OTCO

Evolving with Passion

OTCO INTERNATIONAL LIMITED

26th ANNUAL REPORT 2006 - 2007

CONTENTS

Board of Directors	2
Notice to Shareholders	3
Director's Report	5
Secretarial Compliance Certificate	8
Auditor's Report	12
Balance Sheet	16
Profit and Loss Account	17
Schedules	18
Cash Flow Statement	24
Balance Sheet Abstract & Company's General Business Profile	25
Attendance Slip & Proxy Form	

BOARD OF DIRECTORS

Collin R Timms
Director

Francis I Alphonso
Director

S. Gokul
Director

Dr. Tim Drye
Director

Registered Office
Prime Business Centre,
3rd Floor,
4, Sri Krishna Temple Road,
Indira Nagar, Bangalore- 560038

AUDITORS
M/s Venkatachalam Aiyer & Co.
Chartered Accountants

Bankers
Guardian Souharda Sahakari Bank Niyamita,
139, Infantry Road, Bangalore 560001

State Bank Of India,
Shivaji Nagar, Branch, Bangalore 560001

HDFC Bank
C M H Road, Bangalore 560038

NOTICE

Notice is hereby given that the 26th Annual General Meeting of OTCO INTERNATIONAL LIMITED will be held at 11.00 A.M. at The Bridge Foundation Auditorium, 1st Floor, No. 139, Infantry Road, Bangalore – 560 001 on Thursday, the 27th September, 2007 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the 26th Annual Report of the Directors, Balance Sheet as at 31st March 2007 and the profit & Loss Account for the year ended 31st March 2007, and the Cash Flow Statement for the Financial Year ended 31st March, 2007 and Report of the Auditors thereon and the Compliance Certificate for the year 2006-07.

2. To appoint a Director in place of Shri Collin R. Timms, who retires by rotation and being eligible, offers himself for re- appointment.

3. To appoint M/s Venkatachalam Aiyer & Co, as Auditors of the company from the company from the conclusion of 26th Annual General meeting, until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as special resolutions:

"RESOLVED that upon the recommendation of the Directors and subject to approval of appropriate authorities wherever applicable, a sum of Rs.5186240/- (Rupees Fifty one lakh eighty six thousand two hundred Forty only) out of the sums standing to the credit of General Reserve Account and share premium Account be and the same are hereby capitalized and accordingly the Directors be and are hereby authorized to appropriate the said sum for distribution to and amongst the members of the Company whose names appear in the Register of Members as on record date, in proportion to the Equity Shares of Rs.10 each at par in proportion of one new share for every four Equity share of the said existing equity shares held by such members respectively on the basis that members become entitled to the new equity shares as capital and not as income."

"RESOLVED FURTHER THAT the new equity shares shall be allotted subject the Memorandum and Articles of Association of the Company and shall in all respects rank *pari passu* with the existing fully paid-up equity shares of the Company".

"RESOLVED FURTHER THAT no letter of allotment shall be in respect of said bonus shares but the certificates in respect of the new equity shares to be allotted as fully paid bonus shares as aforesaid"

"RESOLVED FURTHER THAT for the purpose of giving effect the this resolution and for the removal of any doubts and difficulties, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary or desirable to give effect to this resolution."

By order of the Board

Bangalore
Date: 01.09.2007

Collin R Timms
(Director)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. INSTRUMENTS OF PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPSOITED AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in attendance slip for attending the meeting and for easy identification of attendance at the meeting
4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays, between 11a.m. and 1p.m. till the date of annual general meeting.
5. The Register of Beneficial owners, Register of Members and Share Transfer Books of the Company shall remain closed from 26th September 2007 to 27th September 2007 (both days inclusive)

Annexure to Notice

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4:

The company is having comfortable reserves and share premium in the reserves and surplus. The Board has decided to issue Bonus shares of one share for every four shares held by the shareholders by capitalization of reserves. In order to give effect to the said decision necessary resolution is placed for the approval of the members.

None of the Directors are concerned or interested in the above resolution.

By order of the Board

Bangalore
Date: 01.09.2007

Collin R Timms
(Director)

To the Members

Your directors are pleased to present the 26th Annual Report together with the Audited accounts of your company for the year ended March31, 2007.

FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	2006-2007	2005-2006
Income from Software Maintenance	8.76	8.76
Income from Statistical & Data Analysis	3.29	
Other Income	0.06	0.16
Total Income	12.11	8.92
Total Expenditure	62.38	16.94
Profit before Interest, Depreciation & Tax (PBIDT)	(50.27)	(8.01)
Interest	0.00	0.00
Profit before Depreciation & Tax (PBDT)	-50.27	-8.01
Depreciation	16.29	22.84
Profit before Tax (PBT)	(66.56)	(30.85)
Provision for Taxation	0.47	0.40
Profit After Tax (PAT)	(67.03)	(31.25)

OPERATIONS (PERFORMANCE)

The Company is in the Second year of our Credit Referenceing Business. In the Financial Year 2006-2007, OTCO's operations were concentrated on setting up its network of Member Banks for its Credit Referencing Business (MICRON). As on March 31, 2007 MICRON had enrolled 27 Co-operative banks as its members and installed its referencing system in 12 banks in Bangalore and Tumkur. As on date MICRON has enrolled 104 Co-operative Banks. We are confident that we will have 300 Member Banks by the end of the next financial year.

OTCO's growing network of member banks gives us a critical advantage over competition in the Micro-Finance sector for credit referencing. OTCO has also developed a prototype Credit Score for Micro-Finance clients, and shall also offer a variety of other synergistic services to its member banks over the following Financial Year.

OTCO has applied for a Certificate of Registration as Credit Information Company from the Reserve Bank of India. Our application is under process at the RBI and the company eagerly awaits its Registration with the Reserve bank of India as a Credit Information Company under the Credit Information Companies (Regulation) Act 2005. The required Capital Structure for a Credit Information Company is specified in the Act and in the Rules and Regulations framed thereunder. The Authorised Capital of a Credit Information Company has been determined to be not less than Rs. 30 Crores, with a minimum paid up Capital of Rs. 15 Crores. The Company will increase its Authorised Capital from the present Rs. 3 Crores to Rs. 30 Crores once it receives the "In-Principle Approval" from the Reserve Bank. We are confident that we have the support of the share holders in increasing the Authorised Capital and also in the Capitalisation Process thereon to bring in the addition Capital in order to fulfill the Statutory Requirements specified in the Credit Information Companies (Regulation) Act.

DIVIDEND:

In view of losses incurred, the Board does not recommend any dividend this year.

FIXED DEPOSITS:

Your company has not accepted any Fixed Deposits and the provisions of Section 58A of Companies Act, 1956 are not applicable to the company.

SATUTORY INFORMATION:

There were no employees during the year ending 31st March 2005 in respect of whom the particulars are required to be disclosed with reference to Section 217 (2A) of Companies Act, 1956.

PRESENT DIRECTORS OF THE COMPANY

Mr. Francis I. Alphonso
Mr. S. Gokul
Mr. Collin R. Timms
Dr. Tim Drye

In accordance with the provisions of Article 85 of the Articles of Association, Mr. Collin R. Timms retires by rotation, and being eligible, offers himself for reappointment.

STATUTORY AUDITORS:

M/s Venkatachalam Aiyer & Co, Chartered Accountants, Auditors of the company retires, and being eligible, offer themselves for re appointment. Your directors recommended their reappointment. Shareholders are requested to consider their reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) That the preparation of the Accounts for the financial year ended 31st March 2007 the applicable accounting standards have been followed along with proper explanation relating to the material departure.

(ii) The Director's have selected such accounting policies and applied them consistently and made judgments and estimate that were 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 the year ended under review.

(iii) That the director's 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.

(iv) That the Director's have prepared the accounts for the financial year ended 31st March, 2007 on a going concern basis.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

The operations of the company are not energy intensive. Adequate measures have however, been taken to reduce energy consumption. No technology was imported during the year

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, earning in foreign exchange is Rs.329475/-. The total foreign exchange outflow during the year was Rs. Nil.

REPORT ON CORPORATE GOVERNANCE

The Corporate Governance requirements are not mandatory for your company. However, your company has made a voluntary compliance of corporate governance by forming a Share Transfer and Shareholders Grievances Committee to attend to share transfers, transmissions, demat and other related activities.

COMPLIANCE CERTIFICATE

Compliance Certificate u/s 383A (1) of the Companies Act, 1956 issued by a Company Secretary in practice is enclosed to this report.

