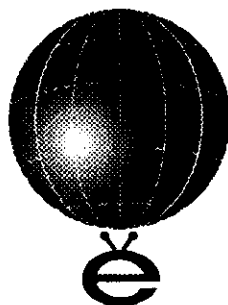


1999-2000

South  
America  
Report



## GLOBAL *e-Solutions Limited*

### BOARD OF DIRECTORS

T S V PANDURANGA SARMA

P VIJAYA SEKHAR REDDY  
(MANAGING DIRECTOR)

KR SUBBIAH

M UMAKANTH REDDY

I CHANDRASEKHAR RAO

RADHA RANI

### COMPANY SECRETARY

REKHA SURENDRHIRAN

### BANKERS

INDIAN OVERSEAS BANK  
LAKSHMI VILAS BANK  
BANK OF MADURA

### STATUTORY AUDITORS

M/S. L S V RAMANAN & CO.  
Chartered Accountants,  
Chennai.

### REGISTERED OFFICE

Karumuttu Centre, 7<sup>th</sup> Floor,  
498, Anna Salai, Nandanam, Chennai – 35.  
☎ 4311 831, 4311 832  
e-mail : [contactus@globalesol.com](mailto:contactus@globalesol.com)  
[www.globalesol.com](http://www.globalesol.com)

### TRAINING DIVISION OFFICE

**Global Ed**  
19, Bharatidasan Salai, Teynampet, Chennai -18.  
☎ 4311 835, 4311 836  
e-mail : [globaled@globalesol.com](mailto:globaled@globalesol.com)  
[www.globalesol.com](http://www.globalesol.com)

### ISP DIVISION OFFICE

4/323C, Old Mahabalipuram Road,  
Kottivakkam, Chennai - 96.  
e-mail : [globalnet@globalesol.com](mailto:globalnet@globalesol.com)  
[www.globalesol.com](http://www.globalesol.com)

### REGISTRARS & SHARE TRANSFER AGENT

**Cameo Corporate Services Ltd.**  
Subramanian Building, No.1, Club House Road,  
Chennai – 600 002.  
☎ 8460390-94 (5 lines)  
Fax : 8460129

*The Company's Shares are listed with the following Stock Exchanges :*

◆ Madras Stock Exchange Ltd. ◆ The Stock Exchange, Mumbai ◆ Coimbatore Stock Exchange Ltd.

**GLOBAL e-Solutions Limited****REPORT OF THE DIRECTORS TO THE MEMBERS**

Your Directors have pleasure in presenting the 6<sup>th</sup> Annual Report along with the Audited Financial Statements for the period ended 30<sup>th</sup> June 2000.

**PERFORMANCE**

Particulars	(Rs in Millions)	
	For the 15 months' period ended 30.6.2000	For the year ended 31.3.1999
Net Sales / Income from operations	63.54	7.95
Profit before depreciation and tax	14.05	(7.18)
Depreciation	0.40	0.16
Profit/Loss before tax after depreciation	13.65	(7.35)
Provision for taxation	—	—
Profit/Loss after tax	13.65	(7.35)
Net Profit /Loss	13.65	(7.35)

During the fiscal period for 15 months ended 30<sup>th</sup> June 2000, your Company has recorded a net profit of Rs.13.65 Million as compared to a net loss of Rs.7.35 Million last year. This performance is mainly due to software development and software training activities.

**OPERATIONS**

During the fiscal period under review, your Company has changed its business from housing construction to software development activities and the name of the Company has changed from "Southern Peninsula Housing Limited" to "Global e-Solutions Limited" with effect from 25<sup>th</sup> February 2000. Consequent to this, the assets and liabilities of the Housing Division have been sold for a net consideration of Rs.17.82 Million. Your Company has been registered with Software Technology Parks of India (STPI) and is engaged in Software Development, Internet Service Provider (ISP) and imparting Software Training.

**Software Development :** Your Company has become the premier partner of IBM as solution providers. Your Company is also in the development of various products to cater to the needs of different industries.

