chartered Accountants of India.

xvii. Managerial Remuneration: An amount of Rs.3,00,000/- paid to Joint Managing Director Mr. K. Shivakumar as managerial remuneration.

xviii. Audit Fees:

	In Rs.	
	2008	2007
For services as Auditors	60,000/-	17,500
For tax audit	25,000/-	Nil
For other services	15,000/-	Nil

xix. Increase in authorized share capital during the year is Rs.30 crores comprising of 3,00,00,000 equity shares of Rs.10/- each. However, during the previous year there was an increase in authorized capital of Rs.18 crores comprising of 1,80,00,000 equity shares of Rs.10/- each.

xx. Quantitative information:

	Opening	Production	Sales	Closing
Software CD'S	1,465	---	5	1,460

xxi. As at 31st March 2008 the company has no outstanding dues to Micro Enterprises, Small Enterprises and Small Scale Industrial Undertakings.

xxii. The figures for the current year and previous year have been rounded off to the nearest rupee.

xxiii. Previous year figures have been rearranged or regrouped wherever necessary.

Signatures to Schedules A to T

Place : Chennai
Date : 08.08.08

As per our report of even date
for K.S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

For and on behalf of Info-Drive Software Limited

Sd/-
K. Shivakumar
Jt. Managing Director

Sd/-
N.T. Shiv Kumar
Wholetime Director & COO

Sd/-
V.N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	:	15475	State Code	:	18
Balance Sheet Date	:	31 – 03 – 2008			

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue	:	NIL	Rights Issue	:	240000
Bonus Issue	:	NIL	Private Placement	:	NIL

III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities	:	452541	Total Assets	:	452541
-------------------	---	--------	--------------	---	--------

Sources of Funds

Paid up Capital	:	292389
Reserves & Surplus	:	156211
Secured Loans	:	3161
Unsecured Loans	:	NIL
Diferred tax liability	:	780

Application of Funds

Net Fixed Assets	:	7914
Investments	:	349268
Net Current Assets	:	42883
Misc. Expenditure	:	5810
Accumulated Losses	:	46666

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

Turnover	:	47368	Total Expenditure	:	20574
Profit/(Loss) before tax	:	26794	Profit/(Loss) after tax	:	22767
Earnings per Share in Rs.	:	0.78	Dividend rate %	:	5%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code	:	85241000
Product Description	:	Software

Place : Chennai
Date : 08.08.08

As per our report of even date
for K.S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)

For and on behalf of Info-Drive Software Limited
Sd/-
K. Shivakumar
Jt. Managing Director

Sd/-
N. T. Shiv Kumar
Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

Consolidated Financial Statements

Page

76

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members of **INFO-DRIVE SOFTWARE LIMITED**

We have audited the attached Consolidated Balance Sheet of INFO-DRIVE SOFTWARE LIMITED, and its subsidiaries as at 31st March 2008 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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.

We did not audit the financial statements of subsidiaries whose financial statements reflect total assets Rs.5021.74 lakhs as at March 31, 2008, total revenues of Rs.19498.25 lakhs and cash inflows amounting to Rs.1761.84 lakhs for the year ended on that date. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on that report of other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Consolidated Balance Sheet, of the state of affairs of the company as at March 31, 2008;
2. in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
3. in the case of Consolidated Cash Flow Statement of the cash flows for the year ended on that date.

