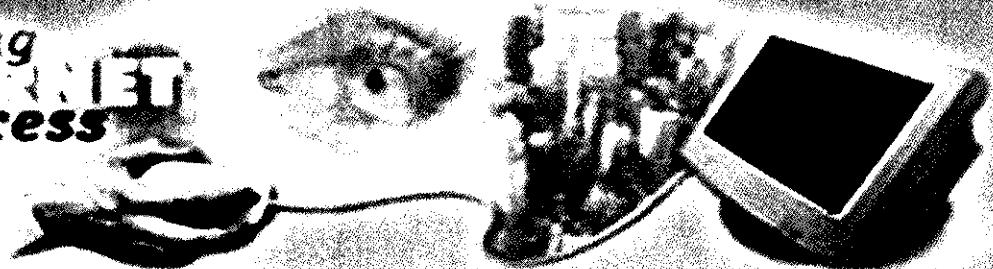


16th Annual Report (1999-2000)

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VMC Software Ltd.
Bringing Tommorrow's Technology
Today

Creating
Success





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Mission

To excel in Software and related services, and maximise their value through world-class products and quality while developing a highly motivated, competent and committed workforce.

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BOARD OF DIRECTORS

DIRECTORS

Kirit R. Kanakiya
Sanjay V. Doshi
Alpa K. Sanghavi
Bhaves N. Garodia

AUDITORS

M/s. Raju & Prasad
Chartered Accountants

BANKERS

Punjab National Bank
UTI Bank
Vijaya Bank

REGISTERED OFFICE

K-203, International Infotech Park
Vashi Rly Station Complex, 2nd Floor,
Vashi, Navi Mumbai – 400 705

SHARE TRANSFER AGENTS

SHAREX (INDIA) PVT. LTD.
Unit No. 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (EAST), Mumbai-400 072.

Website : www.vmcsoft.com



REPORT FROM THE DIRECTOR



VMC Software Limited (VMCSL) has carved a niche in the Global market with its state-of-the-art infrastructure and products like VMCLAWS, VMCMODELS, VMCSHARES etc. Working towards it, we are constantly trying to train the team of professionals here, upgrading their knowledge and skill sets.

Focussing on Fast – Developing countries :

We are, at present, catering to the US and the Canadian markets, where we have established ourselves as one of the leading software companies. The one –stop answer to all the solutions pertaining to software and related technology. Now, with Middle East Government opening its doors to the outside world, thereby, becoming one of the potential market, we have started working towards it and plan to open a subsidiary unit at Hongkong.

Extending the Reach :

VMC intends to expand its business and also increase its presence in the International Market and has decided to set up subsidiary / ies abroad i.e. Asia, USA, Canada, Europe and the Middle East.

Poised for the 21st Century :

Despite our great achievements so far, the story of VMC's upward journey has just begun. We have a talented and skilled team of software professionals, that supports us to enhance our presence around the globe. With a clear vision, a sound strategy and adequate financial backing, we are all set examples for the next generation of Software Technology.

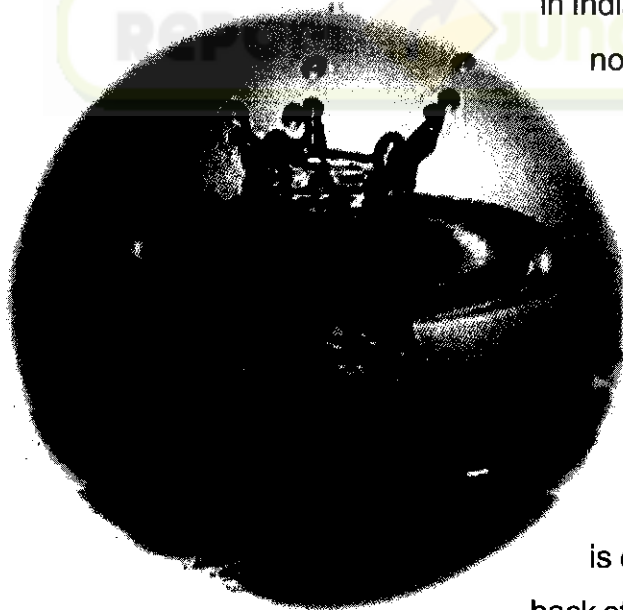


INDIAN SOFTWARE SCENARIO

India is proud of its IT software and service industry. The annual growth rate of this industry has been consistent at 50% since 1991. The industry earned revenue of US \$5.7 billion in fiscal 1999-2000. According to Nasscom-McKinsey report, annual revenue projections for this industry in 2008 are US \$87 billion. We believe that software industry in India will provide the necessary impetus for growth of education, employment, entrepreneurship and economy of India.

