

COMPULINK Systems Ltd.
Annual Accounts for the year
2004-05.

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Sanjiv Katkar & Associates

CHARTERED ACCOUNTANTS

'RAJ-VIHAR', PLOT NO. 38, SAHAKARNAGAR NO. 2, PUNE - 411 009.
 ☎: 4221280, 4223519, FAX : 91-020-4223519.
 E-mail : sskatkar@pn3.vsnl.net.in

Auditor's Report to the Members of Compulink Systems Limited

I have audited the attached balance sheet of **Compulink Systems Limited** as at March 31, 2005, and also the profit and loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

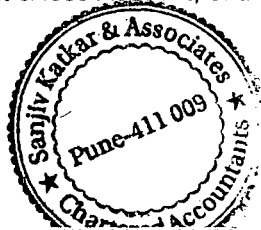
I have conducted my audit in accordance with Auditing Standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as I considered appropriate and according to the information and explanations given to me, I enclose in the Annexure a statement on the matters specified in paragraph 4 of the said order.

Further to my comments in the Annexure referred to above, I report that:

1. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
2. In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
4. In my opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors I report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956;
6. In my opinion and to the best of my information and according to the explanations given to me, 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:
 - a. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2005; and
 - b. in the case of the profit & loss Account, of the profit for the year ended on that date.

Pune
 May 17, 2005



For Sanjiv Katkar & Associates
 Chartered Accountants

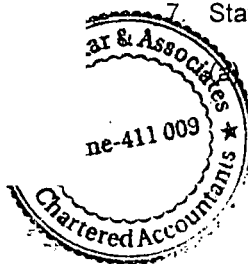
Sanjiv Katkar
 Sanjiv Katkar
 Proprietor

Sanjiv Katkar & Associates

Annexure to The Auditors' Report (Referred to in paragraph 1 of our report of even date)

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the management at reasonable intervals. According to the information and explanations given to me no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to me the write off fixed assets made during the year by the Company does not affect the going concern.
2. According to the information and explanations given to me during the year the Company has not granted or taken, secured or unsecured loans to or from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In my opinion and according to the information and explanations given to me, and having regard to the explanations that certain items purchased are of a special nature in respect of which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of computer hardware and software, plant and machinery, equipment, and other assets.
4. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
 - (a) To the best of my knowledge and belief and according to the information and explanations given to me, transactions that needed to be entered in the register have been so entered.
 - (b) According to the information and explanations given to me during the year the Company has not entered into transactions in excess of Rs 5,00,000 in respect of any party.
5. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
6. In my opinion, the internal audit function carried out during the year firm of Chartered Accountants appointed by the management has been commensurate with the size of the Company and the nature of its business.

7. Statutory & other dues



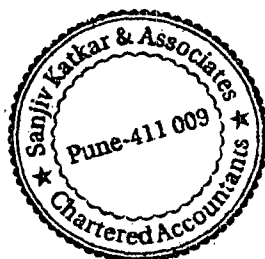
As explained to me, the provisions of the Employees' State Insurance Act do not apply to the Company and as such I am not commenting on the payment of dues under the said Act. According to the information and explanations given to me during the year the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales tax, Custom duty, and Excise duty, cess or any other statutory dues have been regularly deposited during the year with the appropriate authorities.

- (b) According to the information and explanations given to me, there were no undisputed amounts payable in respect of Income Tax, Wealth tax, Sales tax, Custom duty, and Excise duty, cess or any other statutory dues which were due as at the last day of the financial year for a period of more than six months from the date they become payable.

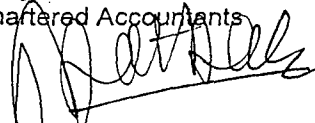
Sanjiv Katkar & Associates

8. The company does not have any accumulated losses as at the end of the financial year and the Company has not incurred cash losses in current financial year as well as in the financial year immediately preceding the financial year.
9. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the Company has not defaulted in repayment of dues to banks.
10. In my opinion and according to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The Company does not deal or trade in shares, debentures, securities and other investments.
12. According to the information and explanations given to me company has not given any guarantees for loans taken by others from banks or financial institutions.
13. To the best of my knowledge and belief and according to the information and explanations given to me, term loans availed by the Company were prima facie, applied by the Company during the year for the purposes for which the loans were obtained other than temporary deployment pending application.
14. According to the information and explanations given to me, on an overall basis, funds raised on short-term basis have, prima facie not been used during the year for long-term investment (fixed assets etc.) and vice versa, other than temporary deployment pending application.
15. According to the information and explanations given to me, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
16. According to the information and explanations given to me, the Company has not issued debentures.
17. According to the information and explanations given to me, the Company has not raised any money by public issue.
18. To the best of my knowledge and belief and according to the information and explanations given to me, no fraud on or by the company was noticed or reported during the year

