



HYPERSOFT

TECHNOLOGIES LIMITED

(formerly known as V V Circuits Limited)

**SEVENTEENTH ANNUAL REPORT
1999-2000**



HYPERSOFT TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Chairman and Executive Director

D. Bhote

Managing Director

F. R. Bhote

Director

K. D. Bhote

REGD OFFICE & DEVELOPMENT CENTRE

12, HACP Colony

Karkhana

Secunderabad - 500 009. India.

BRANCH

Mumbai.

REGISTRARS

M/s. Sindu Corporate Services Limited

18A, East Marredpally

Secunderabad - 500 026

AUDITORS

M/s. Ramanatham & Rao.,

Chartered Accountants

BANKERS

Global Trust Bank , Bowenpally Branch

Citibank N.A., Hyderabad Branch.

LISTING

Hyderabad Stock Exchange

Ahmedabad Stock Exchange

Pune Stock Exchange



NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Monday, 25th September, 2000 at its Registered office at 12, HACP Colony, Karkhana, Secunderabad - 500 009 at 3.00 p.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date.
2. To appoint a Director in place of Smt. K. D Bhote who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint M/s. Ramanatham & Rao, Chartered Accountants, as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Sri D. Bhote, be and is hereby appointed as Chairman & Executive Director of the Company for a period of five years w.e.f. 18.02.2000 on following terms and conditions:

Terms of Appointment:

1. Salary: Rs. 25000/- per month.
2. Perquisites:
 - a) Housing
 - i. The expenditure incurred by the company on hiring a furnished accommodation for the Chairman & Executive Director shall be subject to a ceiling of 60% of the salary over and above 10% payable by him.
 - ii. In case the accommodation is owned by the company, 10% of the salary shall be deducted by the Company.



- iii. In case no accommodation is provided by the company, the Chairman & Executive Director shall be entitled to a House Rent Allowance subject to the ceiling laid down in (i) above.

The expenditure incurred by the company on Gas, Electricity, Water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary of the Chairman & Executive Director.

b). Medical reimbursement

Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

c). Club Fee

Fees of clubs subject to a maximum of two clubs. However admission and life membership fees are not allowed.

3. Leave Encashment

Earned leave with full pay and allowances as per the rules of the company. Leaves accumulated but not availed of during his tenure will be allowed for encashment.

4. Contribution to Provident Fund etc.

Contribution to provident fund, superannuation fund or Annuity fund as per the rules that may be framed by the company and will not be included in the computation of the ceiling on perquisites to the extent not taxable under Income tax Rules.

5. Gratuity

Gratuity payable shall not exceed half a month last salary for each completed year of service.

6. Provision of Car and Telephone

The company shall provide car for official business and telephone at residence for the appointee and these will not be treated as perquisites. However personal long distance calls on telephone and use of car for private purposes shall be billed by the company.

“RESOLVED FURTHER THAT where in any financial year, if the Company incurs losses or its profits are inadequate, the above remuneration shall be treated as a minimum remuneration payable to the appointee.”



5. To consider and, and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Sri. F. R. Bhote be and is hereby appointed as Managing Director of the Company for a period of five years w.e.f. 18.02.2000 on following terms and conditions:

1. Salary: Rs. 25000/- per month.
2. Perquisites:
 - a) Housing
 - i. The expenditure incurred by the company on hiring furnished accommodation for the Managing Director shall be subject to a ceiling of 60% of the salary over and above 10% payable by him.
 - ii. In case the accommodation is owned by the company, 10% of the salary shall be deducted by the Company.
 - iii. In case no accommodation is provided by the company the Managing Director shall be entitled to a House Rent Allowance subject to the ceiling laid down in (i) above.

The expenditure incurred by the company on Gas, Electricity, Water and furnishings shall be valued as per the Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the salary of the Managing Director.

b). Medical reimbursement

Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period three years.

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Contribution to provident fund, superannuation fund or Annuity fund as per the rules that may be framed by the company shall not be included in the computation of the ceiling on perquisites to the extent not taxable under Income tax Rules.

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“RESOLVED FURTHER THAT where in any financial year, if the Company incurs losses or its profits are inadequate, the above remuneration shall be treated as a minimum remuneration payable to the appointee.”

