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Board of Directors*

Atul K. Nishar
Chairman

Dr. K. K. Anand
Director

L. S. Sarma
Director

Dr. (Mrs.) Alka A. Nishar
Director

P. G. Kakodkar
Director

A. P. Kurian
Director

Rusi Brij
Director

P. K. Sridharan
Executive Director

* As on 11th March, 2002

Auditors :
M/s. Mahendra Kumbhat & Associates
Chartered Accountants

Company Secretary :
Naishadh P. Desai

Bankers :
HDFC Bank
Bank of India
IDBI Bank
ICICI Bank
Bank of America
Banque Nationale de Paris

Registered Office :
Elite Auto House, 54-A,
Sir M. Vasanji Road,
Andheri (E),
Mumbai - 400 093
Tel. : 9122 692 2424/ 9122 7919595
Fax : 91 22 692 2434/ 9122 7919623
Website : www.hexaware.com

Registrars & Transfer Agents :
Sharpro Services
Unit : Hexaware Technologies Limited
3rd floor, Satam Estate,
Cardinal Gracious Road, Andheri (East),
Mumbai : 400 099.
Tel : 8329828, 8348218
Fax : 8375646

Directors' Report

To
The Members of Hexaware Technologies Limited

(formerly Aptech Limited)

Your Directors present their Ninth Annual Report on the business and operations of your Company and the Audited Financial Results for the year ended December 31, 2001.

SCHEME OF ARRANGEMENT OR RECONSTRUCTION

During the year under review, the Composite Scheme of Arrangement or Reconstruction (Composite Scheme) in respect of Demerger of the Training Division of your Company into Aptech Training Limited and Merger or Amalgamation of erstwhile Hexaware Technologies Limited with your demerged Company was approved by the High Court of Judicature at Bombay vide its order dated 9th November, 2001 (the said Order). On filing of the certified copy of the said Order on December 28, 2001 the Composite Scheme became operational with effect from April 01, 2001. Consequent upon that, the business of the Training Division of the Company together with all its assets, liabilities and employees got transferred to ATL. Similarly all assets, liabilities and employees of the erstwhile Hexaware Technologies Limited were transferred to your Company with effect from April 01, 2001.

Pursuant to the Composite Scheme:

(a) For every five (5) equity shares of your Company held on the Record Date i.e. February 08, 2002, the shareholders have been allotted three (3) Equity Shares of Rs. 10/- each in Aptech Training Limited, credited as fully paid up.

(b) Simultaneously three (3) existing equity shares of Rs. 10/- each held by shareholders on record date in your Company stood cancelled.

(c) Your Company's Shareholders thus continued to hold remaining two (2) equity shares of Rs. 10/- each.

Consequent to the transfer of the Training Division into Aptech Training Limited the share capital of your company stood reduced from Rs. 30,24,57,290/- to Rs. 12,09,82,920/-. As a result of the Merger or Amalgamation of erstwhile Hexaware Technologies Limited with your Company and issue of one (1) equity shares of Rs. 10/- each of your Company for every three (3) equity shares of Rs. 5/- each of erstwhile Hexaware Technologies Limited, the share capital of your company stood increased from Rs. 12,09,82,920/- to Rs. 22,09,82,920/-.

Pursuant to the Composite Scheme, each holder of 10 Global Depository Shares (GDSs) are entitled to six (6) new GDSs of Aptech Training Limited entitling him to three (3) new equity shares in Aptech Training Limited Simultaneously six (6) existing GDSs held by GDS holders in your Company stood cancelled. GDS holders would continue to hold four (4) GDSs in your Company representing two (2) equity shares.

FINANCIAL RESULTS:

The financial results for the current year thus comprise of (1) the income and expenditure of erstwhile Training Division from January 01, 2001 to March 31, 2001, (2) the income and expenditure of erstwhile Hexaware Technologies Limited from April 01, 2001 to December, 2001 and (3) the income and expenditure of Software Division of your Company from January 01, 2001 to December 31, 2001. Thus the current year figures are not comparable with that of the previous year.

Directors' Report

	FOR THE YEAR ENDED 31/12/2001 (Rs. in Million)	31/12/2000 (Rs. in Million)
Global Revenue (including Subsidiaries)	**2966.02**	5777.64
Income from Operation-Hexaware Technologies Limited	**1172.36**	4754.14
Profit before Depreciation & Tax	165.41	1293.18
Less : Depreciation	149.17	336.09
Profit before Taxation	**16.24**	957.09
Less : Provision for taxation	0.17	141.74
Net Profit after Tax	**16.07**	815.35
Add : Balance b/f from previous year	120.96	138.79
: Transfer on Demerger & Amalgamation as per the Scheme	111.52	—
Balance available for appropriation	**248.55**	954.14
Appropriation		
Provision for Investments in Subsidiary Companies	628.48	—
Transfer to/(from) General Reserve	(510.00)	700.00
Proposed Dividend (includes Interim and Final Dividend on Preference Shares)	9.26	108.72
Tax on Dividends	0.94	24.46
Excess Provision for Dividend Tax in Previous Year	(10.48)	—
Balance c/f to Balance Sheet	**130.36**	120.96

DIVIDENDS:

(a) **PREFERENCE DIVIDEND**

On 12.5% Cumulative Redeemable Preference Shares, Interim dividends of Rs. 54,31,942 paid during the year 2001 are recommended for confirmation by the shareholders and on 11% Cumulative Redeemable Preference Shares of the erstwhile Hexaware Technologies Limited, interim dividend of Rs. 47,66,408 is recommended for confirmation by the shareholders.

(b) **EQUITY DIVIDEND**

In order to conserve the Company's resources for its future activities, during the year under review, your Directors have not recommended any dividend on Equity Shares.

REDEMPTION OF PREFERENCE SHARES

As approved by the shareholders at the last Annual General Meeting held on June 19, 2001, during the year under review, your company prematurely redeemed all the 12.5% Cumulative Redeemable Preference Shares aggregating Rs. 14,66,66,667 (the total paid up value of Rs. 15,00,00,000/- reduced by the amount of Rs. 33,33,333/- redeemed during the year in accordance with the terms of the issue) and 11% Cumulative Redeemable Preference Shares amounting to Rs. 5,00,00,000/- redeemed during the year pertaining to erstwhile Hexaware Technologies Limited.

OPERATIONS AND FUTURE PROSPECTS:

The impact of the Indian software sector, mainly a reflection of the decline of the US economy, especially during the last quarter of 2001 has had an adverse impact on the company's growth plan for the year 2001, especially in the onsite consulting business. However the project business has substantially consolidated and proves to be the

Directors' Report (Contd.)

backbone of your Company. With most of the clients in US preferring to downsize their software operations in line with the US economic scenario, the software business has taken the brunt and accordingly revenues and billing rates have come down with clients preferring to defer their major software initiatives. This economic scenario has affected your Company also and the growth in the last year was significantly lower than expected. This had an adverse impact both on revenue and profit. The Global revenue from the business for the financial year 2001 was Rs. 2,966.02 Million including Rs. 1172.36 Million from India operations. The net profit after tax was Rs. 16.07 Million for the financial year 2001.

FUTURE PROSPECTS:

Software Operations:

The long association with PeopleSoft has helped your Company to acquire the latest product knowledge and hone our skills very early in the product life cycle. Your Company has a large pool of functional and technical experts of the PeopleSoft ERP & CRM suite. Your Company is currently assisting a host of its clients to migrate to the web-based version of PeopleSoft (Ver8.0), retraining the users and providing 24/7 post-implementation support.

Your Company is the premier offshore-based vendor for PeopleSoft Services and continually upgrades its methodologies to excel.

The emergence of a "hubbed flight network" in the Airlines Industry has resulted in the sharing of overheads such as maintenance and crew, while code sharing has resulted in sharing the cost of marketing, promotions and ticketing. Technology has helped Airlines manage these changes effectively and raise the level of customer satisfaction while reducing the cost of managing complex programs.

Your Company's dynamic suite of technology solutions serve to elevate the performance levels of the Airlines sector enabling them to cater to the increasing needs of the discerning customer.

The changing landscape of the Banking and Financial sector is characterized by heightened M&A activity in anticipation of enhancing the range of services, increasing customer penetration & achieving economies of scale.

"Straight through processing" and "T+1" will require enterprise-wide systems efforts commencing with a thorough evaluation of existing linkages between front office and back-office systems. There is also an increasing importance of independent financial planners who own customer relationships.

Your Company's services are designed to address the challenges presented by the changing business scenario in the Banking & Financial Services marketplace.

Your Company continues to closely track developments in IT industry and adjust its business models in line with these developments.

QUALITY

As part of Company's quest for continuous quality improvement your Company has undertaken various initiatives such as implementing an organization wide defect prevention program, focused process improvements, usage of metrics, automation of processes and introduction of new tools. We have instituted processes that enable transition to new technologies and enable continuous process improvement. Your company's major success in process improvement has been possible due to the continued involvement and commitment from all levels of the organization. Your company's well-defined defect prevention process ensures that both the project and organization take specific action to prevent the recurrence of defects. Everyone in the organization is encouraged to participate in process improvement activities.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

A separate report on the Corporate Governance and Management Discussion and Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

Directors' Report (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a going concern basis.

DONATION :

Your company and employees together contributed Rs. 0.53 Million to Gujarat Earthquake Relief Fund to help the victims of the devastating earthquake in Gujarat.

FIXED DEPOSITS:

During the year under review, your Company has not accepted or invited any deposits from public.

DIRECTORS :

In accordance with the Articles of Association of the Company, Dr. (Mrs.) Alka A. Nishar and Mr. P. G. Kakodkar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. P. K. Sridharan has been appointed as an Executive Director with effect from January 07, 2002. Mr. P. K. Sridharan is an eminent technocrat in Software Industry brings with him specialized knowledge and vital experience to the Company. Mr. P. K. Sridharan was earlier an Executive Director of the erstwhile Hexaware Technologies Limited.

Mr. Pramod Khera, who has been appointed as Managing Director of Aptech Training Limited, relinquished his position as Executive Director of the Company with effect from December 28, 2001. The Directors place on record their appreciation for the valuable services rendered by Mr. Khera during his tenure as an Executive Director of the Company.

Mr. Harshad Shah resigned as Executive Director of the company with effect from January 07, 2002 to pursue his own business. The Directors place on record their appreciation for the valuable services rendered by Mr. Shah during his tenure as an Executive Director of the Company.

MANAGERIAL REMUNERATION :

The members, at the Annual General Meeting of the Company held on 10th April, 2000 had approved of the increase in remuneration of Mr. Ganesh Natarajan, former Managing Director, with effect from 1st January, 2000 upto the remaining period of his tenure. The members, at the Annual General Meeting of the Company held on 19th June, 2001, had approved of the increase in remuneration each to Mr. Pramod Khera, former Executive Director and Mr. Harshad Shah, former Executive Director with effect from 1st January, 2001 upto the remaining period of their respective tenures.

Directors' Report (Contd.)

During the years 2001 the managerial remuneration paid to Mr. Ganesh Natarajan, Mr. Pramod Khera and Mr. Harshad Shah exceeded the limits prescribed under Schedule XIII to the Companies Act, 1956, due to inadequacy of profits. The excess remuneration paid amounted to Rs. 45,57,312/-. With reference to the qualification in the Auditors Report, your Directors would like to clarify that, your Company has made an application to the Central Government for waiver of recovery of the excess amount paid to the Managing Director and whole time Directors.

The remuneration paid to the aforesaid Directors during the year is as under: -

Mr. Ganesh Natarajan, Managing Director	Rs. 39,10,700
Mr. Harshad Shah, Executive Director	Rs. 31,48,365
Mr. Pramod Khera, Executive Director	Rs. 4,08,804

INSURANCE:

All the properties of the Company have been adequately insured.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPOTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this Report.

SUBSIDIARIES AND JOINT VENTURES:

a. SUBSIDIARIES

During the year under review, BconnectB Worldwide Limited, Wholly-Owned Subsidiary Company has sold its ASP related business with effect from 01.01.2002 to M/s. Siemens Information Systems Limited, a subsidiary of M/s. Siemens Limited. With this, BconnectB will not pursue any ASP related business operations.

As per the Composite Scheme, the branches and subsidiaries of erstwhile Hexaware Technologies Limited have become branches and subsidiaries of your Company and branches and subsidiaries related to Training Division became branches and subsidiaries of Aptech Training Limited.

Your Company has received the approval from the Reserve Bank of India for merging of two subsidiaries in USA and UK. Accordingly, the subsidiary in USA, namely, Aptech Worldwide Inc. has merged with another subsidiary in USA, namely, Hexaware Technologies Inc. effective February 01, 2002. The merger of UK subsidiaries namely Aptech Worldwide Europe Limited and Hexaware Technologies Europe Limited will be completed shortly.

As required under Section 212 of the Companies Act, 1956, the Balance Sheets, Profit and Loss Accounts, Directors' Reports and Auditors' Report on the Accounts (as applicable under the relevant Laws of the Countries of Incorporation) of the subsidiaries are annexed together with the Statement of Subsidiary Companies, to this report.

b. JOINT VENTURES

Pursuant to the Composite Scheme, 50:50 Joint Venture with Government of China through Beijing Beida Jadebird Company Limited which is affiliated with Beijing University Is transferred to Aptech Training Limited due to demerger of the Training Division of the Company into Aptech Training Limited.

RESEARCH AND DEVELOPMENT:

During the year under review, the Company has incurred Rs. 7.35 Million towards Research and Development for the period January 01, 2001 to March 31, 2001.

AUDITORS:

M/s Mahendra Kumbhat & Associates, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Directors' Report (Contd.)

PARTICULARS OF EMPLOYEES:

Particulars of Employees required to be furnished under Section 217(2A) of Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is annexed to this Report.

ACKNOWLEDGEMENT:

Your Directors would like to thank Investors, financial Institutions, Banks, Government authorities, our esteemed Corporate clients and Customers. The service and Co-operation of members (employees), business/alliance partners and technology partners are also earnestly appreciated. Finally your Directors would like to take this opportunity to express their gratitude to one and all of you for your faith and wholehearted support which has always been a source of inspiration for us to keep us on the move towards success, to scale greater heights and achieve stiffer targets.

For and on Behalf of the Board

Atul K. Nishar
Chairman

Place : Mumbai
Date : April 26, 2002

Annexure to Directors' Report

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTOR'S REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

CONSERVATION OF ENERGY :

The range of activities of your Company require minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible. All possible measures have been taken to conserve energy:

1. Through automation, i.e. using timers, automatic level controllers etc.; and
2. By incorporating energy-efficient equipment.

TECHNOLOGY ABSORPTION :

Your Company has, in its endeavor to obtain and deliver the best, entered into alliances / tie-ups with major Global players in the I.T. Industry, to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate. At the same time, your Company has also attached tremendous significance to indigenous development and upgradation of technology through it Research and Development Operations.

RESEARCH & DEVELOPMENT :

The Company has a well developed and well equipped Research and Development wing carrying on Research and Development activities. The total expenditure incurred on Research and Development by the Training Division of the Company for the period January 01, 2001 to March 31, 2001 was Rs.7.35 Million. This expenditure is 0.62% of the total Revenue of the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details of Foreign Exchange Earnings and Outgo are mentioned in Para 9 (B) of Schedule 15 – Notes to Accounts, forming part of the Balance Sheet.

For and on behalf of the Board

Atul K. Nishar
Chairman

Place : Mumbai
Date : April 26, 2002

Corporate Governance :

PHILOSOPHY :

Your Company believes that the Corporate Governance is a powerful medium to sub serve the long term interest of all the stakeholders, including the enhancement of overall business valuation for the owner. Corporate Governance strengthens Investors' trust and ensures a long term partnership that helps in fulfilling our quest for achieving significant growth and profits.

Your Company is committed to benchmarking itself with the best in all areas including Corporate Governance and has benchmarked its practices with the prevailing guidelines with transparency, full disclosure and independent monitoring.

BOARD OF DIRECTORS :

Composition, Category of Directors and their Other Directorships and Committee Memberships :

Directors	Category	Other Directorships/ Board Committees (Numbers)		Remarks
		Directorships	Board Committee	
Mr. Atul K. Nishar	Chairman and Director	7	1	
Dr. (Mrs.) Alka Atul Nishar	Non-Executive Director	2	-	
Mr. Ganesh Natarajan	Executive Director (Managing Director)	-	-	Resigned as Managing Director and Director of the Company effective from the close of Business Hours on 28th February, 2001.
Mr. Pramod Khera	Executive Director (whole Time Director)	-	-	Resigned as Executive Director and Director of the Company effective from the close of Business Hours on 28th December, 2001.
Mr. Harshad Shah	Executive Director (Whole Time Director)	-	-	Resigned as Executive Director and Director of the Company effective from the close of Business Hours on 07th January, 2002.
Dr. K. K. Anand	Independent & Non Executive Director	5	2	
Mr. L. S. Sarma	Independent & Non Executive Director	7	2	
Mr. A. P. Kurian	Independent & Non Executive Director	6	1	
Mr. P. G. Kakodkar	Independent & Non Executive Director	14	2	
Mr. Rusi Brij	Director	-	-	Appointed as Additional Director of the Company effective from 30th July, 2001
Mr. P. K. Sridharan	Executive Director (Whole Time Director)	-	-	Appointed as an Executive Director (Whole Time Director on 07th January, 2002).

Corporate Governance (Contd.)

Ten Meetings of the Board of Directors were held during the year 2001 as under:

Dates of Board Meeting
23rd January, 2001
27th February, 2001
26thApril, 2001
16th May, 2001
08th June, 2001
16th July, 2001
30th July, 2001
26th September, 2001
31st October, 2001
28th November, 2001

Attendance of the Directors at the Board Meetings, Last Annual General Meeting and Extraordinary General Meeting:

Name of Director	Board Meetings Attended	Attendance at the Last Annual General Meeting held on 19th June, 2001	Attendance at the Extraordinary General Meeting held on 27th September, 2001
Mr. Atul K. Nishar	9	Present	Present
Dr. (Mrs.) Alka Atul Nishar	5	Present	Present
Dr. K. K. Anand	10	Present	Absent
Mr. Ganesh Natarajan	1	* NA	* NA
Mr. Pramod Khera	8	Present	Present
Mr. Harshad Shah	10	Present	Present
Mr. L. S. Sarma	8	Present	Present
Mr. P. G. Kakodkar	2	Present	Absent
Mr. A. P. Kurian	7	Present	Absent
Mr. Rusi Brij	1	** NA	Absent

* - Resigned on February 28, 2001

** - Appointed on July 30, 2001

AUDIT COMMITTEE

Brief description of Terms of reference :

The Audit Committee's role would include the following :

(a) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.

(b) Recommending the appointment / removal of external auditors, fixing audit fees and approving payments for any other services.

(c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices.

Corporate Governance (Contd.)

- Major accounting entries based on exercise of judgement by Management.
- Qualifications in draft Audit Report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with the accounting standards.
- Compliance with Stock Exchanges and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

(d) Reviewing with Management, external and internal auditors, the adequacy of internal control systems.

(e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

(f) Discussion with internal auditors of any significant findings and follow-up thereon.

(g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(h) Discussion with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

(i) Reviewing the company's financial and risk management policies.

(j) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Composition, Name of Members and Chairman :

The Audit Committee consists of three non-executive and independent Directors viz. Dr. K. K. Anand (Chairman), Mr. L. S. Sarma and Mr. A. P. Kurian. Mr. Atul K. Nishar resigned as a member of the Committee with effect from July 16, 2001.

Meetings and Attendance during the Year 2001

Name of the Director	No. of Meetings	
	Held	Attended
Dr. K. K. Anand	3	3
Mr. L. S. Sarma	3	3
Mr. Atul K. Nishar	3	1
Mr. A. P. Kurian	3	2

Corporate Governance (Contd.)

Remuneration to Directors for the Year 2001:

Amount in Rs.

Name of Director	Mr. Ganesh Natarajan	Mr. Pramod Khera	Mr. Harshad Shah
Salary & Allowances	37,42,759	3,16,800	27,68,886
Perquisites	41,473	34,980	23,100
Contribution to Provident Fund and Superannuation Fund	1,26,468	57,024	3,56,400
Stock Options I)*	-	10,000 Equity Shares	5,333 Equity Shares
II)**	55,000 Warrants	12,500 Warrants	-

*** ESOP - 1997**

In terms of the Scheme the entitlement for Equity Shares is as under

Name of Director	Mr. Pramod Khera	Mr. Harshad Shah
	No. of Shares	**No. of Shares**
a. Original Shares @ of Rs.100/- per Share	7,500	4,000
b. Bonus Shares (1999 Issue) entitlement (1 : 1)	7,500	4,000
c. Bonus Shares (2000 Issue) entitlement (1 : 1)	15,000	8,000
TOTAL	30,000	16,000
1/3 to be distributed over a period of three years in equal instalments –2nd tranche of transfers made on 1st July 2001	10,000	5,333

Corporate Governance (Contd.)

**** ESOP 1999**

In terms of the Scheme the dates of grant of Warrants are as under –

Name of Director	Mr. Ganesh Natarajan	Mr. Pramod Khera
Date of Grant of Warrant	**No. of Warrants**	**No. of Warrants**
1st February 2001	55,000	12,500
TOTAL	**55,000**	**12,500**

Each Warrant entitles the holder to exercise the right to apply for and seek allotment of one Equity Share of Rs.10/- each at a price of Rs.490/- per share plus One Bonus Share (2000 Issue) for every Share so allotted. The Warrants are to be exercised on specified dates in every Calendar Year on or before 29 December 2009. The Warrant holder will also be entitled for any bonus shares issued before the right to be entitled to a share by the Warrant holder is exercised.

Non Executive Directors	Sitting Fees for attending Board and/or Committee Meetings (Rs.)
Mr. Atul K. Nishar	54,000
Dr. (Mrs.) Alka Atul Nishar	22,000
Dr. K. K. Anand	1,26,000
Mr. L. S. Sarma	1,04,000
Mr. P. G. Kakodkar	14,000
Mr. A. P. Kurian	45,000

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Chairman : Mr. A. P. Kurian

Members : Dr. K. K. Anand
Mr. L. S. Sarma
Mr. P. K. Sridharan

Compliance Officer : Mr. Naishadh P. Desai

The Committee has reconstituted with effect from January 7, 2002 due to demerger of Training Division into Aptech Training Limited and Merger/Amalgamation of Hexaware Technologies Limited with Demerged Aptech Limited.

Complaints received during the year :

Nature of Complaints	Year 2001		
	Received	**Cleared**	**Pending**
Relating to Transfer, Transmission etc.	88	88	Nil
Dividend, Interest & redemption	129	129	Nil
Others/Miscellaneous	275	275	Nil
TOTAL	**492**	**492**	**Nil**

Corporate Governance (Contd.)

Pending Transfers :

There were 28 Transfers, involving 861 Equity Shares pending as on 31st December, 2001. These transfers have been processed and shares have been dispatched in January 2002.

Brief information on Directors proposed for re-appointment :

Dr. (Mrs.) Alka A. Nishar, aged 46 years, has been the Director of Hexaware Technologies Limited since 1992. Dr. (Mrs.) Nishar is a M.B.B.S. & Master of Management studies (M.M.S.) both from Bombay University.

Mr. P. G. Kakodkar, aged 65, has been the Director of Hexaware Technologies Limited since 2000. Mr. Kakodkar is ex-Chairman of State Bank of India.

The Directorships and Membership of Committees of the Board held by Mr. P. G. Kakodkar and Dr. (Mrs.) Alka A. Nishar are as under:

Name of Director	Directorship	Committee
Mr. P. G. Kakodkar	Hexaware Technologies Limited	
	Discount and Finance House of India Limited	—
	Societe' General	—
	UTI Asset Management	—
	Sovika Software Limited	—
	Goa Carbon Limited	—
	Uttam Steel Limited	—
	Financial Technologies Limited	—
	Sesa Goa Limited	Audit Committee
	Mastek Limited	Audit Committee
	Kale Consultants Limited	—
	Finolex Technologies Limited	—
	Fomento Resorts & Hotels Limited	—
	Centrum Finance Limited	—
	Protégé Systems Limited	—
Dr. (Mrs.) Alka Nishar	Hexaware Technologies Limited	—
	*Aptech World Wide Inc., USA	—
	*Hexaware Technologies Inc., USA	—

* With effect from February 01, 2002, Aptech Worldwide Inc., USA has merged with Hexaware Technologies Inc., USA

Corporate Governance (Contd.)

Details of Annual General/Extraordinary General Meetings :

Financial Year	General Meeting	Location	Date	Time
2001	Extra ordinary General Meeting	Dinanath Mangeshkar Hall, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai – 400 057	27/09/2001	11.00 A. M.
2000	Annual General Meeting	Dinanath Mangeshkar Hall, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai – 400 057	19/06/2001	11.00 A. M.
1999	Annual General Meeting	Patkar Hall, New Marine Lines, Mumbai – 400 020	10/4/2000	3.30 P.M.
1998	Annual General Meeting	Tejpal Auditorium Near August Kranti Maidan, Gowalia Tank, Mumbai - 400 007	8/3/1999	4.00 P.M.
1998	Extraordinary General Meeting	Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle (East), Mumbai - 400 057.	5/12/1998	10.00 A.M.
1997	Annual General Meeting	Patkar Hall, New Marine Lines, Mumbai – 400 020	6/4/1998	4.30 P.M.

No Special Resolutions were passed through postal ballot at the last Annual General Meeting (AGM). No special resolutions are proposed through postal ballot at the forthcoming AGM.

Disclosures :

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company.

There are no materially significant related party transactions during the year 2001 that may have potential conflict with the interest of the Company.

(b) Details of no non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the requirements of the listing agreement with the stock exchanges as well as regulations and guidelines of SEBI. No penalties and strictures have been imposed by SEBI, stock exchanges or any statutory authorities on matters relating to capital markets during the last three years.

