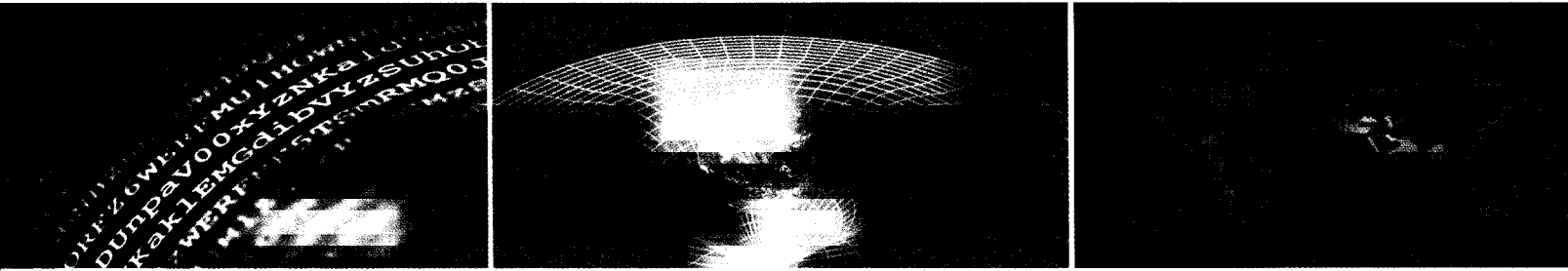


# BODHTREE

People. Process. Technology.



Bodhtree Consulting Limited

24<sup>th</sup> Annual Report 2005-2006

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**Board of Directors**

Mr. Sanjiv Gupta  
Mr. Vinay Aggarwal  
Mr. Sunil M. Darda  
Mr. Gusti Noria  
Mr. Muktesh Sharma  
Mr. H. Natarajan

**Chairman & Managing Director**

**Director**  
**Director**  
**Director**  
**Director**  
**Director**

**Auditors**

Gokhale & Co  
Chartered Accountants  
3-6-322, Off No 306, Mahavir House,  
Basheerbagh, Hyderabad - 29

**Bankers**

HDFC Bank Ltd.  
Road No.2, Banjara Hills  
Hyderabad – 500 034

HongKong Shanghai Banking Corporation Ltd.  
Uma Plaza, Road No.1,  
Banjara Hills, Hyderabad – 500 082

**Registered Office**

1-8-617/2, Prakasham Nagar  
Begumpet, Hyderabad – 500 016.  
Phone: (040) 66265570 to 74  
Fax: (040) 27762050  
E-mail: mail@bodhtree.com  
URL: www.bodhtree.com

## 24th Report of the Board of Directors

Your Directors take pleasure in submitting their Report for the Financial Year ended 31st March, 2006..

### Financial Results

The Audited Balance Sheet of your Company as at 31st March 2006, the Profit & Loss Account for the financial year ended on that date, along with the report of the Auditors thereon are being circulated with this report for your consideration. The salient features of the results are as follows:

Particulars	Rs. in Lakhs	
	2005-06	2004-05
Income from Operations	531.89	386.86
Other Income	12.41	1.37
Total Income	544.30	388.23
Profit (Loss) before depreciation & Tax	117.58	111.86
Depreciation	44.15	35.67
Operating Profit (Loss)	72.61	76.20
Loss on transfer of Investments	63.40	Nil
Profit after prior period adjustments	9.25	76.20
Provision for tax	5.55	1.50
Profit (Loss) after tax	3.70	74.70

### Financial Performance

AS can be seen from the financial statements, there has been a 37.48% growth in the revenues compared to the previous year. However, there has been a marginal fall in the operating profits, from Rs. 76.20 lacs to 72.61 lacs. This has been mainly due to increased spending in the marketing efforts and participation in the various exhibitions for the e-Paper project. The results of the marketing efforts are flowing in during the current financial year. Your Directors are confident that the current financial year will witness much improved results.