**for and on behalf of the Board of Directors
for HyperSoft Technologies Limited**

Place: Secunderabad

(D. Bhote)

Date : 28/07/2000

Chairman and Executive Director

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIM. A PROXY, NEED NOT BE A MEMBER.
- b) Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
- c) The Register of Members and Share Transfer Books of the Company will be closed from to Wednesday, 20th September, 2000 to Monday, 25th September 2000, (both days inclusive).



**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

Item # 4 : Mr. D. Bhote has been one of the Promoters and Managing Director of the Company since its inception. Under the leadership of Shri. D. Bhote the Company has successfully shifted its operations from manufacturing Printed Circuit Boards to Software related businesses. As Mr. F.R. Bhote was appointed as the Managing Director of the Company, now, Board proposes to appoint Mr. D. Bhote as a Chairman & Executive Director in this meeting .

The Directors recommend this resolution for your adoption.

Item # 5 : Mr. F.R. Bhote has been associated with the company since its inception and was one of the first directors of the Company. He had put in lot of efforts, during his tenure as director, but due to other engagements he could not continue in the Board of the Company. The Board of Directors in order to broad base and to benefit from his experience, in their meeting held on 1st October, 1999 appointed him as an Additional Director. Subsequently he has been appointed as the Managing Director of the Company in their meeting held on 18th February, 2000. His appointment needs to be ratified by the members. Hence, the resolution is placed before the members for their approval.

The remuneration and perquisites are considered reasonable having regard to his qualification, experience and the contribution he would be making to the Company.

The Directors recommend this resolution for your adoption.

**for and on behalf of the Board of Directors
for Hypersoft Technologies Limited**

**(D. Bhote)
Chairman and Executive Director**



DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting their Seventeenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS:

(Rs. in Lacs)

	Year ended 31.03.2000	Year ended 31.03.1999
Turnover	154.97	136.49
Depreciation	4.72	5.09
Net Profit before Taxation	1.51	1.00
Provision for Taxation	0.17	0.10
Net Profit after Taxation	1.34	0.90

OPERATIONS

During the year under review, your Company made a Turnover of Rs. 154.97 Lakhs as against Rs. 136.49 Lakhs for the previous year. Your Company earned a profit of Rs. 1.34 Lakhs for the year under review as against a Profit of Rs. 0.90 Lakhs in the previous year.

The Company presently enjoys a large customer base in Andhra Pradesh. The Company has recently started marketing of its products in the cities of Delhi, Calcutta, Bangalore and Chennai.

SOFTWARE DEVELOPMENT AND FUTURE OUTLOOK

Though the Company has recently started its operations in software related activities the Company is already designing and developing products which provide value addition to the business community.

The Company is involved in development of products and services for Financial and E-solutions, provides specialised services in Centura, Oracle, VB, Internet, Cobol Conversion and other packaged software products. The Company is aiming at becoming a market leader in providing software for Stock Market Broker Accounting and Share Broking. The product HyperStock is



market leader in this field. The company also is entering into the areas of Application Service Provider and web based hosting of software applications.

Your Company's Directors understand the rapidly changing developments in Information Technology Industry and the Board of Directors of the Company are well in pace with the Industry.

The Company has also opened Branch Offices at Mumbai and is planning offices/franchise offices at Delhi, Calcutta, Chennai and Bangalore.

The Company is currently working on packaged Software Products; Software Services; Web Enabled Products & Services. The Company also has plans to offer many value added services including executing off-shore development projects. In the coming year your company plans to undertake off-shore as well as onsite software development projects for the Export Market. The necessary infrastructure and groundwork is being prepared in the year for the launch of our Export related activities.

The Company aims to become an end-to-end IT solution provider and enhance its client base.

CLOSURE OF PRINTED CIRCUIT BOARD UNIT

The Company was mainly in the business of manufacture of "Printed Circuit Boards" and other related electronic components. But due to recession and cheaper imports from abroad, the same was no longer viable for the Company to continue, therefore the Company has closed its Printed Circuit Board Unit. The Company is concentrating on Software Related Activities from the last financial year which has proved beneficial, and the Company has achieved a commendable progress in this direction.

REGISTERED OFFICE

The Company was having its Registered Office at Plot No. 73, Cherlapally, Phase I, Hyderabad. But with change in the activities of the Company shifted its Registered Office and Development Centre to Plot. 12, HACP Colony, Secunderabad - 500 009 in February, 2000.

CHANGE OF NAME

The Company has changed its name from "V.V. CIRCUITS LIMITED" to "HYPERSOFT TECHNOLOGIES LIMITED" with a view of reflecting the current nature of business of the Company.