Means of communication

➩ Half yearly report sent to each household of shareholders	No
➩ Quarterly Results Which newspapers normally published in	Free Press Journal Navshakti

Corporate Governance (Contd.)

- ➩ Any Website, where displayed — www.hexaware.com
- ➩ Whether it also displays, official news releases and Presentations made to institutional investors / Analysts — Yes
- ➩ Whether MD & A is a part of Annual Report — Yes
- ➩ Whether shareholder information Section forms part of the Annual Report — Yes

General Shareholder Information

1. Annual General Meeting		
Date and Time	:	3rd June, 2002, 11.30 A.M.
Venue	:	Shree Vile Parle Gujarati Mandal, Navinbhai Thakkar Hall, Shraddhanand Road, Vile Parle (East), Mumbai - 400 057.
2. Financial Calendar		
Financial reporting for the quarter ending		
March 31, 2002	:	April 30, 2002
June 30, 2002	:	July 31, 2002
September 30, 2002	:	October 31, 2002
December 31, 2002	:	January 31, 2003
3. Book Closure Date	:	30th May, 2002 to 3rd June, 2002 (both days inclusive)
4. Registered Office	:	Elite Auto House, 54 – A, Sir M.V. Road, Andheri (East), Mumbai - 400 093.
5. Listing of Equity Shares / GDSs on Stock Exchanges	:	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400023 National Stock Exchange of India Limited Exchange Plaza, BandraKurla Complex, Bandra (East), Mumbai – 400 051. London stock Exchange Old Broad Street, London EC2N 1HP United Kingdom

5. Stock Code :

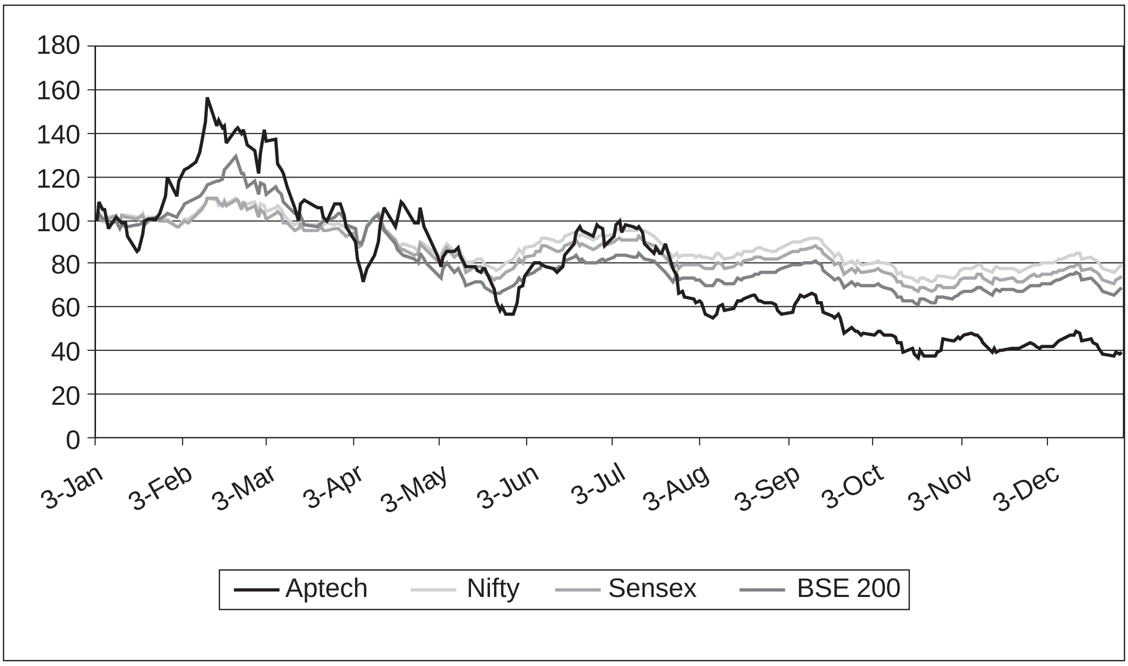
Name of the Exchange	Reuters	Bloomberg
Mumbai Stock Exchange	APTH.BO	APTH.IN
National Stock Exchange	APTH.NS	NAPTH.IN
London Stock Exchange	APHD LI	

Corporate Governance (Contd.)

6. Stock Market Data :

Year / Month	Bombay Stock Exchange (Rs.)		National Stock Exchange (Rs.)		London Stock Exchange (GDR in US$)	
	High	Low	High	Low	High	Low
Jan'01	432.70	362.20	432.80	361.50	4.50	3.40
Feb'01	389.00	189.60	389.90	187.10	4.07	1.70
Mar'01	225.00	88.10	225.50	89.20	1.75	0.57
Apr'01	161.00	97.60	161.30	99.50	1.30	0.62
May'01	127.60	105.20	129.20	108.00	1.75	0.90
June'01	118.50	85.00	118.00	85.00	0.92	0.62
July'01	93.60	46.20	93.70	47.20	0.87	0.62
Aug'01	60.50	51.20	60.50	45.80	0.66	0.57
Sep'01	54.50	33.85	55.40	32.25	1.00	0.27
Oct'01	51.90	32.85	51.90	29.15	0.40	0.27
Nov'01	84.70	46.65	84.75	45.70	0.72	0.40
Dec'01	88.20	51.45	84.00	51.10	0.77	0.50

7. Stock Performance : (Indexed)



Corporate Governance (Contd.)

8. Stock Performance : For the year 2001

In Percentage	Year 2001
Aptech Limited	- 81.12
BSE Sensex	- 17.87
Nifty	- 16.15

9. Registrar and Share Transfer Agents : **M/s Sharepro Services**
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099.
Tel. : 8329828/8215991
Fax : 8375646 E-mail : sharepro@vsnl.com

M/s Sharepro Services
912, Raheja Centre, Free Press Journal Road,
Nariman Point,
Mumbai - 400 021.
Tel : 2811568-69, 2844668 Fax : 2825484

10. Share Transfer System :

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 15th December, 1998, as per circular issued by Securities and Exchange Board of India (SEBI) on 24th September, 1998.

Share Transfers in physical form are registered and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects.

The Committee of Directors (Shareholders/Investors Grievances) meets usually every 15 days to approve the transfer of shares.

11. Distribution of Shareholding - Post Merger

	As on 31st December, 2001			
No. of Equity Shares held	**No. of Shareholders**	**% of Shareholders**	**Total No. of Shares held**	**% of shareholding**
1-500	131691	99.10	4470387	20.23
501-1000	729	0.55	514351	2.33
1001-2000	272	0.21	387524	1.75
2001-3000	69	0.05	167537	0.76
3001-4000	43	0.03	152824	0.69
4001-5000	14	0.01	62297	0.28
5001-10000	29	0.02	196786	0.89
10000 and above	44	0.03	16146586	73.07
TOTAL	132891	100.00	22098292	100.00

Corporate Governance (Contd.)

12. Categories of Shareholding (as on 31st December, 2001) : Post Merger

SR.NO.	CATEGORY OF HOLDER	NO. OF SHARES	% OF EQUITY
1.	Promoters Holdings	8721733	39.46
2.	Mutual Funds/UTI	967438	4.38
3.	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/Non Govt. Institutions	1165316	5.27
4.	FIIs/GDR	1161611	5.26
5.	Others		
	Private Corporate Bodies	989145	4.48
	Indian Public	4937339	22.34
	NRIs/OCBs	4155710	18.81
	Sub Total	**10082194**	**45.63**
	TOTAL	**22098292**	**100.00**

13. Dematerialization of Shares and liquidity :

Over 90.52% of Outstanding shares have been dematerialized upto 31st December, 2001.

14. Details on use of public funds obtained in the last three years

No funds have been raised from the public during the last three years.

15. Outstanding GDR/Warrants and Convertible bonds, conversion date and likely impact on the equity :

1. Global Depository Receipts (GDR)

During the year, outstanding GDS as on December 31, 2001 is 23,08,238.

2. Warrants :

5,50,000 Warrants allotted under ESOP entitles the holder to get allotted one Equity Share of Rs.10/- each in the Company at a price of Rs.490/- per Equity Share between one to ten years from the date of allotment and any proportionate bonus entitlement for any bonus shares issued before the right to be entitled to a share by a Warrant holder is exercised.

Assuming all the Warrants are converted into Equity Shares then number of Equity Shares available for trading in Indian Stock Exchanges would go up by further 11,00,000 Equity Shares.

16. Investor Correspondence

The Company Secretary
Elite Auto House, 54 A, Sir M. Vasanji Road, Andheri (East), Mumbai - 400 093.

Tel. : 91-22- 692 24 24/ 91-22 - 791 95 95
Fax : 91-22-692 24 34/ 91-22 - 791 96 23
E-mail : investor @hexaware.com

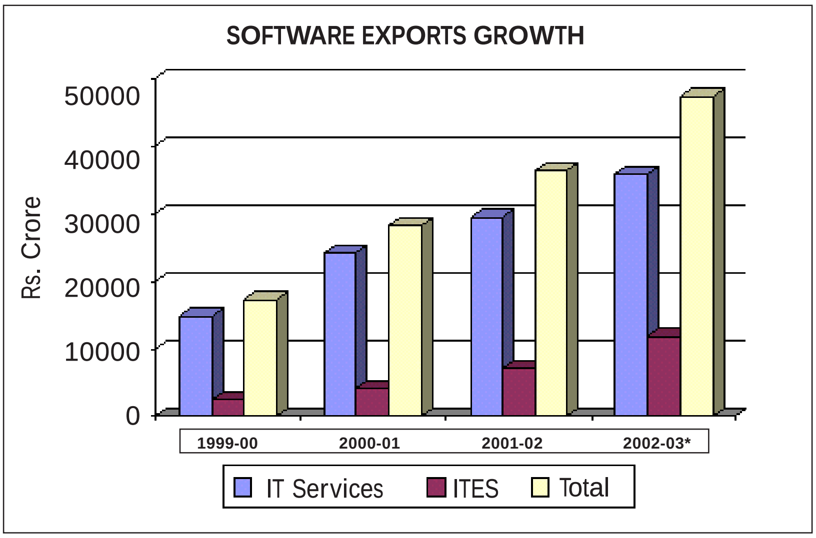
Management's Discussion and Analysis

1. INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Nasscom (National Association of Software Services and Companies) survey revealed that the Indian Software and Service Exports industry clocked an export turnover of Rs.36,500 crore in FY 2001-02 showing an aggregate growth of 29% from a revenue base of Rs. 28,350 crore in FY 2000-01. Nasscom also forecasts a future growth of 30% for FY 2002-03.

Though the environment was extremely challenging, the IT Service industry clocked a growth of 22% and the ITES industry grew by 71% in FY02. This industry has witnessed the fastest growth globally.

The survey indicated that the Indian Software and Services industry is growing both quantitatively and qualitatively. Multi year contracts are coming to India, which reflect confidence in the abilities of Indian software companies to deliver. Further, Indian companies now service nearly 220 Global 1000 customers. Indian vendors are also increasingly beginning to participate in large global bids against worldwide IT majors."



	1999-00	2000-01	2001-02	2002-03*
IT Services	14750	24250	29400	35800*
ITES	2400	4100	7100	11700*
Total	17150	28350	36500	47500*

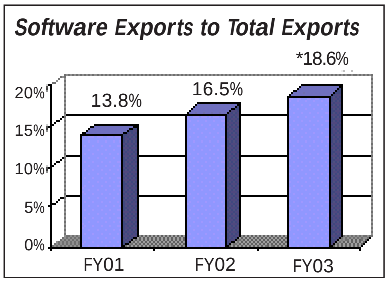
* Projected

The Indian IT Software and Services industry is the fastest growing sector in India and across the world. This segment accounts for 5,00,000 jobs and about US$ 1.6 billion in investments.

IDC / Nasscom forecasts indicate that the global IT services market is expected to grow from US$ 394.8 billion in 2000 to US$ 700.4 billion by 2005. Some of the high growth, high value segments within IT services identified by Nasscom include systems integration, processing services, IS outsourcing, packaged software support and installation, custom application development and maintenance and IT Training and Education.

Management's Discussion and Analysis (Contd.)

The industry today has become one of the biggest contributors of Indian exports with its share going up to 16.5%. The 29% export growth is in contrast to the 2% export growth for the entire economy.



Some of the interesting trends witnessed by the Indian Software and Service Industry in Financial Year 2001-02 include :

- Offshore projects grew nearly 70 per cent while onsite grew only by 10 per cent
- When adjusted for offshore billing rates, industry growth is nearly 60 per cent (offshore billing rates are only 1/3rd of onsite)
- Industry growth is increasingly polarized. Top 5 players contributed 55 per cent of growth of industry while top 10 players accounted for 73 per cent of growth. Some SME players grew more than industry average.
- There was increased vendor consolidation by customers which led to customers reducing the number of vendors they outsource their projects
- There was an increase in the number of fixed price multi-year contracts with many large players winning high value global projects
- There was an emergence of new service lines such as package software implementation, systems integration and network management
- The geographic mix of software exports is shifting with many Indian IT companies targeting countries apart from the USA such as Europe, Asia Pacific and Latin America
- India has emerged as the most preferred destination for BPO and almost every Fortune 100 CEO looking at outsourcing operations to India
- Indian productivity-quality-cost model has emerged as a unbeatable value proposition for the software and service industry

With regard to the future, the industry should start seeing a recovery in the third and fourth quarter of the financial year and so the growth rate can be sustained even on a much larger base for the next year. The export turnover for IT Software and Services sector in FY03 is expected to be Rs. 47,500 crores. This growth projection of 30% will include a blended growth of 22% in the IT Services segment and 65%in the IT Enabled Services sector.

The Nasscom survey shows that ITES has been the growth engine for the sector this year. ITES grew at a rate of 71% this year and is expected to grow between 60-65% next year. The contribution of the ITES sector this year was about 20% of the total software and service exports and is expected to rise to about 24% of the total exports in the next financial year.

Source: Nasscom

2. OPPORTUNITIES AND THREATS

2a. Opportunities

Opportunities for horizontal and vertical expansion

Your company's proven capabilities in legacy applications (e.g., mainframe, client server) enterprise application integration, legacy to web technologies besides new generation technologies (e.g., WAP applications, embedded software, handheld devices, real time operating systems, Unix intervals) and Peoplesoft will open up new avenues for business and growth.

Geographical presence of your company spans across Asia, US (West Coast) and (East Coast) and Europe (UK and Germany). This augurs well for the company's long-term focus on its core domains. Our focus on a

Management's Discussion and Analysis (Contd.)

comprehensive mix of clients from across US, Europe and Asia also helps us combat market slowdowns across specific regions.

Our proven strengths in the segments, insurance, banking and financial services and airlines & transportation and the large number of clients in the AM (Application Management), EAI (Enterprise Application Integration) and E-Business areas will give significant boost to our business from these core domains. Further, expertise in Internet and Embedded technologies will be offered to the existing clients. This will allow us to expand the scope of offering to the existing and new customers and win multi-million dollar, multi-year contracts providing sustainable long-term revenue streams.

Opportunities from alliances

Hexaware had several strategic alliances with partners who are servicing Fortune 500 clients. The company is now well positioned as the leading Peoplesoft service provider in the country both in the implementation and post-implementation support area. Implementation of the $32m 5-year Exult contract is proceeding on schedule with the setting up of the offshore application center at Chennai. Exult is the leading BPO service provider for HR outsourcing. Hexaware is providing offshore services for Exult's leading clients such as Bank of America, Prudential Insurance and Exult's own operations on the Peoplesoft platform. Currently, Hexaware is also directly engaged with Peoplesoft to support their e-Center activities.

We are steadily increasing our market reach by forming multi-million dollar engagements with leading system integrators like IBM, Unisys, Valtech and ASPs like Peoplesoft's e-Center, Transchannel, etc, These alliances will open up growth opportunities in the AM, EAI and E-business areas.

2b. Threats

i) The major threat facing the company is the slowdown in the US market. If the slow down continues, the company positional advantage and thrust due to the merger will largely be affected by the economic slowdown in US.

ii) The other threat facing the company is technology advancements. The company has adequately de-risked itself by getting into several technology areas.

iii) The technological capabilities of the company supported by its quality program will face tough competition from leading players in the industry, specially in the matter of size of the enterprise.

iv) Growing competition and slowdown in the economy has resulted in the lowering of the billing rates. The company has hedged its business by signing big multi-year contracts with fixed billing rates, which in some cases provide for escalation.

3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE : -

Vertical domain concentration as % of the total income	2001
Airlines and Transportaion	12%
Banking and financial services	16%
Insurance	19%
Others	53%

4. OUTLOOK

The outlook for the company appears bright. The company anticipates modest growth in its revenue than that of the previous year. The first quarter results are an indication in this regard. During the quarter, the company has signed a multi-million dollar contract as the exclusive offshore service provider for a leading US-based IT service provider. In the area of embedded technologies, Hexaware has also commenced work for a major Singapore-

Management's Discussion and Analysis (Contd.)

based hospital. With the Chennai centers operating at full capacity, the quarter also saw the new 80,000 sq ft facility at Mhape, Navi Mumbai becoming fully operational. We are currently responding to more Request For Proposals than ever before. With reduction in cost of manpower and increased utilisation the company expects to improve its bottom-line. The company will benefit from the synergies of the merger in the coming years.

5. RISKS AND CONCERNS

a) Business portfolio risk

In a volatile technology environment, the wrong selection of a business space may result in revenue and opportunity losses. As a result, Hexaware may select businesses that may become irrelevant and obsolete.

Risk management

Hexaware has built a safe portfolio of businesses. The company has prudently selected to be present in businesses that represent robust long-term potential. In Hexaware's opinion, these businesses will not turn obsolete over the foreseeable future. Besides, Hexaware has strengthened its position through the delivery of business-enhancing solutions across growing industries. As an adequate safeguard, the company enjoys a reasonable exposure in each, which is an adequate organisational buffer in the event of an unexpected downturn.

b) Service concentration risk

Hexaware's different services - development, re-engineering, maintenance and consulting functions - enjoy different contract rates. Over-providing for a service that does not find takers in the marketplace may lead to low returns.

Risk management

In Hexaware's opinion, having a complement of services is an overall driver of the business for a number of reasons. While it is true that a number of clients may not require the gamut of services being offered by the company at one time, the complete ownership of a broad range of skills is a driver of the corporate brand. Besides, Hexaware's customer in one segment may later extend to using Hexaware's other service. As a result, in the company's opinion, a broad service range stabiulises revenues over the long-term.

c) Client concentration risk

Hexaware may have an excessive exposure to a particular client, making the business vulnerable in the event of customer attrition.

Risk management

Hexaware focuses on the sustenance of volumes coming out of the large customers both exsisting and new and an increase in the number of small and growing customers over the long-term. Besides, Hexaware's five biggest clients contributed 32% of revenue in 2001. Meanwhile, Hexaware's biggest customer contributed no more than 13% percent of the revenue in 2001, an adequate insurance against unexpected customer attrition.

Client concentration	2001
% revenue from the largest client	13%
% revenue from the top five clients	32%
% revenue from top ten clients	37%
No. of million-dollar clients (more than $ 1 million)	14

d) Vertical domain concentration

Hexaware may concentrate all its resources – people and funds – in only a few verticals where growth does not transpire at the time it was expected and to the extent the company had planned for.

Management's Discussion and Analysis (Contd.)

Risk management

Before Hexaware enters a particular vertical, some important criteria must be met: the vertical must be large, the vertical must be expected to grow and the role of IT must be expected to enlarge within the vertical. Any vertical selection based on a combination of these factors helps to de-risk Hexaware's business.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Being a process-driven company, Hexaware has in place adequate internal controls. The roles and responsibilities of individuals are well defined. The company has effective internal control mechanism that ensures appropriate information flow to facilitate effective monitoring. The company has appointed internal auditors to continuously monitor the internal control systems and ensure proper control.

The company has adopted quality models like Software Engineering Institute's Capability Maturity Model (SEI-CMM) that ensures that risks are identified and measures taken to mitigate them. Adherence to ISO 9001 and CMM Level 5 quality standards has ensured that the company has a robust disaster prevention and recovery system in place.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review the Composite Scheme of Arrangement or Reconstruction in respect of demerger of the Training Division of your company into Aptech Training Limited and Merger or Amalgamation of erstwhile Hexaware Technologies Limited with your demerged Company became operational on December 28, 2001 with effect from April 01, 2001. The financial results for the current year thus comprise of a) the income and expenditure of erstwhile Training Division from January 01, 2001 to March 31, 2001, b) the income and expenditure of erstwhile Hexaware Technologies Limited, from April 01, 2001 to December 31, 2001, c) the income and expenditure of Software Division of your Company from January 01, 2001 to December 31, 2001. Thus the current year figures are not comparable with that of the previous year.

Reasons for drop in profit in 2001.

The economic slowdown in the US which began in early 2001 adversely affected most Indian IT software companies, including Hexaware. At the same time some of the following steps impacted costs during the period under review :

a) Investments in overseas subsidiaries were written down in line with prudent accounting practice, as explained subsequently;

b) Employee and administation costs , were balanced and fine- tuned in line with the reduction of business requiring necessary expenses to be incurred in specific geographies.

c) Sales and Marketing Organizations were restructures and revamped, the benefits of which will be realized in the forthcoming periods ;

From 2002 onwords, the company has taken steps to cut down costs of operations by rationalizing the work force. In addition, cost reduction carried out in general administration areas and retiring of high cost debt will improve the prospects for the year 2002.

Capital structure

Pursuant to the Composite Scheme approved by the High Court of Judicature at Bombay, for every five (5) equity shares of your Company held on the Record Date i.e. February 08, 2002, the shareholders have been allotted three (3) Equity Shares of Rs. 10 each in Aptech Training Limited, credited as fully paid up. Simultaneously three (3) existing equity shares of Rs. 10 each held by shareholders on record date in your Company stood cancelled. Your Company's Shareholders thus continued to hold remaining two (2) equity shares of Rs. 10 each.

Consequent to the transfer of the Training Division into Aptech Training Limited the share capital of your company was reduced from Rs. 30,24,57,290 to Rs. 12,09,82,920.

Management's Discussion and Analysis (Contd.)

As a result of Merger or Amalgamation of erstwhile Hexaware Technologies Limited with your Company and issue of one (1) equity shares of Rs. 10 each of your Company for every three (3) equity shares of Rs. 5 each of erstwhile Hexaware Technologies Limited, the share capital of your company stood increased from RS. 12,09,82,920 to Rs. 22,09,82,920.

Pursuant to the Composite Scheme, each holder of 10 Global Depository Shares (GDSs) are entitled to six (6) new GDSs of Aptech Training Limited (ATL) entitling him to three (3) new equity shares in ATL. GDS holder would continue to hold four (4) GDSs in your Company representing two (2) equity shares.

Loan position and philosophy

The company had debts of Rs 34.69 cr on its books in 2001 (previous year no debt). To prudently balance its debt-equity ratio, the company expects to retain its existing low cost loans and borrow selectively only when required. The company does not expect to increase the borrowings. The debt equity ratio of the company stood at 0.16 in 2001.

Gross block and depreciation

The gross block of the company was adjusted from Rs 269.34 cr in 2000 to Rs 94.34 cr in 2001 (adjustment of Rs 205.83 cr of Fixed Assets due to the de-merger and amalgamation). The company added Rs 12.11 cr in leasehold premises in 2001 represented by its new facility at Mhape, Navi Mumbai. Plant & Machinery increased by Rs 35.32 cr following the expansion of the company's software, hardware and infrastructure facilities at its software development centers in Chennai and Mumbai. Accumulated depreciation formed 21 per cent of the gross block mainly on account of the addition in assets following the amalgamation and depreciation provision on these additions as per company's accounting policy on depreciation.

Investments

As a policy, the company does not to invest in the capital market. All investments are trade-related and in subsidiaries. Investments were adjusted, based on the net asset value of investments in subsidiaries, from Rs 78.63 cr in 2000 to Rs 34.43 cr in 2001. During the year under review, BconnectB Worldwide Limited, Wholly-Owned Subsidiary Company has sold its ASP related business with effect from 01.01.2002 to M/s. Siemens Information Systems Limited, a subsidiary of M/s. Siemens Limited. With this, BconnectB will not pursue any ASP related business operations.

Inventory

Inventories were adjusted to nil in 2001 from Rs 7.95 cr in 2000. This inventory comprised educational and software products from the training business.

Sundry debtors

Sundry debtors were adjusted from Rs 123.04 cr in 2000 to Rs 33 cr in 2001 on account of the transfer of debtors pertaining to Training and Education. The entire debtors position is considered good and recoverable.

Cash and bank balances

Cash and bank balances were adjusted from Rs 236.71 cr in 2000 to Rs 87.47 cr in 2001 on account of the de-merger and amalgamation. Cash & bank balances comprised 54.09 per cent of the current assets. The merger of Hexaware Technologies Limited will allow the company to utilize these cash resources for expanding its operations into other geographies and acquisitions. The cash balance will also be used to repay debt, open new marketing offices and set up a campus in Chennai.

Loans and advances

The total loans and advances of the company were adjusted from Rs 48.29 cr in 2000 to Rs 41.22 cr in 2001. Rs. 14.7 cr was advanced to subsidiaries for business requirement.

Management's Discussion and Analysis (Contd.)

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :

Human resources

Besides the business challenges that the merger threw up, the major challenge was in the HR function as the number of members jumped to over 1100. People with diverse skills, attitudes and expectations needed to be managed.

The quality of HR processes, key HR systems, similar organization culture and management approach facilitated a smooth transition for the members to operate in a familiar environment in the merged entity.

HR Initiatives, policies and strategies were undertaken in the areas of recruitment, retaining and training to help your Company emerge as an employer of choice. Additionally the new facilities in Mumbai and Chennai helped in creating a superior work environment which keep members enthused at all times.

Number of innovative schemes were launched including ESOP, Asset building scheme and star performer awards.