INFORMATION PURSUANT TO SECRETARIAL STANDARD 2

General Body Meeting held during the past three years

Date of Meeting	Type of Meeting
29-09-2004	Annual General Meeting
30-11-2005	Annual General Meeting
30-11-2006	Annual General Meeting

ACKNOWLEDGEMENT:

Your director place on record their appreciation of the continued assistance and co-operation extended to your company by the Employees at all levels, customers, Business Associates, Bankers and Vendors.

Your directors thank the Government, Stock Exchanges and other Government Agencies for their support during the year.

Your involvement as Shareholders is greatly valued. Your Directors look forward to your continued support.

For and on Behalf of the Board

COLLIN R. TIMMS
DIRECTOR

FRANCIS I. ALPHONSO
DIRECTOR

Date:30.06.2007
Place: Bangalore

R K BHAT & CO,
Company Secretaries

No. 105/15,
SALEH AHMED BUILDING
INFANTRY ROAD
BANGALORE -560 001

COMPLIANCE CERTIFICATE

Registration No. of the Company/CIN : **U17114KA2001PLC028611**
Nominal Capital : *Rs.3.00 Crore*

To
The Members of OTCO International Limited
Prime Centre, III Floor, No. 4, Krishna Temple Road,
Bangalore - 560 038

We have examined the registers, records, books and papers of *OTCO International Limited* (the Company) as required to be maintained under the Companies Act 1956 (The Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2007 (Financial year i.e. 1.04.2006 to 31.03.2007). In our opinion and to the best of the information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in ***Annexure - A*** to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in ***Annexure -B*** to the certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder and the company has not filed any forms with the Regional Director, Central Government, Company Law Board or other authorities during the financial year. In case of delay necessary additional fee has been paid. However the company is required to file Form No. 20B with the Registrar of companies.
3. The Company being a Public Limited Company, comments with respect of maximum number of members is not required. The company is having the minimum prescribed capital.
4. The Board of Directors duly met six times respectively on 30th June 2006, 29th July 2006, 1st September 2006, 31st October 2006, 20th November 2006 and 30th January 2007 in respect of which meetings proper notices were given and the proceedings were properly recorded in accordance with the provisions of the Act.
5. The Company has closed its Register of Members from 28th November 2006 to 30th November 2006 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March 2006 was held on 30th November 2006 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded as per the provisions of the Act. The company has obtained necessary extension for holding the annual general meeting.

7. The company has not held any extra-ordinary general meeting during the financial year under scrutiny.

8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act during the financial year.

9. The company has not entered into any contracts specified in Section 297 of the Act.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act wherever applicable.

11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.

12 The Company has not issued any duplicate share certificates during the financial year.

13. The Company has:

    a) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provisions Act ;
    b) not deposited any amount to a separate Bank account as no dividend was declared during the financial year.
    c) not required to post warrants to any member of the Company as no dividend was declared during the financial year.
    d) not required to transfer any amount to Investor Education and Protection Fund as there was no amount on unpaid dividend account, application money due for refund, matured deposits, matured debenture and the interest accrued there on.
    e) duly complied with Section 217 of the Companies Act 1956.

14. The Board of Directors of the Company is duly constituted and there was no appointment of alternate director and filling of casual vacancy during the financial year. However the company is required to file necessary return with the registrar of companies with respect to appointment of additional director and his confirmation in the last annual general meeting.

15. The Company has not appointed any Managing Director/Whole Time Director/Manager during the financial year under scrutiny.

16. The Company has not appointed any sole selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, or such other authorities prescribed under the various provisions of the Act during the financial year. However the company has obtained necessary extension from the Registrar of Companies, Karnataka for holding the Annual General Meeting under section 166 of the Companies Act, 1956 for the financial year ending 31.03.2006.

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder during the financial year.

19. The Company has converted 3,00,000 warrants into 3,00,000 equity shares of Rs. 10 each on 20th November 2006. However the company is required to comply with Section 75 of the Companies Act 1956 read with the Issue of Share certificate rules with respect to this allotment. The company has not issued any debentures or other securities during the financial year.

20. The Company has not bought back any equity shares during the financial year.

21. There was no redemption of preference shares or debentures during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.

24. The company has not made any borrowings during the financial year ended 31.03.2007.

25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate during the financial year.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the financial year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the financial year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to the Share capital of the company during the financial year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not created any Trust as defined under Sec 418 hence the said section in not applicable.