DIVIDEND

No dividend is proposed by your Board of Directors for this financial year.



DIRECTORS

Smt. K. D. Bhote, director of the Company retires by rotation and being eligible offers herself for re-appointment.

DEPOSITS

The Company has not accepted any deposits from the public and therefore, the provisions of Section 58A are not applicable.

EMPLOYEES

No employee of the Company is drawing remuneration in excess of the limits specifies in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PERSONNEL

An understanding with the workforce of the Printed Circuits Board unit was reached which was led to retrenchment of the workforce. The Company offered a compensation package which was accepted by them and this resulted in amicable settlement of all industrial disputes.

AUDITORS

M/s.. Ramanatham & Rao, Chartered Accountants, retiring auditors of the Company, are eligible for re-appointment. The Board recommends their reappointment.

Y2K

There was a smooth roll over into the new year as all the systems and process of the Company were Y2K compliant.

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

I. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Software industry is not power-intensive. However, adequate measures have been taken to conserve energy wherever possible. The technology of the Company is developed in-house and hence there is no question of any absorption of technology.



II. FOREIGN EXCHANGE EARNINGS AND OUTGO

NIL

111. RESEARCH AND DEVELOPMENT (R & D)

Research and Development efforts in Hypersoft Technologies Limited involve training its software engineers on a regular basis on the latest trends & technologies in software methodologies, software engineering and software development as well as improvement in the quality of products developed.

ACKNOWLEDGMENTS:

Yours Directors wish to place on record their appreciation for the support received from the various Governmental agencies, Banks and Investors. The Board also commends the dedication of the employees and thanks the members for the confidence they have reposed in the Company and its management.

**for and on behalf of the Board of Directors
for Hypersoft Technologies Limited**

Place: Secunderabad
Date : 28/07/2000

**(D. Bhote)
Chairman and Executive Director**



HYPERSOFT TECHNOLOGIES LIMITED

(Formerly known as "V V Circuits Limited")

BALANCE SHEET AS AT 31st MARCH, 2000

A. SOURCES OF FUNDS	SCHEDULE	31st March 200		31st March 1999	
		Rs.	Rs.	Rs.	Rs.
1. Share Holders Funds					
Share Capital	1	28,181,150		28,181,150	
Share Application Money		<u>23,260,000</u>		<u>-</u>	
			51,441,150		28,181,150
2. Loan Funds					
Secured Loans	2	-		2,038,218	
Unsecured Loans		<u>-</u>		<u>2,246,699</u>	
			<u>51,441,150</u>		<u>32,466,067</u>
B. APPLICATION OF FUNDS					
1. FIXED ASSETS	3				
(a) Gross Block		11,612,235		11,525,478	
(b) Less: Depreciation		<u>3,406,105</u>		<u>4,087,126</u>	
			8,206,130		7,438,352
2. INVESTMENTS	4		13,177,000		9,177,000
3. CURRENT ASSETS					
LOANS AND ADVANCES					
(a) Current Assets	5	22,039,373		7,584,952	
(b) Loans and Advances	6	<u>3,160,027</u>		<u>2,728,903</u>	
		25,199,400		10,313,855	
Less: Current Liabilities and Provisions	7	<u>1,846,477</u>		<u>1,291,771</u>	
NET CURRENT ASSETS:			23,352,923		9,022,084
4. MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)			4,120,294		4,120,294
5. PROFIT & LOSS ACCOUNT (LOSS)			<u>2,584,803</u>		<u>2,718,337</u>
			<u>51,441,150</u>		<u>32,476,067</u>
Significant Accounting Policies	11				
Notes on Accounts	12				

per our report of even date
FOR RAMANATHAM & RAO
Chartered Accountants

(C.KAMESWARA RAO)
Partner

Place : Secunderabad
Date : 25th August 2000

for and on behalf of the Board

(FEROZ R. BHOTE)
Managing Director

(D.BHOTE)
Chairman

HyperSoft Technologies Limited,
Reg'd Office : 1st Fl. 12 HACP Colony, Karkhana, Secunderabad 500 099.