### **Write-off of investments**

As a part consideration for the software solutions developed for one of the clients, Perigon LLC, USA your company had accepted equity valued at Rs. 226.30 lacs. Subsequently, Perigon LLC was acquired by Owens & Minor, and on the transfer of the equity at the approved valuation, your company had to incur a loss of Rs. 63.40 lacs during the year under review. However, on the positive side, you Directors are pleased to report that your company has been able to establish an ongoing business relationship with Owens & Minor in the fields of data cleansing and healthcare. The billings on Owens & Minor during the first quarter of the current financial year has been of the order of Rs. 247 lacs, and the services are continuing on a regular basis.

### **Auditors Observation**

The investment made in Manyfutures Inc., USA, a start up, is a long term investment, and is valued at cost. The market value of the same is not determined. As soon as the market value is determined the information will be provided.

### **Hiving off of E-Paper Business**

Your Directors are pleased to report that the company's initiative in developing a solution for e-Paper has been well received in the market. This business is evolving into a distinctive revenue center with potential for substantial growth, given adequate investment. Your Directors are contemplating hiving off this division as a separate company in order to bestow focus to the operations, and also to induct prospective investors interested in partnering with your company in this activity.

### **Directors' Responsibility Statement**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to state as follows:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures
2. 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 at the end of the financial year and of the profit of the company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

## Directors

Mr. Gusti Noria retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

As required by clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of Mr. Gusti Noria is included in the notice convening the Annual General Meeting.

## Particulars of Employees

None of the employees of the Company have been in receipt of remuneration exceeding the amount as envisaged by Section 217 of the Companies Act, 1956. Hence, no particulars of employees are annexed to this Report.

## Additional Particulars

The additional particulars as required by Sec. 217(1)(e) of the Companies Act, 1956 are applicable to your company only in respect of Foreign Exchange inflow and outgo.

The details are as follows:

Particulars	2005-06	In Rupees 2004-05
Value of Imports - CIF Basis (Rs.)	3,710,358	-----
Expenditure in Foreign Currency (Rs.)	2,185,911	1,023,207
Foreign Currency Earnings - FOB basis (Rs.)	43,734,849	28,003,381

## Auditors

M/s. Gokhale & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. A Certificate has been received from them stating that their reappointment, if made, shall be in accordance with the provisions of Section 224 of the Companies Act 1956. Your Directors recommend that the Auditors be reappointed.

## Corporate Governance

A separate report in compliance with clause 49 of the Listing Agreement with the Stock Exchange is annexed as Annexure-I to, and forms a part of this Report.

## Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed as Annexure II to this Report.



### **Acknowledgements**

Your Directors wish to place on record their appreciation of the excellent enthusiastic support received from the team of dedicated employees in the activities of your Company.

**For and on behalf of the Board**

Date: 31 July, 2006

**Sanjiv Gupta**  
**Chairman & Managing Director**

**Registered Office:**

1-8-617/2 Prakasham Nagar, Begumpet  
Hyderabad - 500 016.



## Annexure I to the Directors' Report

### Report on Corporate Governance

(in compliance with Clause 49 of the Listing Agreement)

#### I. Company's Philosophy on Corporate Governance

The philosophy of the Company towards Corporate Governance is one of whole-hearted support for its adherence in letter and spirit. The Company firmly believes that the Code of Corporate Governance not only ensures transparency, but also helps the management to maintain good housekeeping.

#### II. Board of Directors

No	Category	Name
1	<b>Promoter</b> Chairman and Managing Director	Sanjiv Gupta
2	<b>Non Promoter</b> Independent Directors	Sunil M Darda
		Muktesh Sharma
		Gusti Noria
		H. Natarajan
		Vinay Aggarwal (from 30/08/2005)

During the year under review, seven Board meetings were held, on 29<sup>th</sup> June 2005, 31<sup>st</sup> July 2005, 30<sup>th</sup> August 2005, 26<sup>th</sup> September 2005, 30<sup>th</sup> November 2005, 22<sup>nd</sup> December 2005 and 31<sup>st</sup> January 2006. The details of the attendance of the Directors at the board Meetings are as follows:

Name of the Director	Attendance particulars			No of other Directorships and Committee membership / Chairmanship		
	Board Meetings		Last AGM	Other Directorships (Public Companies)	Committee memberships	Committee chairmanships
	Held	Attended				
Sanjiv Gupta	7	7	Yes	None	1	None
Sunil M Darda	7	1	No	3	None	None
Gusti Noria	7	3	No	1	3	1
Muktesh Sharma	7	7	Yes	1	3	1
H Natarajan	7	6	Yes	None	2	1
Vinay Aggarwal	4*	3	No	2	1	None

\* Number of Meetings held after his induction in the Board.



