



Transworld

**20TH ANNUAL REPORT
2003-2004**

TRANSWORLD INFOTECH LIMITED



BOARD OF DIRECTORS

Nitin J. Sandeera
Chairman

Chetan J. Sandesara
Director

Rajbhushan Dixit
Director

Narendrabhai B. Patel
Director

Ramani Iyer
Director

BANKERS :
Andhra Bank

AUDITORS :
H. S. Hathi & Co.
Chartered Accountants

REGD. OFFICE :
43, Atlanta,
Nariman Point,
Mumbai – 400 021.

Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.



DIRECTOR'S REPORT

To the Members,
Transworld Infotech Limited

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2004.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	Year Ended 30-06-2004	Year Ended 30-06-2003
Operating Income	1051.87	1005.10
Gross Profit	606.48	578.17
Less : Depreciation	340.56	340.56
Profit Before Tax	265.92	237.61
Provision for Taxation	17.50	13.35
Provision for Deferred Tax	34.00	31.00
Net Profit	241.42	193.26
APPROPRIATIONS		
Proposed Dividend	-	-
Dividend Tax	-	-
Transfer to General Reserve	50.00	50.00
Surplus Balance carried forward to Balance Sheet	164.42	143.26

DIVIDEND

The Directors do not recommend any dividend for the current year with a view to conserve the resources.

OPERATIONS & FUTURE OUTLOOK

During the year under review, operating income of the Company has increased marginally to Rs. 1051.87 lacs from Rs. 1005.10 lacs in the previous year, an increase of 4.65%. Profit After Tax for the year is Rs. 241.42 lacs as compared to Rs. 193.26 lacs in the previous year, an increase of 24.92%.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis relating to business and economic environment surrounding your company is enclosed as a part of the Annual Report.

CORPORATE GOVERNANCE

In pursuance of the system of Corporate Governance instituted by SEBI, forming part of the Listing Agreement with the Stock Exchange, a report thereon is separately attached to this report.

**DIRECTORS**

Shri Chetan J. Sandesara and Shri Ramani Iyer, the Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the Annual Accounts for the year ended 30th June, 2004, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- 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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors have prepared the Annual Accounts for the year ended 30th June, 2004 on a 'going concern' basis.

FIXED DEPOSITS

The Company did not accept any deposits from the Public during the year under review.

AUDITORS AND THEIR REPORT

M/s. H. S. Hathi & Co., Chartered Accountants, Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and having furnished the required certificate pursuant to Section 224(1B) of the Companies Act, 1956 are eligible for re-appointment. The Board recommends their re-appointment.

In respect of observations made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory, and do not call for any further comments.

PARTICULARS OF EMPLOYEES

The company had no employees of the category indicated under Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules 1988 as amended.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company is engaged in Software activities and had no manufacturing activities during the year under review. No particulars are therefore required to be furnished in this report relating to the conservation of energy and technology absorption as required under Section 217(1)(e) of the Companies Act, 1956.

During the year under review, the company has exported system software and earned income of US \$ 568633 equivalent to FOB value of India Rs. 24991442. The Company does not have expenditure in foreign exchange during the year.

ACKNOWLEDGEMENT

Your Directors appreciate the valuable co-operation extended by the Central and State Government authorities and are extremely grateful to the Company's Bankers for their continued assistance, guidance and support. Your Directors are also grateful to the Employees, Shareholders, Customers and the General Public for their support and confidence reposed in the Management.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th September, 2004

NITIN J. SANDESARA
CHAIRMAN

**MANAGEMENT DISCUSSION AND ANALYSIS****a. Industry structure and developments :**

The Indian IT industry is currently going through a process of consolidation reflecting the shifting scenarios of the market. Once the industry emerges from the slowdown, it will attain a significantly better stability.

b. Opportunity and Threats ;

Your Company operates in an area where a large market exists and offers ample opportunities for growth. Your company's products are well received in the market.

c. Outlook :

In view of slow down in the market, your Directors feel the performance of the Company has been reasonably good.

The Management is conscious about the changing scenario in IT industry and reviews take place regularly. With launching of variety of products as per the need of the customers, it is expected that your Company would be in a position to strengthen its operations.

d. Risks and Concerns :

The external factors such as slow down in the growth of economy, natural calamities and competition are common to all the industrial sectors. It is therefore necessary to address urgently to the effects of those risk on the business of the Company. Risk which are internal on which the Directors and the management would have control, are being taken care of.

