



annual report

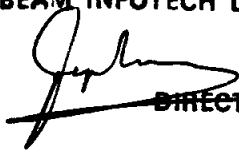
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Sun Beam Infotech Ltd.

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CERTIFIED TRUE COPY
For SUN BEAM INFOTECH LTD.


DIRECTOR

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Board of Directors

Yuvraj Karan

Chairman

(Retd. Executive Director,
Union Bank of India)

Omprakash Jhunhunwalla

Director

(Non-Resident Indian)

Krishna Purohit

Director

(Chartered Accountant)

Vijendra Garg

Director

(Corporate Advisor)

Auditors

Anand Jain & Associates
Mumbai

Consulting

Chartered Accountant

Deloitte Haskins & Sells
Mumbai

Bankers

Global Trust Bank Ltd.
Mumbai

Shareholder Information

Depository Information

The intrinsic superiority of the electronic stock markets over the physical stock markets has gained recognition and acceptability amongst the participants on the stock market. In India the regulatory agencies like SEBI and the direct beneficiaries of the system have played a pivotal role in ensuring the success of this mode. Much to the amazement of the international investing community, dematerialization found faster and wider acceptability in our country as compared to the other nations.

In keeping with your Company's endeavour to provide the latest technology for holding/trading of equity shares, your company admitted its equity shares with the National Securities Depository Ltd. (NSDL) and with the Central Depository Services (India) Ltd. (CDSL). This will result in reduced investors cost of holding Sun Beam's equity shares in the electronic mode (Demat).

The SEBI directives to include your Company's share in the compulsory demat list for trading for all investors with the effect from 8th May 2000, has triggered a shift from the physical mode to the electronic mode.

Trading Patterns

Your Company's equity shares enjoy high liquidity and are actively traded in Pune Stock Exchange in the state of Maharashtra.

Market Capitalisation

Sun Beam shares has given excellent capital appreciation to investors and is amongst the most traded scrip in the Pune Stock Exchange. The shares were issued through Public Issue at a price of Rs. 15/- in July 1996, whereas the market share price as on March 15, 2000 was Rs. 165/- to Rs. 175/- per share.

The market capitalisation of your Company has improved phenomenally in the year 2000. The market capitalisation of the shares as at March 31, 2000 was Rs. 500 million.

Share Transfer System

The Company has an in-house Investor cell and shares are transferred at the meeting of Management Committee of Directors which generally meets every fortnight. Share transfers would be registered and returned within the period of 4 weeks from the date of receipt if the documents are clear in all respects.

Dates of Book Closure

April 28, 2000 to April 29, 2000 (both days inclusive)

Date, Time and Venue of the Annual General Meeting

Date: 29.04.2000 at 11.30 a.m. at Timmy Arcade Premises, Marol, Near International Airport, Andheri (East), Mumbai 400 059.

Listing On

1. The Pune Stock Exchange.
2. The Stock Exchange, Ahmedabad.
3. The Stock Exchange, Mumbai (BSE)
(Proposed shortly)

The Company has paid the listing fees to all exchanges.

Dividend Payment

The Directors have recommended a interim dividend of 10 per cent. Dividend will be paid to members whose names appear in the Company's Register of Members on April 29, 2000.

In respect of shares held in electronic form, the dividend will be paid on the basis of the beneficiary ownership as per details

furnished by the National Securities of Depository Ltd./Central Depository Services (India) Ltd.

Dividend warrants will be posted to shareholders on or before May 31, 2000.

Investor Correspondence

Investors grievances/queries may be addressed to The Share Department, Sun Beam Infotech Ltd., 505, Timmy Arcade, Makwana Road, Marol, Andheri (East), Mumbai 400 059.

E-mail address: sunbm10@vsnl.com



Directors' Report

Dear Members,

The past year has been very significant for your company. Several path breaking initiatives were implemented with a view to enlarging our market share and presence by leveraging on our end-to-end competencies. With an enhanced client base and strengthened internal processes, your company proved its commitment to quality and joined a select group of companies in the field of information technology. Your Company has registered high rate of growth during the financial period under report.

