

**11<sup>th</sup>**

**ANNUAL REPORT**

**For the period Ended  
31st MARCH, 2008**



**INDUS NETWORKS LIMITED**



## INDUS NETWORKS LIMITED

### BOARD OF DIRECTORS

#### DIRECTORS

SHRI K.SUDHIR - Managing Director

SHRI R.K.MEHTA\*

SHRI P.M.MADAN MOHAN\*

SHRI V.SHANKAR\*

SHRI J.ANJANEYULU\*

SHRI T. SRINIVASA RAO\*\*

\*-Non-Executive and Independent Director

\*\* -Promoter and Non-Executive Director

#### AUDIT COMMITTEE

SHRI R.K.MEHTA

SHRI V.SHANKAR

SHRI J. ANJANEYULU

#### REMUNERATION COMMITTEE

SHRI R.K.MEHTA

SHRI V.SHANKAR

SHRI J.ANJANEYULU

#### SHAREHOLDERS GRIEVANCE COMMITTEE

SHRI K.SUDHIR

SHRI R.K.MEHTA

SHRI J.ANJANEYULU

#### SHARE TRANSFER COMMITTEE

SHRI K.SUDHIR

SHRI R.K.MEHTA

SHRI J.ANJANEYULU

#### AUDITORS

M/s. KUMAR & GIRI

Chartered Accountants

#### BANKERS

Canara Bank

Industrial Finance Branch, Nampally,  
Hyderabad.

#### REGISTERED OFFICE

Plot No: 312, Road No:10C,

New MLA&MP's Colony, Jubilee Hills,  
Hyderabad - 500 033

Ph. : 040 - 2354 0588

Fax : 040 -2354 1022

E-Mail : info@indusnetworks.com

#### REGISTRARS & TRANSFER AGENTS

M/s. Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (E), Mumbai - 400 072.

Ph No: 022 - 2847 0652

Fax: 022 - 2847 5207

#### SECURITIES LISTED AT

Bombay Stock Exchange Limited, Mumbai.



## INDUS NETWORKS LIMITED

### NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held on Monday, 29th September, 2008 at Sundaraiah Vignana Kendram, 1-8-1/B/25/A, Baghlingampally, Hyderabad - 500 044 at 1.00 P.M to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Shri V. Shankar, who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint M/s Kumar & Giri, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company on a later date. M/s Kumar & Giri, Chartered Accountants, Hyderabad, being eligible, offers themselves for reappointment.

#### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that Shri P.M. Madan Mohan, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 26.03.2008 to hold office upto the date of ensuing Annual General Meeting as per Section 260 of the Companies Act, 1956, in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that Shri J. Anjaneyulu, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 26.03.2008 to hold office upto the date of ensuing Annual General Meeting as per Section 260 of the Companies Act, 1956, in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

BY ORDER OF THE BOARD

PLACE : HYDERABAD  
DATE : 30.08.2008

**K.SUDHIR**  
MANAGING DIRECTOR

**INDUS NETWORKS LIMITED**

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**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies are requested to bring alongwith them Annual Reports being sent to them.
3. The Share Transfer Books and Register of Members of the Company will remain closed on October 10, 2008. (one day only).
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection at the venue of the Annual General Meeting. The Register of Directors' Shareholding is also available for inspection of the members at the registered office of the Company, fourteen days before and three days after the date of the Annual General Meeting of the Company.
5. The registration of share transfers and other related correspondence will be dealt with by the Company at it's Registrar & Share Transfer Agents - Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400072. Members are requested to update this information and make all future correspondence, if any, at the above address.
6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
7. The members are requested to:
  - (a) intimate to the Company, changes, if any, in their registered address at an early date;
  - (b) quote ledger folio number in all their correspondence;
  - (c) bring their copy of the Annual Report and the attendance slip duly filled in, at the Annual General Meeting.



