

19th Annual Report 2002-2003



 **ANSAL HOUSING & CONSTRUCTION LTD.**

**BOARD OF DIRECTORS**

Shri Deepak Ansal
Chairman & Managing Director

Shri Gopal Ansal
Shri Sham Lal Chopra
Shri Ashok Khanna
Shri Pradeep Anand
Shri P.N. Mishra
Shri S.L. Kapur
Directors

ADDL. V.P. & COMPANY SECRETARY

Shri Mohinder Bajaj

AUDITORS

M/s. Khanna & Annadhanam
Chartered Accountants
New Delhi.

BANKERS

Canara Bank
UTI Bank Limited
UCO Bank
Bank of India
The Dhanalakshmi Bank Limited

REGISTERED OFFICE

15 UGF, Indra Prakash,
21, Barakhamba Road,
New Delhi - 110 001

BRANCH OFFICES

Priyadarshini Apartments,
28, Sarojini Naidu Marg,
Civil Lines, Allahabad - 211 002.

L-303, Lake View Enclave
Shamla Hills, Bhopal - 462 013

A-20, Satyam Building,
Raj Nagar District Centre,
Ghaziabad - 201 001.

Anand Dham, Rishikesh Road,
Moti Chur, Haridwar - 249 205.

122/235, Sarojini Nagar,
Kanpur - 208 012.

A-1/12, Vishwas Khand, Gomti Nagar,
Lucknow - 226 001.

TF-3, 1st Floor, 1st Mall,
Mall Road, Ludhiana - 141 001 (Punjab)

Suryodaya Vihar,
Shastri Nagar, Meerut - 250 001.

Whispering Meadows Project,
Building A-1, Flat No. B-302
Opp. Model Town, Near Veena Nagar,
Bal Rajeshwar Road, Mulund (W)
Mumbai - 400 080

SCO 91, 92 & 93, Sector-5,
City Centre, Panchkula - 134 109.

CONTENTS**Page**

Board of Directors	1
Notice	2
Directors' Report	6
Report on Corporate Governance	10
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Schedules	20
Balance Sheet Abstract and Business Profile	33
Cash Flow Statement	34
Statement relating to Subsidiary Companies	35
Consolidated Accounts	36
Attendance Slip/Proxy Form	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the Company will be held on Tuesday, the 30th day of September, 2003 at 3.00 P.M. at Sri Sathya Sai International Centre and School, Pragati Vihar, Lodhi Road, New Delhi - 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Statutory Auditors' Report thereon.
2. To appoint a Director in place of Shri Gopal Ansal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.L. Chopra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT the Company hereby grants its approval and consent under section 314(1B) of the Companies Act, 1956, and other applicable provisions, if any, and subject to approval of the Central Government to the appointment of Mr. Kushagr Ansal, son of Mr. Deepak Ansal, Chairman and Managing Director of the Company, as President with effect from 30th September, 2003 in the management cadre of the company on a basic salary of Rs.75,000/- p.m. in the scale of Rs.75000-10000-105000-15000-150000 and House Rent Allowance @ 50 percent of Basic Salary together with the usual allowances and benefits as applicable to other employees in the management cadre including gratuity, provident fund, LTC and other benefits as per Rules of the Company from time to time.

RESOLVED FURTHER THAT the Directors be and are hereby authorised to give from time to time such increments to Mr. Kushagr Ansal as they may deem fit within the aforesaid grade."

6. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT the consent of the Shareholders be and is hereby given for making of an application to Delhi and Kanpur Stock Exchanges for de-listing the equity shares of the Company at the above Stock Exchanges.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such actions/make representations as required under the rules of these exchanges and comply with other legal requirements as required under various laws for the aforesaid matters".