Place : Chennai
Date : 08.08.08

for K.S.REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2008

Rs. In Lakhs

	Schedule	As at 31.03.2008
SOURCES OF FUNDS:		
SHARE HOLDERS' FUNDS		
Share Capital	A	2,923.89
Advance to Share Capital		54.14
Reserves & Surplus	B	2,976.32
LOAN FUNDS		
Secured Loans	C	2,495.99
Unsecured Loans	D	217.16
Minority Interest		(56.67)
Deferred tax Liability		22.23
Total		8,633.06
APPLICATION OF FUNDS:		
FIXED ASSETS		
Goodwill on consolidation	I	3,228.16
Gross Block	E	1,724.53
Less: Depreciation		548.22
Net Block	II	1,176.31
INVESTMENTS		
In Mutual Funds	III F	10.50
CURRENT ASSETS, LOANS & ADVANCES		
a. Inventories	G	609.80
b. Sundry Debtors	H	4,274.63
c. Cash & Bank Balances	I	1,761.84
d. Loans & Advances	J	557.34
e. Other current assets	K	177.65
		7,381.26
LESS: CURRENT LIABILITIES		
a. Current Liabilities	L	2,772.05
b. Provisions	M	470.04
Net Current Assets	IV	4,139.17
MISCELLANEOUS EXPENDITURE		
Preliminary & Issue Expenses (to the extent neither written off nor adjusted)	V N	78.92
Total = I + II + III + IV + V	U	8,633.06
Notes on Accounts		

Place : Chennai
Date : 08.08.08

As per our report of even date
for K.S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

For and on behalf of Info-Drive Software Limited
Sd/-
K. Shivakumar
Jt. Managing Director

Sd/-
N. T. Shiv Kumar
Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

Rs. In Lakhs

	Schedule	2007-2008
INCOME		
Income from operations	O	19,316.15
Other Income	P	94.21
		19,410.36
EXPENDITURE		
Increase/Decrease in Stock in trade	Q	14,688.60
Payments to Employees	R	2,014.92
Administrative, Selling & Other Expenses	S	1,108.68
Finance Charges	T	283.77
Depreciation	E	202.66
		18,298.63
Profit for the year before taxation		1,111.73
Less: Goodwill written off		18.34
		1,093.39
Less: Provision for Taxation including Deferred & FBT		320.96
		772.43
Less: Provision for dividend including dividend tax		174.95
		597.48
Less: Minority interest in subsidiary Companies		(128.54)
		726.02
Less: Minority interest		53.32
		672.70
Less: Loss brought forward from previous year		523.27
Balance carried to Balance Sheet		149.43

Notes on accounts	U
Place : Chennai Date : 08.08.08	As per our report of even date for K.S. REDDY ASSOCIATES Chartered Accountants Sd/- K. Subba Reddy (Proprietor) M.No.208754

For and on behalf of Info-Drive Software Limited

Sd/-
K. Shivakumar

Jt. Managing Director

Sd/-
N. T. Shiv Kumar

Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

	31.03.2008
SCHEDULE - A	
SHARE CAPITAL	
Authorised:	
6,00,00,000 equity shares of Rs.10/- each	6,000.00
Issued, Subscribe and Paid up:	
2,92,38,890 equity shares of Rs.10/- each fully paid up	2,923.89
	31.03.2008
SCHEDULE - B	
RESERVES & SURPLUS	
Share Premium Account	1,562.11
Profit and Loss Opening Balance	1,264.78
Add: Profit for the year	149.43
	2,976.32
	31.03.2008
SCHEDULE - C	
SECURED LOANS	
a. From banks & Financial Institutions	2,495.99
	2,495.99
	31.03.2008
SCHEDULE - D	
UNSECURED LOANS	
a. Loans from Others	125.33
b. Optionally Convertible Debentures	27.56
c. Loans from Directors	64.27
	217.16
	31.03.2008
SCHEDULE - F	
INVESTMENTS	
In Mutual Funds	10.50
	10.50