HYPERSOFT TECHNOLOGIES LIMITED

(Formerly known as " V V Circuits Limited")

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2000

	SCHEDULE	31st March 2000	31st March 1999
		Rs.	Rs.
A. INCOME			
Software Income		15,461,000	12,000,000
PCB Sales		-	1,554,911
Other Income	8	35,671	93,875
Increase(Decrease) in inventory		-	22,533
Profit on sale of Fixed Assets		13,323	-
Total :-		15,509,994	13,671,319
B. EXPENDITURE			
Cost of Software		12,986,554	10,000,000
Raw Materials and Chemicals Consumed		-	990,009
Payments and Benefits to Employees	9	536,064	1,026,028
Manufacturing, Administration & Other Expenses	10	1,033,389	1,042,703
Financial Charges		364,234	3,528
Depreciation	3	472,301	509,311
Total :-		15,392,542	13,571,579
C. PROFIT BEFORE TAX		117,452	99,740
D. PRIOR PERIOD INCOME		33,532	-
E. PROVISION FOR TAXATION		17,450	10,473
F. PROFIT AFTER TAX		133,534	89,267
G. LOSS B/F FROM PREVIOUS YEAR		2,718,337	2,807,605
H. LOSS CARRIED TO BALANCE SHEET		2,584,803	2,718,337
Significant Accounting Policies	11		
Notes on Accounts	12		

per our report of even date
FOR RAMANATHAM & RAO
Chartered Accountants

(C.KAMESWARA RAO)
Partner

Place : Secunderabad
Date : 25th August 2000

for and on behalf of the Board

(FEROZ R. BHOTE)
Managing Director

(D.BHOTE)
Chairman

HyperSoft Technologies Limited,
Reg'd Office : 1st Fl. 12 HACP Colony, Karkhana, Secunderabad 500 099.



Schedules forming integral part of the Accounts

SCHEDULE - 1

<u>SHARE CAPITAL :</u>	<u>31st March 2000</u> Rs.	<u>31st March 1999</u> Rs.
AUTHORISED		
6,000,000 Equity Shares of Rs.10 each	60,000,000	60,000,000
ISSUED, SUBSCRIBED & PAIDUP		
2,019,700 Equity Shares of Rs.10 each fully paid.	20,197,000	20,197,000
Add: Forfeited shares	7,984,150	7,984,150
	<u>28,181,150</u>	<u>28,181,150</u>

SCHEDULE - 2

SECURED LOANS

1. From Central Bank of India :

(Secured against hypothecation of Raw Material,
Work in progress and Finished Goods and
assignment of book debts)

a) Against Cash Credit

- 1,533,344

b) Against Book Debts

- 504,874

- 2,038,218

HyperSoft Technologies Limited,
Reg'd Office : 1st Fl. 12 HACP Colony, Karkhana, Secunderabad 500 099.

Schedules forming integral part of the Accounts (Contd.)

Schedule - 3**FIXED ASSETS & DEPRECIATION**

(Amounts in Rupees)

GROSS BLOCK						DEPRECIATION				NET BLOCK	
Sl. No.	Name of the Asset	As on 1/4/1999	Additions	Deletions	As on 31/03/2000	As on 01/04/1999	For the year	Deletions	As on 31/03/2000	As on 31/03/2000	As on 31/03/1999
1	Land	97,000	0		97,000	0	0		0	97,000	97,000
2	Building	2,347,898	0		2,347,898	1,015,056	133,284		1,148,340	1,199,558	1,332,842
3	Plant & Machinery	4,282,850	75,300	1,300,000	3,058,150	2,630,231	256,197	1,153,322	1,733,106	1,325,044	1,652,619
4	Electrical Installation	343,084	54,586		397,670	139,224	29,003		168,227	229,443	203,860
5	Furniture & Fixtures	80,552	59,137		139,689	63,133	3,922		67,055	72,634	17,419
6	Office Equipments	240,012	5,000		245,012	125,491	16,258		141,749	103,263	114,521
7	Fire Extinguisher	987	0		987	987	0		987	0	0
8	Vehicles	113,004	629,634		742,638	113,004	15,524		128,528	614,110	0
9	Computers	0	563,100		563,100	0	18,113		18,113	544,987	0
10	Capital Work in Progress (Including Capital Advances)	4,020,091	0		4,020,091	0	0		0	4,020,091	4,020,091
		11,525,478	1,386,757	1,300,000	11,612,235	4,087,126	472,301	1,153,322	3,406,105	8,206,130	7,438,352
	Previous Year	11,525,478	0		11,525,478	3,577,815	509,311		4,087,126	7,438,352	7,947,663





Schedules forming integral part of the Accounts (Contd..)