Regd. Office :

15 UGF, Indra Prakash
21, Barakhamba Road,
New Delhi - 110 001

Place : New Delhi

Dated : 28th July, 2003

By Order of the Board

(MOHINDER BAJAJ)
ADDL. V.P. & COMPANY SECRETARY

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED;
- b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 5 & 6 is annexed.
- c) Register of Members and the Share Transfer Books of the Company shall remain closed from 23rd September to 30th September, 2003 (both days inclusive).
- d) Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial Year ended 31st March, 1996, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government in October, 2003 pursuant to section 205(C) of the Companies Act, 1956. Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended 31st March, 1996 or any subsequent financial years are requested to make their claim to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
- e) Members having multiple accounts in identical names or joint accounts in same order are requested to intimate the Company the ledger folio of such accounts to enable the Company to consolidate all such shareholdings into one account and send the relevant Share Certificates.
- f) Pursuant to the directions of the Securities Exchange Board of India (SEBI), trading in the shares of your company is in compulsory de-materialised form for all investors. Members who have not yet got their shares de-materialised, are requested to opt for the same in their own interest and send their certificates through Depository Participant(s) with whom they have de-materialised account directly to the Registrar & Transfer Agent as appointed by the Company namely M/s In-time Spectrum Registry Ltd., A-31, 3rd Floor, Naraina Industrial Area, Phase - I, Near PVR Cinema, Naraina New Delhi - 110 028.
- g) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Nos. for easy identification of attendance at the meeting.
- h) Members/Proxies should fill in the Attendance Slip for attending the meeting.
- i) Members desiring any information/clarification on the Annual Accounts are requested to write to the Company at its Registered Office at-least 7 days before the date of Annual General Meeting so that the same may be compiled well in advance.
- j) Details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/reappointment at the Annual General Meeting is separately annexed hereto.

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT AT THE MEETING

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5**

Shri Kushagr Ansal, son of Shri Deepak Ansal, Chairman and Managing Director of the Company, was appointed as Vice President (Business Development) with effect from 25th September, 2001 on a basic salary of Rs. 50,000/- per month in the scale of (Rs. 40000-5000x4-60000-7500x2-75000-10000x2-95000) and House Rent Allowance of Rs.15,000/- per month together with the usual allowances and benefits as applicable to employees occupying the similar position in the said management cadre including, gratuity, provident fund, LTC and other benefits as per Company's Rules by the shareholders in the Annual Genral Meeting held on 25th September, 2001. The appointment was further approved by the Central Government vide their letter no. 3/126/2001-CL-VII dated 11th December, 2001.

Mr. Kushagr Ansal has been looking after the responsibilities of Sales and Marketing Division of the Company. In addition to this, he looks after the Overseas projects and the I.T. enabled services ventures of the Company under its two separate wholly owned subsidiary Companies.

Mr. Kushagr Ansal has displayed exceptional skills, devotion and sincerity in carrying out the difficult tasks assigned to him by the Company from time to time over the last two years.

With a number of new initiatives taken under his leadership the company has benefitted a lot in otherwise very difficult timings for the Real Estate Business. It is expected that in days to come he will take bigger initiatives for the overall advancement of the business of the Company. The Board of Directors in their meeting held on 30th June, 2003 recommended his case to the "Selection Committee" of the Board for consideration of his case for raise in office/emoluments so as to motivate him further.

The appointment of Mr. Kushagr Ansal as President of the Company was considered and cleared by the Selection Committee of the Board comprising of three independent directors and an expert in their meeting held on 25th July, 2003. Based on the recommendations of the "Selection Committee," the Board of Directors cleared his candidature for appointment as President in their meeting held on 28th July, 2003 subject to the approval of Shareholders and the Central Government on the remuneration as stated in the Resolution.

Mr. Kushagr Ansal has done B.Com (H) from Shri Ram College of Commerce, Delhi and MBA (Finance) from Bentley College, Waltham, USA. He has attained state of the art expertise in System Management in addition to exceptional skills in Finance etc.

It is expected that the Company would benefit immensely with his induction as President.

The Board recommends the passing of the Resolution set out in the Special Resolution.

None of the Directors of the Company except Shri Gopal Ansal and Shri Deepak Ansal are concerned or interested in the said Resolution.