Financial Highlights

(Rs. in lakhs)

	31.10.99	30.09.98
Sales	276.12	39.05
Gross Revenues	276.12	39.05
Operating Profits (PBIDT)	80.92	21.25
Interest	NIL	NIL
Depreciation	2.70	1.11
Profit Before Tax	78.22	20.14
Provision for Tax	8.21	2.11
Profit After Tax	70.01	18.02
Transfer to General Reserve	4.15	NIL

Overview

Your Company has set a trend of high growth, during the year revenue from operations is Rs. 276.12 lakhs an increase of Rs. 237.07 lakhs over the previous year, registering phenomenal growth of 607.09%.

Profit after Tax rose to Rs. 70.01 lakhs for the year 1998-99 from Rs. 18.02 lakhs in the previous year and this revenue is exclusively from IT operations of the company.

With the diversified products and services portfolio, your company has earned revenues from a wide range of IT services. Y2K and open Systems & Client/Server applications, software Development, Information Integration System & ERP solutions have respectively contributed 100% of the revenues.

Your Company has successfully set up a "Export Division" under the 100% EOU scheme of STPI, in the city of Mumbai and this division has commenced the commercial production in the month of March 2000.

Our aggressive market penetration strategy has helped us to add high net worth customers during the year. Your company has also received a few Information Integration System, ERP applications development projects. The marketing team has been further strengthened and the geographical coverage of our marketing activities has been considerably enlarged.

Bonus Issue

Your directors are happy to recommend the issue of bonus shares in the ratio of TWO Equity shares for every FIVE shares held. The proposal to issue bonus shares is a strong indication of management's confidence in the future of the company, and its ability to adequately service the increased equity base.

Dividend

Board of Directors have not recommended dividend for the period under report but have recommended Interim Dividend @ Re. 1.00 per Equity Share for the Millennium Year 2000 and the record date of 29.04.2000 has been declared for the payment of the same.

Accounting Standards

The company wants to adopt the best practices of the Global village and has therefore got its accounts prepared as per US Generally Accepted Accounting Principles (GAAP) requirements for the year ended 31st Oct, 1999.

Receivables Management

The receivable level is 90 days based on the last quarter revenue of the financial year. Your Company is planning to improve the receivable level during the current year by introducing a comprehensive policy for receivables management from clients with better controls and more focus to improve the receivables.

Corporate Governance

With increasing number of Corporations going Global the emphasis on good Corporate Governance has increased tremendously. Your Company's Board of Directors has recognised the need for good Corporate Governance and has formed a sub committee of Directors to benchmark the company's Corporate Governance Policies.

Your Company already has in place the following Corporate Governance policies recommended as desirable Governance by the Confederation of Indian Industries (CII).

- In the current year, the Board of Directors met over the board meetings wherein each of the meeting had clearly defined agendas.
- Recognising the Industry trend towards issuing ASOPs, an independent ASOP Committee comprising Mr. Krishna Purohit and Mr. Chakradeo was set up for recommending an ASOP.
- Key information like annual operating plans and budgets, capital budgets, quarterly results, are reported and placed before the Board.
- Monthly data on high and low prices on The Stock Exchanges are provided in the Shareholders Information.

Forays into new Areas

Recognising the business opportunity in the industrial & Financial sector world-wide, Your company has consciously developed relationship with key players in this segment. Softec International, one of the oldest Consulting firm in USA, has tied-up with your company for providing marketing strength to your company to cater to its clients around the world.

Integrated Information System (IIS)

Industrial Majors are increasingly moving towards products and services namely Automisation of the Management Information and in the E-Space. Your Company has forayed into the IIS & E-Space by entering into an alliance with USESE. Enterprise Integration Solutions provide unique and powerful ways to integrate, navigate and simplify many of the core applications in medium to large enterprises.

In this domain, your company will offer its clients Enterprise Integration Portal solutions that provide end users with a simple, yet powerful way to access, integrate, analyse, query, and report on structured and un-

structured data they rely on every day through the web. This is achieved through Enterprises Application Integration which allows organisations to cement their forays into specialist decision support systems such as Enterprise Knowledge Management (EKM) Enterprise Resource Planning (ERP), Supply Chain Management (SCM) and Customer Relationship Management (CRM).

Associate Stock Option Plan

The true worth of a company lies increasingly in its human talent and relationship, not just in its physical and intellectual-property assets. Your Company works on the partnership model whereby each of the associates is a partner and contributor in the growth of the company. Associate Stock Option Plan (ASOP) is an endeavour of your company to share its wealth with all its partners. A committee has been formed to administer the ASOP. The eligibility criteria for the employee under ASOP will be determined by the Compensation Committee based on the past and present performance, technical knowledge, professionalism, period of service, designation, responsibility and other such qualities or traits that the committee may deem fit.