India has many advantages to become an important player in the global IT industry. By marshalling its vast human, industrial and technological resources, especially with expansion of its software sector – the engine of the IT Industry, India can raise productivity of domestic Manufacturing and Services. Obviously, this will lead to IT in governance, IT in industry and IT for every citizen of the country. There are even talks of infusing tangible productivity gains amongst various sectors and communities through use of IT. The domestic opportunity is evident.

In the year 1998-99, the Indian IT industry earned revenues of Rs 24,781 crore or US \$ 6.1 billion, a growth of 32.79% over the revenue of Rs 18,662 crores in the year 1997-98. This high growth rate has been achieved inspite of otherwise slow growth in Indian economy, uncertain political situation and not so healthy GDP growth.



The domestic IT industry in India earned revenues of Rs. 13,568 crores and grew by 20.37% in the year 1998-99 over the revenues in 1997-98 of Rs. 11,272 crores. Therefore, even as other industrial sectors saw single digit growth, the IT industry continued to experience high double digit growth rates. In the current year, IT industry is expected to receive a stronger thrust on the back of government as well as industrial purchases.



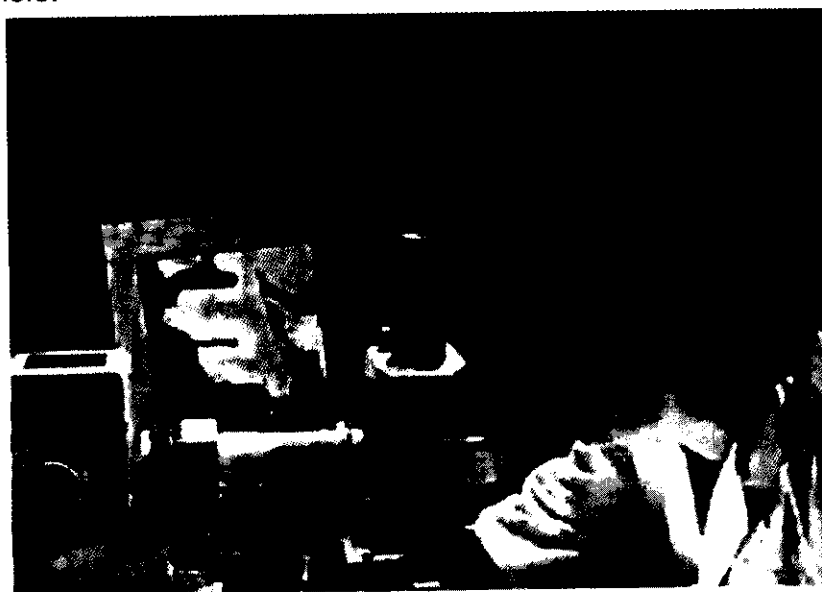
The domestic software and services market continued to post strong performance in 1998-99 with revenues of Rs. 4,950 crore growing at more than 41% over revenues of 1997-98.

Despite these growth rates, India's share in the total global software market is low, but India still enjoys an advantage over most of the other nations, which are trying to promote exports. However, India commands a 18.2% market share in the global cross-country customized software market opportunity. This is due to the fact that India possesses the world's second largest pool of scientific manpower which is also English speaking. Coupled with the fact that quality of Indian software is good and manpower cost is relatively low, it provides India a very good opportunity in the world market.

According to the recent analysis, VMC is well positioned to offer competitive, cross border IT services and enterprise IT solutions, especially because India has a high level of people and vendor sophistication. VMC is one of the key sectors of the global economy and has, over the years, developed core competence in all knowledge Management Services.

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Today, VMC is the preferred choice for organisations seeking IT solutions for portals with large databases as well as knowledge management solutions for the portal industry as a whole.





CORPORATE PROFILE

Today's worldwide market is constantly changing, bringing new competition along with new technologies and new opportunities. New technology compresses product life cycles and demands that companies innovate a risk loosing market share. In this volatile environment, keeping a competitive edge means being able to anticipate and respond rapidly to changing business conditions. Solid information systems that support and integrate all areas of your business provide a power and flexibility to keep your company adaptable in every aspect- from business practice to organization structure , from manufacturing processes to logistics.

The Company is located at K-203, International Infotech Park, II Floor, Vashi Railway Station Complex, Vashi, Navi Mumbai, Maharashtra. The company is registered with the Software Technology Parks of India (STPI) as an EOU for export of Software.

Since inception the Company is engaged into the software development activities, system integration, product development and management consultancy .The Company had commissioned BSEL Information Systems Limited to develop Indiashares a software package which will be useful for stock brokers, traders and investors. VMC Software Limited also plans to expand into areas like software training, software education, consultancy, and placements of professionals on various client interface applications. Software training would cover quality individual and corporate training modules covering whole spectrum of Information Technology applications. Consultancy being an objective oriented turn-key solution to software problems and software development is a logical extension to the software activities. The placement of professionals is mainly for international clients specialized in client interface applications.