Continuous quality control and development of products as per customer requirements are inbuilt strategies, which are identified by the Company to manage business risks.

Internal control systems and their adequacy :

The internal control systems are being fine tuned in line with the changing requirements in the industry. The management regularly reviews the internal control systems in the areas of finance, Order procurement, sales and marketing. Thus emphasis on internal control system is spread over across all major functions and processes.

Now with regular review of the systems by the Audit Committee of the Board, the internal control within the organization would be further strengthened.

f. Financial performance :

Financial performance of the Company has been indicated in the Directors' Report.



g. Human Resources/Industrial relations :

Your Directors believe that employees are the most valued assets of the organization. Thus, all the human resources practices are directed towards enhancing the value of these assets. The focus of the management is on the organizational development and to imbibe new organization values – entrepreneurship, teamwork achievement and commitment. Several work shops and/or communication meetings, were organized and would be continued to be so organized, by the Company with a view to achieve these organizational values.

The relations between the management and workmen have remained cordial.

h. Cautionary Statement

Management Discussion and Analysis detailing the Company's objectives and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas.



REPORT ON CORPORATE GOVERNANCE

i) Corporate Governance Philosophy

The Company views sound corporate governance as an integral part of its efforts to enhance shareholders' value. The Company endeavours to safeguard the interests of investors, customers, suppliers and lenders and build the confidence of the society in general. The company believes in adopting the philosophy of professionalism, transparency and accountability in all areas.

ii) Board of Directors (Board) :

Presently, the Board, comprises of 5 Directors, all being Non-executive Directors. All the Directors are eminent industrialists and/or professionals with experience in overall management, finance and law, who bring a wide range of skills and experience to the Board.

a. Composition of the Board

Name	Category	No. of other Directorships and Committees Memberships / Chairmanships		
		Other Directorships	Committee Memberships	Committee Chairmanships
Nitin J. Sandesara	Chairman / Non-executive	8	-	-
Chetan J. Sandesara	Non-executive	3	-	-
N. B. Patel	Independent / Non-executive	1	2	-
R. B. Dixit	Independent / Non-executive	5	2	3
Ramani Iyer	Independent / Non-executive	4	-	-

b. Number of Board Meetings :

During the year under report the Board of Directors met 4 times on the following dates : 29/09/2003, 31/10/2003, 30/01/2004, & 28/04/2004.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 27.12.2003
Nitin J. Sandesara	3	YES
Chetan J. Sandesara	4	YES
N. B. Patel	4	YES
R. B. Dixit	4	YES
Ramani Iyer	3	YES



iii) Committee of Directors

As mentioned in the last report, the board constituted following committees.

Audit Committee Constituted on 27th March, 2002 to reviews the company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices, reports of the Company's internal Auditors, quarterly/half yearly financial statements as well as its financial risk policies. It also recommends appointment of statutory auditors, fixes audit fees and reviews internal control systems, scope for observations of the auditors and adequacy of the internal audit function.

During the year under review, the committee met three times on 28-08-03, 31-10-03 and 31-01-04. The meeting was attended by all the directors of the Audit Committee namely Shri R. B. Dixit, Shri Ramani Iyer and Shri N. B. Patel.

Investors/Shareholders Grievance Committee constituted on 27th March, 2002 comprises of Shri R. B. Dixit, Shri Ramani Iyer and Shri N. B. Patel. The Committee redresses shareholder and investors complaints like a delay in transfer of shares, non-receipt of dividend, non-receipt of balance sheet etc. During the year the committee met two times.