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**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Shri P.M. Madan Mohan was appointed as an Additional Director of the Company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 26th March , 2008. Pursuant to Section 260 of the Companies Act, 1956 Shri P.M. Madan Mohan holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Shri P.M. Madan Mohan as a candidate for the office of Director. The relevant particulars in respect of Shri. P.M.Madan Mohan required to be given as per listing agreement are given in Annexure to this Notice. Resolution at item No: 4 seeks to appoint Shri. P.M. Madan Mohan as a Director of the Company.

The Board is of the view that, having regard to his wide knowledge and experience, it will be in the interest of the Company to appoint Shri. P.M.Madan Mohan as a Director of the Company.

Your Directors recommended the resolution for your approval.

None of the Directors except Shri P.M.Madan Mohan is concerned or interested in the resolution.

**ITEM NO. 5**

Shri J.Anjaneyulu was appointed as an Additional Director of the Company as per the provisions of Section 260 of the Companies Act, 1956("the Act") in the Board Meeting held on 26th March, 2008. Pursuant to Section 260 of the Companies Act, 1956 Shri J.Anjaneyulu holds office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- from a member signifying his intention to propose the name of Shri J.Anjaneyulu as a candidate for the office of Director. The relevant particulars in respect of Shri. J.Anjaneyulu required to be given as per listing agreement are given in Annexure to this Notice. Resolution at item No: 5 seeks to appoint Shri. J.Anjaneyulu as a Director of the Company.

The Board is of the view that, having regard to his wide knowledge and experience, it will be in the interest of the Company to appoint Shri. J.Anjaneyulu as a Director of the Company.

Your Directors recommended the resolution for your approval.

None of the Directors except Shri J. Anjaneyulu is concerned or interested in the resolution.

BY ORDER OF THE BOARD

PLACE : HYDERABAD  
DATE : 30.08.2008

**K.SUDHIR**  
MANAGING DIRECTOR


**INDUS NETWORKS LIMITED**
**Annexure to Notice-(Contd.)**
**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT  
AT THE 11TH ANNUAL GENERAL MEETING**
**(Pursuant to the Clause 49 of the Listing Agreement)**

Name of the Director	Shri. V.Shankar	Shri.P.M.Madan Mohan	Shri.J.Anjaneyulu
Date of Birth	15.04.1967	15.05.1965	01.07.1952
Date of Appointment	03.10.2006	26.03.2008	26.03.2008
Qualifications	PGDMM	B.E.	BSc
Expertise in Specific functional areas	He is a technocrat and he is having vast experience in various Industries.	He is a Business Executive and he is having vast experience in various Industries.	He is a Business Executive and he is having vast experience in various Industries.
List of Companies in which outside Directorship held	1. Extredge POS Systems Limited.	Nil	1.G.J.Trading Private Limited. 2. S.P.Office Needs Private Limited. 3. Crown Castings Private Limited. 4. Tirumala Re-Rolling Private Limited. 5. Tejaswini Engineering Private Limited. 6. Genemedix Cables Private Limited.
Chairman/Member of the committees of the Board of the Companies in which he is a Director	Nil	Nil	Nil



## INDUS NETWORKS LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the Eleventh Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2008 comprising of 12 months from 01.04.2007 to 31.03.2008.

**Company's Performance:**

Your Directors hereby report that the Company has achieved a turnover of Rs. 3884.24 lakhs upto 31.03.2008 consisting of twelve (12) months, as against the turnover of Rs. 1670.39 lakhs during the previous financial year ended 31.03.2007 consisting of twelve (12) months.

The highlights of the financial results are as follows: -

(Rs. in lacs)

Particulars	2007 - 2008 From 01/04/2007 To 31/03/2008 (12 Months)	2006 - 2007 From 01/04/2006 To 31/03/2007 (12 Months)
Total Income	3884.24	1670.39
Total Expenditure other than Interest	3773.28	1611.49
Interest	9.11	7.13
Total Expenses	3782.39	1618.62
Profit / (loss) Before tax	101.85	51.77
Provision for tax		
- Current Year Liability	11.53	5.81
- Deferred Tax Liability	24.60	18.88
- Fringe Benefit Tax	0.66	0.67
Profit / (loss) After tax	65.04	26.41
Amount brought forward	340.91	314.50
Balance carried forward	405.95	340.91

**Review of Operations:**

Growth in Revenue and Profit During the year under review, your company recorded a total income of Rs. 3884.24 lakhs, compared to Rs. 1670.39 lakhs in the previous financial year, which represents a 132% growth. The net profit for the year stands at Rs. 65.04 lakhs as compared to the net profit of Rs. 26.41 lakhs in the previous year, which represents a 146% increase over previous year.