ITEM NO. 6

The Securities and Exchange Board of India (SEBI) has issued the new guidelines - **Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003** effective from 17th February, 2003 for delisting of securities of the Company listed at the various Stock Exchanges.

There has been no trading of securities of the company during the period from 1st April, 2000 to 31st March, 2003 at **UP Stock Exchange Assn. Ltd., Kanpur** and very low volume of trading of securities during the period from 1st April, 2001 to 31st August, 2001 has taken place at **The Delhi Stock Exchange Association Ltd., New Delhi** in the aforesaid period of 3 years. As per clause 5 of the new guidelines of Securities and Exchange Board of India (SEBI), the exit opportunity to the Shareholders need not be given in case the company is listed at BSE or NSE which have been recognised to have National Level presence.

The shares of the Company are listed at The Stock Exchange, Mumbai. Therefore, it is proposed to delist the securities of the company from both the Stock Exchanges i.e. The Delhi Stock Exchange Assn. Ltd., New Delhi as well as UP Stock Exchange Assn. Ltd., Kanpur under the provisions of the guideline 5 of **Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003** for voluntary delisting of securities. This will save lot of expense for the company.

The securities of the Company shall remain listed at the Stock Exchange, Mumbai as per the Securities and Exchange Board of India (SEBI) Guidelines on de-listing.

In terms of the relevant guidelines, approval of members is being sought by way of a Special Resolution for enabling voluntary delisting as above.

None of the Directors may be deemed to be concerned or interested in the Resolution.

INFORMATION AS PER CLAUSE 49(VI) OF THE LISTING AGREEMENT FOR ITEM NOS. 2 & 3 OF THE NOTICE FOR REAPPOINTMENT OF SHRI GOPAL ANSAL AND SHRI S.L. CHOPRA AS DIRECTOR(S) OF THE COMPANY.

A brief resume of Directors seeking re-appointment in the forthcoming Annual General Meeting.

Item No. 2

Shri Gopal Ansal is Chairman and Managing Director of Ansal Buildwell Ltd. He is a Professional Engineer, successful Industrialist with proven great success in Construction and has achieved excellent results in business ventures.

He is on the Board of the following Companies:

Name of the Company	List of outside Directorships held	Board Committees Membership
Ansal Buildwell Ltd.	Chairman & Managing Director	Yes
Ansal Properties & Industries Ltd.	Managing Director	Nil
Ansal Engineering Projects Ltd.	Director	Nil
Ansal Hotels Ltd.	Director	Nil
Kirloskar Services Pvt. Ltd.	Director	Nil
Aadharshila Towers Pvt. Ltd.	Director	Nil
Bedi Exports Pvt. Ltd.	Director	Nil
S.S. Towers Pvt. Ltd.	Director	Nil
S.J. Towers & Developers Pvt. Ltd.	Director	Nil
K.C. Towers Pvt. Ltd.	Director	Nil
K.J. Towers Pvt. Ltd.	Director	Nil
M.K. Towers Pvt. Ltd.	Director	Nil
Rigoss Exports International Pvt. Ltd.	Director	Nil
Ansal Hospitality & Leisure Co. Pvt. Ltd.	Director	Nil
Ansal Choudhary & Developers Pvt. Ltd., Nepal	Director	Nil
Ansal Choudhary Developers (India) Pvt. Ltd.	Chairman	Nil

He is Member of three Committees of Board of Directors in other Companies.

Item No. 3

Mr. S.L. Chopra is a former Chairman and Managing Director of Punjab National Bank having extensive experience of Banking and Finance.

He is on the Board of the following Company.

Name of the Company	List of outside Directorships held	Board Committees Membership
Universal Comptronics Ltd.	Managing Director	Nil

He is Member of four Committees of Board of Directors of the Company viz. Committee of Board of Director, Audit Committee, Share Transfer and Redressal of Shareholders' Grievances Committee and Selection Committee.