Strategy for the future

The HR requirement is likely to double from the current level of over 1100, by 2003. HR strategy is to align priorities to address high value projects, upgrade skills on an ongoing basis, assist career planning and competency development and create an inspiring work place.

Auditor's Certificate

On the basis of examination of the relevant records and documents produced before us and based on the information and explanations given to us, we, Mahendra Kumbhat & Associates, Chartered Accountants, being the statutory auditors of Hexaware Technologies Limited (formerly Aptech Limited) (the Company) do hereby certify that the Company has generally complied with the conditions and requirements of the Corporate Governance as set out in Clause 49 of the Listing Agreements entered into by the Company with the Stock Exchange, Mumbai and National Stock Exchange of India.

For **Mahendra Kumbhat & Associates**
Chartered Accountants

Manoj P. Shah
Partner

Place : Mumbai
Date : 26, April, 2002

Auditors' Report

To,

THE SHAREHOLDERS OF APTECH LIMITED,

We have audited the attached Balance Sheet of Aptech Limited (the "Company") as at 31st December, 2001 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto 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, (the Act) enclosed in the Annexure is the statement on matters specified in the said Order to the extent applicable thereon.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

    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) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books.

    c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.

    d) In our opinion the Profit and Loss Account and Balance Sheet complies with the Accounting standards referred to in sub-section (3C) of Section 211 of the Act.

    e) According to the information given to us, no director is disqualified from being appointed a director under clause (g) of sub-section (1) of section 274 of the Act.

    f) In our opinion and to the best of our information and according to the explanations given to us, ***the said accounts subject to note no. 7 (c) regarding remuneration paid to whole time directors in excess of the limits specified under Schedule XIII to the Act. An application is being made to the Central Government for approval of the same,*** and read with the other notes thereon gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

        i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 2001 and

        ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

For **Mahendra Kumbhat & Associates**
Chartered Accountants

Place: Mumbai
Date: March 11 2002.

Manoj P. Shah
Partner

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our Report of even date)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management has physically verified all the assets. We are informed that no material discrepancies have been noticed on the assets physically verified by the company.

2. None of the fixed assets have been revalued during the year.

3. The management during the year at reasonable intervals has physically verified the stocks. We are informed that no material discrepancies between physical stocks and the book records were noticed on such verification.

4. The procedure for physical verification of stocks followed by the management is in our opinion reasonable and adequate having regard to the size of the Company and the nature of its business.

5. In our opinion the valuation of stocks is fair and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

6. The Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In our opinion the terms and conditions including the rate of interest are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.

7. The Company has granted loans to the companies, firms and other parties required to be listed in the register to be maintained under section 301 of the Act. In our opinion the terms and conditions including the rate of interest are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of section 370 of the Act, provisions of the section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.

8. The Parties including the employees to whom the loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and interest wherever applicable.

9. In our opinion and according to the information and explanations given to us, it appears that, there are in general, adequate internal control procedures, commensurate with the size of the company and the nature of its business, with regard to purchase of assets, equipments, stores, materials, and for sale of goods and services.

10. According to the information and explanations given to us, the Company has entered into transactions for purchase of goods and services with parties required to be listed in the register to be maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices of such services and goods or at prices at which similar services are made available by other parties.

11. The Company has made provision for loss of unserviceable, damaged and obsolete stores and stocks in the accounts.

Annexure to the Auditors' Report

12. The Company has not accepted any deposits during the year and hence provisions of Section 58A of the Companies Act, 1956 and the rules framed there under are not applicable.

13. We have been informed that in the operation of the Company no realizable by-products and / or scrap are generated.

14. Internal audit is carried out by various Chartered Accountant firms and in our opinion the scope of Internal audit is commensurate with the size and nature of its business.

15. We have been informed that the Central Government has not prescribed the maintenance of Cost records under Section 209 (1) (d) of the Act.

16. During the year under review, the company has regularly deposited Provident Fund dues and Employees State Insurance Scheme dues.

17. According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, custom duty and excise duty which remains outstanding at the year end for a period exceeding six months from the date they became payable.

18. According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.

19. In our opinion, the Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

20. In respective of services / consultancy rendered by the Company.
    a) The Company has reasonable system of recording receipts, issues and consumption of materials and allocating materials consumed to each project.
    b) It has reasonable system of allocation of man-hours to the relevant consultancy contracts.
    c) It has a proper system of Internal Control for allocation of man-hours utilized and the same is commensurate with the size of the Company and nature of its business.

21. In respect of trading activity, in our opinion the Company has a system of determining the damaged goods.

22. All the investments are held by the Company in its own name.

For **Mahendra Kumbhat & Associates**
Chartered Accountants

Place: Mumbai
Date: March 11 2002.

Manoj P. Shah
Partner

Balance Sheet as at 31st December, 2001

Particulars	Schedule	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SOURCES OF FUNDS					
1. **SHAREHOLDERS' FUNDS :**					
A) Share Capital	"1"	222,282,920		453,007,290	
B) Reserves And Surplus	"2"	1,937,976,630		6,002,057,166	
			2,160,259,550		6,455,064,456
2. **LOAN FUNDS :**					
Secured Loans	"3"		346,892,965		—
			2,507,152,515		6,455,064,456
APPLICATION OF FUNDS					
1. **FIXED ASSETS :**	"4"				
A) Gross Block		943,403,734		2,693,438,365	
B) Less: Depreciation		200,731,589		650,365,382	
		742,672,145		2,043,072,983	
Add : Capital Work-in-Progress		12,443,395		7,367,670	
			755,115,540		2,050,440,653
2. **INVESTMENTS :**	"5"		344,259,338		786,294,874
3. A) **CURRENT ASSETS, LOANS AND ADVANCES :**	"6"				
i) Inventories		—		79,469,864	
ii) Sundry Debtors		330,091,151		1,230,404,921	
iii) Cash And Bank Balances		874,668,383		2,367,147,614	
iv) Loans And Advances :		412,216,425		482,907,046	
		1,616,975,959		4,159,929,445	
Less:					
B) **CURRENT LIABILITIES AND PROVISIONS :**	"7"				
i) Current Liabilities		178,998,197		197,130,120	
ii) Provisions		30,200,125		344,470,396	
		209,198,322		541,600,516	
NET CURRENT ASSETS (A-B)			1,407,777,637		3,618,328,929
			2,507,152,515		6,455,064,456
SIGNIFICANT ACCOUNTING POLICIES	"14"				
NOTES FORMING PART OF ACCOUNTS	"15"				

SCHEDULES 1 TO 15 FORM AN INTEGRAL PART OF THE ACCOUNTS.

This is the Balance Sheet referred to in our Report of even date.

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah
Partner

Place : Mumbai
Date : 11th March, 2002

Atul K. Nishar *(Chairman)* | **Dr. K. K. Anand** *(Director)* | **L. S. Sarma** *(Director)*

Rusi Brij *(Director)* | **P. K. Sridharan** *(Executive Director)* | **A. P. Kurian** *(Director)*

Naishadh Desai
(Company Secretary)

Profit and Loss Account for the Year Ended 31st December, 2001

Particulars	Schedule	For The Year Ended 31st December, 2001 Rupees	Rupees	For The Year Ended 31st December, 2000 Rupees	Rupees
GLOBAL REVENUE - INCLUDING OF SUBSIDIARIES (Refer Note No. 3 of Schedule 15)	"8"		**2,966,019,058**		5,777,635,763
INCOME AND EXPENDITURE - APTECH LIMITED					
INCOME					
Income From Operations	"9"	1,107,456,263		4,663,380,568	
Other Income	"10"	64,905,220		90,760,184	
			1,172,361,483		4,754,140,752
EXPENDITURE					
Education & Software Expenses	"11"	517,227,392		2,877,631,690	
Employment Expenses	"12"	272,191,918		311,795,641	
Administration And Other Expenses	"13"	217,534,032		271,524,709	
Depreciation		149,169,269		336,091,896	
			1,156,122,611		3,797,043,936
Profit For The Period			**16,238,872**		957,096,816
Less : Provision For Tax			168,370		141,744,874
Profit After Tax			**16,070,502**		815,351,942
Add : Balance Brought Forward From Previous Year			120,955,606		138,786,562
Add : Transferred On Demerger And Amalgamation Scheme During The Year			111,524,435		-
Balance Available For Appropriation			**248,550,544**		954,138,504
APPROPRIATIONS :					
- Provision For Investments In BConnectB Worldwide Ltd.		110,837,999		—	
- Provision For Investment In Specsoft Consulting Inc.,USA		256,244,581		—	
- Provision For Investment In Other Subsidiary Companies		261,393,502		—	
- Dividend On Preference Shares - Interim		9,255,628		17,979,452	
- Proposed Dividend On Equity Shares		—		90,737,187	
- Corporate Tax On Dividend		942,722		24,466,259	
- Transfer To/(From) General Reserve		(510,000,000)		700,000,000	
- Excess Provision For Dividend Tax In Previous Year		(10,480,650)		—	
			118,193,782		833,182,898
BALANCE CARRIED TO BALANCE SHEET			**130,356,761**		120,955,606
SIGNIFICANT ACCOUNTING POLICIES	"14"				
NOTES FORMING PART OF ACCOUNTS	"15"				

SCHEDULES 1 TO 15 FORM AN INTEGRAL PART OF THE ACCOUNTS.

This is the Profit and Loss referred to in our Report of even date.

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah
Partner

Place : Mumbai
Date : 11th March, 2002

Atul K. Nishar *(Chairman)*
Dr. K. K. Anand *(Director)*
L. S. Sarma *(Director)*
Rusi Brij *(Director)*
P. K. Sridharan *(Executive Director)*
A. P. Kurian *(Director)*
Naishadh Desai *(Company Secretary)*

Schedules to Balance Sheet

	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SCHEDULE ''1''				
SHARE CAPITAL				
AUTHORISED				
3,50,00,000 Equity Shares of Rs. 10/- each		350,000,000		350,000,000
30,00,000 Preference Shares of Rs. 100/- each.		300,000,000		300,000,000
		650,000,000		650,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
EQUITY :				
1,20,98,292 (3,02,45,729) Equity Shares Of Rs.10/- each fully paid		120,982,920		302,457,290
Of the above :-				
a) 22,26,925 Equity Shares has been allotted as fully paid up without receiving consideration in cash.				
b) 72,37,774 Equity Shares have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/Share Premium Account				
c) 20,90,593 Equity Shares have been allotted to Global Depositary Shareholders.				
Warrants :				
2,20,000 (5,50,000) Warrants Of Rs. 1/- each allotted under Employee Stock Option Plan (esop) Each block of 5 warrants entitles the holder to get alloted Simultaneously two equity shares of Rs.10/- Each In The Company and three equity shares of Rs. 10/- Each In Aptech Training Limited At Price of Rs. 490/- Per Share, within a Period ten years From the date of Allotment i.e. 29th December 1999 Together With Proportionate bonus entitlement.		220,000		550,000
36,00,000 (Nil) Warrants of Re 0.30 each alloted under Employee Stock Option scheme issued by erstwhile Hexaware Technologies Limited Merged With The Company.		1,080,000		—
Each block of 3 warrants entitles the holder To get alloted one Equity Share of Rs. 10/- each at a price of Rs. 45/- per share, within a period ten years from the date of allotment. i.e 31st December, 1999				
Preference :				
Nil (15,00,000) 12.5% Cumulative Redeemable Preference Shares Of Rs. 100/- Each		—		150,000,000
Of The Above :-				
A) 14,00,000 shares are to be redeemed at par, at the end of 36 Monthly from allotment date, i.e. 16th Jan'1999.				
B) 1,00,000 Shares are to be redeemed In 3 equal installments at par at the end of 24, 36 and 48 months from the allotment date, I.e. 16th January'1999.				
UNISSUED EQUITY SHARE CAPITAL				
1,00,00,000 Equity Shares of Rs. 10/- each to be issued to the Shareholders of erstwhile Hexaware Technologies Limited pursuant to the Composite Scheme of demerger and amalgamation sanctioned by the honourable High Court of Jurisdiction at Bombay. Share allotted on 12.02.2002		100,000,000		—
		222,282,920		453,007,290

Schedules to Balance Sheet

	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SCHEDULE ''2''				
RESERVES AND SURPLUS				
Security Premium Account				
As Per Last Balance Sheet	4,185,601,560		1,141,395,566	
Less : Transferred On Demerger And Amalgamation Scheme During The Year	2,511,360,936		—	
Add : Received On Issue During The Year	—		3,292,683,030	
Less : Share Issue / Management Fees	—		117,880,796	
Less : Capitalised For Issue Of Bonus Shares				
A) During The Year	—		125,096,240	
B) Issuable On Exercise Of Rights Under Warrants Transferred To Esop Capital Suspense Reserve A/C	—		5,500,000	
		1,674,240,624		4,185,601,560
Esop Capital Suspense Reserve A/C				
As Per Last Balance Sheet	5,500,000		5,500,000	
Less : Transferred On Demerger And Amalgamation Scheme During The Year	3,300,000		—	
		2,200,000		5,500,000
Debenture Redemption Reserve				
As Per Last Balance Sheet	—		110,000,000	
Add : Transferred On Demerger And Amalgamation Scheme During The Year	18,750,000		—	
Less : Transferred To General Reserve	18,750,000		110,000,000	
		—		—
General Reserve I				
As Per Last Balance Sheet	—		—	
Add : Transfer From General Reserve II	97,440,400		—	
		97,440,400		—
General Reserve II				
As Per Last Balance Sheet	1,690,000,000		880,000,000	
Add : Transfer From Debenture Redemption Reserve	18,750,000		110,000,000	
Less : Transfer To General Reserve I	97,440,400		—	
Less : Transferred To Profit & Loss Account	510,000,000		—	
Less : Transferred On Demerger And Amalgamation Scheme During The Year	1,070,450,566		—	
Add : Transfer From Profit And Loss Account	—		700,000,000	
		30,859,034		1,690,000,000
Amalgamation Reserve A/C				
As Per Last Balance Sheet	—		—	
Addition During The Year	50,000,000		—	
Less : Demerger / Merger Expenses During The Year	47,120,189		—	—
		2,879,811		
Profit And Loss Account				
As Per Annexed Account		130,356,761		120,955,606
		1,937,976,630		6,002,057,166

Schedules to Balance Sheet

	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SCHEDULE ''3''				
SECURED LOANS				
1) FROM FINANCIAL INSTITUTIONS				
(Secured by hypothecation of immovable property)		150,000,000		—
2) NON-CONVERTIBLE DEBENTURES:				
(Secured by hypothecation of immovable property, book debts and other movable assets)				
a) 12,50,000, 12% Secured, Redeemable Debentures of Rs. 100/- each with IDBI Bank To be redeemed at the end of 18 months with a call/put option after 6 months from the date of allotment i.e. 9th August, 2001.	125,000,000			—
b) 5,00,000, 12.5% Secured, Redeemable Debentures of Rs. 100/- each with UTI Bank To be redeemed at the end of 6 months from the date of allotment i.e. 10th October,2001.	50,000,000			—
		175,000,000		—
3) FROM BANKS				
(Secured by the specified assets acquired and financed by the Bank)		14,040,000		—
4) OTHER TERM LOANS		7,852,965		—
(Secured by the specified assets acquired and financed by the Bank/Financier)				
		346,892,965		—

SCHEDULE ''4''

FIXED ASSETS

	GROSS BLOCK					DEPRECIAT ION					NET BLOCK	
Particulars No.	01.01.2001	Addition	Reduction	Addn. On Merger/ Demerger	31.12.2001	01.01.2001	Provided During The Year	Reduction	Addn. On Merger/ Demerger	31.12.2001	31.12.2001	31.12.2000
Land	175,823	-	-	2,542,198	2,718,021	-	31,492	-	41,412	72,904	2,645,117	175,823
Leasehold Premises	232,882,771	121,171,681	-	(115,895,230)	238,159,222	4,784,909	2,390,302	-	(3,539,389)	3,635,822	234,523,400	228,097,862
Plant & Machinery	2,275,163,065	353,237,720	11,603,740	(2,058,286,104)	558,510,941	600,349,602	136,560,237	3,225,348	(558,688,033)	174,996,458	383,514,483	1,674,813,462
Furniture & Fixtures	156,985,617	50,113,659	12,835,032	(86,653,887)	107,610,357	41,301,056	7,012,634	436,128	(29,587,188)	18,290,374	89,319,983	115,684,561
Vehicles	28,231,090	22,756,573	12,167,767	(2,414,703)	36,405,193	3,929,814	3,174,604	3,038,955	(329,432)	3,736,031	32,669,162	24,301,276
Current Year	2,693,438,366	547,279,633	36,606,539	(2,260,707,726)	943,403,734	650,365,381	149,169,269	6,700,431	(592,102,630)	200,731,589	742,672,145	2,043,072,984
Previous Year	1,501,556,069	1,306,932,381	115,050,085	-	2,693,438,365	338,299,126	336,091,896	24,025,640	-	650,365,382	2,043,072,983	1,163,256,943

Schedules to Balance Sheet

	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SCHEDULE ''5''				
INVESTMENTS (AT LOWER OF COST OR BOOK VALUE)				
TRADE INVESTMENTS - UNQUOTED INVESTMENT IN SUBSIDIARIES				
3,000 (Previous Year 3000) No Par Value Common Stock Of Aptech Worldwide Inc.,USA.		38,286,334		126,549,850
1,50,000 (Previous Year 1,50,000) No Par Value Common Stock Of Specsoft Inc.,USA. (Refer Note No. 4 Of Schedule 15)		13,355,325		161,875,000
*19,45,000 Common Stock At No Par Value In Hexaware Technologies Inc. USA		114,074,123		—
4,10,000 (Previous Year 2,60,000) Shares Of 1 GBP Each Fully Paid Up In Aptech Worldwide Europe Ltd., U.K.		1		28,266,700
*7,00,000 (Previous Year Nil) Shares Of 1 Gbp Each In Hexaware Technologies Europe Ltd		1		—
65,000 (Previous Year 65,000) Shares Of Australian $ 1/- Each Fully Paid Up In Aptech Technologies Pty. Ltd., Australia.		1,804,430		1,804,430
5,00,000 (Previous Year 5,00,000) Shares Of Singapore $ 1/- Each Fully Paid Up In Aptech Worldwide Pte. Ltd., Singapore.		12,476,000		12,476,000
*50,000 (Previous Year Nil)Shares Of Face Value 100 DM In Hexaware Technologies GmbH		7,570,241		—
2,000 (Previous Year Nil) Shares Of Rs. 10/- Each Fully Paid Up In Aptech Training Limited		20,000		20,000
100,00,000 (Previous Year 40,00,000) Shares Of Rs. 10/- Each Fully Paid Up In Bconnectb Worldwide Limited Subscribed During The Year 60,00,000 Shares		1		40,000,000
Nil (Previous Year 1,60,000) Shares Of 10 Bangladeshi Takkas Each Fully Paid Up In Aptech (W.O.S.) Bangladesh Ltd., Transferred To Training		—		1,409,334
Nil (Previous Year 2,20,00,000) Shares Of Rs. 10/- Each Fully Paid Up In Aptech Internet Limited		—		220,000,000
Nil (Previous Year 480) Shares Of BD 50/- Each Fully Paid Up In Aptech Information Systems Middle East W.L.L. - Bahrain		—		27,304,625

Schedules to Balance Sheet

	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SCHEDULE ''5''				
INVESTMENTS (AT LOWER OF COST OR BOOK VALUE) (Contd.)				
OTHERS				
1,11,87,727 (Previous Year Nil) Common Stock Of USD 0.30 Each In Mentorix (Formerly Known As Turbograd.com)		156,672,882		—
Transferred To Training Division 50% Share In Beijing Aptech Computer IT Company Limited - China A Joint Venture With Macology Technology Trade Company		—		6,608,936
Share Application Money In Aptech Training Limited.		—		159,980,000
		344,259,338		786,294,874
* Transferred From Hexaware Technologies Limited - Shares Are Yet To Be Transferred In The Name Of The Company				
SCHEDULE "6"				
CURRENT ASSETS				
Inventory Of Educational And Other Software Products		—		79,469,864
(As Valued And Certified By A Executive Director).				
Sundry Debtors (Unsecured - Considered Good)				
Due Over Six Months	49,925,212		176,624,513	
Others	280,165,939		1,053,780,408	
		330,091,151		1,230,404,921
Cash And Bank Balances				
Cash In Hand	622,047		262,526	
Balances With Scheduled Banks (Including Cheques In Hand And Remittance In Transit)				
IN Fixed Deposit Accounts	1,278,888		8,575,924	
In Exchange Earner's Foreign Currency Account	6,470,091		19,184,325	
In Current Accounts	12,915,208		415,688,349	
Balances With Non-scheduled Banks In Deposit Accounts In Foreign Currency				
A) Harris Trust And Savings Bank [Maximum Balance Outstanding During The Year Rs. 851,111,467/- (Previous Year Rs. 2,413,235,515/-)]	851,111,467		517,547,074	
B) Dresdner Bank Ag [Maximum Balance Outstanding During The Year Rs. 467,462,854/-	—		467,462,854	

Schedules to Balance Sheet

	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
SCHEDULE "6"				
c) Societe Generale Bank [Maximum Balance Outstanding During The Year Rs. 467,462,854/- (Previous Year Rs. 2,158,566,712/-)]			467,462,854	
d) Canadian Imperial Bank [Maximum Balance outstanding during the year Rs. 467,462,854/- (Previous Year Rs. 1,910,047,583/-)]	—		467,462,854	
In current accounts				
a) Standard Bank of South Africa Limited - Johannesburg [Maximum Balance outstanding during the year Rs. 271,963/- (Previous Year Rs. 17,34,336/-)]	—		271,963	
b) ABN AMRO Bank - Amsterdam [Maximum Balance outstanding during the year Rs.4,18,897 /- (Previous Year Rs. 23,00,000/-)]	418,897		203,709	
c) Emirates Bank International - Dubai, UAE [Maximum Balance outstanding during the year Rs. 69,03,898/- (Previous Year Rs. 37,32,000/-)]	—		3,025,183	
d) Bank of California International, Tokyo - Japan [Maximum Balance outstanding during the year Rs. 13,12,208/- (Previous Year Rs. NIL)]	558,612		—	
e) Union Bank of Switzerland [Maximum Balance outstanding during the year Rs.31,43,916/- (Previous Year Rs. NIL)]	1,293,173		—	
		874,668,383		2,367,147,614
Loans And Advances (Unsecured - Considered Good)				
Loans To Subsidiaries	146,974,481		158,799,307	
Advances Recoverable In Cash Or In Kind Or For Value To Be Received.	188,310,548		62,009,298	
Security Deposits	59,333,088		117,767,790	
Income Tax	17,598,308		144,330,651	
		412,216,425		482,907,046
		1,616,975,959		4,159,929,445
SCHEDULE "7"				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors	136,772,450		98,589,946	
Interest Accrued But Not Due	1,187,668		—	
Other Liabilities	41,038,079		98,540,175	
		178,998,197		197,130,120
Provisions				
- Provision For Expenses	30,031,755		69,542,624	
- Proposed Dividend	—		108,716,639	
- Corporate Tax On Dividend	—		24,466,259	
- Provision For Taxation	168,370		141,744,874	
		30,200,125		344,470,396
		209,198,321		541,600,516

Schedules to Profit and Loss Account

	For the year Ended 31st December, 2001 Rupees	Rupees	For the year Ended 31st December, 2000 Rupees	Rupees
SCHEDULE "8"				
GLOBAL REVENUE - INCLUDING OF SUBSIDIARIES				
(Refer Note No. 3 Of Schedule 15)				
Training And Education		613,093,000		4,038,918,583
Software And Consulting		2,223,147,277		1,646,599,513
Other Income		129,778,781		92,117,667
		2,966,019,058		5,777,635,763
SCHEDULE "9"				
INCOME FROM OPERATIONS - APTECH LIMITED				
Training And Education		600,765,041		3,918,089,532
Software And Consulting		506,691,222		745,291,036
		1,107,456,263		4,663,380,568
SCHEDULE "10"				
OTHER INCOME				
Dividend From Subsidiary		342,541		2,022,195
Interest And Exchange Differences (Net)		62,912,407		85,830,839
Others		1,650,271		2,907,149
		64,905,220		90,760,184
SCHEDULE "11"				
EDUCATION AND SOFTWARE EXPENSES				
Educational, Training And Other Materials		—		123,128,700
Centre Operation Expenses		—		2,146,539,678
Software And Consulting Expenses		80,123,347		412,907,498
Advertisement And Publicity		2,573,619		69,325,908
Seminar And Conference Expenses		3,807,818		26,235,200
Centre Security And Service Charges		7,156,135		22,273,477
Furniture And Equipment Hire Charges		1,888,575		5,844,941
Professional And Internal Audit Fees		498,719		41,198,266
Printing & Stationery - Consumables		—		13,906,386
Miscellaneous Training And Other Expenses		2,620,710		16,271,635
		98,668,923		2,877,631,690
Add : Education And Training Business Expenses		418,558,469		—
		517,227,392		2,877,631,690

Schedules to Profit and Loss Account

	For the year Ended 31st December, 2001		For the year Ended 31st December, 2000	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "12"				
EMPLOYMENT EXPENSES				
Salary And Other Allowances		190,734,627		261,103,672
Contribution To Provident Fund And Other Funds		21,132,600		29,543,197
Welfare Expenses		13,603,731		21,148,772
		225,470,958		311,795,641
Add : Education And Training Business Expenses		46,720,960		—
		272,191,918		311,795,641
SCHEDULE "13"				
ADMINISTRATIVE AND OTHER EXPENSES				
Rent		16,646,780		58,718,922
Rates & Taxes		2,621,038		4,149,981
Travelling And Conveyance Expenses		57,378,354		65,328,692
Electricity Charges		11,715,808		27,946,048
Communication Expenses		18,623,726		43,930,404
Repairs And Maintenance				
Buildings	1,321,201		1,430,382	
Plant & Machinery	3,359,343		7,512,783	
Others	2,233,737		7,520,262	
		6,914,281		16,463,428
Printing And Stationery		4,999,187		9,418,908
Auditors Remuneration				
Audit Fees	525,000		400,000	
Tax Audit Fees	210,000		100,000	
Certification Fees	89,000		62,500	
Out Of Pocket Expenses	66,176		106,815	
		890,176		669,315
Legal And Professional Fees		12,130,161		9,151,906
Bank And Other Charges		1,818,956		5,576,696
Director's Sitting Fees		377,000		149,500
Stamp Duty And Filing Fees		1,503,713		1,130,597
Registrar And Share Transfer Expenses		1,174,214		5,390,664
Insurance Premium		1,840,809		2,559,350
Loss On Sale Of Investments		-		1,528,310
Loss On Sale Of Assets (Net)		5,882,822		5,946,234
Debts Written Off		16,883,688		—
Staff Recruitment Expenses		9,465,682		7,038,109
Membership And Subscription		3,425,960		3,053,991
Miscellaneous Expenses		1,558,397		3,373,656
		175,850,751		271,524,709
Add : Education And Training Business Expenses		41,683,281		—
		217,534,032		271,524,709

Signficant Accounting Policies

SCHEDULE "14"

1. **Accounting Convention and Concepts :**

   The company follows the Historical Cost Convention and the Mercantile System of Accounting where the income and expenditure are recognized on accrual basis.