**Software Training : Global Ed, the Training Division** was inaugurated on 4<sup>th</sup> June 2000 by the Vice Chancellor of Anna University, Professor A Kalanidhi, and the inauguration was a grand success. Your Company has become IBM Business Partner for providing IBM courses.

**ISP :** Your Company has entered into business partnership with Intech Net Ltd., a joint venture of CTI Inc, USA for providing Internet services in India.

Your Company has entered into an agreement for purchase of land admeasuring 29,410 sq. ft. and building 18,000 sq. ft. in Kottivakkam, Chennai for Rs.12 Million and the purchase is likely to be completed shortly.

During the fiscal period under review, there is a change in the management of the Company as approved by the shareholders at their meeting held on 31<sup>st</sup> January 2000.

**DIVIDEND**

Even though the Company has made a profit of Rs.13.65 Million, keeping in view the better prospects of the Company, the Directors have not recommended any dividend this year.



## **PUBLIC DEPOSIT**

The Company has not accepted any deposit from members or the public.

## **DEPOSITORY**

The Company is planning to enter into an agreement with National Securities Depository Limited (NSDL) / Central Depository Services Limited (CDSL) to enable the shareholders to benefit from the depository mode of holding securities. The advantages available to the shareholders are quick transfer of securities, no bad deliveries as securities are held in the electronic form instead of physical share certificates, non use of transfer deeds, etc.

## **CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has to implement the Corporate Governance measures by 31<sup>st</sup> March 2003. However your Directors have decided to implement Corporate Governance as early as possible and as an initial step in this regard, the following two committees of Directors have been constituted as per the requirements of the Listing Agreement :

- a. Audit Committee
- b. Investor Grievance Committee

## **DIRECTORS**

During the fiscal year under review, Messers P Vijaya Sekhar Reddy, M Uma Kanth Reddy, Radha Rani, T S V Panduranga Sarma, I Chandrasekhar Rao have been co-opted as Additional Directors of the Company who will hold office till this Annual General Meeting. Your Company has received notices from member(s) pursuant to Section 257 of the Companies Act, 1956 along with caution deposit for the appointment of the Directors mentioned above.

Mr. P Vijaya Sekhar Reddy and Mrs. Radha Rani have been appointed as Managing Director and Whole Time Director respectively.

Mr. KR Subbiah, Director retires by rotation at this Annual General Meeting and offers himself for re-appointment.

During the fiscal year under review, Ms. Solachi and Ms.Latha, Directors have resigned due to preoccupation with their personal work. The Directors wish to place on record the appreciation for the services rendered by them during their tenure of office.

## **AUDITORS**

During the fiscal period under review, M/s. Jayavelu, Chartered Accountants, Chennai have resigned due to their preoccupation with other work and M/s. L S V Ramanan & Co., Chartered Accountants, Chennai were appointed as Auditors of the Company in casual vacancy caused by the resignation of M/s. Jayavelu, Chartered Accountants, at the Extraordinary General Meeting held on 31<sup>st</sup> January 2000.

The Company's Auditors, M/s. L S V Ramanan & Co., Chartered Accountants, retire at this Annual General Meeting and are eligible for re-appointment.

## **DISCLOSURE UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

Statement showing the particulars of employees, pursuant to Section 217 (2A) of the Companies Act, 1956 is given in Annexure B.

## GLOBAL *e-Solutions Limited*

### ENERGY CONSERVATION

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure A.

### FUTURE PROSPECTS

The IT Industry has come to stay and there is a bright future for your Company. Your Company, being the only company to have all the three divisions under a single umbrella, has tremendous scope in business terms. Along with Intech Net Ltd., your Company proposes to set up ISP nodes at Chennai, Bangalore, Cochin, Calcutta, Delhi, Mumbai and 40 subnodes in various parts of the country during the current year. Your Company also proposes to set up joint venture companies in Malaysia and Indonesia and a wholly owned subsidiary in USA and Australia to meet the growing needs of the software industry. In India, your Company is in the process of setting up a wholly owned subsidiary which would be dealing in hardware, software and peripherals relating to IT and telecommunication. As per the estimate of NASSCOM, the software exports would be to the tune of US \$ 50 billion by 2005 and Internet users in India would be around 16 million by 2003. Your Company is working towards reasonable share in the above business prospects and your Directors are optimistic to report excellent results during the current year.

