

OTCO

Evolving with Passion

OTCO INTERNATIONAL LIMITED
27th ANNUAL REPORT 2007 - 2008

11/11/11

11/11/11

11/11/11

11/11/11

CONTENTS

Board of Directors	2
Notice to Shareholders	3
Director's Report	6
Auditor's Report	9
Balance Sheet	13
Profit and Loss Account	14
Schedules	15
Cash Flow Statement	19
Balance Sheet Abstract & Company's General Business Profile	20
Attendance Slip & Proxy Form	

B O A R D O F D I R E C T O R S

Collin R Timms
Director

Francis I Alphonso
Director

S. Gokul
Director

Dr. Tim Drye
Director

Arvind Agrawal
Non - Executive Director

Registered Office

Prime Centre, 3rd Floor,
4, Krishna Temple Road,
Indira Nagar, Bangalore-560 038

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 27th 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 00 I on Wednesday, the 31st of December, 2008 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the 27th Annual Report of the Directors, Balance Sheet as at 31st March 2008 and the Profit & Loss Account for the year ended 31st March 2008, and the Cash Flow Statement for the Financial Year ended 31st March 2008 and Report of the Auditors thereon for the financial year 2007-08.
2. To appoint a Director in place of Dr. Tim Drye, who retires by rotation and being eligible, offers him self for re- appointment.
3. To Appoint M/s Venkatachalam Aiyer & Co, as Auditors of 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(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Arvind Agrawal who was appointed as an Additional Director of the Company by the Board of Directors and whose term comes to end at this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81(IA) and other applicable provisions, if any of the Companies Act, 1956 as also provisions of any other applicable Laws/Rules/ Regulations (including any amendments thereto or re-enactments thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (Board/Committee of the Board) which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company

be and is hereby accorded to the Board of Directors of the Company to issue, offer and allot not exceeding 26,00,000 (Twenty Six lakhs only) Equity Shares of Rs10/- each (referred to as 'Securities') with or without premium, directly to Indian/Foreign/Resident/ Non-resident Investors (whether Institutions, Bodies Corporate, Mutual Funds Trusts/ Foreign Institutional Investors/ Banks and/or individuals, or otherwise and whether or not such investors are members, Promoters, Directors or their relatives/ associates, of the Company) through Public Issue, Private Placements for any strategic alliance including acquisitions, at such time or times in such tranche or tranches, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the factors, wherever necessary in consultation with the Lead Managers, Underwriters, Advisors or through the subsidiaries, including by way of Secondary Public Offer or otherwise.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds and things as it may, in its absolute discretion deem necessary or desirable including, but not limited to, determine the form and terms of the Issue of Securities, class of investors to whom Securities are proposed to be issued, number thereof, price, and such other issues incidental to the issue of Securities, and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as any authorities including SEBI, GOI, RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities in international offering may have all or any 'term or combination of terms in accordance with the international practice.

RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangements/agreements with any Lead Managers/ Underwriters/ Guarantors/ Depository (ies)/ Custodians/ Advisors and all such agencies as may be involved in cash or otherwise including by way of payment or commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like.

RESOLVED FURTHER THAT such of these securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner as the Board may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred in such manner as they may deem fit".

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81(1 A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the applicable statutes or guidelines or regulations issued/as may be issued from time to time, by concerned authorities including the Reserve Bank of India/SEBI, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board') to issue, offer and allot up to 26,00,000 Equity Shares of Rs 10/- each the price of the share being such price as the Board may deem fit, subject to the reckoning of the price to be arrived at, for cash and in terms of the prevailing relevant Guidelines of SEBI such other appropriate authorities, to the persons as may be decided by the Board, falling into the category of non-promoter i.e Public, whether they are members of the Company or not, and without offering these Equity Shares on rights basis to the existing other members and on such terms and conditions as may be applicable or with such modification(s) as the Board may decide and in such trenches as may be decided by the Board in its absolute discretion.

RESOLVED FURTHER THAT these shares proposed to be issued and allotted as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall on allotment rank *pari passu* with the existing Equity Shares of the Company in all respects for and from the financial year in which they are allotted except that the dividend, if any, be proportionate to the amount paid up per share from time to time.

FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds and matters and things as it may, at its discretion deem necessary or desirable for such purpose without being required to seek any further consent or approval of the Company or otherwise to the extent that they shall be deemed to have given their approval hereto expressly by the authority of this resolution and with power on behalf of the Company to settle the questions, difficulties, or doubts that may arise in this regard as it may in its absolute discretion deem fit and proper."

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (the Act) and the approval of any other appropriate authorities, consent of the Company be and is hereby accorded to remunerate Mr. Collin R Timms, Director of the Company by way of Performance Bonus of Rs.70, 00,000/- (Rupees Seventy Lakhs only) for the Services rendered to the Company. Such Performance Bonus shall accrue and be payable if and only if the Company receives an In-Principle Approval or such other documentary confirmation from the Reserve Bank of India (RBI) for carrying on business of A Credit Information Company under The Credit Information Companies (Regulation) Act, 2005.

Further Resolved That the Board be and is hereby authorized to decide on time and mode of Disbursal of the above Performance Bonus to be paid to Mr. Collin R Timms and also authorized to comply with all the provisions of the Companies Act and other applicable Acts and to obtain

any statutory approvals under the provisions of the various statutes if required."

Bangalore

By the order of Director

Date: 04.12.2008

Collin R Timms

Director

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

Item No.4

Mr. Arvind Agrawal was appointed as an Additional Director at the meeting of the Board of Director of the Company on 31st July 2008. He holds office up to the date of ensuing Annual General Meeting and being eligible offers himself for appointment as Non-Executive Director, liable to retire by rotation. The Company has received a notice in writing (along with deposit offive hundred rupees) from a member proposing the candidature of Mr. Arvind Agrawal for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors therefore recommend the resolution for your approval.

None of the Directors of the Company except Mr. Arvind Agrawal may be deemed to be concerned or interested in this resolution.

Item No.5

Your company is carrying on the business of credit information for the past few years subsequently, The Government of India has passed The Credit Information Companies (Regulation) Act, 2005, and the company is governed by the said Act. Under this Act all the companies carrying on business of credit information are subject to certain conditions for obtaining Certificate of Registration from RBI, having cellain minimum authorized and paid up capital and so on. Therefore, to comply with these Regulations your company is proposed to increase the capital and proposed to go for a secondary on public issue.

The approval of the shareholders is sought under the provisions of the Companies Act, 1956.

The resolution set out in the Notice is recommended for the approval of the shareholders. None of the Directors are deemed to be interested in this resolution.

Item No.6

Your company is carrying on the business of credit information for the past few years subsequently, The Government of India has passed The Credit Information Companies (Regulation) Act, 2005, and the company is governed by the said Act. Under this Act all the

companies carrying on business of credit information are subject to certain conditions such as obtaining Certificate of Registration from RBI, having certain minimum authorized and paid up capital and so on.

The proposed special resolution is designed to comply with the requirements of Section 81(1A) of the Companies Act in the context of issue and allotment of Shares of the Company.

The allotment to the Investors as may be decided by the Board pursuant to the consent to be granted by the shareholders under the proposed resolution shall be completed within fifteen days from the date of passing this resolution or receipt of necessary statutory approvals, whichever is later, in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000 ('DIP Guidelines'). In accordance with SEBI DIP Guidelines the shares to be allotted shall be locked in for such period as is prescribed by SEBI.

Item No.7

Your Directors propose to remunerate Mr. Collin R Timms by way of performance bonus of Rs.70,00,000/- for the financial year 2008-09. It is proposed to pay this bonus on obtaining the Certificate of Registration from RBI under the Credit Information Companies (Regulation) Act, 2005. Approval of the shareholders is required as per the provisions of the Companies Act, 1956. Further approval of the Central Government will be taken subsequent to obtaining the Certificate of Registration from the Reserve Bank of India.

Bangalore
Date: 04.12.2008

By the order of Director
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 TO BE MUST BE DEPOSITED 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 11 a.m. and 1p.m. till the date of Annual General Meeting.

DIRECTORS' REPORT

FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

To the Members

Your directors are pleased to present the 27th Annual Report together with the Audited accounts of your company for the year ended March 31, 2008.