2. **Revenue Recognition :**

   a) Revenues from Education and Training are recognized on substantial performance of the contracts having regards to the costs incurred on the commencement of the relevant courses, with adequate provisions for estimated future variable costs.

   b) Revenues from Software Solutions are recognised:

      i) In case of contract for development of software undertaken on time basis, their billing is based on specified terms of the contract.

      ii) In case of fixed price contracts, on the achievement of the milestones set out in the contracts.

   c) Dividend income is recognised on receipt basis.

   d) Recovery of expenses is credited to the respective expense head and such expenses are shown on net basis.

3. **Fixed Assets :**

   Fixed assets are valued at cost less accumulated depreciation. Cost includes all expenses incurred for acquisition of assets.

4. **Depreciation :**

   Depreciation on Fixed Assets is provided on Straight-Line Method on a pro rata basis at the rates specified in Schedule XIV of the Companies Act, 1956 except in respect of following assets:

   a) Computer Systems and Softwares forming part of plant and machinery are depreciated over a period of 3-5 years based on their technical evaluation about their useful economic life.

   b) Entire Cost of training resources is fully written-off in the year of acquisition by providing 100% depreciation in respect of the same.

5. **Investments :**

   Investments are stated at cost of acquisition. All the Investments are held as long term investments and provision is made for permanent diminution in the value of Investment.

6. **Inventories :**

   Inventory of Educational and other materials is valued at cost or market price whichever is lower.

7. **Foreign Currency Transactions:**

   i) Value of Fixed Assets is converted at the rate prevailing on the date of remittance/acquisition.

   ii) Monetary items denominated in foreign currency at the year-end are translated at the year-end rates. Gain/loss on conversion is charged to Profit and Loss account

   iii) Investment in the Overseas Subsidiary companies/Joint Ventures is accounted at the rate prevailing on the date of remittance/acquisition.

   iv) Transactions done during the year are converted at the rate prevailing on the date of transaction.

   v) Conversion of Transactions of Foreign Branch :

Signficant Accounting Policies

SCHEDULE "14" (Contd.)

i) Conversion of Foreign Currency Transaction of the branch offices of the company on revenue accounts excluding depreciation on Fixed Assets of Overseas branch are incorporated in the Company's account at average rate during the year.

ii) Fixed Assets and depreciation thereon are translated in case of specific remittance at the rate of exchange prevailing on the day of remittance and in case of no specific remittance at the rate prevailing on the day of acquisition of the assets.

iii) Current Assets and liabilities are translated at the rate prevailing on the last working day of the year.

iv) Balances appearing in foreign currency in branch books of Head Office account are translated at corresponding Rupee balance appearing in the Head office books.

8. Retirement Benefits :

The provision for retirement benefits such as provident fund, gratuity and superannuation is made for employees from the date of their respective appointment.

i) Company's contribution to Provident Fund, Superannuation Fund and other fund is charged to Profit and Loss account.

ii) The amount of Gratuity liability ascertained on the basis of actuarial valuation is paid and charged to Profit and Loss account.

iii) Provision is made towards liability for leave encashment.

9. Research & Development :

Revenue expenditure on research and development is charged to Profit and Loss account in the year in which it is incurred. Capital expenditure on research and development is included in fixed assets and such assets are depreciated at applicable rates of depreciation.

10. Borrowing Cost :

Borrowing cost attributed to the acquisition of Fixed Assets is capitalized as part of the cost of those Fixed Assets till the date it is put to use. Other borrowing Cost is recognized as expenditure in the period in which they are accrued.

SCHEDULE "15"

Notes Forming Part of the Accounts

1) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 3,86,31,610/- (Previous year Rs.3,45,43,925/-).

2) Contingent Liabilities in respect of :

a) Claims not acknowledged as debt amounts to Rs.379,77,700/- (Previous year Rs. 444,22,512/-).

b) Counter Guarantee to the Bankers, who have given guarantees to the third parties on behalf of the Company amounted to Rs. 2,10,95,961/- (Previous year 147,823,733/-).

c) Letter of Credit outstanding amounting to Rs. 1,11,75,704/- (Previous year Rs. Nil).

3) Keeping in view the global business of providing training and software solutions, the company has set up subsidiaries across the globe whose revenue as certified by the respective auditor/management of Subsidiary Company (net of inter Company revenue) has been included for information in profit and loss account and schedule 8 to the accounts.

4) In terms of the Stock Purchase Agreement (the SPA) the Company has acquired 100% shares of M/s Specsoft Consulting Inc.U.S.A. (the Specsoft) at the purchase price plus deferred purchase price. The referred purchase price is payable under the SPA linked on the basis of Earning before Interest & Tax (EBIT) of the Specsoft for the year

Notes forming part of the Accounts (Contd.)

ended based on EBIT for year ended 31-3-2001. Accordingly the Company has paid US $ 2310206 (Equivalent to Rs.10,77,24,906/-) during the year, which has been added to the investment shown in the Schedule 5.

5) Demerger & Amalgamation

i) The High Court of Judicature at Bombay vide it's order (the Order) dated 9th November, 2001 has approved the Composite Scheme of Arrangement and Reconstruction (the Scheme) of demerger of the Training Division of the Company into Aptech Training Limited (ATL) and merger/amalgamation of Hexaware Technologies Limited (HTL) engaged in Software Development and Consultancy business with demerged Aptech Limited which became effective on 28th December, 2001 from the appointed date i.e. 1st April 2001.

ii) The Amalgamation has been accounted for under the "Pooling of Interest" method as per Accounting Standard 14 (AS 14) on Accounting of Amalgamations issued by Institute of Chartered Accountants of India in the following manner.

a) The Assets & Liabilities of HTL have been taken over at their book value. The adjustment is made for the difference in the rate of depreciation applied from General Reserve.

b) The expenses incurred on the Scheme have been reduced from the amalgamation reserve created upon the Scheme becoming effective with effect from April 1, 2001.

c) Pursuant to the Scheme 1,81,47,437 Equity Shares of Rs. 10/- each fully paid up of the Company has been cancelled upon demerger of Education & Training Division and 100,00,000 Equity Shares of Rs. 10/- each fully paid up is to be issued to the Shareholders of HTL upon merger/amalgamation of HTL with the Company.

iii) Leasehold premises in the name of HTL is in the process of being transferred in the name of the Company.

iv) The Training & Education Business demerged under the Scheme has been carried on by the Company from 1st April 2001 till the Scheme became effective has been excluded from these accounts as under. The figures for the Income & Expenses are as under.

	Rupees
Income	194,65,40,000
Expenses	180,64,70,000

v) Employees Provident Fund, Super Annuation and Gratuity benefits have been transferred as per the Composite Scheme.

6) The Company has made provision towards diminution in the value of its investments/loans in its subsidiaries based on the net asset value of the subsidiary companies as on 31.12.2001. The details of the same is as follows :

	Rupees
BConnectB Worldwide Ltd.	110,837,999
Specsoft Consulting Inc.,USA	256,244,581
Other Subsidiary Companies	261,393,502

7) a) Remuneration to Wholetime Directors (Including Managing Director) :

	Current Year (Rs.)	Previous Year (Rs.)
- Salaries and Allowances	68,29,424	61,92,602
- Contribution to Provident Fund and Other funds	5,39,892	12,07,872
- Perquisites (Valued as per Income Tax Rules)	99,553	5,45,136
Total	**74,67,869**	79,45,610

Notes forming part of the Accounts (Contd.)

b) Since no commission is paid/payable to any director, the computation of profits under Section 349 of the Companies Act, 1956 has not been made.

c) Managerial Remuneration is in accordance with the shareholders' approval. However, as the computation in accordance with Section 309(5) read with Section 198 of the Companies Act, 1956, results in inadequate profit for the year, the Managerial Remuneration to whole time Directors is in excess of the limits prescribed under Section 198 read with Schedule XIII of the Companies Act, 1956 by Rs. 45,57,312/-. An application is being made to the Central Government for payment of Managerial Remuneration, approved by the Shareholders, as the mininmum remuneration in terms of Section 198 of the Companies Act, 1956. Pending approval, no recovery has been made for the excess.

8) Provision for Tax is made on yearly basis under the Tax payable method, based on the tax liability as computed after taking credit for allowance and exemptions.

9) Additional information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

I. Quantitative Details of :

A) Educational and other Material

		Current Year (1-1-01 to 31-3-01)	Previous Year
i	Sales		
	Quantity (Nos.) *	10,02,537	58,87,948
	Value (Rs.)	3,02,86,342	13,12,33,833
ii	Purchase		
	Quantity (Nos.)	14,70,496	56,73,479
	Value (Rs.)	2,75,15,146	13,01,04,082
iii	Opening Stock		
	Quantity (Nos.)	31,97,836	34,12,305
	Value (Rs.)	7,04,24,928	6,34,49,546
iv	Transferred on Amalgamation/ Demerger		
	Quantity (Nos.)		
	Value (Rs.)	(36,65,795)	NIL
		(6,32,92,437)	NIL
v	Closing Stock		
	Quantity (Nos.)	NIL	31,97,836
	Value (Rs.)	NIL	7,04,24,928

* Including consumption at owned Education and Training Centres.
Sales include the material transferred to Aptech Online Ltd.

B) The Company is engaged in providing software solutions. The production procurement and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details as required under paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956.

Notes forming part of the Accounts (Contd.)

		Current Year (Rs.)	Previous Year (Rs.)
II.	CIF value of Imports :		
	Software	2,42,963	99,543
	Capital Goods	23,73,553	180,524
III.	Expenditure in Foreign Currency :		
a)	Foreign Travelling Expenses	2,72,44,506	1,20,90,405
b)	Membership & Subscription	4,56,428	7,58,041
c)	Consultancy Charges	33,18,489	34,50,859
d)	Business Promotion Expenses, Seminar & Conference	3,15,005	2,89,480
e)	Advertisement	NIL	2,89,94,320
f)	International Branch Expenses	2,38,90,498	52,22,187
g)	Exam Fees	NIL	1,01,07,182
h)	Global Depository Issue Expenses	NIL	11,78,80,796
i)	Software	2,42,963	99,543
j)	Legal & Professional Charges	11,02,360	NIL
k)	Capital Goods	23,73,553	1,80,524
l)	Miscellaneous	13,43,848	14,22,450
IV.	Earnings in Foreign Currency :		
a)	F.O.B. Value of Education and other Materials	20,45,192	2,26,74,195
b)	Income from Software Development, Technical Services and Royalties.	48,48,87,081	11,02,92,695
c)	Dividend from Subsidiary	3,42,541	20,22,195

10) Training and Education revenue includes income received by the Company at the franchised centers during 1st January 2001 till 31st March 2001. The amounts paid to such franchisees for operating such centers have been included under Education and Software Expenses.

11) Sundry Debit / Credit balances are subject to confirmation and reconciliation.

12) Figures for the previous year have been regrouped / rearranged wherever necessary. Figures for the current year include the transactions for 3 months up to 3st March 2001 for Training & Education Division and transactions for 9 months from 1st April 2001 for Software Business of Hexaware Technologies Ltd (HTL). The Previous year figure does not include the figures in respect of HTL and accordingly the current year figures are not comparable to that of previous year. Figures in the bracket represent previous year's figures.

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah
Partner

Place : Mumbai
Date : 11th March, 2002

Atul K. Nishar *(Chairman)*
Dr. K. K. Anand *(Director)*
L. S. Sarma *(Director)*
Rusi Brij *(Director)*
P. K. Sridharan *(Executive Director)*
A. P. Kurian *(Director)*
Naishadh Desai *(Company Secretary)*

Cash Flow Statement For the Financial Year 2001

	Year Ended 31st December, 2001 Rupees	Year Ended 31st December, 2001 Rupees	Year Ended 31st December, 2000 Rupees	Year Ended 31st December, 2000 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extraordinary Items		16,238,872		957,096,816
Adjustments				
Depreciation	149,169,269		336,091,896	
Interest Expenses	41,869,593		37,163,644	
Interest & Exchange Difference Income	(104,782,000)		(122,994,483)	
Dividend Received	(342,541)		(2,022,195)	
Loss On Sale Of Assets / Investments (Net)	5,882,822		7,474,544	
		91,797,142		255,713,406
(Increase) / Decrease In Current Assets				
Inventory	79,469,864		(12,667,557)	
Sundry Debtors	900,313,770		(435,750,193)	
Loans & Advances	59,852,621		(70,224,994)	
	1,039,636,255		(518,642,744)	
Increase / (Decrease) In Current Liabilities				
Liabilities	(214,071,059)		55,704,929	
		825,565,196		(462,937,815)
NET CASH FROM OPERATIONS		933,601,210		749,872,407
Less:				
Interest Paid		40,681,925		37,163,644
Interest & Exchange Difference Received		(104,782,000)		(122,279,977)
Direct Tax Paid		10,268,370		149,044,874
		987,432,915		685,943,866
B. CASH FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(552,355,360)		(1,302,435,475)	
Fixed Assets Transfer on Merger / Demerger	1,668,605,095		—	
Sales of Fixed Assets	24,023,287		85,078,211	
Purchase of Investments (net)	(324,397,789)		(636,299,967)	
Investments Transfer on Merger / Demerger	148,795,243		—	
Dividend Received	342,541		2,022,195	
NET CASH USED IN INVESTING ACTIVITIES		965,013,017		(1,851,635,036)

Cash Flow Statement For the Financial Year 2001

	Year Ended 31st December, 2001 Rupees	Rupees	Year Ended 31st December, 2000 Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITES				
Proceeds from issue of share capital	(150,000,000)		3,227,067,044	
Reduction on Merger / Demerger	(80,724,370)		—	
Proceeds from long term borrowings	346,892,965			
Repayment of long term borrowings	—		(135,000,000)	
Dividend paid	(119,617,153)		(37,322,160)	
Transfer of Reserves on Demerger / Merger	(3,441,476,605)		—	
		(3,444,925,163)		3,054,744,884
		(1,492,479,231)		1,889,053,714
Cash and Cash Equivalants as on 1st Janauary, 2001	2,367,147,614		478,093,900	
Cash and Cash Equivalants as on 31st December, 2001	874,668,383		2,367,147,614	
		(1,492,479,231)		1,889,053,714

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah
Partner

Place : Mumbai
Date : 11th March, 2002

Atul K. Nishar *(Chairman)*
Dr. K. K. Anand *(Director)*
L. S. Sarma *(Director)*
Rusi Brij *(Director)*
P. K. Sridharan *(Executive Director)*
A. P. Kurian *(Director)*
Naishadh Desai *(Company Secretary)*

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Aptech Limited derived from Audited Annual Financial Statements for the year ended 31st December,2001. This statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreement with the Stock Exchange.

For **Mahendra Kumbhat & Associates,**
Chartered Accountants

Place : Mumbai
Date : 11th March, 2002

Manoj P. Shah
Partner

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 11/69662 State Code 11 (Refer Code List 1)

Balance Sheet 31 12 2001

Date Month Year

II. Capital Raised during the Year at Face Value (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities	2507153	Total Assets	2507153

Source of Funds

Paid-Up Capital	22228	Reserves and Surplus	193797
Secured Loans	346892	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	755116	Investments	344259
Net Current Assets	1407778	Misc. Expenditure	NIL
Accumulated Losses	NIL		

Balance Sheet Abstract and Company's General Business Profile

IV. Performance of Company (Amount in Rs Thousands)

Turnover	Total Expenditure
117362	115123
Profit/Loss Before Tax	Profit/ Loss After Tax
16239	16071

(Please tick Appropriate box + for Profit, - for Loss)

Earning per share in Rs	Dividend
0.67	00

V. Generic Names of Three Principal Products/ Services of Company
(as per monetary terms)

Item Code No.* (ITC Code)	NIL
Product Description	SOFTWARE SOLUTIONS
Item Code No.* (ITC Code)	NIL
Product Description	COMPUTER EDUCATION
Item Code No.* (ITC Code)	NIL
Product Description	NIL

* Code No. for the services rendered by the company is not available in the Publication of Indian Trade classification for ITC Code of Products by Ministry if Commerce, Directorate General of Commercial Intelligence & Statistics Calcutta - 700 001.

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

1 Name of the Subsidiary	Aptech Worldwide Inc. USA	Aptech Worldwide Europe Ltd ,	Aptech Worldwide Pte Ltd - Singapore	Specsoft Consulting Inc. USA	Aptech Technologies Pty Ltd. Australia Australia	Aptech Worldwide (Australia) Pty Ltd	Hexaware Technologies Inc. - USA	Hexaware Technologies Europe Ltd - UK	Hexaware Technologies GmbH - Germany	BconnecB Worldwide Ltd
2. The Financial Year of the Company ended on	31st December, 2001	31st December, 2001	31st October, 2001	31st December, 2001	30th June, 2001	30th June, 2001	31st December, 2001	31st December, 2001	31st December, 2001	31st December, 2001
3. Holding Company India	Aptech Limited India	Aptech Limited India	Aptech Limited India	Aptech Limited India	Aptech Limited Pty.Ltd.	Aptech Technologies India	Aptech Limited India	Aptech Limited India	Aptech Limited India	Aptech Limited
4. Holding Company's Interest	100%	100%	100%	100%	100%	70%	100%	100%	100%	100%
5. Shares held by the holding Compnay in the Subsidiary of no par value	3000 Shares Common Stock GBP 1 each	4,10,000 Equity Shares of each	5,00,000 Equity Shares of 1 S $ no par value	1,50,000 Shares Common stock of each	65,000 Equity Shares of A $ 1 each	38,5000 Equity Shares of A $ 1 par value	19,45,000 Shares Common Stock at no par value	7,00,000 Shares of 1 GBP each	50,000 shares of face value of DM 100 each	100,00,000 equity shares of Rs. 10 each
6. The aggregate of profits or losses for the current financial year of the Subsidiary so far as it concerns the members of the holding Company										
a. dealt with or provided for in the accounts of the holding company	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. not dealt with provided for in the accounts of the Company	US $ (1070564.00)	GBP (312625.00)	S $ 50,225	US $ (221107.00)	A $ (8,661.67)	A $ (29,313.63)	US $ (1549537.00)	GBP (1685255.73)	DM (72,214)	Rs. (29,756,493)
7. The aggregrate of profits or losses for the previous financial year of the Subsidiary so far as it concerns the members of the holding Company										
a. dealt with or provided for in the accounts of the holding company	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. not dealt with provided for in the accounts of the Company	US $ (1148963.00)	GBP (388835.00)	S $ (255,777)	US $ 1,71,617	A $ (7,725.47)	A $ (45,259)	US $ —	GBP —	DM —	Rs. NA
8. Material change between the end of the Financial Year of the subsidiary Company and the Company's Financial Year ended 31st December,2001										
a. Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. Money Lent	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d. Money borrowed other than those for meeting Current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: 1. There has been no change in holding Company's interest in the subsidiaries between the end of financial year or the last of the financial years of subsidiary and the end of the holding Company's financial year.
2. Aptech Worldwide (Australia) Pty.Ltd. Is a subsidiary of Aptech Limited by virtue of Section 4(1) of the Companies Act, 1956.

Atul K. Nishar
(Chairman)

Hexaware TECHNOLOGIES

Independent Auditors' Report

TO THE MEMBERS OF APTECH WORLDWIDE INC,

We have audited the attached Balance Sheet of Aptech Worldwide Inc. (the "Company") as at 31st December 2001and the Profit and Loss Account for the year 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 (the "Act"), enclosed in the Annexure is the statement on matters specified in the said order to the extent applicable thereon.

2. 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, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books of accounts.

   c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

   d. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   e. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Act.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon gives information required by the Act, in the manner so required and give true and fair view of the,

      1) In case of Balance Sheet of the state of affairs of the company as at 31st December, 2001 and

      2) In case of Profit & Loss Account for the loss for the period ended on that date.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

MANOJ P. SHAH
Partner

Place : Mumbai
Date : 11th March, 2002

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph II of our Report on even date)

i. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management has physically verified all the assets. We are informed that no material discrepancies have been noticed on the assets physically verified by the Company.

ii. None of the fixed assets have been revalued during the year.

iii. The Company has taken loan from companies, firms and other parties required to be listed in the register to be maintained under section 301 and /or from the Companies under the same management as defined under section 370(1-B) of the Companies Act, 1956. In our opinion, the terms and condition including the rate of interest are prima facie not prejudicial to the interest of the company. In terms of sub section (6) of section 370 of the Act, provisions of the section 370 are not applicable to the company on or after the commencement of the companies (Amendment) Act, 1999

iv. The parties including the employees to whom loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and are paying interest, wherever, applicable.

v. In our opinion and according to the information and explanations given to us, it appears that, there are in general, adequate internal control procedures, commensurate with the size of the Company and the nature of business, with regard to purchase and sale of assets and services.

vi. According to the information and explanation given to us, the Company has entered into transactions for sale of goods, material and services with parties required to be register to be maintained under Section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices of such goods and services or at prices at which similar services are made available by other parties.

vii. The Company is yet to introduce internal audit system.

viii. According to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.

ix. In respect of services, consultancy and software solution rendered by the company:

1. There are no materials used for the project.
2. It has reasonable system of allocation of man-hours to the relevant consultancy contracts.
3. It has a proper system of Internal Control for allocation of man-hours utilized and the same is commensurate with the size of the Company and nature of its business.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

MANOJ P. SHAH
Partner

Place : Mumbai
Date : 11th March, 2002

Balance Sheet As At 31st December, 2001

Particulars	Schedule	As At 31st December, 2001 Rupees	As At 31st December, 2001 Rupees	As At 31st December, 2000 Rupees	As At 31st December, 2000 Rupees
SOURCES OF FUNDS					
1. Share Holders' Funds :					
Share Capital	"1"	**126,549,850**		126,549,850	
Reserves & Surplus					
Translation Reserve		**15,001,711**		12,109,000	
			141,551,561		138,658,850
2. **Loan Funds :**					
Unsecured Loans	**"2"**		**98,748,500**		72,338,500
			240,300,061		210,997,350
APPLICATION OF FUNDS					
1. **Fixed Assets :**	"3"				
A) Gross Block		**7,268,078**		14,421,427	
B) Less: Depreciation		**4,024,900**		8,314,901	
			3,243,178		6,106,526
2. **A) Current Assets, Loans And Advances :**	"4"				
Sundry Debtors		**118,865,029**		178,764,255	
Cash And Bank Balances		**11,377,516**		42,051,317	
Loans And Advances :		**83,891,569**		45,610,871	
		214,134,115		266,426,442	
LESS:					
B) Current Liabilities and Provisions:	"5"				
i) Current Liabilities		**59,354,216**		75,683,992	
ii) Provisions		**22,712,495**		40,013,085	
		82,066,711		115,697,077	
Net Current Assets (A – B)			**132,067,404**		150,729,365
Preliminary Expenses (to the Extent Not Written Off or Adjusted)			**331,886**		539,365
Debit Balance In Profit & Loss Account	"6"		**104,657,593**		53,622,094
			240,300,061		210,997,350
Significant Accounting Policies and Notes Forming Part of Accounts	"10"				

Schedules 1 to 10 form an integral Part of the Accounts.

This is the Balance Sheet referred to in our Report of even Date.

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah	**Atul K. Nishar**	**Rusi Brij**
Partner	*(Director)*	*(Director)*

Place : Mumbai
Date : 11th March 2002

Profit And Loss Account For The Year Ended 31st December , 2001

Particulars	Schedule	For The Year Ended 31st December, 2001		For The Year Ended 31st December, 2000	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income From Operations	“7”		**622,822,576**		737,515,667
EXPENDITURE					
Software Expenses		**226,697,374**		281,150,815	
Employment Expenses	“8”	**373,278,190**		358,300,967	
Administration And Other Expenses	“9”	**104,721,236**		107,045,524	
Depreciation		**3,250,536**		4,474,525	
			707,947,336		750,971,832
Profit / (Loss) For The Period			**(85,124,760)**		(13,456,165)
Income Tax Benefit			**34,089,261**		5,381,051
Net Loss			**(51,035,499)**		(8,075,114)
Significant Accounting Policies And Notes Froming Part of Accounts	“10”				

Schedules 1 to 10 form an integral Part of the Accounts.

This is the Profit and Loss referred to in our Report of even Date.