### ACKNOWLEDGEMENT

Your Directors express their sincere thanks and gratitude to STPI, Bankers to the Company and the shareholders for their continued patronage and acknowledge the cooperation and support extended by the employees.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai

**T S V PANDURANGA SARMA**

**P VIJAYA SEKHAR REDDY**

Date : 19th August, 2000

*Director*

*Managing Director*

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## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE A

**Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988**

#### A. Conservation of Energy

- |  |   |     |
|--|---|-----|
| a. Energy conservation measures taken  | } | Nil |
| b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy |   |     |
| c. Impact of the above measures  |   |     |
| d. Total energy consumption and energy consumption per unit of production                                |   |     |

#### B. Technology Absorption

- e. Efforts made in technology absorption - Nil

#### C. Foreign Exchange Earnings and Outgo

- f. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and service and export plans - Not applicable
- g. Total foreign exchange used and earned – Rs.1,12,200/- (outgo)

### ANNEXURE B

**Statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956**

Sl. No.	Name & Designation	Remuneration Received (Rs.)	Age	Qualification & Experience	Date of Commencement	Nature of Employment	Last Employment
1.	K Karthikeyan Vice President -Technical	54,240/-	36	MCA (12)	1.6.2000	Non-contractual	Megasoft Ltd.

#### Notes :

- Remuneration includes Basic Pay, Allowances, Perquisites, Contribution to Provident Fund and other allowances as per the rules of the Company.
- Experience includes number of years of service elsewhere.
- The above employee is not related to any of the Directors.
- The above employee, either individually or together with spouse or children does not hold more than 2% of the share capital of the Company.

**GLOBAL e-Solutions Limited****REPORT OF THE AUDITORS TO THE MEMBERS OF GLOBAL e-SOLUTIONS LIMITED**

We have audited the attached Balance Sheet of "GLOBAL e-SOLUTIONS LIMITED", Chennai as at 30th June 2000 and the Profit and Loss Account for the period ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the 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 state 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 and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required.
  - c) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - d) The Company's Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
  - e) The Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in Sub-section 3(c) of Section 211 of the Companies Act, 1956 to the extent applicable.
  - f) In our opinion, the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 30th June 2000 and the Profit and Loss Account gives a true and fair view of the profit of the Company for the period ended 30th June 2000.

For **L S V RAMANAN & Co.,**  
Chartered Accountants,

Place : Chennai  
Date : 19th August 2000

**L S VENKATARAMANAN**  
Proprietor

**ANNEXURE TO AUDITORS' REPORT REFERRED TO  
IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management at regular intervals and no materials discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedure of 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. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of accounts.



6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
9. The Company has not given any loans or advances in the nature of loans.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of stores, raw materials and other assets and for the sale of goods and services.
11. There were no purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 as aggregating during the year to Rs.50,000/- or more in respect of each party.
12. As explained to us, the Company has regular procedures for the determination of the unserviceable or damaged stores, raw materials and finished goods; adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion, reasonable records have been maintained by the Company for the sale or disposal of realisable scrap.
14. The Company has not accepted any deposits from the public during the year.
15. The Company has an internal audit system commensurate with the size and nature of its business.
16. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for this type of company.
17. The Company is regular in depositing provident fund dues with the appropriate authorities.
18. According to the books and records examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Customs Duty, Excise Duty, and Sales-tax, which have remained outstanding as at 30th June 2000 for a period exceeding six months from the date they became payable.
19. To the best of our knowledge and according to the information and explanations given to us, there are no expenses of personal nature charged to the revenue account other than those payable under the contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **L S V RAMANAN & Co.,**  
Chartered Accountants,