FOR R.K. BHAT & CO.,
COMPANY SECRETARIES
Sd/-

Place :Bangalore Name of the Company Secretary : RAMESH KUMAR BHAT
PROPRIETOR

Date: 30.06.2007 CP Number : 3742

Annexure A:

Registration No. of the Company/CIN : **U17114KA2001PLC028611**
Company Name: : *OTCO International Limited*

Registers as maintained by the Company

a. Statutory Registers:

Sl. No.	Name of the Register	Maintained under Section/Rules
1	Register of Charges/Copies of the Instruments Creating the charge	Section 143 & Section 136
2	Register of Members & Index of Members	Section 150 & Section 151
3	Minutes of the Board Statutory Meeting, Annual General Meetings and Extraordinary General Meeting.	Section 193
4	Books of Accounts	Section 209
5	Registers of Directors Interested	Section 301
6	Register of Managing Directors, Directors, Manager and Secretary	Section 303
7	Register of Directors Shareholdings	Section 307
8	Register of Renewed and Duplicate Certificates	Rule 7 of the Companies (Issue of Share Certificate) Rules,1960
9	Register of Directors and Shareholder attendance	-
10	Register of Share transfers	-

ANNEXURE B:

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending 31st March 2007 (i.e. from 1.04.2006 to 31.03.2007)

Sl. No.	Form No	Filed under Section	For
1	23AC and 23ACA	220	Balance Sheet of the year ending 31.03.2006
2	66	383A	Compliance Certificate for the year 2005-06
3	61	166(1)	Extension of time for holding the Annual General Meeting for the year ended 31.03.2006.

AUDITORS' REPORT

To
The Members of
OTCO INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **OTCO INTERNATIONAL LIMITED** as at 31st March 2007, and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. 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 audit.

2. We conducted our audit in accordance with the 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 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 audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's) Report (Amendment) Order, 2004 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 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 above, we report that:

i. 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;

ii. 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 and proper returns adequate for the purpose of our audit have been received from the branch not visited by us and have been appropriately dealt with ;

iii. The Balance Sheet, the Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
(a) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956

iv. On the basis of the written representations received from the directors as on 31st March 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in the terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31stMarch 2007;
b) in the case of Profit and Loss Account, of the Loss for the year ended on that date; and
c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For K. VENKATACHALAM AIYER & CO,
Chartered Accountants

M. Sivakumar
Partner
(Membership No. 23844)

Place: Bangalore
Date: 30th June 2007

ANNEXURE

Ref: OTCO INTERNATIONAL LIMITED

Annexure referred to in paragraph 3 of our report of even date.

i.

a) The company has maintained proper records showing full particulars including quantita tive details and situation of fixed assets;

b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.

c) During the year, the company has not disposed off a major part of the plant and machinery.

ii. The company is in the business of software development and the provision of credit information and referencing services and as such physical existence, verification of inventories etc., are not applicable to the company. The valuation of stock-in-trade is fair and is in accordance with the normally accepted Accounting principles.

iii. In our opinion and based on the information provided to us, the company has not taken any loans nor granted any loans to or from companies , firms or other parties to be covered in the register maintained under Section 301 of the Companies Act, 1956.

iv. In our opinion and according to the information and explanations given to us , there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory , fixed assets and with regard to the sale of goods. During the course of our audit , we have not observed any continuing failure to correct major weaknesses in internal controls.

v. In our opinion and according to the information and explanations given to us , no transactions were made that needs entry in the register maintained under section 301 of the Companies Act, 1956.

vi. The company has not accepted any deposits from the public, hence the question of compliance with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise.

vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

viii. We have been informed that maintenance of cost accounts under Section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for this Company.

ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, cess and other material dues applicable to it.

(b) According to the information and explanations given to us , no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess were in arrears , as at 31.3.2007 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 dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

x. In our opinion, the accumulated losses of the company is not more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding the financial year.

xi. In our opinion and according to the information and explanations given to us ,the company has not defaulted in repayment of dues to a financial institution , bank or debenture holders.

xii. The Company had not granted loans & advances on the basis of security by way of pledge of shares, debentures, and other securities

xiii. In our opinion, the company is not a chit fund or a *nidhi* /mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments except as an investor. However, proper records were maintained by the company and the investments are being held in the name of the company only.

xv. According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.

xvi.In our opinion and according to the information given to us the company did not have any term loans outstanding during the year.

xvii.According to the information provided to us, the Company has not raised any funds on short term basis.