Remuneration Committee of the Board

The company does not have Remuneration Committee.

iv) General Body Meetings :

Year	Venue	Date	Time	Any Special Resolution
2003	Ashish Hall, Land Mark, Link Road, Mith Chowkey, Malad(W), Mumbai 0400 064	27 th December 2003	11.00 a.m.	No
2002	PMT Complex, Pimpri Chinchwad Road, Pune 411 018.	28 th December, 2002.	10.00 a.m.	No
2001	PMT Complex, Pimpri Chinchwad Road, Pune 411 018.	22 nd December 2001.	10.00 a.m.	No

Special Resolution if any passed by postal ballot:

NIL



v) Disclosures :

1. As required under the Companies Act, the Directors disclose the name of the Companies / Parties in which they are interested. During the year under review, there was no transaction with related party, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. which may have potential conflict with the interests of Company at large.
2. There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

vi) Means of Communications :

- a. Quarterly/ Half Yearly Financial Results of the Company are forwarded to the Stock Exchange where the shares of the company are listed and published in National & Regional Newspapers.
- b. The company has not made any presentations to any Institutional Investors / Analyst during the year.
- c. Management Discussion & Analysis Report is covered in Directors' Report to the Shareholders.

vii) General Shareholder Information :

a. Annual General Meeting

Date : 31st day of December, 2004
 Time : 11.30 A.M.
 Venue : Sheetal – I Hall, Land Mark, Link Road,
 Mith Chowkey, Malad (W), Mumbai – 400 064

Date of Book Closure : 24th December, 2004 to 31st December, 2004
 (both days inclusive)

b. Financial Calendar 2004 – 2005 : Annual General Meeting December 2005 (next year)

		Board Meeting
Unaudited Results – Qtrly.	September 04	October 2004
Unaudited Results – Qtrly.	December 04	January 2005
Half Yearly Review Report	December 04	January/February 2005
Unaudited Results – Qtrly.	March 05	April 2005
Unaudited Results – Qtrly.	June 05	July 2005
Audited Accounts	June 05	September/October 2005

c. Stock Exchanges where securities are listed

Listed on Mumbai Stock Exchange (BSE)

Name of Stock Exchange Code

The Stock Exchange, Mumbai (BSE) 508998

**d. Stock Price Data**

Month	High (BSE)	Low (BSE)
	RS.	RS.
July 2003	121.55	77.00
August 2003	134.00	94.10
September 2003	174.30	111.25
October 2003	208.90	172.00
November 2003	215.00	186.50
December 2003	205.20	186.05
January 2004	208.25	176.00
February 2004	189.50	175.00
March 2004	199.10	164.25
April 2004	198.35	171.00
May 2004	200.00	175.00
June 2004	200.00	189.00

e. Share Transfer System

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects. Officers / Directors of the Company have been authorized to approve transfers.

The total number of shares transferred in the non-dematerialised segment during year 2003-2004 was 50 Shares.

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 03.03.2001. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within the stipulated time. Upto 30-06-2004, 72.73 % equity shares of the company have been dematerialized.

f. Shareholding Pattern – as on 30th June 2004

Sr.No.	Category	Shareholder		Equity Shares	
		No. of	% age	No. of	% age
1.	Resident Individuals	505	89.86	7819775	41.87
2.	Indian Companies	31	5.52	1033050	5.53
3.	FIs/ MFs/Banks	-	-	-	-
4.	Indian Promoters	26	4.62	9822175	52.60
5.	NRIs/OCBs/FIIs/FCs	-	-	-	-
TOTAL		562	100.00	18675000	100.00


Distribution of Shareholding – as on 30th June 2004

Sl.No.	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 – 5000	471	83.81	7848258	42.03
2	5001 – 10000	26	4.63	217875	1.17
3	10001 – 20000	25	4.45	367228	1.97
4	20001 – 30000	7	1.25	181389	0.97
5	30001 – 40000	4	0.71	141625	0.76
6	40001 – 50000	5	0.89	225000	1.20
7	50001 – 100000	10	1.78	323625	1.73
8	100001 & Above	14	2.48	9370000	50.17
TOTAL		562	100.00	18675000	100.00

g. Dematerialisation of Shares :

ISIN Number for Equity Shares of the Company in NSDL & CDSL : INE696C01013

Total No. of Shares dematerialized upto 30-06-2004 – 13582923

- With NSDL 13559274
- With CDSL 23649

h. Location

1. Software Unit at PMT Complex, Pimpri Chinchwad Road, Pune, 411 018.
2. Software Education Centre at Sandesara Estate, Atladara, Padra Road, Vadodara.

i. Address for Correspondence :

Shareholders can correspond at the Registered Office of the Company at Mumbai.

j. Complaints by Shareholders & their redressal during 1-7-2003 to 30-06-2004

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	4	4
Delay in Transfer of Shares	1	1
Change of Address	3	3
Pending Demat cases (Since Processed)	0	0
Other-Remat of Share (Since Processed)	0	0

**AUDITORS' CERTIFICATE**

To the Members of
Transworld Infotech Limited
Mumbai

We have examined the compliance of conditions of corporate governance by Transworld Infotech Limited, for the year ended 30th June, 2004, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges.