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah
Partner

Atul K. Nishar
(Director)

Rusi Brij
(Director)

Place : Mumbai
Date : 11th March, 2002

Schedules To Balance Sheet

Particulars	As At 31st December, 2001 Rupees	Rupees	As At 31st December, 2000 Rupees	Rupees
SCHEDULE "1" – STOCK HOLDERS' EQUITY				
AUTHORISED				
5000 Common Stock Of No Par Value		—		—
		—		—
ISSUED				
3000 Common Stock Of No Par Value		126,549,850		126,549,850
The Whole of the Common Stock is held by the Parent Company Aptech Limited - India				
		126,549,850		126,549,850
SCHEDULE "2" – UNSECURED LOANS				
FROM PARENT COMPANY		98,748,500		72,338,500
Bears interest at 5% above 3 months LIBOR and matures for payment on December 31, 2003.				
		98,748,500		72,338,500
SCHEDULE "3" – FIXED ASSETS				
Computer Equipments	3,965,047		8,954,477	
Computer Software	895,228		1,309,773	
Office Furniture And Equipments	1,859,463		3,604,492	
Leasehold Improvements	548,340		552,685	
		7,268,078		14,421,427
Less : Accumulated Depreciation		4,024,900		8,314,901
		3,243,178		6,106,526

Schedules To Balance Sheet

Particulars	As At 31st December, 2001 Rupees	Rupees	As At 31st December, 2000 Rupees	Rupees
SCHEDULE "4" – CURRENT ASSETS				
Sundry Debtors (Unsecured - Considered Good)				
Due Over Six Months	85,626,525		128,781,758	
Others	33,238,505		49,982,497	
		118,865,029		178,764,255
Cash And Bank Balances				
Cash In Hand	—		—	
Balances With Scheduled Banks	11,377,516		42,051,317	
		11,377,516		42,051,317
Loans And Advances (Unsecured - Considered Good)				
Prepaid Expenses & Other Current Assets	12,021,929		9,814,981	
Deffered Income Taxes	71,869,640		35,795,890	
		83,891,569		45,610,871
		214,134,114		266,426,442
SCHEDULE "5" – CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors	48,303,632		68,012,518	
Other Liabilities	11,050,584		7,671,475	
		59,354,216		75,683,992
PROVISIONS				
Provision For Expenses		22,712,495		40,013,085
		82,066,711		115,697,077
SCHEDULE "6" – DEBIT BALANCE IN PROFIT & LOSS ACCOUNT				
As Per Last Balance Sheet		53,622,094		45,546,980
Loss For The Year		51,035,499		8,075,114
		104,657,593		53,622,094

Schedules To Profit and Loss Account

Particulars	Schedule	For The Year Ended 31st December, 2001 Rupees	For The Year Ended 31st December, 2001 Rupees	For The Year Ended 31st December, 2000 Rupees	For The Year Ended 31st December, 2000 Rupees
SCHEDULE "7" – INCOME FROM OPERATIONS– APTECH LIMITED					
Training and Education			**4,503,432**		18,753,280
Software and Consulting			**588,586,990**		708,356,567
Other Income			**29,732,154**		10,405,819
			622,822,576		737,515,667
SCHEDULE "8" – EMPLOYMENT EXPENSES					
Salary And Other Allowances			**354,962,058**		347,929,945
Welfare Expenses			**18,316,133**		10,371,022
			373,278,190		358,300,967
SCHEDULE "9" – ADMINISTRATIVE AND OTHER EXPENSES					
Rent			**6,980,788**		8,008,744
Travelling And Conveyance Expenses			**14,597,309**		29,012,386
Communication Expenses			**6,161,697**		6,533,851
Printing and Stationery			**2,009,114**		3,042,042
Auditors Remuneration					
Audit Fee			**237,250**		427,497
Legal and Professional Fees			**11,223,326**		8,793,286
Bank Interest And Other Charges			**5,529,375**		1,767,394
Loss On Sale Of Assets (Net)			**2,800,865**		1,466,231
Debts Written Off			**23,698,122**		8,384,623
Staff Recruitment Expenses			**26,488,100**		17,466,459
Membership And Subscription			**3,293,967**		2,351,796
Miscellaneous Expenses			**1,701,325**		19,791,215
			104,721,236		107,045,524

Schedules To the Account

SCHEDULES "10" – SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

NOTE 1 : Corporate Organization and Description of Business

Aptech Worldwide, Inc. ("Aptech" or the "Company") is a wholly owned subsidiary of Aptech Limited, a foreign corporation incorporated in India. These accounts have been prepared and audited for the purpose of attachment to the accounts of the holding Company to comply with the provisions of the Indian Companies Act.

The Company was organized on June 3, 1997 under the laws of the State of New Jersey and has an authorized capital of 5,000 common stock with no par value, of which 3,000 common stock were issued for a consideration of Rs. 126,549,850/-.

The Company provides information technology ("IT") services, which includes software development, system enhancement, professional IT staffing and consulting services. The Company also provides classroom training for software engineers, which activity ceased in the year 2000. In addition, the Company franchises computer education and training centers under the name Aptech Computer Education.

Operating activities through its branch office in Dubai, United Arab Emirates commenced in June 1998 and were discontinued in December 2000. For the year ending December 31, 2000, the branch incurred a net (loss) of Rs.(995,938/-). The financial statements include the accounts of Aptech and its branch in Dubai.

NOTE 2 : Summary of Significant Accounting Policies:

Conversion into India Rupees
For the purpose of these accounts all the Income and expenses items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The common stock is carried forward at the rate of exchange prevailing on the transction date. The resulting exchange difference on account of translation at the year-end are transferred to Currency Translation Reserve.

Basis of Accounting
The Company uses the accrual method of accounting. Certain items of income and expenses, and asset valuation are recognized for financial statement purposes in different time periods than for tax purposes. The transaction are in local currency which has been converted for reporting in Indian currency.

Revenue Recognition
The Company recognizes revenues from consulting engagements as man-hours are expended in the performance of its service agreements. For fixed fee projects, revenues and profits are recorded under the percentage-of-completion method of labor inputs. Revenue from training is recognized ratably over the scheduled duration of each course and defers the unearned portion of tuition and customer advances. Initial franchise fees are recorded as revenue upon completion of substantially all material services performed for the franchisee. Continued service fees and royalties generated from franchisees are recognized when earned.

Concentration of Risk
The Company maintains cash balances in a major financial institution, which potentially subject it to concentration of credit risk. At times the balances may exceed federally insured limits of Rs.4,817,000/- At December 31, 2001 and 2000, the Company's uninsured cash balances total approximately Rs. 11,368,120/- and Rs. 36,169,250/-, respectively.

Accounts Receivable
An allowance for doubtful accounts receivable is provided based on historical collection experience and evaluation of outstanding accounts receivable at the end of each year. As of December 31, 2001 and 2000, accounts receivable is recorded net of allowance for doubtful accounts receivable of Rs.23,698,122/- and Rs 8,384,623/- respectively.

The Company had revenues from four clients during 2001 and five clients during 2000, which accounted for approximately 18.19% and 22.92% of revenues, respectively. No other client accounted for more than 3% of revenues. The aggregate accounts receivable balances for these clients at December 31, 2001 and 2000 were Rs.14,350,614/- and Rs. 20,180,808/- respectively.

Fixed Assets
Fixed Assets are stated at cost. Major additions are capitalized while minor betterments are charged to expense. Provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Franchise Agreements
The Company offers franchises of computer education and training centers under the name Aptech Computer Education. The initial franchise fee is based on the population size of the territory in which the franchise is located. Some of the Company's initial obligations under the agreement include the following: assistance in selecting a site within a designated territory, approval of a lease, assistance in designing the layout of the premises including specifications for all furniture and equipment, providing

Schedules To the Account

SCHEDULES "10" – SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd.)*

initial training to staff and assistance in the procurement of course material. As of December 31, 2001 and 2000, the Company recognized revenues from initial franchise fees totaling Rs.782,763/- and Rs.10,349,073/- respectively. The agreements, which have specified expiration dates, call for additional income based on royalties and continuing service fees. The expenditures related to the formation of the franchise agreement are being amortized over 60 months.

Income Taxes
The Company records deferred tax assets and liabilities for differences between the financial statement and tax bases of assets and liabilities ("Temporary differences"), as well as for net operating loss carry forwards. These are measured using enacted tax rates that are expected to be in effect for the year in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to properly reflect the amounts expected to be realized.

Management Estimates
The financial statements are prepared in conformity with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassification
Certain prior year amounts have been reclassified to conform with the 2001 presentation.

NOTE 3 Property and equipment

Property and equipment consist of the following:	**2001** **Rs**	2000 Rs
Computer Equipment	**3,965,047**	8,954,477
Computer Software	**895,228**	1,309,773
Office Furniture and Equipment	**1,859,463**	3,604,492
Leasehold Improvements	**548,340**	552,685
	7,268,078	14,421,427
Less: Accumulated Depreciation	**4,024,900**	8,314,901
Property and Equipment, Net	**3,243,178**	6,106,526

Depreciation and amortization expense for the years ended December 31, 2001 and 2000 was Rs. 3,524,647/- and Rs. 4,692,342/- respectively. During the year ended December 31, 2001, assets costing Rs. 10,378,515/- were abandoned/discarded.

NOTE 4 : Income Taxes
Income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for income taxes consists of the following:

	2001 **Rs**	2000 Rs
Current Taxes:		
State and Local	**(94,489)**	(79,339)
Deferred Taxes:		
Federal	**26,451,150**	4,246,970
State and Local	**7,732,600**	1,213,420
Total Deferred Tax Benefit	**34,183,750**	5,460,390
Net Income Tax Benefit	**34,089,261**	5,381,051

The provision for income taxes differs from the amount, which would be computed if statutory federal income tax rates were applied to pre-tax income. This is principally due to taxes imposed by state and local regulations, net of federal income tax benefit, and the nondeductibility of certain expenses.

Schedules To the Account

SCHEDULES "10" – SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS *(Contd.)*

Significant components of the Company's deferred tax assets (liabilities) consists of approximately the following:

	2001 **Rs.**	2000 Rs.
Provision for Doubtful Accounts	**6,165,760**	3,826,940
Accumulated Depreciation	**674,380**	466,700
Intangible Costs	**(48,170)**	(186,680)
Start-Up Costs	**48,170**	653,380
Interest Due Related Party	**1,878,630**	886,730
Accrued Vacation	**2,408,500**	2,660,190
Accrued Taxes	**0**	653,380
Net Operating Loss Carryforwards	**60,742,370**	26,835,250
Net Deferred Tax Asset	**71,869,640**	35,795,890

The Company has not recorded a valuation allowance for the deferred tax asset since management feels that all future tax benefits will more likely than not be ultimately realized. As of December 31, 2001 and 2000, the net operating loss carry forwards of approximately Rs.151,880,010/- and Rs.167,204,800/- respectively, are available to be carried forward to offset future taxable income and will begin to expire in 2012.

NOTE 5 : Related Party Transactions

During the years ended December 31, 2001 and 2000, Aptech had transactions with its parent company, for services relating to software development and reimbursement of direct expenses. For the year ended December 31, 2001 the amount charged to the Company for such services approximated Rs. 39,827,101/- As of December 31, 2001 and 2000, the balance due the parent company was Rs. 19,021,899/- and Rs. 11,164,464/-, respectively.

During the years ended December 31, 2001 and 2000 Aptech has provided services relating to software development to an affiliated company, totaling Rs.28,902,000/- and Rs.10,323,404/- respectively. The amount charged by the affiliate, for software programming & development services and reimbursement of expenses, totaling Rs.7,215,866/-. As of December 31, 2001 and 2000, the net balance due from affiliated company was Rs.35,973,260/- and Rs.9,229,506/- respectively.

During 2001, the Company received an unsecured loan of Rs.24,085,000/- from its parent company. The note, which bears interest at 5% over three months LIBOR, matures on December 31, 2003. Interest expense recorded for the year ended December 31, 2001 was Rs.6,594,035/-

NOTE 6 : Contingencies and Commitments

The company is obligated under a lease for its sales office in Pittsburgh at an annual base rent of Rs.3,162,023/- until December 31, 2005, which is the expiration of the lease. The lease provides for additional rent based upon escalations of real estate taxes and building operating expenses.

The Company also leases space for short-term occupancy for one year. The monthly rental payment for this location is approximately Rs.64,307/-.

The Company leases certain office equipment under a 36-month operating lease expiring in October 2003. Monthly minimum required payments are approximately Rs.9,634/-.

One of the Vendors filed suit against the company for recovery of its charges contracted by company's Franchisee, totaling Rs.1,484,985/-. Company is not legally liable for contractual commitments by the Franchisee, the liability is disputed.

NOTE 7 : Others

The Company has been merged with other US Corporation named Hexaware Technologies Inc. USA

For Mahendra Kumbhat & Associates,
Chartered Accountants

Manoj P. Shah	**Atul K. Nishar**	**Rusi Brij**
Partner	*(Director)*	*(Director)*

Place : Mumbai
Date : 11th March, 2002

AUDITOR'S REPORT

TO THE MEMBERS OF HEXAWARE TECHNOLOGIES INC,

We have audited the attached Balance Sheet of Hexaware Technologies Inc. (the "Company") as at 31st December 2001and the Profit and Loss Account for the year 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 (the "Act"), enclosed in the Annexure is the statement on matters specified in the said order to the extent applicable thereon.

2. 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, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books of accounts.

   c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

   d. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   e. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Act.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon gives information required by the Act, in the manner so required and give true and fair view of the,

      1) In case of Balance Sheet of the state of affairs of the company as at 31st December, 2001 and

      2) In case of Profit & Loss Account for the loss for the period ended on that date.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

MANOJ P. SHAH
Partner

Place : Mumbai
Date : 11th March, 2002

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph II of our Report on even date)

i. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management has physically verified all the assets. We are informed that no material discrepancies have been noticed on the assets physically verified by the Company.

ii. None of the fixed assets have been revalued during the year.

iii. The Company has taken loan from companies, firms and other parties required to be listed in the register to be maintained under section 301 and /or from the Companies under the same management as defined under section 370(1-B) of the Companies Act, 1956. In our opinion, the terms and condition including the rate of interest are prima facie not prejudicial to the interest of the company. In terms of sub section (6) of section 370 of the Act, provisions of the section 370 are not applicable to the company on or after the commencement of the companies (Amendment) Act, 1999

iv. The parties including the employees to whom loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and are paying interest, wherever, applicable.

v. In our opinion and according to the information and explanations given to us, it appears that, there are in general, adequate internal control procedures, commensurate with the size of the Company and the nature of business, with regard to purchase and sale of assets and services.

vi. According to the information and explanation given to us, the Company has entered into transactions for sale of goods, material and services with parties required to be register to be maintained under Section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices of such goods and services or at prices at which similar services are made available by other parties.

vii. The Company is yet to introduce internal audit system.

viii. According to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.

ix. In respect of services, consultancy and software solution rendered by the company:
   1. There are no materials used for the project.
   2. It has reasonable system of allocation of man-hours to the relevant consultancy contracts.
   3. It has a proper system of Internal Control for allocation of man-hours utilized and the same is commensurate with the size of the Company and nature of its business.

For **MAHENDRA KUMBHAT & ASSOCIATES**
Chartered Accountants

MANOJ P. SHAH
Partner

Place : Mumbai
Date : 11th March, 2002

Balance Sheet As At 31st December, 2001

Particulars	Schedule	As at 31st December, 2001 Rupees	Rupees	As at 31st December, 2000 Rupees	Rupees
Sources of Funds					
1. **Share Holders' Funds**					
A) Share Capital	"1"	**168,726,120**		147,929,160	
B) Reserves And Surplus	"2"	**20,895,421**		21,319,379	
			189,621,541		169,248,539
2. **Loan Funds**					
Secured Loans	"3"		**72,977,550**		556,740,500
			262,599,091		225,989,039
Application Of Funds					
1. **Fixed Assets :**	"4"				
A) Gross Block		**86,627,238**		74,861,021	
B) Less: Depreciation		**44,123,286**		20,902,687	
Net Block			**42,503,952**		53,958,334
2. **Investments**			**0**		26,44,621
3. **A) Current Assets, Loans And Advances :**	"5"				
Sundry Debtors		**352,166,939**		306,922,814	
Cash And Bank Balances		**45,302,685**		33,796,697	
Loans And Advances :		**93,779,868**		48,367,143	
		491,249,492		389,086,654	
Less:					
B) Current Liabilities And Provisions :	"6"				
i) Current Liabilities		**254,589,573**		165,079,783	
ii) Provisions		**80,324,124**		54,620,787	
		334,913,697		219,700,570	
Net Current Assets (A-B)			**156,335,795**		169,386,084
Debit Balance In Profit And Loss Account			**63,759,344**		0
			262,599,091		225,989,039
Significant Accounting Policies	"10"				
Notes Forming Part of Accounts	"11"				

Schedules 1 To 11 Form an Integral Part of The Accounts.
This is The Balance Sheet Referred to in our report of even date.

For **Mahendra Kumbhat & Associates,**
Chartered Accountants

Manoj P. Shah	**Atul K. Nishar**	**Rusi Brij**
Partner	(Chairman)	(Director)

Place : Mumbai
Date : 11th March, 2002

Profit And Loss Account For The Year Ended 31st December , 2001

Particulars	Schedule	For the year ended 31st December, 2001 Rupees	Rupees	For the year ended 31st December, 2000 Rupees	Rupees
Income					
Income From Operations	"7"		**1,214,130,667**		1,233,638,793
Expenditure					
Software Expenses		**531,250,220**		512,707,338	
Employment Expenses	"8"	**658,609,489**		593,285,194	
Administration And Other Expenses	"9"	**116,753,002**		108,561,947	
Depreciation		**21,319,685**		6,748,465	
			1,327,942,395		1,221,302,943
Profit / (Loss) For The Year			**(113,811,728)**		12,335,850
Income Tax Benefit			**42,420,300**		6,225,810
Profit / (Loss) After Tax			**(71,391,428)**		6,110,040

Significant Accounting Policies	"10"
Notes Forming Part of Accounts	"11"

Schedules 1 To 11 Form an Integral Part of The Accounts.
This is The Profit and Loss Referred to in our report of even date.

For **Mahendra Kumbhat & Associates,**
Chartered Accountants

Manoj P. Shah
Partner

Atul K. Nishar
(Chairman)

Rusi Brij
(Director)

Place : Mumbai
Date : 11th March, 2002

Schedules To Balance Sheet

Particulars	As at 31st December, 2001 Rupees	As at 31st December, 2001 Rupees	As at 31st December, 2000 Rupees	As at 31st December, 2000 Rupees
Schedule "1" - Stock Holders' Equity				
Authorised				
25,000 Comman Stock Of No Par Value		**0**		0
		0		0
Issued, Subscribed And Paid Up				
19,450 Comman Stock Of No Par Value		**168,726,120**		147,929,160
The Whole Of The Common Stock Is Held By The Parent Company Aptech Limited - India)				
		168,726,120		147,929,160
Schedule "2" - Reserve And Surplus				
Profit & Loss Account				
As per last Balance Sheet		**0**		1,522,044
Loss for the Year		**0**		6,110,040
Currency Translation Reserve		**20,895,421**		13,687,295
		20,895,421		21,319,379
Schedule "3" - Secured Loans				
From Banks		**72,977,550**		56,740,500
Secured By All The Assets				
Interest Payable At The Prime Rate.				
		72,977,550		56,740,500
Schedule "4" - Fixed Assets				
Computer	**70,452,382**		62,200,679	
Furniture And Fixtures	**11,879,734**		8,197,779	
Office Equipment	**4,295,174**		4,462,562	
		86,627,290		74,861,021
Less : Accumulated Depreciation		**43,463,773**		20,902,687
Net Block		**43,163,517**		53,958,334
Schedule "5" - Current Assets				
Sundry Debtors (Unsecured - Considered Good)				
More Than Six Months	**60,483,628**		306,922,814	
Others	**291,683,311**		0	
		352,166,939		306,922,814
Cash and Bank Balances		**45,302,685**		33,796,697
Loans And Advances (Unsecured - Considered Good)				
Prepaid Expenses & Other Current Assets	**28,455,334**		20,233,896	
Income Tax	**65,324,534**		28,133,248	
		93,779,868		48,367,143
		491,249,492		389,086,654

Schedules To Balance Sheet

Particulars	As at 31st December, 2001 Rupees	Rupees	As at 31st December, 2000 Rupees	Rupees
Schedule "6" - Current Liabilities And Provisions				
Current Liabilities				
Sundry Creditors	208,757,029		137,688,085	
Other Liabilities	45,832,544		27,391,698	
		254,589,573		165,079,783
Provisions				
Provision For Expenses	80,324,124		52,929,500	
Provision For Taxation	0		1,691,287	
		80,324,124		54,620,787
		334,913,697		219,700,570

Schedules To Profit And Loss Account

Particulars	For the year ended 31st December, 2001 Rupees	Rupees	For the year ended 31st December, 2000 Rupees	Rupees
Schedule "7" - Income From Operations				
Software and Consulting		1,212,106,858		1,229,120,417
Other Income		2,023,809		4,518,377
		1,214,130,667		1,233,638,793
Schedule "8" - Employment Expenses				
Salary And Other Allowances		574,160,956		528,965,487
Contribution To Staff Welfare Funds		78,816,156		43,043,452
Welfare Expenses		5,632,377		21,276,255
		658,609,489		593,285,194
Schedule "9" - Administrative And Other Expenses				
Rent		21,877,989		9,298,339
Travelling And Conveyance Expenses		44,437,578		37,542,141
Communication Expenses		20,527,306		16,368,839
Repairs And Maintenance				
Plant & Machinery		636,228		1,278,883
Printing And Stationery		50,612		2,757,779
Auditors Remuneration				
Audit Fees		142,350		1,246,679
Legal and Professional Fees		6,466,263		0
Bank Interest And Other Charges		5,792,900		16,319,260
Insurance Premium		3,289,671		3,075,010
Loss On Sale Of Assets (Net)		0		545,157
Debts Written Off		6,500,650		4,239,716
Staff Recruitment Expenses		0		5,935,846
Membership And Subscription		342,764		1,080,853
Miscellaneous Expenses		6,698,690		8,873,446
		116,763,002		108,561,947

SCHEDULES "10" SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Note 1 - Description of Business and Organization

Hexaware Technologies Inc, ("HTI" or "The Company") is a wholly owned subsidiary of Hexaware Technologies Limited, a foreign corporation incorporated in India. These accounts have been prepared to attach with the accounts of the Aptech limited, the parent company, to comply with the provisions of the Indian Companies Act. HTI's parent company merged with listed company named Aptech Limited.

The Company was organized in March 1994, under the laws of the State of New Jersey. The Company has authorized capital of 25,000 common stock of no par value, of which 19,450 common stock have been issued in consideration of Rs.78,560,000. During the year ended December 31, 2001, HTI's parent company invested an additional Rs.20,796,960 (in 2001) in the Company for a cumulative total of Rs. 90,166,120, which is being accounted for as additional paid-in capital.

Hexaware Technologies, Inc. provides information technology ("IT") services and solutions to its clientele, primarily in the form of professional IT staffing and consulting services. Its technological and managerial infrastructure also provides other value-added IT services, including client/server systems consultation and development, systems migration, re-engineering, E-commerce and maintenance services.

The Company has various regional sales offices in the United States and branch operations in Canada.

Note 2- Summary of Significant Accounting Policies

Conversion into India Rupees - For the purpose of these accounts all the Income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The Common Stock is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Currency Translation Reserve.

Revenue Recognition - The Company recognizes revenues as labor is invested in the performance of its service agreements. For fixed fee engagements or projects, revenues and profits are recorded under the percentage-of-completion method based on labor inputs. Accordingly, the Company records unbilled receivables and defers revenues as indicated by the status of each fixed fee project. Estimated losses are recorded when identified.

Marketable Securities -The marketable securities portfolio consists of trading securities which are carried at market value at the balance sheet date. Realized and unrealized holding gains and losses of trading securities are determined on the specific identification method and are included in income. Trading securities were acquired for no cost during the year 2000 and were sold as of the balance sheet date. During the year ended December 31' 2001 securities were sold for Rs.2,077,883.

Concentrations of Credit Risk - Financial instruments, which could subject the Company to a concentration of credit risk, include its free cash balances and trade accounts receivable. The Company maintains its cash balances in a major New Jersey financial institution. At times the balances may exceed federally insured limits of $100,000.

HTI's clients range from large multi-national companies to small regional IT staffing firms located in North America. During the years ended December 31, 2001 and 2000, the Company had revenues from five clients that accounted for approximately 62% and 44% of revenues respectively. The aggregate accounts receivable balances for these customers at December 31, 2001 and 2000 were Rs.86,649,641 and Rs.96,761,980. No other client accounted for more than 3% of revenues.

Accounts Receivable -An allowance for doubtful accounts receivable is provided based on the Company's historical collection experience and factors specific to each client's account balance. As of December 31,2001 and 2000 accounts receivable is recorded net of allowance for doubtful accounts receivable of Rs.11,416,290 and Rs.4,670,000.

Property and Equipment -Investment in property and equipment is stated at cost. Allowances for depreciation and amortization are provided over the estimated useful lives of the various asset classes, using the straight-line method.

Income Taxes -The Company records deferred tax assets and liabilities for differences between the financial statement and tax bases of assets and liabilities ("temporary differences"). These are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized.

Foreign Currency Translation -In operations in countries outside the U.S. and Canada, the local currencies are generally considered to be the functional currencies. Accordingly, where the U.S. dollar is used as the functional currency, foreign currency gains and losses are recorded in current earnings. Results of operations for the year ended December 31, 2001 and 2000 include a loss of Rs.4,277,475 and Rs.1,307,062 respectively resulting from Canadian currency fluctuations.

Reclassification -Certain prior year amounts have been reclassified to conform to current presentation.

Note 3 - Related Party Transactions

During the year ended December 31, 2001 and 2000, the Company purchased software programming and development services and personnel recruiting services from the parent company. For the years ended December 31, 2001 and 2000, the total accrued or paid by HTI for such services and included in cost of revenues are Rs.281,671,694 and Rs.330,750,859. As of December 31, 2001 and 2000, HTI has a net indebtedness to the parent company in the amount of Rs.144,721,852 and Rs.125,839,128 and is reflected as a payable. As of December 31, 2001 and 2000 the total receivable from the affiliate is Rs.13,047,567 and Rs.8,837,041.