xviii.During the year company had allotted 300000 equity shares of Rs.10 each at a premium of Rs.5.75 to the parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

xx. The Company has not raised any money by public issues during the financial year 2006-2007.

xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For K. VENKATACHALAM AIYER & CO,
Chartered Accountants

Place:Bangalore
Date: 30th June, 2007

M. Sivakumar
Partner
(Membership No. 23844)

BALANCE SHEET

AS AT 31ST MARCH 2007

	Schedule No.	31.03.2007	31.03.2006
		Rs	Rs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,07,50,000	1,77,50,000
Reserves and Surplus	2	82,75,000	85,25,626
Share Warrants		-	4,80,000
Deferred Tax Liability		7,15,270	7,15,270
TOTAL		**2,97,40,270**	**2,74,70,898**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	1,75,10,409	17,305,572
Less : Depreciation		1,46,17,851	1,29,88,430
Net Block		28,92,558	43,17,142
INVESTMENTS	4	1,21,587	21,597
CURRENT ASSETS, LOANS AND ADVANCES			
Closing Stock (As taken, Valued & Certified by the Management)		1,51,05,468	1,51,05,468
Sundry Debtors	5	2,05,425	10,16,799
Cash and Bank Balances	6	40,25,442	43,94,146
Loans and Advances	7	33,35,742	31,46,918
		2,26,72,078	2,36,63,331
LESS : CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities	8	6,73,755	5,31,172
		6,73,755	**5,31,172**
Net Current Assets		2,19,98,323	2,31,32,159
Balance in Profit and Loss Account		**47,27,802**	
TOTAL		**2,97,40,270**	**2,74,70,898**
Significant Accounting Policies and Notes on Accounts			
Significant Accounting Policies	9		
Notes forming parts of Accounts	10		

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

For and on behalf of Board

Collin R.Timms
Director

Francis I. Alphonso
Director

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

M. Sivakumar
Partner

Place: Bangalore
Date: 30th June, 2007

PROFIT AND LOSS ACCOUNT

For The Year Ended 31st March 2007

	Schedule No.	31.03.2007	31.03.2006
		Rs.	**Rs.**
A.INCOME			
Software Maintenance	11	8,76,000	8,76,000
Statistical & Data Analysis		3,29,475	-
Other Income	12	5,985	16,372
Closing Stock (As Taken, Valued & Certified by the Management)		1,51,05,468	1,51,05,468
Total - A		**1,63,16,928**	**1,59,97,840**
B.EXPENDITURE			
Opening Stock		1,51,05,468	1,27,46,215
Marketing Expenses	13	4,77,184	4,14,761
Payment to and Provisions for Employees		16,26,514	8,00,665
Administrative and General Expenses	14	41,34,367	28,38,269
Total - B		**2,13,43,533**	**1,67,99,910**
Operating Profit subject to depreciation (A-B)		*(50,26,605)*	*(8,02,070)*
Depreciation		16,29,422	22,83,668
Profit/Loss before Tax		(66,56,027)	(30,85,738)
Provision for Taxation :			
Current Tax			
Fringe Benefit Tax		47,402	40,000
Deferred Tax			
Profit after Tax		(67,03,428)	(31,25,739)
Profit brought forward from last Year		19,75,626	51,01,365
Amount available for Appropriation		(47,27,802)	19,75,626
Amount transferred to General Reserve			
Interim dividend Paid including Tax			
Proposed Dividend			
Balance carried to Balance Sheet		(47,27,802)	19,75,626
		(47,27,802)	**19,75,626**
Weighted average number of Shares at the end of the Year		**18,85,137**	**17,75,000**
Basic and Diluted Earnings Per Share		**NIL**	**NIL**

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

For and on behalf of Board

Collin R.Timms
Director

Francis I. Alphonso
Director

Place: Bangalore
Date: 30th June, 2007

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

M. Sivakumar
Partner

Schedules annexed to and forming part of the Balance Sheet as at 31st March 2007		
	31.03.2007 Rs	31.03.2006 Rs
Schedule 1. **SHARE CAPITAL** **Authorised** *3000000 Equity Shares of Rs. 10/- each* **Issued** *2075000 Equity Shares of Rs. 10/- each* * (Previous Year 1775000 Equity shares of Rs. 10/- each-) **Subscribed and Paid-up** *2075000 Equity Shares of Rs. 10/- each* * Subscribed and fully paid-up in Cash (Previous Year 1775000 Equity shares of Rs. 10/- each)	 3,00,00,000 2,07,50,000 2,07,50,000	 3,00,00,000 1,77,50,000 1,77,50,000
	2,07,50,000	**1,77,50,000**
Schedule 2. **RESERVES AND SURPLUS** *1. Share Premium* *2. General Reserve* Balance b/d *3. Profit and Loss Account*	 54,75,000 28,00,000 -	 37,50,000 28,00,000 19 75,626
	82,75,000	**85,25,626**

Schedule to the Balance Sheet as at 31st March 2007

Schedule 3.