The compliances of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
H. S. Hathi & Co.
Chartered Accountants

Place : Mumbai
Date : 30th September, 2004

Hemant S. Hathi
Partner

**AUDITOR'S REPORT**

To the Members of
TRANSWORLD INFOTECH LIMITED

1. We have audited the attached Balance Sheet of **TRASWORLD INFOTECH LIMITED** as at 30th June, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. This Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statement based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we state that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Audit.
 - b) In our opinion, Proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those Books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on 30th June, 2004, and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 30th June, 2004 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon give, the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 30th June, 2004;
 - ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date;
 - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For H. S. HATHI & CO.
Chartered Accountants

Place : Mumbai
Dated : 30th September, 2004

HEMANT S. HATHI
(Partner)



Annexure referred to in paragraph 3 of our report of even date to the members of Transworld Infotech Limited on the Accounts for the year ended 30th June, 2004

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management based on a phased program of verification of all the assets during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.
- (c) As per the information and explanations given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) (a) As per the information and explanations given to us, There are no trading or manufacturing activities in the company during the year, as result there are no inventories in the company during the year. Therefore the clause is not applicable.
- (b) The clause is not applicable to the company as explained above.
- (c) The clause is not applicable to the company as explained above.
- (iii) The Company has not granted any unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The Companies has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business. We have not observed any continuing failure to correct major weakness in internal control.
- (v) (a) According to the information and explanations given to us, we are opinion that transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of Goods and materials and sales of Goods, material & services made in pursuance of contract or arrangements required to be entered in the registered maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5,00,000/- or more in respect of each party.



- (vi) The Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and provisions of section 58A and 58AA of the companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (vii) The maintenance of cost records has not been prescribed by the Central Government of India under section 209 (1) (d) of the companies Act, 1956 for the products manufactured by the company.
- (viii)(a) According to the records of the company, the company has been regular in depositing with appropriate authorities. Undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth tax, Custom duty, Cess and other statutory dues.
- (b) According to the information and explanations given to us, nondisputed amounts payable in respect of such statutory dues were outstanding as at the 30th June 2004 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no such statutory dues which have not been deposited on account of any dispute.
- (ix) The Company neither has Accumulated losses nor it has incurred any cash losses during the year and immediately preceding financial year.
- (x) Based on our audit procedures and as per the information and explanations given by the management, we are opinion that the company has not defaulted in the repayment of the dues to financial institutions or banks.
- (xi) According to the information and explanations given by the management, the company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other other securities.
- (xii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us by the management, the company has not given any Guarantee for loan taken by other from banks or financial institutions.
- (xv) According to the information and explanations given to us by the management, the company has not taken any term loans.



- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
- (xvii) According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debentures and hence clause 4(XIX) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xix) During the year covered by our report the company has not raised any money by way of public issue.
- (xx) According to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

For **H. S. HATHI & CO.**
Chartered Accountants

HEMANT S. HATHI
(Partner)

Place : Mumbai
Dated : 30th September, 2004



BALANCE SHEET AS AT 30TH JUNE 2004

	Schedule	As at 30th June 2004 RS.	As at 30th June 2003 RS.
SOURCES OF FUNDS			
1. Shareholder's Funds :			
a) Share Capital	1	186,750,000	186,750,000
b) Reserves & Surplus	2	160,508,706	139,066,687
		347,258,706	325,816,687
2. Loan Funds :			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
		347,258,706	325,816,687
TOTAL FUNDS EMPLOYED			
APPLICATION OF FUNDS			
1. Fixed Assets :	3		
a) Gross Block		334,714,711	334,714,711
b) Less : Depreciation		160,355,453	126,299,523
		174,359,258	208,415,188
c) Net Block		-	-
d) Capital Work-in-progress		-	-
2. Investments	4	895,256	895,256
3. Current Assets, Loans and Advances			
a. Current Assets	5	51,820,821	34,611,353
b. Loans & Advances	6	1,36,990,102	94,745,861
		1,88,810,923	129,357,214
Less : Current Liabilities & Provisions			
a. Current Liabilities	7	2,172,340	2,137,017
b. Provisions	8	14,634,391	10,713,954
		16,806,731	12,850,971
Net Current Assets		172,004,192	116,506,243
4. Miscellaneous Expenditure		-	-
		347,258,706	325,816,687
TOTAL ASSETS			
NOTES TO THE ACCOUNTS	11		