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - E

FIXED ASSETS

Rs. in Lakhs

Net Block as on 01.04.2007	Particulars	Gross Block as on 01.04.2007	Additions	Withdrawn	Gross Block as on 31.03.2008	Depreciation			Net Block as on 31.03.2008
						Upto 01.04.2007	For the year	Withdrawn	Total
5.26	Plant & Machinery	18.60	18.89	-	37.49	13.34	1.69	-	15.03
207.02	Furniture & Fittings	257.77	83.46	11.29	329.94	50.75	54.00	11.29	93.46
77.36	Office Equipments	127.00	63.44	25.84	164.59	49.64	18.38	24.79	43.23
-	Electrical Installations	-	2.50	-	2.50	-	0.03	-	0.03
0.13	Buildings	0.60	193.38	0.60	193.38	0.60	4.50	0.60	4.50
94.27	Vehicles	176.29	66.45	3.73	239.01	82.03	32.42	1.51	112.93
175.68	Systems	357.04	127.86	0.60	484.30	181.36	82.07	0.17	263.26
18.37	Software Package	19.62	9.33	1.25	27.70	1.25	3.36	1.25	3.36
112.50	Intangible Assets	118.71	145.24	18.34	245.61	6.21	6.21	-	12.42
690.58		1,075.64	710.54	61.65	1,724.53	385.18	202.66	39.62	548.22
									1,176.31

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

	31.03.2008
SCHEDULE - G	
INVENTORIES	
Closing Stock	609.80
(As Valued and certified by the Management)	609.80
	31.03.2008
SCHEDULE - H	
SUNDRY DEBTORS	
(Unsecured and considered good)	
a. Due for more than 6 Months	895.15
b. Due for less than 6 Months	3,379.48
	4,274.63
	31.03.2008
SCHEDULE - I	
CASH & BANK BALANCES	
a. Cash on hand	8.85
b. With Scheduled Banks - in Current Account	275.44
c. With Scheduled Banks - in Fixed Deposits	1,477.55
	1,761.84
	31.03.2008
SCHEDULE - J	
LOANS AND ADVANCES (Unsecured)	
Advances (Recoverable in cash or kind or for value to be received)	
a. Deposits with Government Departments	1.70
b. Other Advances	387.34
c. Rental Deposit	16.00
d. Staff Advances	1.15
e. Tax deducted at source	11.14
f. Intercompany Loans	127.16
g. Security deposit with BSE	12.00
h. Fringe Benefit tax paid	0.85
	557.34

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

	31.03.2008
SCHEDULE - K	
OTHER CURRENT ASSETS	
Deposit-Earnest Money with others	177.65
	177.65
	31.03.2008
SCHEDULE - L	
CURRENT LIABILITIES	
Sundry Creditors	
- Trade & Others	1,935.35
- Advance received for supply of services	147.25
- Outstanding Liabilities	183.01
- Other Liabilities	506.44
	2,772.05
	31.03.2008
SCHEDULE - M	
PROVISIONS	
- Provision for taxation	288.62
- Provision for FBT	10.38
- Provision for dividend	146.19
- Provision for dividend tax	24.85
	470.04
	31.03.2008
SCHEDULE - N	
MISCELLANEOUS EXPENDITURE	
Right Issue Expenses	
- ROC Fees paid	24.00
- Issue Expenses	61.38
	85.38
Less: Written off during the year	6.46
	78.92

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. In Lakhs

	31.03.2008
SCHEDULE - O	
INCOME FROM OPERATIONS	
Sales & Other related income	19,316.15
	19,316.15
	31.03.2008
SCHEDULE - P	
OTHER INCOME	
Interest Income	51.29
Other Income	28.07
Exchange Fluctuation	(0.23)
Discount on purchase	4.12
Profit on sale of investments	9.78
Income from mutual funds	1.18
	94.21
	31.03.2008
SCHEDULE - Q	
INCREASE/DECREASE IN STOCK	
Opening Stock	542.01
Add: Purchases	14,756.39
Less: Closing Stock	609.80
	14,688.60
	31.03.2008
SCHEDULE - R	
PAYMENTS TO EMPLOYEES	
Staff Salaries	1,855.20
Employer's contribution to PF & ESI	93.96
Staff Welfare & recruitment	65.76
	2,014.92