FIXED ASSETS

Assets	Gross Block				Depreciation Block			Net Block	
	Cost as at 31.03.2006	Additions The Year During	Deductions During The Year	Cost as at 31.03.2007	As at 31.03.2006	For the year	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Computer Hardware	5175616	154521	-	5330137	4835063	184885	5019948	310189	340553
Computer Software	10306460	11128	-	10317588	6976178	1337146	8313324	2004264	3330282
Plant and Machinery	1035913	32308	-	1068221	667497	55165	722662	345559	368416
Furniture and Fixtures	787583	6880	-	794463	509691	52226	561917	232546	277892
Total	**17305572**	**204837**	-	**17510409**	**12988429**	**1629422**	**14617851**	**2892558**	**4317143**
Previous Year	16453174	852398	0	17305572	10704762	2283668	12988430	4317142	5748412

	31.03.2007 Rs	31.03.2006 Rs
Schedule 4.		
INVESTMENTS		
Unquoted		
Omnisoft Joint Venture Co	21,597	21,597
(25000 Equity shares of 0.86 ps [10 Bangladeshi taka] each)		
Otco Infotech Pvt Ltd	99,990	
(9999 Equity shares of Rs.10/- each)		
	1,21,587	**21,597**
Short Term Investments		
	1,21,587	**21,597**
Schedule 5.		
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
Debts outstanding for a period exceeding six months		
Other Debts	2,05,425	10,16,799
	2,05,425	10,16,799
Schedule 6.		
CASH AND BANK BALANCES		
Cash in Hand (As per Cash Book and certified by the management)	19,876	10,316
Balance with		
Scheduled Banks		
-in Current Accounts	39,84,226	43,62,490
-- In Fixed Deposits	21,340	21,340
	40,25,442	43,94,146
Schedule 7.		
LOANS AND ADVANCES		
Unsecured and considered good		
Advances recoverable in cash or in kind or pending adjustment, if any :		
Advances to Others	18,28,837	16,82,137
Advance Fringe Benefit Tax Paid	40,000	
Tax deducted at source	6,52,506	6,52,382
Security Deposits	8,14,399	8,12,399
	33,35,742	31,46,918
Schedule 8.		
CURRENT LIABILITIES	6,73,755	5,31,172
Expenses Payable		
	6,73,755	5,31,172

SCHEDULE: 9
SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of Accounting:**
   (a) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
   (b) Accounting policies which not specifically referred to are consistent and in consonance with generally accepted accounting principles.

2. **Revenue Recognition:**
   Expenses and Income considered payable and receivable respectively are accounted on accrual basis.

3. **Fixed Assets:**
   Fixed Assets are stated at cost of acquisition inclusive of taxes and incidental expenses.

4. **Depreciation:**
Depreciation of fixed assets is provided on straight-line basis over their estimated useful lives at the rates which are higher than the rate prescribed in Schedule XIV of the Companies Act, 1956.Individual assets for less than Rs.5000 are entirely depreciated in the year of acquisition. The estimated useful lives are as follows:

Computer and Peripherals - 3 years
Office Equipment - 5 years

In the case of purchase of assets, depreciation has been provided on pro-rata basis from the date of purchase of those assets.

5. **Valuation of Closing Stock:**
   Inventories are valued at lower of cost (determined on first-in-first-out basis) and Market value.

SCHEDULE : 10

Notes forming part of Balance Sheet as at 31st March 2007 and Profit and Loss Account for the year ended on that date :

1. **AS -17/ AS - 20/ AS - 22:**

   AS - 17 Segmental Reporting

   Segmental Reporting has not been prepared in relation to the Company as the Company has only one major segment of Credit Referencing.