Regd. Office :

15 UGF, Indra Prakash
21, Barakhamba Road,
New Delhi - 110 001

Place : New Delhi

Dated : 28th July, 2003

By Order of the Board

(MOHINDER BAJAJ)
ADDL. V.P. & COMPANY SECRETARY

DIRECTORS' REPORT

Dear Shareholder,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statements of Accounts for the Financial year ended 31st March, 2003 and Statutory Auditors' Report thereon.

FINANCIAL RESULTS

The Working Results of the Company are briefly given below:

	Current Year (Rs.in Lacs)	Previous Year (Rs.in Lacs)
Sales & Other Income	7486.49	7663.04
Gross Profit (Before Interest and Depreciation) etc.	1601.24	1317.73
Less :		
— Interest & Finance Charges	1049.36	956.67
— Depreciation	115.33	102.36
	1164.69	1059.03
Net Profit before Tax	436.55	258.70
Add :		
— Surplus Profit Brought forward for Previous Year	1149.13	960.96
	1585.68	1219.66
Less : Provision for Tax (including Rs. 36.08 Lacs for earlier years)	73.55	68.29
Prior Period Expenses	—	2.24
	1512.13	1149.13
Profits available for appropriation		
Appropriations:		
- Transfer to Debenture Redemption Reserve	—	—
Surplus Profit Carried to Balance Sheet	1512.13	1149.13

DIVIDEND

In view of your company's investment in new ventures viz. Hospitality, I.T. enabled services etc., it is necessary to conserve the resources. Therefore, no dividend is proposed for the financial year ended 31st March, 2003.

OPERATING PERFORMANCE

In spite of difficult situations in Real Estate (Residential and Commercial) markets of the country, your Company has managed to record turnover of approximately Rs. 74.86 crores with profit after tax of Rs. 3.99 crores. Your Company has been all along making continuous efforts to strive for more profitable business opportunities to improve overall profitability of the company. It has initiated three new 'Residential Projects' during the year viz. Garden Enclave in Ghaziabad, Ansals Green at Kolar Road in Bhopal and Ansal Pradhan Enclave, Aerara Colony in Bhopal. The response to these projects have been encouraging and would add to our sales turnover during the current year. The approximate turnover of these projects is likely to be Rs. 40 crores approximately with good profits. Another project named 'Avantika - II' in Ghaziabad is also to be launched shortly after necessary approvals in this regard which are likely to be received shortly. This project would also give your company turnover of about Rs. 40 to Rs. 50 crores approximately. Necessary Government approvals for another mega project at Worli, Mumbai has also been received recently. This project is likely to commence soon and would add a turnover of about Rs.60 crores over the next 3 years.

During the year under review, company further offered possession to allottees of plots and houses in its various schemes covering East End Project (Tronica City), Golf Links-I, Golf Links-II (Greater Noida), Chiranjiv vihar, Aavantika, Neelpadm-I, Neelpadm Kunj, Vaishali (Ghaziabad), Panchvati Enclave (Meerut). The company had during the previous year offered possession to allottees in commercial buildings viz. Fortune Arcade in Noida, Imperial Tower in Naraina, Majestic Tower in Vikas Puri and Vikas Deep, Laxmi Deep and Pragati Deep

in Laxmi Nagar Distt. Centre. The occupants of these commercial buildings include prestigious corporates viz. ICICI Prudential, Century Pulp and Paper Mills, Citi Financials, Housing Development Finance Corporation Ltd., Reliance Infocomm Ltd., Seagull Pharma etc. The company has also offered possession to plot holders in its project "Bachittar Enclave" in Ludhiana. The Company now plans to take up construction of houses in this project.

The Company had undertaken a project in Sri Lanka entitled "Perth Paradise" through its subsidiary company M/s Housing & Construction Lanka Pvt. Ltd. The company is happy to inform that possession to allottees of plots and houses has since commenced.

The hospitality division of the company has generated surpluses during the previous year. The company established another Restaurant named The Great Kabab Factory "TGKF" during the year and this was instant success right from May, 2002 when it was made functional. Your company intends to open more Restaurants as and when the right opportunity comes its way.