Organisation Structure

The Strategic Business Units (SBUs) structure has enabled your Company to achieve high growth rate. Each of the SBUs is a perfect example of adaptability and flexibility of moulding themselves to cater to the ever changing scenario. One of the Key reasons for success of this structure is that the channel of communication are always open to allow the exchange of the ideas related to values, corporate philosophy, business practices, domain knowledge across the SBUs irrespective of its location or domain expertise.

Expansion Program & Schedule of Implementation

Your directors are pleased to inform you that the Software Technology Park on a huge land admeasuring 3,20,000 sq. feet adjoining Lake City of Sahara at Lonavala is being proposed by your company. The Software Technology Park will not only house the SBUs but will also house the headquarters of the offices of Human Resources, Finance and Accounts and the Chairman's office. Communication Infrastructure like visual connectivity and telecasting facilities within the Software Technology Park of Sun Beam is being proposed to promote networking and open communication among associates with customers.

One new development centre (**Export Division**) in Mumbai City, have been commissioned by your company in the month of January 2000.

During the Millennium year, your Company has extended its operation to Hyderabad by acquiring a development centre under its subsidiary PARLE SOFTWARE LTD. in Software Technology Park at Hyderabad.

Future Outlook

According to a high power report published by McKinsey & Co., by 2008 Indian IT industry is likely to touch annual revenues of \$ 87 billion (which includes \$ 50 billion of software exports) and a market capitalisation of \$ 225 billion. Out of which \$ 87 billion opportunity knocking on India's doors, IT Service will fetch \$ 38.5 billion, Software products \$ 19.5 billion, IT enabled services \$ 19 billion, and E-business \$ 10 billion. The McKinsey Report further states that the explosion in e-businesses, the increased acceptance of outsourcing by companies in developed market and the increasing software

content in automobiles and devices such as Mobile Phones will create tremendous opportunity for Indian Companies. India will also see the rise of niche category leaders in software products such as web-based applications and services such as business intelligence and enterprise application integration.

To state the obvious, IT capabilities of India has now been recognised world-wide. The recent trip of Mr. Bill Clinton, president of USA has further fuelled the confidence level in Indian capabilities.

The challenge now is for IT companies and your company in the coming years to constantly align to emerging technologies and visualise their usage to building business value for customers.

Indian software companies together have just scratched the surface. The challenge is to build confidence with the customers. Indian IT industry has matured in methodology and systems to deliver consistent and quality solution from remote centres. There is no shortage of business it is just a matter of reaching out to the client. Business can comfortably grow more in the next three years but the challenge is to assimilate new and lateral training while retaining the strong culture that has been nurtured over the last seven years. Education and training will be the challenge in the coming years.

Subsidiaries

Your Company has acquired 100% stake in PARLE SOFTWARE LTD. And it has become a 100% owned Subsidiary of your company in the year 2000.

The annual report of the subsidiaries of the company viz., Parveen Real Estates Ltd., have been attached to this report for your reference.

Fixed Deposits

Your company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Employee Particulars

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, are annexed to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Share Department at the Registered Office of the company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure A to this Report.

Directors

As per Article 48 of the Articles of Association of the company, Mr. Omprakash Jhunhunwalla retires by rotation at this Annual General Meeting

and being eligible offers himself for reappointment.

Auditors

The auditors M/s. Anand Jain & Associates, Chartered Accountants, Mumbai retire at this Annual General Meeting and being eligible offer themselves for reappointment.

Acknowledgements

Your directors thank the clients, vendors, investors and bankers for their continued support to your company's growth. The Board appreciates every associate of Sun Beam for displaying these amazing Energy level which has taken Sun Beam to greater heights.

Your directors would also like to thank the Government of India, particularly the Ministry of Information and Technology, the Customs Department, Software Technology

Parks of India - Mumbai & Hyderabad, RBI, VSNL, the State Government and other Government agencies for their continued support. Your Directors also place on record their sincere appreciation of its customers and bankers for their continued support to your Company's growth.

By order of the Board
For **Sun Beam Infotech Limited**

Place : Mumbai
Date : 07.04.2000

YUVRAJ KARAN
Chairman