Note 4 - Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for income taxes consists of the following:

	2001	2000
Current Taxes :	**Rs.**	Rs.
Total Current Taxes		
Federal		806220
State and Local	**237250**	1254120
Foreign	**3985800**	2597820
Total Current Taxes	**4223050**	4658160
Deferred Taxes:		
Federal	**(36109450)**	1119750
State and Local	**(10533900)**	447900
Total Deferred Tax Expense	**(46643350)**	1567650
Provision For Income Taxes	**(42420300)**	6225810

The provision for income taxes differs from the amount, which would be computed if statutory federal income tax rates were applied to pre-tax income. This is principally due to the availability of foreign tax credits, the taxes imposed by state and local regulations, net of federal income tax benefit, and the non deductibility of certain expenses.

Significant components of the Company's deferred tax assets (liabilities) consist of the following:

	2001	2000
	Rs.	Rs.
Unrealized Gain on Marketable Securities		
Provision For Doubtful Accounts	**4527980**	2148200
Accumulated Depreciation	**674380**	326900
Accrued Vacation	**4094450**	2475100
Accrued Taxes	**867060**	840600
Alternative Minimum Tax Credit ("AMT")	**1685950**	2008100
Foreign Tax Credit	**4046280**	3595900
Contribution carry over	**289020**	
Net Operating Losses carry forward	**40848160**	
	57033280	10507500
Less: Valuation Allowance	**4046280**	3595900
Net Deferred Tax Asset:	**Rs. 52987000**	Rs 6911600

As of December 31, 2001 And 2000 the Company recorded a valuation allowance to partially offset deferred tax assets, due to the uncertainty of realizing any future tax benefits of unused foreign tax credits. The utilization of foreign tax credits is calculated by a formula and limited by statute. For federal income tax reporting, an AMT credit of approximately Rs.1,685,950 is available to reduce future regular federal income taxes.

Note 5 -Note Payable -Bank

The company borrows from its banking facility for its working capital requirements. The agreement with the bank is subject to certain financial covenants including, among others, restrictions on the utilization of loan proceeds and on supplemental sources of financing. Additionally, the Company is required to maintain a defined level of tangible net worth and a specific ratio of debt to tangible net worth. As of December 31,2001 and 2000, the maximum line of credit limitation is equal to the lesser of $2,500,000 or 65% of the aggregate amount of eligible receivables outstanding at any given time. The unpaid balance as of December 31, 2001 and 2000 is Rs.72,977,550 and Rs.56,740,500 and bears interest at the prime rate. The note, which expires on December 31' 2001, is secured by all the assets of the Company and a financing statement covering this collateral is filed pursuant to the uniform commercial code.

As of December 31, 2001 and 2000 the Company is contingently liable on a standby letter of credit for the benefit of an affiliated company in the amount of Rs.12,042,500.

Note 6- Retirement Plan

The Company maintains a defined contribution savings plan covering eligible employees which is governed by the regulations under IRC 401 (k). The Company makes contributions up to a specific percentage of participants' contributions. For the years ended December 31, 2001 and 2000, the Company's contributions to the plan approximated Rs.422,305 and Rs.331,446.

Note 7 - Commitments

The Company leases space for it's main office at Five Independence Way, Princeton, New Jersey. The lease on this space expires June 18, 2003, and contains an option for the Company to renew for an additional term to expire no later than June 30, 2006. The Company also leases space for its sales offices in Chicago, Philadelphia, San Jose, and Toronto with expiration dates ranging from August 2002 through December 2004. Certain leases are subject to annual escalations and operating expense increases, which are assessed on a pro-rata basis.

The approximate minimum rental commitments under these leases are as follows:

Year Ending	Amount
2002	Rs. 11,572,505
2003	6,630,649
2004	1,203,094
Total	**Rs. 19,406,248**

The Company also leases furnished space for short-term occupancy ranging from one month to one year. The aggregate monthly rental payments for these seven locations total approximately Rs.486,363.

The Company leases computer equipment under 36-month operating leases expiring between April 2002 and October 2004. Monthly minimum required rental payments are Rs.132,053.

The Company is obligated under ten capital leases for computer equipment, which leases expire between May 2002 and May 2004. Assets under capital leases are capitalized using interest rates determined at the inception of the lease.

The aggregate Maturities under these capital leases are as follows:

Year Ending	Amount
2002	Rs. 1,855,412
2003	1,135,030
2004	118,787
Total	**Rs. 3,109,229**

One of the vendors of related party filed suit against the company for recovery of its charges contracted by its Franchisee totaling Rs. 1,484,985/-. Related party is not contractually liable for contractual commitments by its Franchisee. The liability is disputed.

For **Mahendra Kumbhat & Associates,**
Chartered Accountants

Manoj P. Shah	**Atul K. Nishar**	**Rusi Brij**
Partner	(Chairman)	(Director)

Place : Mumbai
Date : 11th March, 2002

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31st December 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £ 312,625 (2000 £256,206).

The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company's principal activities are software development and IT consultancy services.

FIXED ASSETS

The movements in the fixed assets of the company during the period are summarised in note 6 to the financial statements.

DIRECTORS AND THEIR INTEREST

The directors who served throughout the period, and their beneficial interest in the issued share capital of the company are as follows:

	Ordinary shares at 31.12.01	Ordinary shares at 31.12.00
Mr G. Natarajan (Resigned 11/06/01)	Nil	Nil
Mr A. Nishar (Appointed 11/06/01)	Nil	Nil
Mr S. Surya	Nil	Nil

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Butler & Co. as auditors will be submitted at the Annual General Meeting.

By Order of the Board:

Mr S. Surya
Director

Date: 22nd February 2002

AUDITORS' REPORT

TO THE SHAREHOLDERS OF APTECH WORLDWIDE EUROPE LIMITED

We have audited the financial statements on pages 71 to 72 which have been prepared under the historical cost convention and the accounting policies set out on page 73.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 69 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

UNCERTAINTY

The financial statements have been prepared on a going concern basis and assume that funds will continue to be made available by the shareholders to enable the company to continue trading and therefore do not include adjustments that would result from a failure to obtain continuing financial support. Details of the circumstances relating to this uncertainty are described in note 1. Our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Butler & Co.
Chartered Accountants and
Registered Auditors

Date: 22nd February 2002
Walmar House
288-292 Regent Street
London W1B 3AL

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001		2000	
		£	£	£	£
TURNOVER - Continuing operations	2		**908,761**		950,716
COST OF SALES			**245,456**		649,895
GROSS PROFIT			**663,305**		300,821
ADMINISTRATIVE EXPENSES		**979,852**		561,058	
OTHER OPERATING INCOME		**(3,922)**		(4,031)	
			975,930		557,027
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3		**(312,625)**		(256,206)
TAX ON PROFIT ON ORDINARY ACTIVITIES	5		—		—
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			**(312,625)**		(256,206)
DIVIDENDS			—		—
			(312,625)		(256,206)
ACCUMULATED (LOSS) BROUGHT FORWARD			**(388,835)**		(132,629)
ACCUMULATED (LOSS) CARRIED FORWARD			**£(701,460)**		£(388,835)

The company had no recognised gains or losses other than the loss for the year as shown above.
The notes on pages 73 to 74 form part of these accounts.

Mr. S. Surya
Director

BALANCE SHEET AS AT 31ST DECEMBER 2001

	Notes	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Tangible Assets	6		**17,132**		33,658
CURRENT ASSETS					
Work in Progress	7	**29,322**		2,678	
Debtors	8	**93,005**		238,963	
Cash at bank & in hand		**2,143**		293,842	
		124,470		535,483	
CREDITORS: amounts falling due within one year	9	**(187,878)**		(547,976)	
Net current (liabilities)			**(63,408)**		(12,493)
Total assets less current liabilities			**(46,276)**		21,165
CREDITORS: amounts falling due after more than one year			**(245,184)**		—
			£(291,460)		£ 21,165
CAPITAL AND RESERVES					
Called up share capital	10		**410,000**		410,000
Profit & Loss account			**(701,460)**		(388,835)
Shareholders' funds	11		**£(291,460)**		£ 21,165

The financial statements were approved by the Board on 22nd February 2002.
The notes on pages 73 to 74 form part of these financial statements.

Mr S. Surya
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2001

1. **ACCOUNTING POLICIES**

Basis of Preparation

The financial statements are prepared in accordance with applicable accounting standards, under the historical cost convention and on the going concern basis.

As at 31st December 2001 the company's current liabilities exceeded current assets by £ 63,408. However, the directors of the company consider that the going concern basis is appropriate in view of the assurance of continuing financial support which the company have received from its shareholders.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standards No. 1 from producing a cash flow statement on the grounds that it is a small company.

Depreciation

Depreciation is calculated to write off the cost or re-valued amount less estimated residual value of fixed assets on a straight line basis over their estimated useful lives as follows:

Office Equipment	-	25% on cost
Fixtures and Fittings	-	25% on cost

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

All differences are taken to the profit and loss account.

2. **TURNOVER**

Turnover represents the invoiced amount of services rendered and is stated net of Value Added Tax.

The turnover and pre-tax loss is attributable to the principal activity of the company. The analysis of turnover by geographical markets is as follows:-

	2001 £	2000 £
UK	**707,320**	624,393
Europe	**201,441**	326,323
	£ 908,761	£ 950,716

3. **OPERATING PROFIT**

	2001 £	2000 £
This is stated after charging:		
Directors' Remuneration	**171,511**	109,248
Auditors' Remuneration	**2,000**	1,500
Depreciation	**14,499**	12,016

4. **STAFF COSTS**

	2001 £	2000 £
Wages and salaries	**678,038**	335,964
Social security costs	**46,657**	20,537
	£ 724,695	£ 356,501

The average weekly number of employees during the period was made up as follows:

	2001 No.	2000 No.
Office management	**2**	2
Software consultants	**9**	9
	11	11

5. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

The company has tax losses of £ 674,999 (subject to Inland Revenue approval) to carry forward against future profits.

6. **TANGIBLE FIXED ASSETS**

COST	Fixtures & Fittings £	Office Equipment £	Total £
At 1 January 2001	26,989	19,541	46,530
Additions	—	11,468	11,468
Disposals	(26,989)	—	(26,989)
At 31 December 2001	—	31,009	31,009
DEPRECIATION			
At 1 January 2001	6,747	6,125	12,872
Charge for the year	6,747	7,752	14,499
On disposals	(13,494)	—	(13,494)
At 31 December 2001	—	13,877	13,877
NET BOOK VALUE			
At 31 December 2001	£ —	£ 17,132	£ 17,132
At 31 December 2000	£ 20,242	£ 13,416	£ 33,658

7. **WORK IN PROGRESS**

	2001 £	2000 £
Software development projects	£ 29,322	£ 2,678

8. **DEBTORS**

	2001 £	2000 £
Trade debtors	66,099	211,866
Other debtors	26,906	20,321
Prepayments	—	6,776
	£ 93,005	£ 238,963

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £	2000 £
Bank overdraft	755	-
Trade creditors	133,392	460,892
Other creditors	16,690	4,646
Accruals	9,733	43,482
Other taxes and social security	27,308	38,956
	£ 187,878	£ 547,976

10. **SHARE CAPITAL**

	2001 £	2000 £
Authorised :		
1m Ordinary shares of £1 each	£ 1m	£ 1m
Allotted, called up and fully paid :		
410,000 Ordinary shares of £1 each	£ 410,000	£ 410,000

11. **SHAREHOLDERS' FUNDS**

	2001 £	2000 £
Balance brought forward	21,165	127,371
Share capital issued	—	150,000
(Loss) for the year	(312,625)	(256,206)
Balance carried forward	£ (291,460)	£ 21,165

12. **ULTIMATE HOLDING COMPANY**

The company is a wholly owned subsidiary of Aptech Limited, a company incorporated in India.

COMPANY INFORMATION
for the Year Ended 31 December 2001

DIRECTORS	A K Nishar S Surya
SECRETARY	S Surya
REGISTERED OFFICE	2nd Floor Buckingham Court Buckingham Gardens Slough Berkshire SL1 1HP
REGISTERED NUMBER	03362393 (England and Wales)
AUDITORS	The Pearlman Caplan Practice Registered Auditors Chartered Accountants Athene House The Broadway Mill Hill London NW7 3TB
BANKERS	The Royal Bank of Scotland Slough Branch 67 High Street Slough SL1 1BZ
SOLICITORS	Mischon de Reya 21 Southampton Row London WC1B 5HS

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2001

The directors present their report with the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES
The principal activities of the company in the year under review were those of specialised I.T. services primarily focused in the following areas - EMU, ERP, E-Commerce and Consultancy.

The company provided high quality and cost effective services through its proven Onsite / Offshore project Methodology called SatNet, using the parent company's state-of-the-art software factories in Mumbai (Bombay) and Chennai (Madras), India.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

The general economy for companies in the IT sector throughout the year was bleak.

The company's parent company merged with Aptech Ltd during the year. The strengths of the Hexaware Technologies Ltd in the fields of EAI (Enterprise Application Intergration), People Software and Application Maintenance are enhanced by the attributes of Aptech Ltd which are in the fields of E-Business, Knowledge Management and Embedded Technologies. Aptech Ltd also bring to the company an expanded world-wide skill base and access to world-wide locations.

The directors believe that this will move the company forward.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2001.

DIRECTORS
The directors during the year under review were:

D A Langley - resigned 29.6.01

A K Nishar

S Surya - appointed 29.6.01

The directors holding office at 31 December 2001 did not hold any beneficial interest in the issued share capital of the company at 1 January 2001 (or date of appointment if later) or 31 December 2001.

PAYMENTS TO SUPPLIERS
The company has no specific policy with regard to the payment of suppliers. The terms agreed vary according to the supplier, however the company endeavours to pay according to the suppliers terms.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, The Pearlman Caplan Practice, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

S Surya
Director

Dated: 1st March, 2002

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF HEXAWARE TECHNOLOGIES EUROPE LTD

We have audited the financial statements of Hexaware Technologies Europe Ltd for the year ended 31 December 2001 on pages 79 to 80. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 76 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures in Note 1 of the financial statements concerning the continued support of the holding company. The financial statements have been prepared on the going concern basis on the grounds that this support will continue for the foreseeable future. In view of the significance of this uncertainty we consider that it should be drawn to your attention. Our audit opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The Pearlman Caplan Practice
Registered Auditors
Chartered Accountants
Athene House, The Broadway
Mill Hill, London NW7 3TB
Dated : 4th March, 2002

PROFIT AND LOSS ACCOUNT

for the Year Ended 31 December 2001

	Notes	31.12.01 £	31.12.00 £
TURNOVER	2	1,335,830	1,645,109
Cost of sales		(1,372,116)	(978,924)
GROSS (LOSS)/PROFIT		(36,286)	666,185
Administrative expenses		(1,646,249)	(1,242,396)
OPERATING LOSS	4	(1,682,535)	(576,211)
Interest receivable and similar income		704	833
		(1,681,831)	(575,378)
Interest payable and similar charges	5	(10,513)	(4,760)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,692,344)	(580,138)
Tax on loss on ordinary activities	6	—	—
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(1,692,344)	(580,138)
Deficit brought forward		(701,792)	(121,654)
DEFICIT CARRIED FORWARD		£(2,394,136)	£(701,792)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

The notes form part of these financial statements

BALANCE SHEET

31 December 2001

	Notes	31.12.01 £	31.12.01 £	31.12.00 £	31.12.00 £
FIXED ASSETS					
Intangible assets	7		**—**		210,375
Tangible assets	8		**57,822**		82,063
			57,822		292,438
CURRENT ASSETS					
Debtors	9	**319,613**		626,181	
Cash at bank and in hand		**5,119**		22,364	
		324,732		648,545	
CREDITORS: Amounts falling due within one year	10	**(1,426,690)**		(692,775)	
NET CURRENT LIABILITIES			**(1,101,958)**		(44,230)
TOTAL ASSETS LESS CURRENT LIABILITIES :			**£(1,044,136)**		£248,208
CAPITAL AND RESERVES					
Called up share capital	13		**1,350,000**		950,000
Profit and loss account			**(2,394,136)**		(701,792)
SHAREHOLDERS' FUNDS	16		**£(1,044,136)**		£248,208

ON BEHALF OF THE BOARD

S Surya
Director

Approved by the Board on 1st March, 2002

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2001

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
The financial statements have been prepared on the going concern basis on the basis of representations made by the directors of the holding company of continued financial support for the foreseeable future.

Accounting convention
The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1
Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover
Turnover represents net invoiced sales of goods and services, excluding value added tax.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of a business in 1998, is being written off evenly over its estimated useful life of four years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	-	25% on cost
Fixtures and fittings	-	25% on cost
Computer equipment	-	25% on cost

Deferred taxation
Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Research and Development

Development costs of computer software are capitalised once a detailed program design has been established and are amortised on the straight line basis over 4 years. Where due to technological advances any unamortised costs are considered no longer of value, they are immediately written off. Other research and development expenses are charged to the profit and loss account in the year in which they are incurred.

Leased Assets
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

2. **TURNOVER**
The turnover and loss before taxation are attributable to the principal activities of the company.
An analysis of turnover by geographical market is given below:

	31.12.01 £	31.12.00 £
UK Sales	**1,157,595**	1,446,070
EC Sales	**178,235**	199,039
	1,335,830	1,645,109

3. **STAFF COSTS**

	31.12.01 £	31.12.00 £
Wages and salaries	**1,221,609**	1,096,777
Social security costs	**69,330**	69,387
	1,290,939	1,166,164

The average monthly number of employees during the year was as follows:

	31.12.01	31.12.00
Administration	**2**	3
Technical consultants	**26**	21
General management	**1**	2
Sales management	**2**	3
	31	29

4. **OPERATING LOSS**

The operating loss is stated after charging/(crediting)

	31.12.01 £	31.12.00 £
Depreciation - owned assets	**32,283**	45,994
Goodwill written off	**12,000**	12,000
Research & Development written off	**198,375**	82,200
Auditors' remuneration	**4,500**	7,500
Foreign exchange differences	**(506)**	5,416
Directors' emoluments	**60,181**	113,870
Compensation to director for loss of office	**37,500**	27,000

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.01 £	31.12.00 £
Bank interest	**1,191**	260
Interest Payable	**9,322**	4,500
	10,513	4,760

6. **TAXATION**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2001 nor for the year ended 31 December 2000.

7. **INTANGIBLE FIXED ASSETS**

	Goodwill £	Research & Development £	Totals £
COST			
At 1 January 2001 and 31 December 2001	**48,000**	**330,100**	**378,100**
AMORTISATION			
At 1 January 2001	**36,000**	**131,725**	**167,725**
Charge for year	**12,000**	**198,375**	**210,375**
At 31 December 2001	**48,000**	**330,100**	**378,100**
NET BOOK VALUE			
At 31 December 2001	—	—	—
At 31 December 2000	**12,000**	**198,375**	**210,375**

Amortisation of research and development is increased by £99,187 as a result of the permanent diminution in value during the year.

8. **TANGIBLE FIXED ASSETS**

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2001	20,809	35,849	129,485	186,143
Additions	-	270	7,771	8,041
At 31 December 2001	20,809	36,119	137,256	194,184
DEPRECIATION				
At 1 January 2001	11,549	18,420	74,110	104,079
Charge for year	5,202	9,030	18,051	32,283
At 31 December 2001	16,751	27,450	92,161	136,362
NET BOOK VALUE				
At 31 December 2001	4,058	8,669	45,095	57,822
At 31 December 2000	9,260	17,428	55,375	82,063

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.01 £	31.12.00 £
Trade debtors	**293,086**	469,513
Accrued income	**—**	92,816
Prepayments	**16,613**	26,895
Other debtors	**9,914**	36,957
	319,613	626,181

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.01 £	31.12.00 £
Bank loans and overdrafts (see note 11)	**5,576**	-
Trade creditors	**219,352**	76,863
Other creditors	**965**	2,842
Amounts due to group undertakings	**794,637**	307,597
V.A.T.	**117,725**	115,659
Social security & other taxes	**269,268**	183,615
Accrued expenses	**19,167**	6,199
	1,426,690	692,775

11. **LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below

	31.12.01 £	31.12.00 £
Amounts falling due within one year or on demand		
Bank overdrafts	**5,576**	—

12. **OBLIGATIONS UNDER LEASING AGREEMENTS**

The following payments are committed to be paid within one year:

	Operating leases: Land and buildings		Operating leases: Other	
	31.12.01 £	31.12.00 £	**31.12.01 £**	31.12.00 £
Expiring :				
Within one year	**35,000**	54,475	**26,848**	25,922
Between one and five years	**140,000**	140,000	**27,201**	37,982
In more than five years	**—**	175,000	**—**	—
	175,000	369,475	**54,049**	63,904

13. **CALLED UP SHARE CAPITAL**

Number:	Class:	Nominal value:	**31.12.01 £**	31.12.00 £
Authorised:				
2,000,000 (31.12.00 - 1,000,000)	Ordinary	£1	**2,000,000**	1,000,000
Allotted, issued and fully paid:				
1,350,000 (31.12.00 - 950,000)	Ordinary	£1	**1,350,000**	950,000

14. **ULTIMATE PARENT COMPANY**

The directors are of the opinion that the parent company is Aptech Limited, a limited company registered in India. The group accounts may be obtained from Seepz, Andheri (East), Mumbai, India.

15. **RELATED PARTY DISCLOSURES**

The company had intergroup transactions with Hexaware Technology International Inc (USA), Hexaware Technologies Ltd (India) and Aptech Ltd (India). In total charges raised by the company to group members during the year amounted to £62,000 (2000: £293,410) and charges made by group members amounted to £525,524 (2000: £403,256). There was also interest payable by the company to Hexaware Technology International Inc of £9,322 (2000: £4,500). At the balance sheet date the balance owed to group members amounted to £808,375 (2000: £440,098) and the balance due from group members amounted to £13,738 (2000: £244,758). All transactions during the period were under normal commercial terms.

16. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.01 £	31.12.00 £
Loss for the financial year	**(1,692,344)**	(580,138)
Share Capital Allotted	**400,000**	700,000
Net (reduction)/addition to shareholders' funds	**(1,292,344)**	119,862
Opening shareholders' funds	**248,208**	128,346
Closing shareholders' funds	**(1,044,136)**	248,208
Equity interests	**(1,044,136)**	248,208

AUDITORS' REPORT

To the Shareholders of
Specsoft Consulting, Inc.
2290 N. First Street, # 204
San Jose, CA 95131

We have audited the accompanying balance sheet of Specsoft Consulting, Inc. as of December 31, 2001 and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Specsoft Consulting, Inc. as of December 31, 2001, and the results of their operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

The 2000 Financial statements were reviewed by us and our report thereon, dated February 26.2001. stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Naresh Arora, CPA Inc.
Certified Public Accountant

Santa Clara, California
February 22, 2002

Balance Sheet as of December 31, 2001

	2001	2000
ASSETS		
Current Assets		
Cash and cash equivalents	**$440,144**	$119,927
Accounts receivable, net of allowance for doubtfuls	**886,534**	1,543,230
Deferred tax assets	**114,000**	--
Other current assets	**78,849**	116,235
Total current assets	**1,519,528**	1,779,392
Property and equipment, at cost	**91,687**	84,506
Less : Accumulated depreciation	**(45,096)**	(48,373)
Net property and equipment	**46,591**	36,133
Other assets	**129,541**	129,541
Total assets	**1,695,661**	1,945,067
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**307,565**	746,706
Accounts payable to related party	**760,841**	200,000
Total current liabilities	**1,068,406**	946,706
Long term liability		
Note payable - related party	**350,000**	500,000
Total long term liability	**350,000**	500,000
Shareholders' Equity		
Common stock, no par value Authorized shares - 1,000,000 Issued and outstanding shares - 150,000	**72,020**	72,020
Retained earnings	**205,234**	426,341
Total Shareholders' Equity	**277,254**	498,361
Total liabilities and shareholders' equity	**1,695,661**	1,945,067

Accompanied notes are an integral part of these financial statements.

Statement of Income for the Year Ended December 31, 2001

	2001	2000
Revenue	**$7,278,836**	$8,462,505
Cost of revenue	**5,157,020**	5,957,669
Gross margin	**2,121,816**	2,504,846
Operating expenses:		
General and administrative expenses	**2,401,368**	1,917,915
Financial expenses	**25,305**	40,970
Total operating expenses	**2,426,673**	1,958,885
Other Income		
Gain on disposal of asset	**834**	—
Income before provision for income taxes	**(304,023)**	545,961
Income taxes		
Current year - income tax expense/(benefit)	**(114,000)**	190,398
Prior year income tax expense	**31,084**	—
	(82,916)	190,398
Net Income/ (loss)	**(221,107)**	355,563)
Retained earnings, beginning of year	**426,341**	70,778
Retained earnings, end of year	**205,234**	426,341

Accompanied notes are an integral part of these financial statements.

Statement Of Cash Flows For The Year Ended December 31, 2001

	2001	2000
Cash flows from operating activities :		
Net income/(loss)	**($221,107)**	$355563
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation	**(3,277)**	16,900
(Increase) Decrease in accounts receivable	**656,696**	(257,459)
(Increase) in deferred tax benefit	**(114,000)**	--
(Increase) Decrease in other current assets	**37,386**	(172,295)
(Decrease) in accounts payable and accrued expenses	**(439,141)**	(319,583)
Increase in accounts payable to related party	**560,841**	200,000
(Increase) Decrease in notes payable to bank	**—**	(250,000)
Net cash provided by operating activities	**4,77,398**	(426,874)
Cash flows from investing activities :		
Purchase of equipment	**(7,181)**	(36,064)
Net cash used in investing activities	**(7,181)**	(36,064)
Cash flows from financing activities:		
Note payable - Related party	**(150,000)**	500,000
Net cash used in financing activities	**(150,000)**	500,000
Net increase in cash and cash equivalents	**320,217**	37,062
Cash and cash equivalents, beginning of year	**119,927**	82,865
Cash and cash equivalents, end of year	**440,144**	119,927

Accompanied notes are an integral part of these financial statements.