As per our report of even date
For H. S. Hathi & Co
Chartered Accountants
Hemant S. Hathi

Partner
Place : Mumbai
Dated : 30th September, 2004

For and on behalf of the Board
Nitin J. Sandesara
Chairman

C. J. Sandesara
R. B. Dixit
N. B. Patel
Directors



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2004

	Schedule	As at 30th June 2004 RS.	As at 30th June 2003 RS.
INCOME			
Income from operations		105,186,734	100,510,568
Miscellaneous Income		714,892	480,856
Total		105,901,626	100,991,424
EXPENDITURE			
Software Development	9	35,858,196	35,065,714
Administrative & Other Expenses	10	9,395,481	8,108,921
Depreciation		34,055,930	34,055,930
TOTAL		79,309,607	77,230,565
PROFIT/(LOSS) BEFORE TAXATION		26,592,019	23,760,859
Provision for tax		1,750,000	1,335,000
Provision for Deferred Tax		3,400,000	3,100,000
PROFIT/(LOSS) FOR THE YEAR		21,442,019	19,325,859
PROFIT AVAILABLE FOR APPROPRIATION			21,442,019
			19,325,859
APPROPRIATIONS :			
- Proposed Dividend		-	-
- Dividend Tax		-	-
* Amount transferred to General Reserve		5,000,000	5,000,000
- Surplus carried to Balance Sheet		16,442,019	14,325,859
NOTES TO THE ACCOUNTS	II		

As per our report of even date
For H. S. Hathi & Co
Chartered Accountants
Hemant S. Hathi

For and on behalf of the Board
Nitin J. Sandesara
Chairman

Partner

C. J. Sandesara
R. B. Dixit
N. B. Patel
Directors

Place : Mumbai

Dated : 30th September, 2004



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2004

	As at 30th June 2004 RS.	As at 30th June 2003 RS.
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
200,00,000 Equity Shares of Rs. 10/- each (Previous Year : 200,00,000 Equity Shares of Rs. 10/- each)	200,000,000 ----- 200,000,000	200,000,000 ----- 200,000,000
ISSUED & SUBSCRIBED :		
18,675,000 Equity Shares of RS. 10/- each Fully Paid up (Previous Year 18,675,000 Equity Shares) (Includes 15562500 equity shares allotted as fully paid up bonus shares by capitalisation of General Reserve)	186,750,000 ----- 186,750,000 =====	186,750,000 ----- 186,750,000 =====
SCHEDULE 2 - RESERVES & SURPLUS		
a) General Reserve		
As per Last Balance Sheet	45,000,000	40,000,000
Add : Transferred from Profit & Loss Account	5,000,000 ----- 50,000,000	5,000,000 ----- 45,000,000
b) Profit & Loss A/c.		
As per last Balance Sheet	94,066,687	79,740,828
Add : Transferred from Profit & Loss Account	16,442,019 ----- 110,508,706 ----- 160,508,706 =====	14,325,859 ----- 94,066,687 ----- 139,066,687 =====

SCHEDULE FORMING PART OF THE BALANCE SHEET A 30TH JUNE 2004

SCHEDULE 3 - FIXED ASSETS

(Figures in Rs.)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1/7/2003	Additions	As on 30/6/2004	As on 1/7/2003	For the Year	As on 30/6/2004	As on 30/6/2003	As on 30/6/2004	
Land	14,687,963	-	14,687,963	-	-	-	14,687,963	14,687,963	
Building	106,862,947	-	106,862,947	4,655,503	1,741,866	6,397,369	102,207,444	100,465,578	
Computer Systems, Peripherals & other Hardware	189,177,611	-	189,177,611	114,208,359	30,665,691	144,874,050	74,969,252	44,303,561	
Office Equipments, Furniture & Fixtures	19,883,740	-	19,883,740	5,061,254	1,258,641	6,319,895	14,822,486	13,563,845	
Vehicles	4,102,450	-	4,102,450	2,374,408	389,733	2,764,141	1,728,042	1,338,309	
Grand Total	334,714,711	-	334,714,711	126,299,524	34,055,930	160,355,454	208,415,187	174,359,257	
Previous Year	334,714,711	-	334,714,711	92,243,593	34,055,930	126,299,523	242,471,118	208,415,188	