   AS - 20 Earnings Per Share

   Basic & Diluted Earnings Per Share has been reflected in Profit & Loss Account.
   Basic & Diluted Earnings Per Share for the Year under audit is Nil
   (Previous Year Rs. 0.00/- Per Share)

   AS - 22 Taxes On Income

   Deferred Tax Liability has been shown separately below Reserves & surplus.
   Deferred Tax is in Respect of Depreciation, amounted to Rs. 715270/-
   (Previous Year – Rs.715270/-)

2. Figures for the previous year have been regrouped and/or re-arranged wherever necessary and have been rounded-off to the nearest rupee.

3. Confirmation of balances from parties has not been received till date.

4. Sundry Creditors do not include any amount due to small Scale Industrial Undertakings as at 31st March 2007.

5. Earnings in Foreign Currency:

	As on 31.03.2007 Rs.	As on 31.03.2006 Rs
Professional Fees For Data & Statistical Analysis	3,29,475	NIL
Total	3,29,475	NIL

6. Total Auditors Remuneration:

	As on 31.03.2007 Rs.	As on 31.03.2006 Rs
As Auditors	30,000	30,000
Service Tax	3,708	3,672
Other Servic	2,000	24,500
Total	35,708	58,172

7. There are no whole time directors. Managerial Remuneration paid to the non-whole time directors by way of sitting fees for the year is Rs.24,000 /-
   (Previous year Rs. 18,000/-)

8. Expenditure in Foreign Currency:
   Marketing Expenses : **NIL**
   (Previous Year Rs. NIL/-)
   Business Promotion Expenses: **NIL**
   (Previous Year: Rs. **NIL**)

9. The Bank Accounts opened for the payment of Dividend has been converted into Unclaimed Dividend Account. The Unclaimed Dividend at the year end is:
   Final Dividend (00-01) Rs. 6,290/-
   Interim Dividend (01-02) Rs. 9,870/-
   Final Dividend (01-02) Rs. 12,570/-

10. ACCOUNTING STANDARD-22 (Tax On income)

STATEMENT OF PROFIT AND LOSS	
	31-03-2007 (Rs)
Loss before Depreciation & Taxes	50,26,605
Less: Depreciation for accounting purposes	16,29,422
Loss before Taxes	**66,56,027**
Less: Tax Expenses	
Current Tax	-
Fringe Benefits Tax	47,402
Deferred Tax	-
Loss after Tax	**67,03,429**
Net Timing Differences	-
Deferred Tax Liability	-

For and on behalf of Board

Collin R.Timms
Director

Francis I. Alphonso
Director

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

M. Sivakumar
Partner

Place: Bangalore
Date: 30th June, 2007

Schedules annexed to and forming part of the Profit & Loss Account for the year ended 31st March 2007		
	31.03.2007 Rs	31.03.2006 Rs
Schedule 11.		
SOFTWARE MAINTENANCE		
Software Maintenance charges	8,76,000	8,76,000
	8,76,000	**8,76,000**
Schedule 12.		
OTHER INCOME		
Interest	3,930	16,372
Exchange Gain	2,055	
	5,985	**16,372**
Schedule 13.		
Marketing Expenses	2,75,325	3,93,204
Travelling	2,01,859	21,557
	4,77,184	**4,14,761**
Schedule 14.		
ADMINISTRATIVE AND GENERAL EXPENSES		
Legal, Professional and Technical Charges	16,56,672	13,60,089
Rent, Rates and Taxes	3,68,828	3,69,651
Bad debts written off	10,13,726	3,00,000
Server Co-location Charges	1,64,968	1,38,195
Design and Development Charges	33,672	
Electricity and Water Charges	1,52,900	1,31,570
Repairs and Maintenance	45,895	1,21,841
Postage, Telegram & Telephone	1,68,730	1,03,352
Auditors Remuneration	35,708	58,172
- As Auditors 33,708		
- As Tax Consultants 2,000		
Printing and Stationery	75,096	54,289
Listing Fees	20,519	45,254
Advertisement and Subscription	49,236	26,003
Conference/Seminar/ Exhibition	58,600	-
Internet and Email Charges	12,526	23,514
Travelling and Conveyance	1,84,790	22,166
Filing Fees	26,349	20,868
Donations	-	20,000
Directors Sitting Fees	24,000	18,000
Miscellaneous Expenses	13,000	10,798
Book and Periodicals	11,293	6,722
Expenses & Interest on TDS	13,650	5,232
Bank Charges	2,209	2,554
Website Designing Charges	2,000	
	41,34,367	**28,38,269**