Your Company is also in the process of starting an ultra modern shopping mall at Vaishali, Ghaziabad (East of Delhi). The mall is likely to start functioning by November, 2003.

The Company's investments in Capital Cars Pvt. Ltd. has started yielding returns with declaration of maiden dividend of 2.5% by the Company for the financial year ended 31st March, 2003. The growth prospects of your investments in this company are excellent with the automobile business faring exceedingly well.

Similarly, the investments made in 'Marriott Hotel' at Saket, New Delhi should also start showing results with the upsurge in the prospects of Tourism Industry.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

In the recent past (almost from the last quarter of the preceding Financial Year) the Real Estate Sector has been witnessing some upsurge after a long spell of dull phase. Although the present fiscal concessions made available by the Government coupled with aggressive marketing by the Housing Finance Corporations offering Housing Finance at most attractive interest rates holds promise for good progress of this Industry, yet the growing competition in the trade needs a very vigilant approach to seize any new business opportunities as well as need for change in line with Industry norms.

The company would strive to undertake, develop and build Housing Projects falling within the ambit of section 80 IB of the Income Tax Act, 1961 so as to avail of the Taxation benefits available in this regard.

Hospitality Business, however holds good promise for further expansion and would continue to grow considering the changing family demographic, income pattern and spending habits of the society.

In order to sustain long term growth the company diversified into the Hospitality and Call Centre Business. The Hospitality Business has stabilised well and that the Call Centre Business being conducted by Geo Connect Ltd. (a wholly owned subsidiary company of Ansal Housing & Construction Ltd.) is expected to earn reasonable returns soon.

RISKS

We do not apprehend any inherent business risk in the Real Estate Industry in the long-run except for any adverse changes, if any, in Govt. Policy relating to it. As seen in the recent past the Govt. policies have been supportive except for a few continuing irritants like high incidence of stamp duty and the non-availability of low cost long term funds etc. for the Real Estate/Construction Sector.

AWARD OF ISO 9001 - 2000

Your Company has been enjoying the privilege of certificates ISO 9001-2000 granted to it on 16th April, 2002 through well known certification agency "DET NORSKE VERITAS". It will be the constant endeavour of the management to continuously stress on systems/quality for ultimate delivery of its products.

STATUTORY INFORMATION

Particulars of Employees

There is no employee covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.
a) Conservation of Energy, Technology Absorption

Your Company is not engaged in any manufacturing activity; as such particulars to Conservation of Energy and Technology Absorption are not applicable. However in hospitality division, your company has appointed energy auditor and has implemented the suggestions given by energy auditor to save energy bill. It is proposed to carry out a regular energy audit to identify the areas where energy can be utilised in an optimal manner.

b) Foreign Exchange Earnings and Outgo

Particulars of Foreign Exchange Earnings and Outgo have been given in Schedule '15' Notes to the Accounts under Note No. 14.

SUBSIDIARY COMPANIES

Statement pursuant to section 212 of the Companies Act, 1956, in respect of two subsidiaries of the Company viz. Geo Connect Ltd. and Housing and Construction Lanka Pvt. Ltd. is separately given in this Report.

The Geo Connect Ltd. (formerly known as Callnet India Ltd.) subsidiary of Ansal Housing & Construction Ltd. has become 100% subsidiary of Ansal Housing & Construction Ltd. w.e.f. 29th October, 2002. The Company has been exempted by the Central Government under Section 212(8) of the Companies Act, 1956 from attaching to its Balance Sheet, copy of the Balance Sheet, the Profit & Loss Account, the Directors' Report and the Auditors' Report of the subsidiary companies since the consolidated financial statements published in the Annual Report include the financial information of its subsidiaries. The Company will make available these documents/details upon request by any Member of the Company interested in obtaining the same.