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Rs. In Lakhs
	31.03.2008
SCHEDULE - S	
ADMINISTRATIVE, SELLING & OTHER EXPENSES	
Rent	209.78
Rates & Taxes	25.28
Subscription, Books & Periodicals	5.48
Business Promotion	34.68
Postage, Printing & Stationery	54.94
Telephone Expenses	87.09
Commission paid	70.68
Conveyance Expenses	54.22
Entertainment Expenses	12.06
Donations	0.14
Electricity Expenses	51.16
Insurance	11.07
Issue Expenses written off	6.83
Audit Fees	15.89
Internet & Broadband expenses	10.88
Repairs & Maintenance	
- Vehicle Maintenance	3.65
- Office Maintenance	18.58
- Plant & Machinery	7.71
- Others	18.04
Advertisement	13.48
Discounts	8.43
Filing Fees & Listing Fees	3.09
Folio Maintenance Charges	0.27
Security Charges	15.56
Car Hire Charges	4.41
Conference & Meeting Expenses	6.58
Legal & Professional Expenses	159.83
Travelling Expenses	111.60
Transportation & Freight	39.89
General expenses	27.28
Bad debts written off	19.25
Loss on sale of assets	0.28
Project Expenses	0.57
	1,108.68
SCHEDULE - T	
FINANCE CHARGES	
Interest & Bank Charges	283.77
	283.77

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Rs. In Lakhs

		2007-2008
A. Cash flow from operating activities		
Net Profit before taxes and write-off		1,111.73
Adjustments for		
Depreciation		202.66
Miscellaneous expenses written off		6.71
Interest Income		(93.07)
Interest paid		283.01
Goodwill written off		(18.34)
Other income		(1.20)
Operating profit before working capital changes		1,491.50
Adjustments for increase/ (-) decrease in		
Sundry Debtors		(1,064.92)
Loans & advances		(456.48)
Inventories		(121.54)
Current Liabilities & Provisions		878.89
Cash generated from/(used in) operations		727.47
Interest Income		93.07
Other income		1.20
Taxes paid		(178.72)
Net cash from operating activities	A	643.00
B. Cash flow from investing activities:		
Investment in Subsidiary Companies		(3,466.19)
Purchase of Fixed Assets		(753.59)
Sale/withdrawal of Fixed Assets		-
Withdrawal of depreciation		-
Net cash flow from/(used in) investing activities	B	(4,219.78)
C. Cash flow from financing activities:		
Long term borrowings (Net)		817.36
Short term borrowings (Net)		23.80
Share Issue		4,932.01
Interest paid		(283.00)
Issue related expenses		(43.19)
Dividend & Dividend tax		(174.96)
Net cash from financing activities	C	5,272.02
Net increase/decrease in cash and cash equivalents		1,695.24
Cash & Cash equivalents (Opening Balance)		66.60
Cash & Cash equivalents (Closing Balance)		1,761.84

For and on behalf of Info-Drive Software Limited

Sd/-
K. Shivakumar

Jt. Managing Director

Sd/-

N. T. Shiv Kumar

Wholetime Director & COO

Sd/-

V. N. Seshagiri Rao

Director

Sd/-

V. Gopal Rao

Sr. Vice President & Company Secretary

Sd/-

ANL Madhavann

Chief Financial Officer

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 & Loss Account and Balance Sheet.

Place : Chennai

Date : 08.08.08

for K.S. REDDY ASSOCIATES

Chartered Accountants

Sd/-

K. Subba Reddy (Proprietor)

M.No.208754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE - U

1. GENERAL INFORMATION

Info-Drive Software Limited (the Company) is a juristic person under the Companies Act, 1956. The address of its Registered Office and principal place of business is Buhari Buildings, No.3, Moores Road, Chennai: 600006. The principal activities of the Company and its subsidiaries (the Group) are IT services & products, including BPO services.