	<u>31st March 200</u>		<u>31st March 1999</u>	
	Rs.		Rs.	
<u>INVESTMENTS</u>				<u>SCHEDULE-4</u>
Fixed Deposits in Bank		4,000,000		-
Others		9,177,000		9,177,000
		<u>13,177,000</u>		<u>9,177,000</u>
<u>CURRENT ASSETS, LOANS & ADVANCES</u>				<u>SCHEDULE - 5</u>
<u>(A) CURRENT ASSETS</u>				
a) <u>Cash and Bank Balances</u>	31,852		72,430	
Cash with Schedule Bank(in Current a/c)	<u>10,738,504</u>	10,770,356	<u>6,318</u>	78,748
b) <u>Inventories</u>				
Raw Materials, Chemicals, Consumables, Stores & Spares.	2,712,024		2,712,024	
Work in Progress	<u>255,854</u>	2,967,878	<u>255,854</u>	2,967,878
Closing Stock of Software		1,723,910		-
c) <u>Sundry Debtors</u>				
(Unsecured - Considered good)				
Outstanding for more than 6 months	4,113,229		435,990	
Others	<u>2,464,000</u>	6,577,229	<u>4,102,336</u>	4,538,326
		<u>22,039,373</u>		<u>7,584,952</u>
<u>(B) LOANS & ADVANCES</u>				<u>SCHEDULE - 6</u>
Deposits		156,860		46,300
Advances to Suppliers		509,475		247,413
Deposits Recoverable		101,636		101,636
Excise Duty Deposit		553		553
Tax Deducted at Source		42,043		51,712
Other Advances		2,263,289		2,213,289
Advance Income Tax		40,000		40,000
Prepaid Expenses		10,500		28,000
Interest Receivable		35,671		0
		<u>3,160,027</u>		<u>2,728,903</u>
<u>CURRENT LIABILITIES & PROVISIONS</u>				<u>SCHEDULE - 7</u>
<u>(A) CURRENT LIABILITIES</u>				
Sundry Creditors	1,717,728		778,082	
Outstanding Liabilities	111,299		374,955	
Advances for Customers	-		50,832	
State Bank of India - Current A/c	<u>-</u>	1,829,027	<u>58,506</u>	1,262,375
<u>(B) PROVISIONS</u>				
Tax Deducted at Source	-		9,254	
Provision for Taxation	<u>17,450</u>	17,450	<u>20,142</u>	29,396
		<u>1,846,477</u>		<u>1,291,771</u>

HyperSoft Technologies Limited,
Reg'd Office : 1st Fl. 12 HACP Colony, Karkhana, Secunderabad 500 099.



Schedules forming part of the Accounts

OTHER INCOME

Job Work	-
Interest on deposits	35,671
Excise Duty on Sales	-
Others	-
Discounts	-
	<u>35,671</u>

SCHEDULE - 8

79,770
-
151
12,551
1,403
<u>93,875</u>

PAYMENTS & BENEFITS TO EMPLOYEES

31st March 2000

	Rs.
Salaries	531,066
Welfare Expenses	4,998
E.S.I	-
Provident Fund	-
Bonus	-
Professional Tax	-
	<u>536,064</u>

SCHEDULE - 9
31st March 1999

Rs.
703,253
38,917
49,380
195,514
37,000
1,964
<u>1,026,028</u>

MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES

Advertisements	208,263
Audit Fees	25,000
Bank Charges	8,500
Directors Remuneration	229,500
Conveyance	99,187
Perquisite to Director	-
Excise Duty Paid	-
Electrical Accessories	-
Freight and Handling	1,500
Internet Charges	5,225
Insurance	38,808
Miscellaneous Expenses	2,920
Power & Fuel	20,985
Printing & Stationery	25,745
Postage & Courier	1,576
Rates & Taxes	28,480
Repairs & Maintenance	102,644
Legal Charges	5,000
Books and Periodicals	5,923
Sales Promotion	-
Listing Charges	-
Security Charges	-
Telephone & Trunkcalls	68,851
Travelling Expenses	50,665
Subscription & Membership Fee	1,899
Rent	59,688
Consultancy	22,346
Sales Tax Paid	-
Registration & Filing Fees	10,220
Computer Consumables	10,465
	<u>1,033,389</u>

SCHEDULE - 10

10,540
21,000
17,140
180,000
91,859
66,053
5,563
9,836
14,524
-
23,128
24,548
168,767
18,673
12,191
235
79,086
22,200
-
28,620
28,000
53,755
71,869
47,723
8,500
24,500
12,000
2,393
-
-
<u>1,042,703</u>

HyperSoft Technologies Limited,

Reg'd Office : 1st Fl. 12 HACP Colony, Karkhana, Secunderabad 500 099.