Notes to Financial Statements December 31, 2001

A. BUSINESS ORGANIZATION

Specsoft Consulting, Inc. (the "Company") is in the business of employing highly skilled computer engineering consultants and providing its clients with a wide range of professional services in such areas as client/server design and development, enterprise resource planning, applications maintenance and systems and database administration. The company was formed on March 18, 1996 in California.

The Company, in the year 2000, became a wholly owned subsidiary of Aptech, Ltd., a company organized and existing under the laws of India.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents : For purposes of the statement of cash flows, the Company considers all instruments with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk : The Company's cash and cash equivalents are subject to potential concentrations of credit risk, as the Company has cash deposits in excess of federally insured limits.

Allowance for bad debts : Bad debts and allowances are provided based upon industrial norms and management's evaluation of outstanding accounts receivable.

Property and equipment : Property and equipment are stated at cost. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using straight-line method over the estimated useful lives of the depreciable assets as follows:

Computer Equipment	5 Years
Furniture & Fixtures	15 Years

When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Revenue recognition : The company recognizes revenue on time-and-materials contracts as the services are performed for the clients. Revenues on fixed-price contracts are recognized using the percentage of completion method. Percentage of completion is determined by relating the actual cost of work performed to date to the estimated total cost of each contract. If the estimate indicates a loss on a particular contract, a provision is made for the entire estimated loss without reference to the percentage of completion.

Stock based compensation : Statement of Financial Accounting Standards No. 123 ("SFAS 123") requires that companies either recognize compensation expense for grants of stock, stock options and other equity investments based on fair value, or provide disclosure of net income (loss) and earnings (loss) per share in the notes to the financial statements. The Company applies APB Opinion No. 25 and related interpretations in accounting for its plan. Accordingly, no compensation cost has been recognized under SFAS 123 for the Company's stock option plans, and footnote disclosure is provided.

Income Taxes : Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

Use of Estimates : The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. ACCOUNTS RECEIVABLE

Accounts receivable aged by due dates consists of the following:

	Dec. 31, 2001	Dec. 31, 2000
Current	$ 415,146	865,964
Past due 1 – 30 days	242,774	598,188
Past due 31 – 60 days	77,411	133,510
Past due 61 – 90 days	36,478	30,613
Past due 91 days and over	206,631	1,529
Total	978,440	1,629795
Less: allowance for doubtful debts	85,866	86,565
Net accounts receivable	$ 886,534	1,543,230

Notes to Financial Statements December 31, 2001 *(Contd.)*

D. DEFERRED TAX ASSET

Components of the deferred tax assets as of December 31, 2001 :

Deferred tax asset attributed to net operating loss carryover	**$114,000**
	114,000

E. PROPERTY AND EQUIPMENT

At December 31, 2001 property and equipment consists of the following:

	2001	2000
Computer equipment	$ 62,652	$ 55,033
Furniture and fixtures	29,035	29,473
Total	91,687	84,506
Less: accumulated depreciation	48,111	48,373
Net property and equipment	$ 43,576	$ 36,133

F. OTHER ASSETS

At December 31, 2001 other assets consists of the following:

	2001	2000
Certificate of deposit	$ 108,000	$ 108,000
Security deposits	21,541	21,541
Total	$ 129,541	$ 129,541

The certificate of deposit is assigned to State Bank of India as collateral for a standby letter of credit for $108,000 for the leased office premises.

G. NOTES PAYABLE - BANK

The company has a credit facility with State Bank of India with a maximum borrowing limit of $500,000. Interest on advances is charged at 9.75%. Borrowing under the agreement is collateralized by substantially all the Company's assets. As of December 31, 2001 the outstanding balance was $0.

H. RELATED PARTY TRANSACTIONS

The Company has an interest bearing promissory note payable to the shareholder which is due on October 5, 2003. Interest is charged at 5% over 3 month LIBOR. At December 31, 2001 the related party note payable outstanding balance was $350,000 and the interest payable outstanding balance, included in accounts payable to related party, was $7,260.

During the year the Company incurred expenses on behalf of a company under the same management and control. At December 31, 2001 the outstanding balance due from such company, included in other current assets, was $5,726.

The Company rendered $221,172 worth of software consulting services to related parties. At December 31, 2001 total accounts receivable included $87,072 outstanding and due from those related parties.

The Company obtains management consulting services from the parent company. For the year ended December 31, 2001 the Company has recorded management fee of $600,000. At December 31, 2001 the accounts payable to related party included $750,000 due towards management fee to the parent company.

Notes to Financial Statements December 31, 2001 *(Contd.)*

I. COMMITMENTS AND CONTINGENCIES

The Company is contingently liable under non-cancelable operating leases for its office expiring on October 31, 2005. The rent expense for office, inclusive of operating expenses payable under lease terms, for the year ended December 31, 2001 was $232,888, of which a total of $45,600 was recovered from companies sharing office space.

Future minimum rental payments under these leases are as follows:

Twelve months ending	
December 31, 2002	$209,488
December 31, 2003	219,966
December 31, 2004	230,964
December 31, 2005	200,420
Total	**$860,838**

At December 31, 2001 the Company is also contingently liable for outstanding letters of credit, for standby letter of credit for leased premises, of $108,000.

J. PROFIT SHARING PLAN

The Company adopted 401(K) profit sharing plan covering all eligible employees. The employees become eligible to participate after completing one year of service and thousand hours of service. The employees become fully vested after three years of service. The Company has made no contribution to this plan for the year ended December 31, 2001.

Accompanied notes are an integral part of these financial statements.

Directors' Report

The directors present their report to the members together with the audited financial statements of the company for the year ended 31 October 2001.

1. The directors in office at the date of this report are :
   Uday Mahesh Tembulkar
   Harshadkumar Ramanlal Shah (appointed on 15.5.2001)

2. The principal activities of the company are developing, designing, licensing software products and program and providing information technology consultancy services. There have been no significant changes in the nature of these activities during the financial year.

3. Results

Results	S$
Profit after taxation	50,225
Accumulated losses brought forward	(255,777)
Accumulated losses carried forward	(205,552)

4. During the financial year, the Company did not acquire or dispose of any interests in subsidiary companies.

5. There were no material transfers to or from provisions during the financial year except for normal amounts set aside for such items as depreciation as shown in the financial statements.
   There were no material transfers to or from reserves during the financial year

6. The company did not issue any shares or debentures during the financial year.

7. Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits through the acquisition of shares or debentures of the company or any other body corporate.

8. None of the directors holding office at the end of the financial year had an interest in any shares or debentures of the company or any related corporation at the beginning and end of the financial year as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50.

9. The directors do not recommend any dividend to be paid in respect of the financial year.
   No dividends were declared or paid during the financial year in respect of the company's previous financial year.

10. Before the financial statements were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts were written off and that no provision was required for doubtful debts.
    At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts inadequate to any material extent or require the setting up of a provision for doubtful debts in the financial statements of the company.

11. Before the financial statements were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business were written down to their estimated realisable values or that adequate provisions have been made for the diminution in the values of such current assets.
    At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which will render the values attributed to the current assets misleading.

12. Before the financial statements were made out, the directors took reasonable steps to ensure that all non-current assets of the company are shown at amounts which, having regard to their values to the company as a going concern, do not exceed the amounts which would be recoverable over their useful lives or on their disposal.

At the date of this report, the directors are not aware of any circumstances, which will render the values attributable to non-current assets, excessive in relation to their values to the company as a going concern.

13. At the date of this report, no charges have arisen since the end of the financial year on the assets of the company, which secure the liability of any other person, nor have any contingent liabilities arisen since the end of the financial year.

14. No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of this financial year which, in the opinion of the directors, will or may affect the ability of the company to meet its obligations as and when they fall due.

15. At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render any amount stated in the financial statements misleading.

16. In the opinion of the directors, the results of the operations of the company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

17. In the opinion of the directors, no items, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the company for the current financial year in which this report is made.

18. Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the financial statements), by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

19. There were no options granted during the financial year to subscribe for unissued shares of the company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

20. Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board

Uday Mahesh Tembulkar
Harshadkumar Ramanlal Shah } *Directors*

13 December 2001

Statement By Directors

In the opinion of the directors of APTECH WORLDWIDE PTE LTD,

(a) the accompanying balance sheet, income statement and statement of changes in equity together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 October 2001 and of its results and changes in equity for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Board

Uday Mahesh Tembulkar
Harshadkumar Ramanlal Shah
Directors

13 December 2001

Report Of The Auditors

To The Members of
APTECH WORLDWIDE PTE LTD
(Incorporated in Singapore)

We have audited the financial statements of Aptech Worldwide Pte Ltd for the financial year ended 31 October 2001 set out on pages 6 to 14. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

   (i) the state of affairs of the company as at 31 October 2001 and of its results and changes in equity for the financial year ended on that date; and

   (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements.

(b) the accounting and other records, and the registers required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Singapore
13 December 2001

SHANKER IYER & CO
Certified Public Accountants

Balance Sheet as at 31 October 2001

	Note	2001 S$	2000 S$
NON-CURRENT ASSETS			
Plant and equipment	3	**99,063**	14,184
CURRENT ASSETS			
Cash and cash equivalents	2(e)	**210,663**	30,693
Trade receivables		**471,060**	303,055
Other receivables	4	**51,195**	41,240
Amounts owing by holding company	5	**11,170**	1,040
Deferred tax asset	11	**9,505**	-
		753,593	376,028
Less:-			
CURRENT LIABILITIES			
Trade payables		**19,801**	12,513
Other payables	6	**24,116**	29,973
Amount owing to a related party	7	**139,323**	-
Amounts owing to holding company	5	**374,968**	103,503
		558,208	145,989
NET CURRENT ASSETS		**195,385**	230,039
NET ASSETS		**294,448**	244,223
SHAREHOLDERS' EQUITY			
Share capital	8	**500,000**	500,000
Accumulated losses		**(205,552)**	(255,777)
		294,448	244,223

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Income Statement for the Year Ended 31 October 2001

	Note	2001 S$	2000 S$
REVENUES			
Software and consulting revenue	2(f)	**2,447,687**	1,723,620
Other revenue	9	**6,725**	132
Total revenues		**2,454,412**	1,723,752
COSTS AND EXPENSES			
Software development and service costs		**275,584**	187,100
Depreciation	3	**14,707**	6,042
Exchange loss		**8,702**	1,413
Staff and related costs		**1,956,029**	1,357,683
Operating expenses		**158,670**	153,115
Total costs and expenses		**2,413,692**	1,705,353
PROFIT FROM OPERATING ACTIVITIES	10	**40,720**	18,399
TAXATION	11	**9,505**	-
PROFIT AFTER TAXATION		**50,225**	18,399

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statement of Changes in Shareholders' Equity for the Year Ended 31 October 2001

	Share capital S$	Accumulated losses S$	Total S$
2001			
Balance as at 1 November 2000	**500,000**	**(255,777)**	**244,223**
Profit after taxation	**–**	**50,225**	**50,225**
Balance as at 31 October 2001	**500,000**	**(205,552)**	**294,448**
2000			
Balance as at 1 November 1999	500,000	(274,176)	225,824
Profit after taxation	-	18,399	18,399
Balance as at 31 October 2000	500,000	(255,777)	244,223

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements - 31 October 2001

1. CORPORATE INFORMATION

The company's principal place of business is at:

180 Cecil Street #09-03
Bangkok Bank Building
Singapore 069546

The principal activities of the company are developing, designing, licensing software products and program and providing information technology consultancy services. There have been no significant changes in the nature of these activities during the financial year.

The number of staff employed as of 31 October 2001 was 42 (2000:35).

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of accounting**

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standards.

The financial statements expressed in Singapore dollars are prepared in accordance with the historical cost convention.

b) **Depreciation of plant and equipment**

Depreciation is calculated to write off the cost of plant and equipment by the straight-line method over their estimated useful lives. The annual rates used are as follows:-

Office equipment	20%
Computer software and hardware	331/3%
Furniture and fittings	331/3%

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

c) **Currency translation**

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the year are translated at rates ruling on transaction dates. Translation differences are dealt with through the income statement.

Notes to the Financial Statements - 31 October 2001 *(Contd.)*

d) Taxation
Income tax expense is calculated on the basis of tax effect accounting, using the liability method. Deferred taxation is provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items.
In accounting for timing differences, deferred tax assets are not recognised unless there is reasonable expectation of their realisation.

e) Cash and cash equivalents
Cash and cash equivalents include fixed deposit, cash in hand and bank balances.

f) Income recognition
Software and consulting revenue are recognised upon performance of services. In respect of fixed price contracts, it is recognised on achievement of the milestone set out in the contract.

g) Related party
Related party in the context of this financial statements means entity with common shareholder.

3. PLANT AND EQUIPMENT

	Office equipment S$	Computers S$	Furniture & fittings S$	Total S$
2001				
Cost				
At 01.11.2000	**2,208**	**21,278**	**5,669**	**29,155**
Additions	**111**	**96,915**	**2,560**	**99,586**
At 31.10.2001	**2,319**	**118,193**	**8,229**	**128,741**
Accumulated Depreciation				
At 01.11.2000	**627**	**12,612**	**1,732**	**14,971**
Charge for the year	**449**	**11,572**	**2,686**	**14,707**
At 31.10.2001	**1,076**	**24,184**	**4,418**	**29,678**
Net Book Value	**1,243**	**94,009**	**3,811**	**99,063**
2000				
Cost				
At 01.11.1999	1,377	11,892	-	13,269
Additions	1,261	9,386	5,669	16,316
Disposal	(430)	-	-	(430)
At 31.10.2000	2,208	21,278	5,669	29,155
Accumulated Depreciation				
At 01.11.1999	407	8,751	-	9,158
Charge for the year	449	3,861	1,732	6,042
Disposal	(229)	-	-	(229)
At 31.10.2000	627	12,612	1,732	14,971
Net Book Value	1,581	8,666	3,937	14,184

Notes to the Financial Statements - 31 October 2001 *(Contd.)*

4. OTHER RECEIVABLES

	2001 S$	2000 S$
Other debtors	**3,709**	18,330
Deposits	**31,421**	14,574
Prepayments	**16,065**	8,336
	51,195	41,240

5. AMOUNTS OWING BY / (TO) HOLDING COMPANY

The company's immediate and ultimate holding company is Aptech Limited, a company incorporated in India. The amounts owing by holding company is non-trade in nature, unsecured, interest free and repayable within the next six months.

	2001 S$	2000 S$
Amounts owing to holding company:		
Trade in nature	**56,643**	103,503
Loan (non-trade in nature)	**318,325**	-
	374,968	103,503

The amounts owing to the holding company are unsecured, interest-free and repayable within the next six months.

6. OTHER PAYABLES

	2001 S$	2000 S$
Other creditors	**17,196**	21,887
Accruals	**6,920**	8,086
	24,116	29,973

7. AMOUNT OWING TO A RELATED PARTY

The amount owing to a related party is trade in nature, unsecured, interest free and repayable within the next six months.

8. SHARE CAPITAL

	2001 S$	2000 S$
Authorised		
500,000 ordinary shares of S$1 each	**500,000**	500,000
Issued and fully paid		
500,000 ordinary shares of S$1 each	**500,000**	500,000

Notes to the Financial Statements - 31 October 2001 *(Contd.)*

9. OTHER REVENUE

	2001 S$	2000 S$
Rental income	**3,500**	–
Finance income	**3,225**	132
	6,725	132

10. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is arrived at after charging:

	2001 S$	2000 S$
Auditors' remuneration		
- current year	**7,500**	5,600
- prior year overprovision	**–**	(1,500)
Bad debt written off	**256**	–
Director's remuneration & CPF	**130,640**	119,990
Director's benefits	**21,900**	20,400

11. TAXATION

No provision for current year taxation is made on the profit for the year as the company has utilised unabsorbed losses brought forward of S$64,400 (2000:S$25,500). The company has further unabsorbed losses amounting to approximately S$146,000 (2000:S$210,200) available for offsetting against future taxable income of the company subject to there being no substantial change in the shareholders of the company and their shareholding within the meaning of Section 37 of the Singapore Income Tax Act and agreement by the Inland Revenue Authority

Future tax benefits of S$9,505 (2000: Nil) arising from tax losses have been recognised since there is a reasonable expectation of realisation.

12. OPERATING LEASE COMMITMENTS

At the balance sheet date, the commitments in respect of operating leases were as follows:

	2001 S$	2000 S$
Due within one year	**64,342**	53,996
Due within two to five years	**19,262**	5,262
	83,604	59,258

13. RELATED PARTY TRANSACTIONS

During the year, the company have the following significant related party transactions:

	2001 S$	2000 S$
Recruitment expenses and software development expenses payable to holding company	**93,742**	161,597
Training expenses payable to a related company	**12,000**	45,838
Software development expenses payable to a related party	**141,200**	-
Computer software purchased from a related company	**83,610**	-

The term of the transactions are arranged between the parties concerned.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 22, 2001 TO DECEMBER 31, 2001

A. MAIN PART

ORDER AND EXECUTION OF THE ORDER

Upon the request of the management of Hexaware Technologies GmbH, Niedenau 39, 60325 Frankfurt (hereinafter called the "company"), we have established the financial statements for the period from January 22, 2001 to December 31, 2001 based on the books of account of the company. The assignment is based - also in relation to third parties - on the General Conditions of Assignment for auditors and auditing companies, published by the Institute der Wirtschaftsprüfer e. V., as amended on January 1, 1990.

All the information requested by us during the course of our work has been placed at our disposal willingly by the management of the company.

A copy of the financial statements as on December 31, 2001 drawn upon the basis of the books of account submitted to us is attached herewith as Exhibits I to IV.

LEGAL STATUS

1. Legal position under company law

The sole shareholder Hexaware Technologies Limited, Unit Number 159, SDF - V, Seepz, Andheri (East), Mumbai -400 096 is registered as a limited liability company in India. Hexaware Technologies GmbH was incorporated under German law and was registered in Amtsgericht Frankfurt am Main under HRB 52325. Hexaware Technologies GmbH, Frankfurt am Main commenced business with effect from January 22, 2001.

The following persons have been registered as Managing Directors of company:

a) Mr. Derek Alan Langley, Senior Management Executive, 82a Maida Vale, London W9 IPR, U.K. who served as Managing Director (Geschäftsführer) for the period from 22.01.2001 to 01.09.2001.

b) Mr. Roeland Christiaan Kerkhof, De Vryheyt 7B, 3920 Lommel, Belgium who is serving as Managing Director (Geschäftsführer) for the period from 02.09.2001 till date.

2. Subject of business activities

Subject of the company´s business is software development and the consultancy in complete computer field.

3. Registered office

The company´s registered office of the company for the time being is at 60325 Frankfurt, Niedenau 39.

4. Financial year

The company´s financial year is calender year. The period under report is the period from January 22, 2001 through December 31, 2001.

Report

The enclosed Financial Statements of Hexaware Technologies GmbH, Niedenau 39, 60325 Frankfurt for the period from January 22, 2001 through December 31, 2001 as per Exhibits I to IV were prepared by us on the basis of the book-keeping, vouchers and information submitted to us. The company is a small company (kleine Kapitalgesellschaft) within the meaning of § 267 of the German Commercial Code (Handelsgesetzbuch), therefore, the said Financial Statements were not required to be audited according to § 316 of the said German Commercial Code.

For SV GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Frankfurt am Main
March 6, 2002

Ashok K. Verma
Geschäftsführer
(Membership Number 110 2268)

Balance Sheet as on 31.12.2001

			31.12.2001 DM	31.12.2000 DM
ASSETS				
A.	**FIXED ASSETS**			
	Tangible Assets:			
	Office Equipment	3.760,50		
	Low Value Items	1,00		
			3.761,50	—
B.	**CURRENT ASSETS**			
	I. Sundry Debtors Sundry Debtors (Unsecured, considered good)		518.181,39	—
	II. Cash and Bank Balances Bank Balance		799.030,26	—
C.	**LOANS AND ADVANCES**			
	Advances recoverable in cash or in kind or for value to be received:			
	Tax Deduction at Source	341,28		
	Advances to staff	11.195,64		
			11.536,92	—
D.	**NET LOSS FOR THE PERIOD**		76.287,53	—
	TOTAL		1.408.797,60	—
LIABILITIES				
A.	**SHARE CAPITAL**			
	Authorised, Subscribed and Paid up Capital		50.000,00	—
B.	**LIABILITIES**			
	1. **Trade Payables** (thereof outstanding for a period not exceeding one year DM 2.772,40; Last year DM—)	2.772,40		
	2. **Advance against Capital** (thereof outstanding for a period not exceeding one year DM 305.000,-; Last year DM—)		305.000,00	
	3. **Payable to affiliated enterprises** (thereof outstanding for a period not exceeding one year DM 900.903,86; Last year DM—)	900.903,86		
	4. **Other Liabilities** (thereof for taxes: DM 72.912,41; Last Year DM— for social security DM 31.769,26; Last year DM — outstanding for a period not exceeding one year DM 150.121,34; Last Year DM—)	150.121,34		
			1.358.797,60	—
	TOTAL		1.408.797,60	—

Profit and Loss Account for the period from 22.01.2001 to 31.12.2001

	22.01.2001-31.12.2001 DM	31.12.2000 DM
Sales Revenue:		
Information Technology Services	**2.882.618,68**	—
Miscellaneous Income:		
Other Receipts	**11.243,66**	—
Direct Costs:		
Expenses for services rendered	**–1.524.653,67**	—
Personnel Expenses:		
Salaries and Wages	**–1.143.148,05**	—
Employer‘s Contribution- German Social Security	**–178.528,90**	—
Depreciation:		
Depreciation on fixed and small value assets	**–2.812,95**	—
Other Operating Expenses:		
Other Expenses	**–121.993,68**	—
Interest Income	**987,38**	—
Result from ordinary activities	**–76.287,53**	**—**
Taxes	**—**	—
Net Loss for the period	**76.287,53**	**—**

Notes On The Financial Statements As On December 31, 2001

I. **General remarks on the financial statements**

The financial statements of Hexaware Technologies GmbH, Niedenau 39, 60325 Frankfurt as on December 31, have been prepared according to the regulations of the German Commercial Code especially in accordance with § 238 and 264 of the said Code.

The profit and loss account is prepared according to the so called “Expenditure Format”.

II. **Notes on accounting and valuation methods**

Fixed assets are valued at purchase cost less systematic depreciation. The depreciation has been calculated on the straight line method of depreciation whereby the purchase cost is allocated over the financial years in which the assets are expected to be used. Low value items (each costing upto DM 800,00) are fully depreciated in the year of purchase.

Receivables and other assets are stated at book value or net realisable value whichever is lower.

Accruals are set up for all uncertain liabilities and anticipated losses in a reasonable manner.

Liabilities are stated at repayment- value.

Receivables and liabilities in foreign currency are stated at the money rate and the offer price respectively. The applicable rate of exchange is the rate of exchange prevailing on the respective date of the business transaction.

Frankfurt am Main
March 6, 2002

Roeland Christiaan Kerkhof

Balance Sheet

OTHER LIABILITIES - DM 150.121

(Previous Period : DM)

	31.12.2001 DM	31.12.2000 DM
Salary Payable	855	—
Wage Tax Payable	36.029	—
Social Security Payable	31.769	—
Value added Tax Payable	36.883	—
Provision for unbilled accounting, tax advice and balance sheet fess ect.	25.000	—
Provision for unbilled expenses	2.984	—
Staff Reimbursements Payable	16.601	—
	150.121	—

According to our information and explanations given to us, there are no further liabilities, certain or uncertain or expected losses out of pending business suits or other reasons which would require additional accruals/disclosures at the balance sheets date.

OTHER OPERATING EXPENSES

Insurance	4,347.00	—
Subscription	419.20	—
Advertisement	260.50	—
Gifts - upto DM 75	890.58	—
Entertainment Expenses	2,747.01	—
Travel Expenses	13,704.52	—
Miscellaneous Expenses	213.00	—
Postage	96.02	—
Telephone Expenses	2,036.40	—
Office Expenses	1,143.85	—
Books and Periodicals	195.36	—
Legal Fees and Expenses	17,710.00	—
Accounting and Consulting Fees	70,557.40	—
Bank Charges	7,672.84	—
	121,993,68	—

Directors' Report

Your Directors submit the financial accounts of the Company for the year ended 30th June, 2001.

The names of Directors in office at the date of this report are:

Amit Bhoraskar
Rajesh Kanani

The principal activities of the Company during the financial year were:

Investment and exploration of IT related areas.

No significant change in the nature of these activities occurred during the year.

The net loss after providing for income tax amounted to $8,662.

No dividends were paid during the year and no recommendation is made as to dividends.

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the end of the financial year.

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the Company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the Company's accounts or the fixed salary of a full time employee of the Company, controlled entity or related body corporate.

Signed in accordance with a resolution of the Board of Directors:

AMIT BHORASKAR
RAJESH KANANI
Directors

30th September, 2001

Independent Audit Report To the Members of Aptech Technologies Pty Limited

Scope

We have audited the Financial Report being the Directors' Report, Statement by Directors, Profit & Loss Account, Balance Sheet and Notes to the Financial Statements of Aptech Technologies Pty Limited for the financial year ended 30 June 2001. The company's directors are responsible for the Financial Report. We have conducted an independent audit of this Financial Report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Financial Report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the Financial Report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the Financial Report of Aptech Technologies Pty Limited is in accordance with :

a. the Corporations Law, including
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
   ii. complying with Accounting Standards and the Corporations Regulations; and

b. other mandatory professional reporting requirements.