**L S VENKATARAMANAN**  
Proprietor

Place : Chennai  
Date : 19th August 2000



**GLOBAL e-Solutions Limited****BALANCE SHEET AS AT 30th JUNE 2000**

	Schedule No.	As at 30.06.2000 Rs.	As at 31.03.1999 Rs.
<b>SOURCES OF FUNDS</b>			
1. <b>Shareholders' Funds</b>			
Share Capital	1	4,75,00,000	3,94,76,000
Reserves & Surplus	2	27,37,036	1,52,988
2. <b>Loan Funds</b>			
Secured Loans	3	—	38,12,844
Unsecured Loans	4	—	15,11,321
Total		<u>5,02,37,036</u>	<u>4,49,53,153</u>
<b>APPLICATION OF FUNDS</b>			
1. <b>Fixed Assets</b>			
a. Gross Block		59,07,114	16,71,157
Less : Depreciation	5	4,03,629	9,33,507
Net Block		<u>55,03,485</u>	<u>7,37,650</u>
2. <b>Current Assets, Loans and Advances</b>			
a. Inventories	6	—	1,46,07,442
b. Sundry Debtors	7	4,06,87,342	8,05,760
c. Cash and Bank Balances	8	16,72,056	3,13,341
d. Loans and Advances	9	1,76,24,593	2,53,29,820
		<u>5,99,83,991</u>	<u>4,10,56,363</u>
3. <b>Less : Current Liabilities and Provisions</b>	10	1,66,26,423	95,53,515
Net Current Assets		<u>4,33,57,568</u>	<u>3,15,02,848</u>
4. <b>Miscellaneous Expenditure</b> (To the extent not written-off or adjusted)	11	<u>13,75,983</u>	<u>16,50,192</u>
5. <b>Profit and Loss Account</b>		—	1,10,62,463
Total		<u>5,02,37,036</u>	<u>4,49,53,153</u>
6. Notes on Accounts	15		

Schedules 1 to 11 and 15 form part of this Balance Sheet.

As per our report of even date  
For **L S V RAMANAN & Co.,**  
Chartered Accountants,

**T S V PANDURANGA SARMA**  
Director

**P VIJAYA SEKHAR REDDY**  
Managing Director

**L S VENKATARAMANAN**  
Proprietor

**KR SUBBIAH**  
Director

**RADHA RANI**  
Director

Place : Chennai  
Date : 19th August 2000

**REKHA SURENDRIRAN**  
Company Secretary



# **PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2000**

	Schedule No.	1999-2000 Rs. (15 Months)	1998-1999 Rs. (12 Months)
<b>I. INCOME</b>			
Sales and Services	12	6,35,39,664	79,45,845
Closing Work-in-progress		—	1,41,32,436
Increase in Stock	13	—	69,750
		<u>6,35,39,664</u>	<u>2,21,48,031</u>
<b>II. EXPENDITURE</b>			
Opening Work-in-progress		—	1,66,44,425
Administrative, Selling and Other Expenses	14	4,92,13,615	1,24,10,095
Miscellaneous Expenses written-off	11	2,75,909	2,75,909
Depreciation	5	4,03,629	1,62,899
		<u>4,98,93,153</u>	<u>2,94,93,328</u>
<b>III. Net Profit/(Loss) (I-II)</b>		<b>1,36,46,511</b>	<b>(73,45,297)</b>
<b>IV. Loss brought forward from previous year</b>		<b>(1,10,62,463)</b>	<b>(37,17,166)</b>
<b>V. Net Surplus / (Loss) carried to Balance Sheet</b>		<b>25,84,048</b>	<b>(1,10,62,463)</b>
<b>VI. Notes on Accounts</b>	<b>15</b>		

Schedules 5 and 11 to 15 form part of this Profit and Loss Account.

As per our report of even date  
For **L S V RAMANAN & Co.,**  
Chartered Accountants,

**L S VENKATARAMANAN**  
Proprietor

Place : Chennai  
Date : 19th August 2000

**T S V PANDURANGA SARMA**  
Director

**KR SUBBIAH**  
Director

**REKHA SURENDRHIRAN**  
Company Secretary

**P VIJAYA SEKHAR REDDY**  
Managing Director

**RADHA RANI**  
Director