For and on behalf of Board

Collin R.Timms
Director

Francis I. Alphonso
Director

Place: Bangalore
Date: 30th June, 2007

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

M. Sivakumar
Partner

CASH FLOW STATEMENT
(Prepared Pursuant to Listing Agreement)

	For the year ended 31st March,2007 (Rs.)		For the year ended 31st March,2006 (Rs.)	
A. Cash Flow From Operating Activities				
Net Profit/(Loss) before Tax and extra Ordinary Items		-66,56,027		-30,85,739
Adjustment For :				
Depreciation	16,29,422		22,83,668	
Loss on Sale of Investment				
Profit on Sale of Investment				
Interest and Dividend	3,930		16,372	
		16,25,492		22,67,296
Operating Profit before working capital changes		-50,30,535		-8,18,443
Adjustments For :				
Inventories			23,59,253	
Trade and other receivables	-6,62,680		-19,70,624	
Trade payable	-95,181	7,57,861	-2,10,085	1,78,544
Cash Generated from operations		-42,72,674		-9,96,987
Income Tax paid		40,124		64,502
Net Cash from operating activities		**-43,12,797**		-10,61,489
B. Cash Flow From Investing Activities				
Purchase of Fixed Assets	-2,04,847		-8,52,398	
Purchase of Investments	-99,990			
Increase in Share capital				
Sale of Investment				
Interest and Dividend receipt	3,930		16,372	
Net Cash from Investing Activities		-3,00,907		-8,36,026
Carried over		**-46,13,704**		-18,97,515
C. Cash Flow From Finanacing Activities				
Increase in Share Capital	30,00,000		12,50,000	
Share Warrants	-4,80,000		4,80,000	
Share Premium	17,25,000		37,50,000	
Dividends Paid (Including Tax)	-	-		
Net Cash from Financing Activities	-	42,45,000	-	**54,80,000**
Net Cash Inflow/(Outflow)		**-3,68,704**		35,82,485
Cash and Cash equivalents as at 1st April,2006		43,94,146		8,11,661
Cash and Cash equivalents as at 31st March,2007		40,25,442		43,94,146
Net Cash Outflow/(Inflow)		**-3,68,704**		**35,82,485**

This is the cash flow statement reffered to in our report of even date

For and on behalf of Board

Collin R.Timms
Director

Francis I. Alphonso
Director

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

M. Sivakumar
Partner

Place: Bangalore
Date: 30th June, 2007

OTCO INTERNATIONAL LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As per part (IV) of schedule VI of the Companies Act ,1956)

I **Registration Details**

Registration Number: 2 8 6 1 1 — State Code: 0 8

Balance Sheet: 3 1 (Date) — 0 3 (Month) — 2 0 0 7 (Year)

Capital Raised during the Year

(Amount in Rs Thousands)

Public Issue	Right Issue	Bonus Issue	Private Placement
N I L	N I L	N I L	~~N I L~~ 3000

Position of Mobilisation and deployment of Funds

(Amount in Rs Thousands)

	Total Liabilities	Total Assets
	2 9 7 4 0	2 9 7 4 0

Sources of Fund

Paid-up Capital	Reserves & Surplus
2 0 7 5 0	0 8 2 7 5

Secured Loans	Unsecured Loans
N I L	N I L

Application of Funds

Net Fixed Assets	Investments
0 2 8 9 3	0 0 1 2 2

Net Current Assets	Miscellaneous Expenditure
2 1 9 9 8	N I L

Accumulated Losses
~~N I L~~ 4727

Performance of Company

(Amount in Rs Thousands)

Turnover	Total Expenditure
01205	06238

+ - Profit/Loss before Tax	+ - Profit after Tax
-06656	06703

Earning per share in Rs	Dividend Rate %
NIL	00

Generic Names of Three Principal Products/ Services of Company (as per Monetary terms)

Item Code (ITC CODE)	NOT APPLICABLE
Product Description	CREDIT REFRECING

Signed for Identification:

For and on behalf of Board

For K Venkatachalam Aiyar & Co,.
Chartered Accountants

Collin R. Timms	Franscis I. Alphonso	M Sivakumar
Director	Director	Partner

Place : Bangalore
Date : 30th June,2007

OTCO

Evolving with Passion

If undelivered, Please return to :

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#4, 3rd Floor, Prime Centre,
Sri Krishna Temple Road,
Indiranagar, Bangalore - 560 038.
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