Pune
May 17, 2005



For Sanjiv Katkar & Associates
Chartered Accountants


Sanjiv Katkar
Proprietor

COMPULINK SYSTEMS LIMITED

Balance Sheet as at 31st March 2005

		Schedule No		As at 31st March, 2005	As at 31st March, 2004
			Rupees	Rupees	Rupees
I.	SOURCES OF FUNDS :				
	Shareholders' funds				
	Share Capital	I	91,143,760		75,114,309
	Reserves and Surplus	II	50,035,578		18,988,313
				141,179,338	94,102,622
	Loan funds	III			
	Secured loans		49,177,697		
	Unsecured loans		-	49,177,697	(225,974)
	Deferred Tax Liability			1,071,591	1,274,119
	Total			191,428,626	95,150,767
II.	APPLICATION OF FUNDS :				
	Fixed assets	IV			
	Gross block		55,023,623		55,216,869
	Less : Depreciation		19,283,618		25,619,320
	Net block		35,740,005		29,597,549
	Capital work-in-progress		83,200,625		17,435,948
				118,940,630	47,033,497
	Investments	V		13,820,560	7,205,750
	Current assets, loans and advances	VI			
	Sundry debtors		61,898,365		37,718,366
	Cash and bank balances		10,838,845		7,815,827
	Loans and advances		13,584,233		10,545,794
			86,321,443		56,079,987
	Current liabilities and provisions	VII			
	Current liabilities		14,686,824		5,898,913
	Provisions		13,285,783		9,694,354
			27,972,607		15,593,267
	Net current assets			58,348,836	40,486,720
	Miscellaneous expenditure	VIII		318,600	424,800
	Total			191,428,626	95,150,767
	NOTES ON ACCOUNTS	XV			

The schedules & notes referred to above form an integral part of the financial statements.

This is the Balance Sheet referred to in my report of even date.

For and on behalf of the Board of Directors:

For SANJIV KATKAR & ASSOCIATES
Chartered Accountants

Vishwas Mahajan
Managing Director & CEO

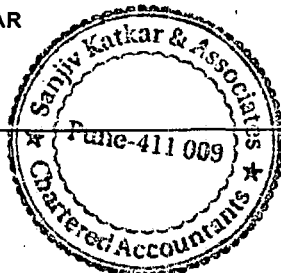
Uday Kothari
Chairman & CTO

SANJIV KATKAR
Proprietor

V.Sudhakar
Company Secretary

Ranjit Thakur
Director & CFO

Pune :



COMPULINK SYSTEMS LIMITED

Profit and Loss Account for the year ended 31st March, 2005				
	Schedule No		For the year ended 31st March, 2005	For the year ended 31st March, 2004
		Rupees	Rupees	Rupees
INCOME :				
Income from Operations	IX	128,640,636		80,386,925
Other Income	X	(24,422)		(1,828,618)
Total			128,616,214	78,558,307
EXPENDITURE :				
Personnel	XI	47,093,744		28,203,186
Finance Cost	XII	1,175,317		940,789
Administrative Expenses.	XIII	35,138,605		19,542,175
Depreciation	IV	6,625,498		6,285,064
			90,033,164	54,971,214
Total			90,033,164	54,971,214
Less : Prior period expenditure			0.00	0.00
Add / (Less) : Excess / (Short) provision for taxation of earlier years			0.00	0.00
PROFIT/(LOSS) BEFORE TAXATION			38,583,050	23,587,093
Less : Provision for taxation	XIV		2,524,313	1,183,823
PROFIT/(LOSS) AFTER TAXATION			36,058,737	22,403,270
Profit available for appropriation			36,058,737	22,403,270
APPROPRIATIONS :				
Preference Dividend			1,287,123	513,934
Tax on Preference Dividend			168,211	65,848
Proposed Equity Dividend			6,114,376	5,923,926
Tax on proposed Equity Dividend			799,073	759,003
Transferred to General Reserve			0	1,120,164
Balance carried to the Balance Sheet			27,689,954	14,020,395
			36,058,737	22,403,270
NOTES ON ACCOUNTS	XV			
<p>The schedules & notes referred to above form an integral part of the financial statements.</p> <p>This is the Profit and Loss Account referred to in my report of even date.</p> <p>For SANJIV KATKAR & ASSOCIATES Chartered Accountants</p> <p>Sanjiv Katkar & Associates Pune-411 009 Chartered Accountants</p> <p>Sanjiv Katkar Proprietor</p> <p>Pune :</p> <p>V.Sudhakar Company Secretary</p> <p>Vishwas Mahajan Managing Director & CEO</p> <p>Ranjit Thakur Director & CFO</p> <p>Uday Kothari Chairman & CTO</p>				