**The software industry from India moving forward:**

According to Mckinsey's ongoing research on Indian software industry competitiveness, there is a continuing potential of leadership for India in the US \$ 300 billion offshore services market.

"A notable trend discernible in the surveys is that providers off-shoring since the 1990s or early 2000 are now gaining benefits beyond low labor cost. These include faster time-to-market, process redesign and offshore-led innovation in services. Nevertheless, labor cost advantage continues to be the business case for the majority of providers embracing off-shoring in the last two to three years.



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Relatively new or potential users of offshore IT services often worry about how long the offshore labor cost advantage will last. Rapid wage inflation is behind this worry. Wages in India have risen at a steady 15-18% p.a. for the last two to three years, driven by the increasing talent shortage. However, while the relative labor cost differential between the US and India will narrow (from 14% in 2005 to an estimated 29% by 2010), the absolute cost difference (the most relevant number for the off-shoring case) will remain substantial."

A recent report by leading global research company Gartner reinforces that current economic environments like the slowdown of US economy, and high inflation driven global economies are only motivating Corporate America to increase its off-shoring efforts to lower cost destinations like India. Top technology firms from US, UK and European countries are constantly looking at opportunities to engage more in offshore outsourcing of their software applications.

India's IT industry is consistently delivering great price performance to its global clientele, and this is true of the large players and also SME companies in this industry. Your company has differentiated advantage of having domain focus in Electronic Payments that facilitate the ability to offer high value add to the work being executed, besides good price performance. This is what the Global firms are looking for as is validated by all research by lead players like McKinsey, Gartner and Forrester.

### Reserves and Surplus:

Particulars	2006-07 (Rs.in Lakhs)	2007-08 (Rs.in Lakhs)
Reserves and Surplus	1045.84	980.80

### Fixed Deposits:

The Company has not accepted any fixed deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable.

### Personnel:

Information in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not applicable since none of the employees are receiving the remuneration as mentioned in the said section.

### Directors:

Shri P.M.Madan Mohan has been appointed as an Additional Director with effect from 26th March, 2008. Shri P.M.Madan Mohan holds office upto the date of the ensuing Annual General Meeting. Notice has been received from a Member, under Section 257 of the Companies Act, 1956, proposing the name of Shri P.M.Madan Mohan for appointment as Director.

Shri J.Anjaneyulu has been appointed as an Additional Director with effect from 26th March, 2008. Shri J.Anjaneyulu holds office upto the date of the ensuing Annual General Meeting. Notice has been received from a Member, under Section 257 of the Companies Act, 1956, proposing the name of Shri J.Anjaneyulu for appointment as Director.

Resolutions seeking approval of the Members for the appointment of Shri P.M.Madan Mohan and Shri J.Anjaneyulu, as Directors of the Company, are being proposed at the ensuing Annual General Meeting. The Board of Directors recommends adoption of the resolutions.

Brief profiles of Shri P.M.Madan Mohan and Shri J.Anjaneyulu, including areas of their expertise and other details, are attached to the Notice convening the ensuing Annual General Meeting.

Shri V.Shankar retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. Brief profile of the retiring Director, including areas of his expertise and other details, are attached to the Notice convening the ensuing Annual General Meeting.





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During the year under review, Shri K.P.C. Rao and Shri K.Srinivasa Kalyan Rao, Directors of the Company had been resigned from the Board on 26.03.2008 due to their pre-occupations. On 28.04.2008, the members of the Company had passed the Special Resolution through notice of Postal Ballot dated: 26.03.2008 to approve the change in the control and management in terms of regulation 12 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, by appointing Shri K.Sudhir, as promoter director in place of the existing promoter director Shri S.T.Prasad. Subsequently, Shri S.T.Prasad had been resigned from the position of Director and Managing Director w.e.f:28.04.2008.