HYPERSOFT TECHNOLOGIES LIMITED

SIGNIFICANT ACCOUNTING POLICIES:

A). BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

- 1) Balance Sheet and Profit & Loss account are prepared in conformity with Accounting Standards Under Section 211 of the Companies Act, 1956.
- 2) The accounts have been drawn upon historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistent by the company.
- 3) The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

B) FIXED ASSETS :

Fixed Assets are stated at cost, net of modvat, less depreciation.

C) DEPRECIATION :

Depreciation has been calculated as per the rates given in Schedule – XIV of the Companies Act, 1956 under the written down value method, for the actual number of months put into use including the additions / deletions.

D) INVESTMENTS :

Investments others represents amounts, invested as unsecured loans and advances out of monies received from the Public Issue of Equity Shares of the company.

Investments in Fixed Deposits are disclosed at cost of investment. Interest on investments is accounted on accrual basis.

E) INVENTORIES :

Inventories have been taken as verified and certified by the management. The basis of valuation is as under:

- | | |
|---|-----------|
| a) Raw Materials, Chemicals & Consumables | |
| And Stores & Spares. | : At Cost |
| b) Work in Progress | : At Cost |
| c) Software | : At Cost |

F) REVENUE RECOGNITION :

- 1) Sales are net of Sales Tax and excludes excise duty.
- 2) Purchases are net of modvat, where applicable.

G) GRATUITY :

No provision for gratuity has been made. The company intends to account the same on cash basis.

H) MISCELLANEOUS EXPENDITURE :

Preliminary expenses and Public Issue expenses are being amortized over a period of 10 years.

I) PRIOR PERIOD / PRE PAID EXPENSES :

Expenditure less than Rs.10,000/- are not classified into prior period expenditure of pre paid expenses in view of the fact that they are not material in nature.



NOTES ON ACCOUNTS :

SCHEDULE - 12

- During the year the company has discontinued the business of manufacturing Printed Circuit Boards and has taken up the business of software development and sales. As such current year figures are not comparable with that of the previous year.
- After discontinuance of the business of Printed Circuit Boards inventories relating to such business lying at factory are non-moving and their values are taken at historical cost.
- Capital Contracts : No firm orders in respect of the Capital Assets have been placed and hence contingent liability in respect of Capital Contracts cannot be ascertained.
- No amount is written off in respect of preliminary expenses and public issue expenses in view of insufficiency of profits during the year.
- Current liabilities are not classified in respect of amounts outstanding to Small Scale Industrial Units, in the absence of information to the affect.
- The company has forfeited Rs.31,93,900/- Equity Shares of Rs.10/- each against which the company has received Rs.2.50 on each Share before forfeited of such shares.
- Balances of Sundry Debtors, Creditors, Loans & Advances and Investments were not confirmed. Hence the balances are as per books of accounts only.
- Previous year's figures have been regrouped or rearranged wherever necessary to make their classification comparable with that of the current year.

A. REMUNERATION TO DIRECTORS :

	<u>31st March'2000</u>	<u>31st March'1999</u>
	<u>Rs.</u>	<u>Rs.</u>
1. Mr.D.Bhote (Chairman)		
a) Salary	1,94,145.00	1,80,000.00
b) Perquisites	—	66,053.00
2. Mr. Feroz R. Bhote (Managing Director)	35,355.00	—
	<u>2,29,500.00</u>	<u>2,46,053.00</u>

B. CONSUMPTION OF RAW MATERIAL :

	<u>1999 - 2000</u>		<u>1998-1999</u>	
	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
	<u>Rs.</u>		<u>Rs.</u>	
(i) Raw Materials				
(a). Indigenous	—	—	4,37,429.00	4.19
(b). Imported	—	—	—	—
(ii) Software	1,29,86,554.00	100	1,00,00,000.00	95.81
Total :-	<u>1,29,86,554.00</u>	<u>100</u>	<u>1,04,37,429.00</u>	<u>100.00</u>