Name of Firm : Laurence Varnay - DFK
Chartered Accountants

Name of Partner : Steven Heller

Address : Level 7, 131 York St, Sydney

Date this twenty-first day of November 2001

Profit & Loss Account for the year ended 30th June, 2001

	Note	**2001 $**	2000 $
Operating Profit (Loss) before Abnormal Items and Income Tax		**(8,661.67)**	(7,641.45)
Income Tax expense		**–**	–
Operating Profit (Loss) after Income Tax		**(8,661.67)**	(7,641.45)
Retained Profits (Accumulated Losses) at the beginning of the Financial Year		**(7,725.47)**	(84.02)
Total Available for Appropriation		**(16,387.14)**	(7,725.47)
Retained Profits (Accumulated Losses) at end of Financial Year		**(16,387.14)**	(7,725.47)

Balance Sheet as at 30th June, 2001

	Note	**2001 $**	2000 $
Current Assets			
Cash	2	**3,005.18**	16,396.85
Total Current Assets		**3,005.18**	16,396.85
Non-Current Assets			
Investments	3	**43,230.00**	38,500.00
Total Non-Current Assets		**43,230.00**	38,500.00
Total Assets		**46,235.18**	54,896.85
Current Liabilities			
Creditors & Borrowings	4	**(2,362.68)**	(2,362.68)
Total Current Liabilities		**(2,362.68)**	(2,362.68)
Total Liabilities		**(2,362.68)**	(2,362.68)
Net Assets (Liabilities)		**48,597.86**	57,259.53
Equity			
Issued Capital	5	**64,985.00**	64,985.00
Accumulated Losses		**16,387.14**	7,725.47
Total Equity		**48,597.86**	57,259.53

Notes to and forming part of the Financial Statements for the year ended 30th June, 2001

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are a special purpose financial report prepared for use by members of the Company. The Directors have determined that the Company is not a reporting entity.

The statements have been prepared in accordance with the requirements of the following applicable Accounting Standards and other mandatory professional reporting requirements:

AASB 1002	:	Events Occurring after Reporting Date
AASB 1018	:	Profit and Loss Accounts
AASB 1025	:	Application of the Reporting Entity Concept and Other Amendments
AASB 1031	:	Materiality

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these statements:

Investments

Investments are brought to account at cost or directors' valuation.

Dividends and interests are brought to account when received.

	2001 $	2000 $
2. **CASH**		
Cash at Bank	**3,005.18**	16,396.85
3. **INVESTMENTS (Non-Current)**		
Shares in Associated Companies	**43,230.00**	38,500.00
4. **CREDITORS & BORROWINGS (Current)**		
Sundry Creditors	**(2,362.68)**	(2,362.68)
5. **ISSUED CAPITAL**		
Paid up Capital:		
40,000 Ordinary Shares of $1	**64,985.00**	64,985.00

Statement by Directors

The Directors have determined that the Company is not a reporting entity. The Directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the accounts.

In the opinion of the Directors of the Company:

1. (a) The Profit and Loss Account gives a true and fair view of the profit or loss of the Company for the financial year; and
   (b) The Balance Sheet gives a true and fair view of the state of affairs of the Company as at the end of the financial year.
2. At the date of this statement, there are reasonable grounds to believe that the Company can meet its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

AMIT BHORASKAR
RAJESH KANANI } *Directors*

30th September, 2001

DIRECTORS' REPORT

Your Directors submit the financial accounts of the Company for the year ended 30th June, 2001.

The names of Directors in office at the date of this report are:

Rajesh Kanani
Amit Bhoraskar

The principal activities of the Company during the financial year were:

Information Technology Services.

No significant change in the nature of these activities occurred during the year.

The net loss after providing for income tax amounted to $29,314.

Notwithstanding the Company's deficiency of net assets, the financial statements have been prepared on a going concern basis as the Directors have received a guarantee of continued financial support and the Directors believe that such financial support will continue to be made available.

No dividends were paid during the year and no recommendation is made as to dividends.

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the end of the financial year.

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the Company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the Company's accounts or the fixed salary of a full time employee of the Company, controlled entity or related body corporate.

Signed in accordance with a resolution of the Board of Directors:

RAJESH KANANI
AMIT BHORASKAR
Director

30th September, 2001

Statement by Directors

The Directors have determined that the Company is not a reporting entity. The Directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the accounts.

In the opinion of the Directors of the Company:

1. (a) The Profit and Loss Account gives a true and fair view of the profit or loss of the Company for the financial year; and
   (b) The Balance Sheet gives a true and fair view of the state of affairs of the Company as at the end of the financial year.
2. At the date of this statement, there are reasonable grounds to believe that the Company can meet its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

RAJESH KANANI
AMIT BHORASKAR
Director

30th September, 2001

Independent Audit Report To the Members of Aptech Worldwide (Australia) Pty Limited

Scope

We have audited Financial Report being the Directors' Report, Statement by Directors, Profit & Loss Account, Balance Sheet and Notes to the Financial Statements of Aptech Worldwide (Australia) Pty Limited for the financial year ended 30 June 2001. The company's directors are responsible for the Financial Report. We have conducted an independent audit of this Financial Report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Financial Report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the Financial Report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the Financial Report of Aptech Worldwide (Australia) Pty Limited is in accordance with :

a. the Corporations Law, including

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and

   ii. complying with Accounting Standards and the Corporations Regulations; and

b. other mandatory professional reporting requirements.

Name of Firm : Laurence Varnay - DFK
Chartered Accountants

Name of Partner : Steven Heller

Address : Level 7, 131 York St, Sydney

Date this twenty-first day of November 2001

Profit & Loss Account for the year ended 30th June, 2001

	Note	2001 $	2000 $
Operating Profit (Loss) before Abnormal Items and Income Tax		**(29,313.63)**	(53,968.57)
Income Tax expense		**–**	–
Operating Profit (Loss) after Income Tax		**(29,313.63)**	(53.968.57)
Retained Profits (Accumulated Losses) at the beginning of the Financial Year		**(45,258.86)**	8,709.71
Total Available for Appropriation		**(74,572.49)**	(45,258.86)
Retained Profits (Accumulated Losses) at end of Financial Year		**(74,572.49)**	(45,258.86)

Balance Sheet as at 30th June, 2001

	Note	2001 $	2000 $
Current Assets			
Cash	2	**46,180.12**	13,273.31
Other	3	**1,041.45**	1,952.71
Total Current Assets		**47,221.57**	15,226.02
Non-Current Assets			
Property, Plant and Equipment	4	**11,754.64**	12,712.00
Total Non-Current Assets		**11,754.64**	12,712.00
Total Assets		**58,976.21**	27,938.02
Current Liabilities			
Creditors & Borrowings	5	**72,348.30**	8,276.24
Total Current Liabilities		**72,348.30**	8,276.24
Non-Current Liabilities			
Creditors & Borrowings	5	**6,200.40**	9,920.64
Total Non-Current Liabilities		**6,200.40**	9,920.64
Total Liabilities		**78,548.70**	18,196.88
Net Assets (Liabilities)		**(19,572.49)**	9,741.14
Equity			
Issued Capital	6	**55,000.00**	55,000.00
Accumulated Losses		**74,572.49**	45,258.86
Total Equity		**(19,572.49)**	9,741.14

Notes to and forming part of the Financial Statements for the year ended 30th June, 2001

1. **Statement of Significant Accounting Policies**

These financial statements are a special purpose financial report prepared for use by members of the Company. The Directors have determined that the Company is not a reporting entity.

The statements have been prepared in accordance with the requirements of the following applicable Accounting Standards and other mandatory professional reporting requirements:

AASB 1002	:	Events Occurring after Reporting Date	AASB 1018	:	Profit and Loss Accounts
AASB 1025	:	Application of the Reporting Entity Concept and Other Amendments	AASB 1031	:	Materiality

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Notwithstanding the deficiency of net assets, the financial statements have been prepared on a going concern basis as the Directors have received a guarantee of continued financial support and the Directors believe that such financial support will continue to be made available.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these statements:

Property, Plant and Equipment

Property, Plant and Equipment are included at cost or at valuation

All assets, excluding freehold land and buildings are depreciated over their estimated useful lives.

		2001 $	2000 $
2.	**Cash**		
	Petty Cash Imprest	**38.77**	105.79
	Rental Bond	**3,000.00**	3,000.00
	Cash at Bank	**43,141.35**	10,167.52
		46,180.12	13,273.31
3.	**OTHER ASSETS**		
	Current		
	Unexpired Interest	**1,041.45**	1,952.71
4.	**PROPERTY, PLANT AND EQUIPMENT**		
	Plant & Equipment at cost	**5,044.64**	2,326.00
	Less : Accumulated Depreciation	**2,143.00**	1,037.00
		2,901.64	1,289.00
	Motor Vehicles at cost	**16,065.00**	16,065.00
	Less : Accumulated Depreciation	**7,212.00**	4,642.00
		8,853.00	11,423.00
	Total Property, Plant & Equipment	**11,754.64**	12,712.00
5.	**CREDITORS & BORROWINGS**		
	Current		
	Esanda Hire Purchase	**3,720.24**	3,720.24
	Trade Creditors	**61,946.50**	3,856.00
	Other Creditors	**4,886.99**	700.00
	Input Tax Credits	**(1,479.15)**	–
	GST Payable	**3,273.72**	–
		72,348.30	8,276.24
	Non-Current		
	Esanda Hire Purchase	**6,200.40**	9,920.64
6.	**Issued Capital**		
	Paid Up Capital:		
	55,000 Ordinary Shares of $1	**55,000.00**	55,000.00

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BCONNECTB WORLDWIDE LIMITED
(Formerly BconnectB.com Worldwide Limited)

We have audited the attached Balance Sheet of BconnectB Worldwide Limited (the Company) as on 31st December, 2001 and the Profit and Loss Account of the Company for the period ended on that date annexed thereto, 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 (the Act), enclosed in the Annexure is the statement on matters specified in the said Order to the extent applicable thereon.

2. Further to our comments in the Annexure referred to in paragraph 1 above :

   a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) The Company has kept proper books of account as required by the law so far as it appears from our examination of these books.

   c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Account.

   d) In our opinion the Profit and Loss Account and Balance Sheet complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

   e) According to the information given to us , no director is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Act.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon gives the information required by the Act, in the manner so required and give a true and fair view:

      i) in the case of the Balance Sheet of the state of affairs of the Company as on 31st December, 2001 and

      ii) In the case of the Profit and Loss Account of the Loss of the Company for the period ended on that date.

For **JAIN & KACHHAWAHA**
Chartered Accountants

S.M. MEHTA
Partner

Place: Mumbai
Date: 11th March, 2002

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report of Even date)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management has physically verified all the assets. We are informed that no material discrepancies have been noticed on the assets physically verified by the company.
2. None of the fixed assets have been revalued during the year.
3. The Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In our opinion the terms and conditions including the rate of interest are prima facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.
4. The Company has granted loans to the companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In our opinion, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act,1999.
5. The parties including the employees to whom the loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and interest wherever applicable.
6. In our opinion and according to the information and explanations given to us, it appears that, there are in general adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of consumables and sale of goods and services.
7. According to the information and explanations given to us, the company has entered into transactions for sale of services with parties required to be listed in the register to be maintained under Section 301 of the Act and aggregating during the year to Rs.50,000/- or more in respect of each party at prices which are reasonable having regard to the prevailing market prices of such services or at prices at which similar services are availed from other parties.
8. The Company has not accepted any deposits during the year and hence provisions of Section 58A of the Act and the rules framed thereunder are not applicable.
9. We have been informed that the Central Government has not prescribed the maintenance of Cost records under Section 209 (1) (d) under the Act.
10. During the year under review, the Company has regularly deposited Provident Fund dues. We have been informed that the Employees State Insurance Scheme Act, is not applicable.
11. According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, custom duty and excise duty which remains outstanding as on 31st December, 2001 for a period exceeding six months from the date they became payable.
12. According to the information and explanation given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.
13. In respect of services/consultancy business :
    a) There are no materials used for the project.
    b) It has reasonable system of allocation of man-hours to the relevant consultancy contracts.
    c) It has a proper system of internal control for allocation of man-hours utilised and the same is commensurate with the size of the Company and nature of its business.
14. In our opinion , clauses of Manufacturing and Other Companies (Auditor's Report) order, 1988, numbering (iii), (iv), (v), (xii), (xiv), (xv) and (xx) are not applicable for the current year.

For **JAIN & KACHHAWAHA**
Chartered Accountants

S.M. MEHTA
Partner

Place : Mumbai
Date : 11th March, 2002

Balance Sheet as at 31st December, 2001

Rupees

Particulars	Schedule		As at 31st December 2001		As at 15th January 2001
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1		**100,000,000**		40,000,000
LOAN FUNDS					
Unsecured Loan			**20,838,000**		65,773,241
TOTAL			**120,838,000**		105,773,241
APPLICATION OF FUNDS					
FIXED ASSETS	2				
- Gross Block		**80,164,308**		76,436,488	
Less : Depreciation		**13,358,486**		1,008,811	
- Net Block			**66,805,822**		75,427,677
CURRENT ASSETS, LOANS AND ADVANCES	3				
- Sundry Debtors		**1,151,055**		2,062,825	
- Cash and Bank Balances		**130,336**		1,442,489	
- Loans and Advances		**695,645**		4,671,729	
		1,977,036		8,177,044	8,177,044
LESS: CURRENT LIABILITIES AND PROVISIONS	4				
- Current Liabilities		**830,186**		1,011,183	
NET CURRENT ASSETS			**1,146,849**		7,165,861
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
- Preliminary Expenses			**406,944**		457,812
PROFIT AND LOSS ACCOUNT					
- As per annexed account			**52,478,384**		22,721,891
			120,838,000		105,773,241
SIGNIFICANT ACCOUNTING POLICIES	8				
NOTES FORMING PART OF ACCOUNTS	9				

Schedules "1 to 9" form an Integral Part of the Accounts.
This is the Balance Sheet referred to in our report of even date.

For **JAIN & KACHHAWAHA**
Chartered Accountants

S.M. MEHTA
Partner

For **BCONNECTB WORLDWIDE LIMITED**

Director Director

Place : Mumbai
Dated : 11th March, 2002

Profit and Loss Account for the period 16th January to 31st December, 2001

Rupees

Particulars	Schedule	For the period 16th January 2001 to 31st December 2001	For the period 16th March 2000 to 15th January 2001
INCOME			
- Income from Operations (Tax deducted at source Rs.1,18,321/-, previous year Rs.39,933/-)		**2,587,981**	2,723,629
- Miscellaneous Income		**4,613**	3,984
TOTAL		**2,592,594**	2,727,613
EXPENDITURE			
- Employment Expenses	5	**10,873,503**	9,683,421
- Marketing & Sales Expenses	6	**734,458**	6,548,460
- Administration and other expenses	7	**8,170,588**	8,208,812
- Depreciation		**12,570,538**	1,008,811
TOTAL		**32,349,087**	25,449,504
Loss for the period		**29,756,493**	22,721,891
Add : Balance brought forward from the previous period		**22,721,891**	—
Balance carried forward to the Balance Sheet		**52,478,384**	22,721,891
SIGNIFICANT ACCOUNTING POLICIES	8		
NOTES FORMING PART OF ACCOUNTS	9		

Schedules “1 to 9” form an Integral Part of the Accounts.
This is the Balance Sheet referred to in our report of even date.

For **JAIN & KACHHAWAHA**
Chartered Accountants

For **BCONNECTB WORLDWIDE LIMITED**

S.M. MEHTA
Partner

Director

Director

Place : Mumbai
Dated : 11th March, 2002

Schedules to Balance Sheet

Rupees

	As at 31st December 2001	As at 15th January 2001
Schedule "1"		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
1,00,00,000 equity shares of Rs.10/- each.	**100,000,000**	100,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
1,00,00,000 (40,00,000) equity shares of Rs.10/- each fully paid-up.	**100,000,000**	40,000,000

Schedule - 2

FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 16.01.2001	Additions	Reductions	As at 31.12.2001	Upto 15.01.2001	Additions	Reductions	Upto 31.12.2001	As at 31.12.2001	As at 15.01.2001
Plant and Machinery	74,390,379	5,209,520	—	79,599,899	917,332	12,264,481	—	13,181,813	66,418,086	73,473,047
Office Equipments	—	6,799	—	6,799	—	309	—	309	6,490	—
Vehicles	2,046,109	—	1,488,499	557,610	91,479	91,426	6,541	176,364	381,246	1,954,630
Total Current Period Rupees	76,436,488	5,216,319	1,488,499	80,164,308	1,008,811	12,356,216	6,541	13,358,486	66,805,822	75,427,677
Total Previous Period Rupees	—	76,436,488	—	76,436,488	—	1,008,811	—	1,008,811	75,427,677	—

Rupees

	As at 31st December 2001		As at 15th January 2001	
Schedule "3"				
CURRENT ASSETS				
SUNDRY DEBTORS (Unsecured - Considered good)				
Due over six months	**375,700**		25,000	
Others	**775,355**		2,037,825	
		1,151,055		2,062,825
CASH AND BANK BALANCES				
Cash in Hand	**6,063**		35,544	
Balances with Scheduled Banks In Current Accounts	**124,273**		1,406,945	
		130,336		1,442,489
LOANS & ADVANCES (Considered good)				
Deposits	**537,391**		3,274,700	
Advances recoverable in cash or in kind or for value to be received.	**158,254**		1,397,029	
		695,645		4,671,729
		1,977,036		8,177,044
Schedule "4"				
CURRENT LIABILITIES				
Sundry Creditors		**406,247**		852,059
Other Liabilities		**423,939**		159,124
		830,186		1,011,183

Schedules to Profit and Loss Account

Rupees

	For the period 16th January 2001 to 31st December 2001	For the period 16th March 2000 to 15th January 2001
Schedule "5"		
EMPLOYMENT EXPENSES		
Salary and Other Allowances	**10,194,091**	9,109,785
Contribution to Provident and Other Funds	**525,598**	463,369
Staff Welfare / Training Expenses	**153,815**	110,267
	10,873,503	9,683,421
Schedule "6"		
MARKETING AND SALES EXPENSES		
Advertisement and Publicity Expenses	**612,494**	6,262,633
Seminar and Conference Expenses	**121,964**	285,827
	734,458	6,548,460
Schedule "7"		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent, Rates & Taxes	**2,183,177**	2,167,360
Travelling & Conveyance Expenses	**1,551,805**	2,485,265
Electricity Charges	**515,508**	66,298
Communication Expenses	**2,341,086**	1,765,761
Repairs and Maintenance (Others)	**172,662**	14,221
Printing & Stationery	**121,921**	118,101
Auditors Remuneration (Including service tax)		
- Audit Fees	**31,500**	31,500
Legal and Professional Fees	**30,500**	157,250
Bad debts written off	**483,000**	—
Bank and Other Charges	**14,633**	12,718
Registrar and Filing Fees	**6,478**	31,630
Insurance Premium	**149,772**	69,381
Preliminary Expenditure written off	**50,868**	50,868
Staff Recruitment Expenses/Relocation Charges	**129,603**	1,126,644
Loss on sale of assets	**193,289**	—
Miscellaneous Expenses	**194,785**	111,815
	8,170,588	8,208,812

Schedule - 8

SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Presentation :**
   The company follows the Historical Cost Convention and the Mercantile System of Accounting where the income and expenditure are recognised on accrual basis.

2. **Revenue Recognition :**
   Revenues from consultancy and IT related services are recognised on substantial performance of the Service.

3. **Fixed Assets :**
   Fixed assets are valued at cost less accumulated depreciation. Cost includes all expenses incurred for acquisition of assets.

4. **Depreciation :**
   Depreciation on Fixed Assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956, except in respect of the following assets :
   a) Vehicles are depreciated over a period of three years based on technical evaluation about their useful economic life.
   b) No depreciation has been provided on assets purchased and sold during the year.

5. **Retirement Benefits :**
   The provision for retirement benefits such as provident fund is made for employees from the date of their respective appointment. Company's contribution to Provident Fund is charged to Profit and Loss Account.

Schedule - 9
Notes forming part of the Accounts.

1) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. NIL (Previous Year Rs.Nil)

2) There are no Contingent Liabilities as on the date of the Balance Sheet.

3) Expenditure in Foreign Currency

	Current Year	Previous Year
	Rupees	Rupees
a) Foreign Travelling Expenses	NIL	95,787

4) These are the accounts for the period 16th January, 2001 to 31st December, 2001 and hence the previous period figures are not comparable.

5) The Company is engaged in providing consultancy and IT related services. The production procurement and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details as required under Paragraphs 3, 4C and 4D of Part II of VI of the Companies Act, 1956.

6) The Company has sold its ASP related business, earning the substantial revenue, as on 1st January, 2002.

For **JAIN & KACHHAWAHA**
Chartered Accountants

S.M. Mehta
Partner

Place: Mumbai
Date : 11th March, 2002

For **BCONNECTB WORLDWIDE LIMITED**

Director Director

Annexure to Directors' Report

Particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules) 1975 and forming part of the Directors' Report for the year ended 31st December, 2001.

Sr. No.	Name	Age (Years)	Designation / Nature of Duties	Gross Remuneration Received (Rs.)	Qualification & Experience (Years)	Date of Commencement of employment	Last Employment held Period (Years)
Employed throughout the year							
1	Abhay Sinha	49	Executive Vice President (2y. 8m)	2,497,848	B E., M B A (25)	19-Jun-00	Deutsche Bank India
2	Akshay Bochia	34	Asstt. General Manager	1,215,430	B.Com (14)	1-Apr-01	Hexaware Technologies Ltd. (1)
3	Amberin Memon	40	Dy. General Manager	1,386,396	B.A.,P.G.D.S.M. (16)	1-Apr-01	Hexaware Technologies Ltd. (1y.10m)
4	Ashok Bildikar	44	Vice President	1,642,530	B.Sc (24)	1-Apr-01	Hexaware Technologies Ltd. (3y.1m)
5	Ashok Sundaram	36	General Manager	1,246,567	B.Sc (16)	1-Apr-01	Hexaware Technologies Ltd. (2y.10m)
6	Avijit Barhan	43	Vice President	1,660,936	M.Sc., D.C.M. (19)	1-Apr-01	Hexaware Technologies Ltd. (5y.4m)
7	Baalasundaram K	51	Senior Vice President	1,707,202	B.A. (28)	1-Apr-01	Hexaware Technologies Ltd. (2y.9m)
8	G.Kannan	35	Manager- Business Development	1,505,107	B.Sc. (13)	1-Apr-01	Hexaware Technologies Ltd. (1y.2m)
9	Harsha Gulati	40	Dy. General Manager	1,231,675	M.Sc. (15)	1-Apr-01	Hexaware Technologies Ltd. (3y.1m)
10	Harshad Shah	48	Executive Director	3,148,365	B.Com., ACA (25)	1-Jan-97	Apple Finance Ltd. (5)
11	Jyotirmoy Dasgupta	48	Senior Vice President	1,662,798	B.E., M.S. (25)	21-Dec-98	Patni Computer Systems Ltd. (5)
12	Narayanan K	43	General Manager	1,202,622	BE. (21)	1-Apr-01	Hexaware Technologies Ltd. (2y.10m)
13	Sanjay Ketkar	45	Senior Vice President	1,562,348	M.E. (20)	18-May-99	Tata Infotech Ltd. (18)
14	Satish Mittal	49	Senior Vice President	2,065,532	B.E.,M.BA. (15)	16-Oct-00	Dodsal Corporation Ltd. (1y.1m)
15	Sridharan P K	53	Executive Director	1,957,125	M.Tech. (29)	1-Apr-01	Hexaware Technologies Ltd. (3y.2m)
16	Sulochana Ganesan	52	Vice President - Quality	1,257,605	B.A.(Hons). (17)	1-Apr-01	Hexaware Technologies Ltd. (2y.9m)
17	Ullhas Pagey	53	Director -HR & OD	1,718,042	B.E.,M.M.M. (30)	1-Jan-97	Apple Finance Ltd. (9y.5m)
Employed for part of the year							
1	Amala Shahane	51	General Manager	427,090	B.Sc. (24)	1-Apr-01	Hexaware Technologies Ltd. (4y.4m)
2	A M Thimmaiya	44	Vice President	42,449	M.com. (19)	19-Mar-01	Software Technology Group Intl. Ltd (1y.3m)
3	Ganesh Natarajan	45	Managing Director	3,910,700	B.E ., P.G.D.I.E. (21)	1-Jul-95	Apple Industries Ltd. (4)
4	Kishansinh Gohil	39	Senior Vice President	324,018	B.E. (19)	16-Jun-97	Star Power Tech Pvt. Ltd. (10)
5	K Ramesh	49	Executive Vice President	378,191	M.Sc. (28)	1-Jul-95	Apple Industries Ltd. (1)
6	Pramod Khera	41	Executive Director	408,804	B.Tech., P.G.D.M. (17)	1-Jul-96	Tele Shopping Network (1)
7	Rajendra Thapar	39	Dy. General Manager	784,188	B.Tech,M.S.(Mech), M.S.(Comp. Sc.)(12)	1-Apr-01	Hexaware Technologies Ltd. (1y.1m)
8	Rama Kumar P	39	Principal Consultant	695,868	B.E.(Mech.) (16)	7-May-01	Abbot Laboratories. (7)
9	Vidyagauri Joshi	46	Senior Vice President	1,864,866	M.Sc. (17)	1-Jan-01	BconnectB World Wide Ltd. (3m)
10	V Ramakrishnan	44	General Manager	802,166	B.E.,M.Tech.,M.B.A. (21)	2-Apr-01	CPU Foftware Computers Pvt. Ltd (4)

Notes:

1 Remuneration Includes Salary, Company's Contribution to Provident and Superannuation Fund and taxable Value of Perquisites and allowances as per Income Tax Act, 1961 and rules made thereunder.

2 All appointments are non-contractual and terminable by notice on either side.

3 None of the above employee is related to any Director of the Company except Mr. Ganesh Natarajan, Mr. Pramod Khera, Mr. Harshad Shah and Mr. Sridharan P K who are Directors of the Company.

4 Project Directors are not part of the Board of Directors.

For and on behalf of the Board

Atul K Nishar
Chairman

Place : Mumbai
Date : April 26, 2002