### Listing of Company's Securities:

Your Company's shares are currently listed on Bombay Stock Exchange Limited.

### Dematerialization of Shares:

Your Company's shares have been made available for dematerialization through the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### Board Committees:

Subsequent to the resignation of Shri S.T.Prasad and Shri K.P.C.Rao from the Board, the Audit Committee and Remuneration Committee had been reconstituted by inducting new member Shri J.Anjaneyulu in place of Shri K.P.C.Rao vide resolution passed by the Board of Directors in their meeting held on 26.03.2008 and Shareholders Grievance Committee and Share Transfer Committee had been reconstituted by inducting new members Shri K.Sudhir, as a Chairman and Shri J.Anjaneyulu, as a member of the respective committees vide resolution passed by the Board of Directors in their meeting held on 26.03.2008.

### Material Development after the Balance Sheet Date:

#### 1. Change in the control and management in terms of regulation 12 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997:

On 28.04.2008, the members of the Company have passed the Special Resolution through notice of Postal Ballot dated:26.03.2008 to approve the change in the control and management in terms of regulation 12 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, by appointing Shri K.Sudhir, as promoter director in place of the existing promoter director Shri S.T.Prasad.

#### 2. Appointment of Managing Director:

Effective from 26.03.2008, Shri K. Sudhir has been appointed as the Managing Director of the Company for a period of five years vide Special resolution passed by the members of the Company through notice of Postal Ballot dated: 26.03.2008 on 28.04.2008. Shri S.T.Prasad had resigned from the Board w.e.f: 28.04.2008.

### Directors' Responsibility Statement:

Your Directors' state:

- a. that in the preparation of the annual accounts for the year ended 31st March, 2008 applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- b. that they had 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 or loss of the Company for that period.
- c. that they had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.



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d. that they had prepared the annual accounts for the year ended 31st March, 2008 on a going concern basis.

### Auditors:

The Company's Auditors M/s Kumar & Giri, Chartered Accountants, Hyderabad, who retire at the ensuing Annual General Meeting of your Company, being eligible offers themselves for reappointment.

Your Board of Directors recommended the appointment of M/s Kumar & Giri, Chartered Accountants, Hyderabad, as Statutory Auditors of your Company. Your approval for such appointment is solicited.

### Subsidiaries:

M/s INL Software Trading Private Limited, the Company's Wholly Owned subsidiary has not carried on any business activity during the period from the date of its Incorporation to 31.03.2008. As at the date of Balance Sheet, the Company had acquired shares of INL Software Trading Private Limited, aggregating, in value, to Rs.99000.

The Directors' Reports of M/s INL Software Trading Private Limited, wholly- owned subsidiary of your Company and its audited Statement of Accounts together with respective Auditors' Report thereon for the year ended 31st March, 2008 form part of this Report. Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company, as at 31st March, 2008, is also annexed to this Report.

### Consolidated Financial Statements:

The Consolidated Financial Statements of the Company and its subsidiary could not attached since the Company has not carried on any business activity during the period from the date of its Incorporation to 31.03.2008.

### Corporate Governance:

A report on Corporate Governance along with Auditors' certificate on compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement, is provided elsewhere in the Annual Report.

### Management Discussion and Analysis Report:

Management Discussion and Analysis Report is provided elsewhere in the Annual Report.

### Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo:

Information pursuant to 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 not furnished since the operations of the Company are not energy intensive. However, the Company has endeavoured to conserve energy consumption wherever feasible.

### Technology absorption, Adaptation and Innovation

The Company's business demands continuous efforts and adaptation to changing technologies to stay competitive in the rapidly changing world. Significant efforts have been made by your Company towards constantly absorbing, adapting and deploying new technologies. These are expected to give substantial benefits in the future.