VMC Software Limited has entered the International markets through a marketing ar-

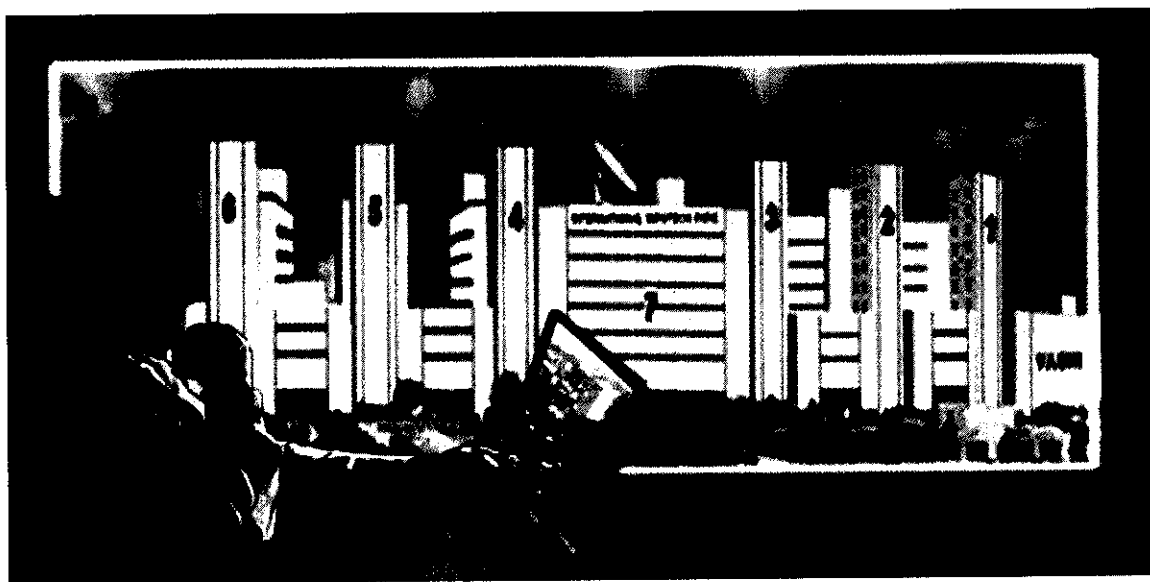


rangements with Webell Communications Inc. Toronto, Canada & First Growth Ltd. Ontario, Canada. Both these entities are involved in undertaking software consultancy, offshore software projects and Financial consulting. VMCSL is also planning to involve in system integration, designing and handling turnkey projects of large networking.

Highly educated, properly trained, highly motivated and team oriented professionals are pillars of "VMC Software Limited". As the computing industry races towards embracing open system technologies, the Information Systems Manager is faced with the challenge of finding a solution to design, implement and maintain a constantly growing integration of hardware and software technologies and networking issues. VMC Software Limited maintains a pool of well qualified professionals to meet the above needs and specializes in providing the right business solution to most of today's IT problems. We exceed our client's expectations and provide timely solutions in a variety of business systems and technologies.

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VMC Software Limited meets the growing and diverse educational needs of our communities through the provision of flexible and innovative learning opportunities, enabling students and employees to build productive careers and to excel in a changing society.





PRODUCTS

The Company has developed software, which can be distinguished into:

- 1) E-Commerce Sites
- 2) Education : Computer Based Training (CBT)

E-Commerce Sites :

VMCJOBS :- Software assists Accounting, Management, Software, Engineers, Medical, MBAs and skilled professionals for placing their data in exhaustive and comprehensive way. For easy search and identification about 100 drop down boxes are used which enables candidates to have their data placed in sum of 6 million permutations and combinations available in software. Software is geared for handling data of 1 million candidates worldwide. Employer's requirement of specific skill is searched from software and communication and interview channel is established.

<http://www.jobsforindians.com>

VMCSHOP :- This software assists buyers for wide selection of Indian ethical and novelty products. It is virtual mall (Shopping Center) with live demonstration of products with cart for selection of goods/products and credit card facility for payment in foreign currency. Features include music, delivery through couriers or warehouses, live picture of product and search mode. Further there is a auto response mode which intimates the manufacturer, courier company, credit card company and the buyer of the products. The software buyer can add any number of products, manufacturers, and channel partners, couriers and response direction. Accounting is taken care by software, which has facility for Value Added Taxes and other taxes as applicable. The software has a capacity to handle 5,00,000 transactions per day with 1,00,000 products.

<http://www.indianshoppers.com>

VMCLAWS :- Software is ready reference to corporate laws, direct tax laws, and mercantile laws and laws relating to professional bodies. At present it contains only Indian laws and by 31st Dec 2000 the product will cover laws of major countries. At present data-