FIXED DEPOSITS

Fixed Deposits from the Public, Shareholders and Employees as on 31st March, 2003 stood at Rs. 1039.24 lacs as against Rs. 975.57 lacs in the previous year. There were unclaimed Deposits amounting to Rs. 10.32 lacs pertaining to 77 depositors as on that date and out of above 22 depositors having deposits aggregating to Rs. 4.07 lacs have subsequently claimed refund or renewed their deposits. However, the balance amount of Rs. 6.25 lacs still remains unclaimed.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improve investor protection and maximise long term shareholder value. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance has been annexed as part of the Annual Report.

DIRECTORS

In accordance with the provisions of section 255 of the Companies Act, 1956 and Article 104 of the Company's Articles of Association Sarvshri Gopal Ansal and S.L. Chopra, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm the following in respect of the Audited Annual Accounts for the Financial Year ended 31st March, 2003:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the Financial Year ended 31st March, 2003 and of the profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the accounts for the year ended 31st March, 2003 have been prepared on a going concern basis.

AUDITORS

M/s Khanna & Annadhanam, Chartered Accountants, who retire at the conclusion of this 19th Annual General Meeting and being eligible for reappointment, have expressed their willingness to be re-appointed as Statutory Auditors of the Company. They have given certificate to the effect that the appointment, if made, would be within the limit prescribed under section 224 (1B) of the Companies Act, 1956. Your directors recommend their appointment for another one year.

DIRECTORS' VIEW ON AUDITORS' QUALIFICATION

The detailed reasons for not making provisions for Income Tax demands of Rs. 610.45 lacs disputed by the company have been explained in para B of 1(d) of Schedule 15 to the Balance Sheet.

The Directors have been informed that the Subsidiary Company has changed its focus from Calling business to BPO business and is striving hard to catch-up better business deals. After the initial difficulties faced by the Geo connect Ltd., its business has started yielding results and the management feels that the investments made in the subsidiary would be received back with good returns over the next 2-3 years.

The global research conducted recently by Gartner Inc (the reputed Global Research Agency) has predicted that by the end of year 2004 one out of every ten jobs in US Software Sector would move to inexpensive emerging market like India, Russia & China.

The joint study of Nasscom-McKinsey predicts turnover of approx. 21 to 24 billion dollar in ITES sector in the aggregate of approx. 80 billion dollars turnover of IT sector in India by the year 2008.

Therefore, going by the opinions held by world renowned outfits/institutions and our dedicated and continued efforts we are quite hopeful that the ultimate desired results will follow from this 'ITES' venture.

Although, just as in any new business, Geo Connect Ltd. has also incurred certain losses in its initial years of operations but it certainly holds promising future in the years ahead.

VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES FROM THE DELHI STOCK EXCHANGE ASSOCIATION LTD. AND U.P. STOCK EXCHANGE ASSOCIATION LTD.

In view of the recent guidelines issued by Securities and Exchange Board of India (SEBI) on the delisting of shares, the Board of Directors in their meeting held on 30th June, 2003 have decided to apply for delisting of shares subject to approval of the shareholders at Delhi and Kanpur Stock Exchanges. The shares of the company will continue to be listed on The Stock Exchange, Mumbai in accordance with the guidelines on Delisting of Shares.

APPRECIATION

Directors wish to place on record their thanks and gratitude to;

- i) The Central and State Government as well as their respective Departments and Development Authorities connected with the business of the Company, Bankers to the Company, Housing Finance as well as other Institutions for their co-operation and continued support.
- ii) The Shareholders, Depositors, Suppliers and Contractors for the trust and confidence reposed and to the Customers for their valued patronage.

The Board also takes this opportunity to express its sincere appreciation for the efforts put in by the officers and employees at all levels in achieving the results and hopes that they would continue their sincere and dedicated endeavour towards attainment of better working results during the current year.

Regd. Office :

15 UGF, Indra Prakash
21, Barakhamba Road,
New Delhi - 110 001

Place : New Delhi

Dated : 28th July, 2003

For and on behalf of the Board

(DEEPAK ANSAL)

CHAIRMAN & MANAGING DIRECTOR