### III Audit Committee

This Committee comprises three independent non-executive directors consisting of Mr. H Natarajan as Chairman and Mr. Muktesh Sharma and Mr. Gusti Noria as Members. The terms of reference of this Committee are as required by SEBI under clause 49 of the Listing Agreement. During the period under review, the Committee met 4 times, on 27<sup>th</sup> June 2005, 28<sup>th</sup> July 2005, 26<sup>th</sup> November 2005 & 28<sup>th</sup> January 2006. The Internal Auditor and the Statutory Auditor are invited to the Meetings of the Committee, and the Chairman & Managing Director is a Permanent Invitee. The attendance particulars of the members in the Audit Committee meeting during the year under review are as follows:

Name of the Director	No. of Audit committee meetings held	Attended
H. Natarajan	4	4
Muktesh Sharma	4	4
Gusti Noria	4	3

### IV Remuneration Committee

The Remuneration Committee of the Board consists of Mr. Gusti Noria as the Chairman and Mr. Muktesh Sharma and Mr. Vinay Aggarwal as members.

The Committee reviews the remuneration of the directors and senior executives, and formulates the remuneration policy. Since no change in the remuneration of any directors was contemplated during the year under review, there was no meeting of the committee during the year.

During the period under review, the remuneration paid/payable to Mr. Sanjiv Gupta, Chairman & Managing Director is as follows:

Salary	: Rs. 720,000/-
House Rent Allowance	: Rs. 180,000/-
Commission	: Rs. 166,730/-
(2% on net profits)	

The Non-Executive Directors waived their sitting fees for attending the meetings of the Board or the Committees thereof, and hence no remuneration was paid to the non-executive directors during the period under review.

None of the non-executive directors have any pecuniary relationship or transaction with the company.

Shareholdings of Non Executive Directors as on March 31, 2006

<b>Non-executive Directors</b>	<b>No. of shares held</b>
Sunil M Darda	Nil
Gusti Noria	5000
Muktesh Sharma	5000
H Natarajan	3500
Vinay Aggarwal	Nil

## V Shareholders Committee

This Committee consists of Mr. Muktesh Sharma as Chairman and Mr. H Natarajan and Mr. Sanjiv Gupta as members. The committee met four times on 30<sup>th</sup> June 2005, 12<sup>th</sup> September 2005, 29<sup>th</sup> December 2005 and 31st January 2006. The functions of the Shareholders Committee are to consider the complaints and grievances of the shareholders and take steps for redressal of their grievances. There are neither any shareholder complaints nor any shareholder grievances pending resolution as on date of this report. The designated compliance officer is Mr. D. Srinivas Rao, Sr. Manager – Accounts.

## VI Annual General Meeting

The dates, time and location of the last three Annual General Meetings are as follows:

<b>Year</b>	<b>AGM</b>	<b>Venue</b>	<b>Date</b>	<b>Time</b>
2002-03	AGM	HOTEL TULIP MANOHAR, Begumpet, Hyderabad	29/09/2003	05.00 PM
2003-04	AGM	HOTEL TULIP MANOHAR, Begumpet, Hyderabad	30/09/2004	05.00 PM
2004-05	AGM	HOTEL TULIP MANOHAR, Begumpet, Hyderabad	30/09/2005	05.00 PM

No special resolutions were passed in the previous three Annual General Meetings.

### Postal Ballots

No resolution was passed by postal ballot during the last three years, nor any Special Resolution through Postal Ballot is proposed at the ensuing Annual General Meeting.