Signature to Schedule 1 to 12
Per our Report of Even Date
For **RAMANATHAM & RAO**
Chartered Accountants

for & on behalf of the Board
(**FEROZ R. BHOTE**)
Managing Director

(**C.KAMESWARA RAO**)
Partner

(**D. BHOTE**)
Chairman

Hyerabad
25 August'2000



Auditors Report

THE MEMBERS OF HYPERSOFT TECHNOLOGIES LIMITED (Formerly Known as V.V.Circuits Limited)

We have audited the attached Balance Sheet of Hypersoft Technologies Ltd., (Formerly Known As V.V.Circuits Limited) as at 31st March,2000 and the Profit and Loss Account for the year ended on that date,annexed thereto and report that :

- 1) As required by the Manufacturing and other Companies(Auditors Report) Order 1988, Issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, We annex hereto a statement on matters specified in paragraphs 4 and 5 of the said order.
- 2) Further to our comments in the Annexure referred to in Paragraph 1.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 purpose of our audit;
 - b) In our opinion, proper books of accounts as required by Law have been kept by Company so far as appears from our examination of books of the Company;
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts of the Company;
 - d) The Balance Sheet and Profit and Loss account are in conformity with the Accounting standards under Section 211(3C) of the Companies Act,1956;
 - e) In our Opinion and to the best of our information and according to the explanations given to us ,the Accounts give the information required by the Companies Act 1956, in the manner so required and subject to :

Note No 2 : Disclosure of Inventory Values At Historical Cost in respect of discontinued Business;

Note No 3 : Contingent Liability in respect of Capital Commitment amount whereof is not Ascertained;

Note No 4 : Relating to Preliminary expenses and public issue expenses not written off to Amounting to Rs.4,12,029/-.

Note No 5 : Current Liabilities outstanding to Small Scale Industrial units ;

Note No 7 : In relation to confirmation of Balances not obtained in report of Debtors, Creditors, Loans and Advances and Investments

and read together with other notes thereon , give the information required by the Companies Act,1956 in the manner so required and present a true and fair view;

(i) In the case of Balance Sheet of the state affairs of the Company as at 31st March,2000 and

(ii) In the case of Profit and Loss Account of the Profit for the year ended on that date.

For RAMANATHAM & RAO,
Chartered Accountants.

Hyderabad,
25th August 2000.

(C.KAMESWARA RAO).
Partner.



Annexure To The Report Of The Auditors

Referred To 10 Paragraph 1 Of The Report Of Even Date On The Accounts Of
HYPERSOFT TECHNOLOGIES LIMITED (Formerly Known as V.V.Circuits Limited.,)
as at 31st March,2000.

1. The Company has not updated the records showing the particulars of fixed assets .The Management has physically verified the fixed assets at reasonable intervals and no major discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the financial year.
3. The stock of finished goods,semi-finished goods ,stores, raw materials, and packing materials have been physically verified by the management at the end of the year and at reasonable intervals.
4. In our opinion the procedure for physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. According to the records produced to us for our verification ,no material discrepancies have been noticed on physical verification of stocks as compare to books and records.However, discrepancies to the extent noticed on physical verification have been properly dealt with in the books of accounts of the Company. Internal control procedure in respect of stock records need to be strengthened in view of size of the company and nature of its business.
6. We have examined and verified the stock valuation and as per the information available and explanations given to us, stocks in our opinion and nature of accounting policies, the valuation of stocks is, in our opinion , considering the nature of Business fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as the earlier year.
7. The Company has not taken any loans from companies, firms listed in the register maintained Under Section 301 of the Companies Act,1956. There are no Companies under the same Management , within the meaning of Section 370(1B) of the Companies Act,1956.
8. The Company has not given any loans and advances secured or unsecured to Companies Listed under Section 301 of the Companies Act,1956 and there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act,1956.
9. No Confirmation of balances were obtained in respect of interest free loans and advances in the nature of advances given to employees, suppliers and others. The recovery of loan and advance is not satisfactory.
10. According to information available and explanations given to internal control procedures need to be strengthened commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, plant and machinery, equipment and other assets and also for sale of goods.
11. According to the information available and explanations given to us there is no transaction of purchase and sale of goods and materials made in pursuance of contracts or agreements



entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the period to Rs.50,000/- or more in respect of each party.