2. REPORTING STANDARDS

Presentation of Financial Statements have required the title of the Group's statement of changes in equity presented on these financial statements to be changed to the Statement of Recognised Income and Expense, but have had no impact on the amounts reported in that statement.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the generally Accepted accounting principles in India and the provisions of the Companies Act, 1956 and on the going-concern basis.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standard on Consolidated Financial Statements issued by the ICAI.

a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the holding company and by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are disclosed separately in the Balance Sheet.

b) Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

c) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating divisions expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the amount of goodwill attributable is included in the determination of the profit or loss on disposal.

d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Revenues from contracts priced on time and material basis are recognised when services are rendered and related costs are incurred.

Software Services

Where the outcome of a turnkey contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

e) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Currency Units, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses

are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Currency Units using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the closing exchange rates for the year. Exchange differences arising, if any, were not significant during the year.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

f) Retirement Benefits

Short term employee benefits are measure at cost.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

g) Taxation

i) Income Tax

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

ii) Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged

or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

h) Property, Plant and Equipment

Plant and Machinery, Fixtures and equipment are stated at carrying amounts less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

i) Patents and Trademarks

There are no patents and trademarks owned by the company

j) Impairment of Tangible and Intangible Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct costs and those overheads that have been incurred in bringing the inventories to their present condition. Net realisable value represents the estimated realisation less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

l) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Investments in Mutual Funds are stated at the lower of the cost and fair value.

m) Trade Receivables

Trade receivables are measured at initial recognition at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

n) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

o) Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

p) Trade Payables

Trade payables are initially measured at fair value.

q) Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

r) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

s) Share-Based Payments

The Group has not issued any equity-settled and cash-settled share-based payments to any employee.

t) Critical Judgements in Applying the Entity's Accounting Policies

In the process of applying the entity's accounting policies, which are described in the notes, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

u) Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was Rs.32.28 Crores. No impairment has been recognised in view of estimated future cash flows from the activities to which the goodwill has been allocated.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

a) Business Segments

As the Company is dealing with only one segment viz. Information Technology and Information Technology enabled services segment, the segment reporting as per Accounting Standard (AS – 17 “Segment Reporting”) is not required to be disclosed.

b) Geographical Segments

The groups operations are located in India, Singapore, Dubai, USA and Malaysia.

5. INCOME TAX EXPENSES

Domestic Income tax is calculated at the effective rate of 33.99% on the assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data

Earnings figures are calculated as follows:	Year ended 31.03.2008 Rs.
Profit for the year attributable to equity holders of the parent	847.65 Lakhs
Number of shares	2,92,38,890
Earnings per share before extraordinary items	2.96
Earnings per share after extraordinary items	2.90

7. SUBSIDIARIES

Details of the Company's subsidiaries at 31st March, 2008 are as follows:

Name of the Subsidiary	Place of Incorporation & Operation	Place of Ownership & Interest	Type of Business
Precision Infomatic (Madras) Pvt Ltd	India	51%	Computer Consulting, hardware and software
Info-Drive Systems Sdn Bhd.	Malaysia	100%	Computer Consulting, hardware and software
Info-Drive Software Inc.	USA	100%	Computer Consulting, hardware and Software
Info –Drive Software Pte Ltd.	Singapore	100%	Computer Consulting, hardware and Software
Infodrive Software LLC	Dubai	80%	Computer Consulting, hardware and Software

The directors consider with the carrying amount of trade and other receivables approximate their fair value. No interest is charged on trade receivables till the date of recovery.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

a) Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and bank deposits. The carrying amount of these assets approximates their fair value.

b) Credit Risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

8. TRADE AND OTHER PAYABLES

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value.

9. CONTINGENT LIABILITIES

There are no contingent liabilities.

10. SHARE-BASED PAYMENTS

a) Equity-Settled Share Option Scheme

The Company does not have a share option scheme for any employees of the Group.

11. RELATED PARTY TRANSACTIONS

The transactions between the company and its wholly subsidiaries which are related parties of the company have been eliminated on consolidation and not disclosed in this note. Besides the above there are no other trading transactions with related parties.

12. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended 31st March, 2007 have been reclassified to conform to the presentation in the financial statements for the year ended 31st March, 2008.

13. APPROVAL OF FINANCIAL STATEMENTS

The present financial statements drawn in accordance with Generally Accepted Accounting Principles in India were approved by the board of directors and authorised for issue on 8th August, 2008.

Place : Chennai
Date : 08.08.08

For and on behalf of Info-Drive Software Limited

Sd/-
K. Shivakumar

Jt. Managing Director

Sd/-
N. T. Shiv Kumar

Wholetime Director & COO

Sd/-
V. N. Seshagiri Rao
Director

Sd/-
V. Gopal Rao
Sr. Vice President & Company Secretary

Sd/-
ANL Madhavann
Chief Financial Officer

As per our report of even date
for K.S. REDDY ASSOCIATES
Chartered Accountants
Sd/-
K. Subba Reddy (Proprietor)
M.No.208754

Statement pursuant to Ministry of Corporate Affairs approval under Section 212(8) of the Companies act, 1996 relating to Subsidiary Companies*

Rs. in Lakhs

S.No	Name of the Company	Percentage of shares held	Reporting Currency	Exchange Rate	Capital	Reserve	Total Assets	Total Liabilities	Investments other than investments in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Country
1	Precision Infomatics (Madras) P. Ltd	51%	INR	1.00	24.49	1148.75	2725.56	1606.46	10.5	14050.42	(18.16)	111.86	(130.02)	India
2	Info-Drive Systems Sdn. Bhd	100%	RM	12.54	125.38	525.23	1663.26	1012.65	0	3177.23	498.6	140.63	357.97	Malaysia
3	InfoDrive Software L.L.C	80%	AED	10.9	32.7	224.01	326.14	69.43	0	923.8	279.81	0	279.81	Dubai, UAE
4	Info-Drive Software Inc.	100%	USD	40.02	40.82	37.67	247.18	168.69	0	1346.77	65.87	28.2	37.67	U.S.A.
5	Info-Drive Software Pte. Ltd	100%	SD	29.03	59.68	(0.67)	59.60	0.58	0	-	(0.67)	0	(0.67)	Singapore

Note: Indian Rupee equivalents of the figures given currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2008
* Applied for

For Info-Drive Software Limited
Sd/-
V. N. Seshagiri Rao
Director

EVENTS

Signing of Shareholders Agreement with Precision Group in November 2007



Inauguration of renovated Corporate Office in January 2008, by GM and DGM of Union Bank of India, Chennai



EVENTS

General Meeting of the Shareholders held at Chennai, India.





INFO-DRIVE SOFTWARE LIMITED

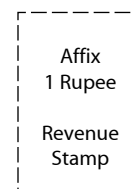
Regd. Office: Second Floor, Buhari Building,
No.3, Moores Road, Chennai – 600 006. India.

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 Mr./Ms. _____ or
failing him/her _____ of _____ as my/our proxy
to vote for me/us and on my/our behalf at the **Twentieth Annual General Meeting** of the Company **on Tuesday, the
23rd September 2008** or at any adjournment thereof.

Signed this _____ day of _____ 2008.



Signature
(Please sign across the Stamp)

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 commencement of the Meeting.
3. * Applicable for Investors holding shares in electronic form.



INFO-DRIVE SOFTWARE LIMITED

Regd. Office: Second Floor, Buhari Building,
No.3, Moores Road, Chennai – 600 006. India.

ATTENDANCE SLIP

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

Mr./Ms. : _____

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the **Twentieth Annual General Meeting** of the Company held at 'The Kasthuri Srinivasan Mini Hall', **The Music Academy**, New No.168, TTK Road, Chennai – 600 014, **at 10.30 a.m. on Tuesday, the 23rd September 2008**.

Member's/Proxy's Name (In BLOCK letters)

Member's/Proxy's Signature

Note: Please complete this attendance slip and hand over the same at the entrance of the Meeting Hall.

Notes