(20)





SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2004

	As at 30th June 2004 RS.	As at 30th June 2003 RS.
SCHEDULE 4 - INVESTMENTS		
Quoted & Fully Paid Up	530.817	530.817
Unquoted & Fully Paid up	364.439	364.439
	<u>895.256</u>	<u>895.256</u>
Aggregate of quoted Investment - At Cost	530.817	530.817
SCHEDULE 5 - CURRENT ASSETS		
Sundry Debtors (Unsecured & Considered Good) bts Outstanding for a period exceeding 6 months	1,860,138	1,794,638
Other Debts	29,968,157	28,170,452
	<u>31,828,295</u>	<u>29,965,090</u>
Cash & Bank Balances		
Cash on hand	526,894	496,583
Bank Balance with Schedule Banks in Current & Deposit A/c	19,465,632	4,149,680
	<u>19,992,526</u>	<u>4,646,263</u>
TOTAL	<u>51,820,821</u>	<u>34,611,353</u>
SCHEDULE 6 - LOANS & ADVANCES		
Advance Recoverable in cash or kind for value to be received	136,990,102	94,745,861
	<u>136,990,102</u>	<u>94,745,861</u>
SCHEDULE 7 - CURRENT LIABILITIES		
Sundry Creditors & Other Liabilities	2,172,340	2,137,017
	<u>2,172,340</u>	<u>2,137,017</u>
SCHEDULE 8 - PROVISIONS		
Provision for expenses	1,184,391	1,078,954
Provision for taxation	1,750,000	1,335,000
Provision for Deferred Taxation	11,700,000	8,300,000
Provision for Dividend	-	-
	<u>14,634,391</u>	<u>10,713,954</u>



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 30TH JUNE 2004

	30th June 2004 RS.	30th June 2003 RS.
SCHEDULE 9 - SOFTWARE DEVELOPMENT EXPENSES		
Salaries, Bonus, Incentive and other employee benefits	20,964,855	21,323,308
Staff Welfare	2,361,084	2,699,817
Communication Expenses	2,681,062	2,376,991
Cost of Software Packages/Products	7,354,809	6,634,017
Post-sale Customer Support	673,249	608,186
Computer Maintenance	760,550	620,692
Professional Charges	1,062,587	802,703
	<hr/>	<hr/>
	35,858,196	35,065,714
SCHEDULE 10 - ADMINISTRATIVE & OTHER EXPENSES		
Travelling & Conveyance	1,820,475	1,719,830
Training & Development	1,415,637	1,329,440
R & D Expenditure	496,371	545,084
Legal & Professional Expenses	365,894	337,211
Auditor's Remuneration	35,000	25,000
Office Expenses	3,297,654	2,468,576
Commission & Brokerage	376,581	356,858
Advertisement & Publicity	384,977	331,474
Financial & Other Expenses	167,025	114,256
Rent, Rates & Taxes	1,035,867	881,192
	<hr/>	<hr/>
	9,395,481	8,108,921

**SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT****SCHEDULE 11 - SCHEDULE AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation**

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the Provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported accounts of assets and liabilities, 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. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts, and the useful life of fixed assets. Actual results could differ from these estimates.

3. Revenue recognition

Revenue from fixed-price contracts is recognized principally on the basis of completed milestones as specified in the contracts, on a percentage of completion basis. Where milestones are not representative of the percentage of completion method, estimates of work completed to the Balance Sheet date are used to recognize revenue on fixed-price contracts. Revenue from software developed on a time-and-materials basis is recognized as per the terms of specific contracts.

4. Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. Direct costs are capitalized until the assets are ready to be put to use.

5. Depreciation at the rates specified in schedule XIV of the Companies Act, 1956

Depreciation on fixed assets is provided using the straight-line method at the rates specified in the schedule XIV of the Companies Act, 1956. It is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing Rs. 5,000/- or less are depreciated in full in the year of purchase.