12. Having regard to the explanations given to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods.
13. The Company has not accepted any deposits from the public.
14. According to the information available and explanations given to us Company's operations do not generate any scrap or by-products.
15. The Company does not have an Internal Audit System.
16. The Company is not required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956.
17. During the year the company has not deposited any amount in respect of Provident Fund and Employees State Insurance.
18. According to the records made available to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs-duty and Excise-duty were outstanding as at the last day of the financial year for a period of more than six months from the date, they became payable.
19. On the basis of the examination of books of accounts of the Company, the Vouchers examined by us on a test check basis, and explanations given to us against our inquiries, we have not come across any expenses charged to revenue account, except for those which are either incurred under service contract, obligations with the employees or directors which were incurred in accordance with generally accepted business practice which could be regarded as personal expenses.
20. The Company is not a sick industrial Company within the meaning of the clause (i) of Sub-Section (1) of Section 31 of Sick Industrial Companies (special provisions) Act, 1985.

For Ramanatham & Rao.,
Chartered Accountants.

Hyderabad
25th August, 2000.

(C. Kameswara Rao)
Partner.



HyperSoft Technologies Limited.,
Cash Flow Statement For The Year Ended 31st March 2000.

(Amount in Rs.Thousands)

	1999-2000	1998-1999
<u>Cash Flow From Operating Activities.</u>		
Net Profit Before Tax	150.98	89.27
Adjustments for		
Profit on sale & Fixed Asset	(13.33)	0.00
Depreciation	472.30	509.31
Interest Paid	364.23	3.53
Interest Received	(35.67)	0.00
Operating Profit/Loss before		
Working Capital change :	938.51	602.11
Adjustments for		
Inventories/Software	(1733.91)	129.54
Sundry Debtors	(2038.90)	(1,120.80)
Loans & Advances	(431.12)	380.02
Current Liabilities & Provisions	554.71	143.46
Cash Separated from operations	(2710.71)	134.46
Interest Paid	(364.23)	(3.53)
Interest Received	35.67	0.00
Income Tax	17.45)	
Net Cash From Operation		
Activities.	(3056.72)	130.93
<u>Cash Flow From Investing Activities :</u>		
Purchase of Fixed Assets(Including cwip)	(1386.76)	0.00
Sale & Fixed Assets	160.00	
Interest in Investments	(4000.00)	0.00
	(5226.76)	(0.00)
<u>Cash Flow From Financing Activities</u>		
Proceeds from issue of Share Capital	0.00	0.00
Proceeds towards Share Application Money	23260.00	—
Proceeds From Short Term & Long Term		
Loans	(4284.92)	(163.05)
	18975.08	(163.05)



Net Increase in Cash & Cash equivalents	10691.60	(32.12)
Cash & Cash equivalents beginning of year	78.75	110.87

Cash & Cash equivalents end of year	10770.36	78.75
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For and on behalf of the Board.,

Place: Secunderabad
Date : 25th August,2000.

(D. Bhote)
Chairman.

We have examined the Cash Flow Statement of M/S. HyperSoft Technologies Limited for the year ended 31st March 2000. The Statement has been Prepared by the Company in accordance with requirements of Clause 32 of Listing Agreement with the Stock Exchange and is based on and in agreement with the Corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 25th August ,2000 to the members of the Company.

For Ramnatham & Rao.,
Chartered Accountants.

Place : Hyderabad.
Date : 25th August,2000.

(C.Kameswara Rao).
Partner.



HYPERSOFT TECHNOLOGIES LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE OF

I. Registration Details

Registration No.

3 9 1 2

State Code 0 1

Balance Sheet Date

3 1 0 3 2 0 0 0

Date Month Year

II. Capital raised during the year : (Amount in Rs. Thousands)

Public Issue

-

Right Issue

-

Bonus Issue

-

Private Placement

-

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds

Total Liabilities

5 1 4 4 1

Total Assets

5 1 4 4 1

Paid-up Capital

5 1 4 4 1

Reserves & Surplus

-

Secured Loans

Unsecured Loans

-

Application of Funds

Next Fixed Assets

8 2 0 6

Investments

1 3 1 7 7

Net Current Assets

2 3 3 5 3

Miscellaneous Expenditure

4 1 2 0

Accumulated Losses

2 5 8 5

IV. Performance of Company : (Amount in Rs. Thousands)

Turnover

1 5 5 1 0

Total Expenditure

1 5 3 9 3

Profit/Loss before tax

+ 1 1 7

Profit/Loss after tax

+ 1 3 4

(Please tick appropriate box + for Profit, - for Loss)

Earning Per Share in Rs.

0 0 4 7

Dividend rate %

-

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code)

8 5 2 4

Product Description

S O F T W A R E