6. Investments

Long Term investments are stated at cost. Other investments are stated at the lower of cost or market value. Any decline, other than temporary in the value of long term investments (including investments in subsidiaries) is charged to the Profit & Loss Account.

7. Retirement Benefits

Retirement benefits payable to the employees are accounted for on cash basis as and when paid.

**B. NOTES TO ACCOUNTS :**

	Year Ended 30 th June, 2004 (Rs.)	Year Ended 30 th June, 2003 (Rs.)
1. Earnings in Foreign Currency (FOB value)		
Income from Software Service and products	24991442	Nil
2. Expenditure in Foreign Currency		
Travel Expenses	Nil	Nil
Other Expenditure incurred Overseas for software development	Nil	Nil
3. Value of Imports on CIF basis	---	---

4. Quantitative Details :

The Company is engaged in the development of Computer Software. The production and sale of such software can not be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

	Year Ended 30 th June, 2004 (Rs.)	Year Ended 30 th June, 2003 (Rs.)
5. Auditors' Remuneration		
Statutory Audit Fees	25,000	15,000
For Other Services	10,000	10,000
Out of Pocket Expenses	6,750	6,750
	41,750	31,750
6. Contingent Liabilities		
Estimated amount of contracts remaining to be provided on Capital Account.	NIL	NIL
Guarantees Given by the Company	-	-
	NIL	NIL

7. Figures of previous year have been regrouped to confirm to current year's presentation.

As per our report of even date
For H. S. Hathi & Co
Chartered Accountants
Hemant S. Hathi
Partner
Place : Mumbai
Dated : 30th September, 2004

For and on behalf of the Board
Nitin J. Sandesara
Chairman
C. J. Sandesara
R. B. Dixit
N. B. Patel
Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2004

(Rs. in Lacs)

	For the Year Ended 30 th June, 2004	For the Year Ended 30 th June, 2003
(A) Cash Flow from Operating Activities		
Net Profit before tax & Extraordinary Items	265.92	237.61
Adjustment for :		
Depreciation & Amortisation	340.56	340.56
Financial Charges	-	-
Dividend Charges	-	-
Profit on Sale of Fixed Assets	-	-
Prior Year Adjustments	-	-
Share Issue Expenses	-	-
Operating Profit before Working	606.48	578.17
Adjustment for :		
Trade Receivables	-18.63	153.14
Other Receivables	-422.44	-622.31
Inventories	-	-
Trade Payables	1.41	-17.88
Cash Generated from operations	166.82	91.12
Interest Paid	-	-
Direct Tax Paid	-13.35	-28.50
Cash Flow before Extraordinary Items	153.47	62.62
Extra Ordinary Items : Dividend		-93.37
Net Cash from operating Activities	153.47	-30.75
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Dividend Received	-	-
Purchase Investments	-	-
Net Cash Used in investing activities	-	-
(C) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long Term Borrowing	-	-
Repayment of long Term Borrowing	-	-
Share Issue Expenses	-	-
Net Cash Used in Financing Activities	-	-
Net increase/(Decrease) in Cash & cash Equivalents (A+B+C)	153.47	-30.75
Cash & Cash Equivalents as at July (Opening)	46.46	77.21
Cash & Cash Equivalents as at June (Closing)	199.93	46.46

We have examined the attached Cash Flow Statement of Transworld Infotech Limited for the year ended 30th June 2004 and 30th June, 2003. The statement has been prepared by the company in accordance with the listing agreements of the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of the even date to the members of the Company.

For H. S. Hathi & Co.
Chartered Accountants

Place : Mumbai
Date : 30th September, 2004

Hemant S. Hathi
Partner



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	142575	State Code	11
Balance Sheet Date	30/06/2004		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

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

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities	347259	Total Assets	347259
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Source of Funds

Paid Up Capital	186750	Reserves & Surplus	160509
Secured Loans	-	Unsecured Loans	-

Application of Funds

Net Fixed Assets	174360	Investments	895
Net Current Assets	172004	Miscellaneous Expenditure	-

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Total Turnover	105187	Total Expenditure	79310
Profit before Tax	26592	Profit after Tax	21442
Earning per Share in Rs. (Annualised)	1.15	Dividend Rate %	-

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

ITC Code	Not Applicable
Product Description	Computer Software