PARTICULARS	2007-2008	2006-2007
Income from Software Maintenance	9.49	8.76
Income from Statistical & Data Analysis	37.74	3.29
Other Income	0.05	0.06
Total Income	47.28	12.11
Total Expenditure	66.20	62.38
Profit / (Loss) before Interest, Depreciation & Tax (PBIDT)	(18.92)	(50.27)
Interest	0.00	0.00
Profit / (Loss) before Depreciation & Tax (PBDT)	(18.92)	(50.27)
Depreciation	10.35	16.29
Profit / (Loss) before Tax (PBT)	(29.27)	(66.56)
Provision for Taxation	0.63	0.47
Profit / (Loss) After Tax (PAT)	(29.90)	(67.03)

OPERATIONAL (PERFORMANCE)

The Company is in the Third year of its Credit Referencing Business. In the Financial Year 2007-2008 OTCO has submitted its application for a Certification of Registration with the Reserve Bank of India in accordance with the provisions of The Credit Information Companies (Regulation) Act 2005, Rules and Regulations 2006. Our Application for Registration is being processed by the Reserve Bank, and the company is confident of obtaining the Certificate of Registration as a Credit Information Company. Our Operations during the year was primarily focused on developing our network of Member Banks, and we continued to increase our membership of 104 banks at the end of 31st March 2007 to 192 Co-operative Banks, and have installed our Credit Referencing system in 37 banks in Bangalore, Tumkur, Hubli and Belgaum. We have also expanded our network of Credit Institutions in the States of Gujarat and Tamil Nadu, we are confident that we will have enrolled 500 Member Banks by the end of the next financial year.

The Credit Information Companies (Regulation) Act, Rules and Regulations have a minimum Capital Requirement for Companies to operate as Credit Information Companies, and OTCO has to comply with the Minimum Capital specified in the Regulations. The Board has taken progressive steps in this regard, and has placed before the members a proposal to consider and authorize the Board to initiate steps towards increasing the Authorized Capital of the Company from Rs. 3 Crores to Rs. 30 Crores, Identify Strategic Investors to invest into the company and increase the present Subscribed Capital from Rs.2.59 Crores to Rs. 20 Crores. The Company's Paid up Capital should be Rs. 15 Crores in order to obtain the Certificate of Registration from the Reserve Bank of India. The Board of Directors are evaluating various methods of Capitalizing the Company to comply with the Regulations in the form of Preferential Issue of Equity Shares, Share Warrants fully convertible to Equity Share, and a Follow-On Public Issue subject to obtaining an "In-Principle Approval" from the Reserve Bank of India.

Your Directors seek your co-operation in passing the resolutions proposed in the Notice to the AGM.

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 2008 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

Mr. Arvind Agrawal

In accordance with the provisions of Article 85 of the Articles of Association, Dr. Tim Drye retires by rotation, and being eligible, offers himself for reappointment.

The Board of Directors has appointed Mr. Arvind Agrawal as an additional (Non- Executive) Director of the Company with effect from 30th July, 2008. Mr. Arvind Agrawal hold office upto the forthcoming Annual General Meeting and being eligible, offers himself for appointment as Director. Mr. Arvind Agrawal brings in more than 20 years of expertise in CRM, Credit Risk, Business Strategy and Business Intelligence and has rich Global Experience in the Credit Information Industry.

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 2008 the applicable accounting standards have been followed along with proper explanation relating to the material departure.
- (ii) The Directors 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 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.

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 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 OUT GO

During the year, earning in foreign exchange is Rs.37,73,627/-. 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.

INFORMATION PURSUANT TO SECRETARIAL STANDARD 2

General Body Meeting held during the past three years

Date of Meeting	Type of Meeting
30-11-2005	Annual General Meeting
30-11-2006	Annual General Meeting
27-09-2007	Annual General Meeting

ACKNOWLEDGEMENT:

Your director place on record their appreciation of the continued assistance 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

Bangalore
Date: 30.06.2008

COLLIN R. TIMMS
DIRECTOR

FRANCIS I. ALPHONSO
DIRECTOR

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 2008, 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 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 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 31st March 2008;
 - 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**

**Place: Bangalore
Date: June 30, 2008**

**M.Sivakumar
Partner
(Membership No. 23844)**

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 quantitative 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 & 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 31.3.2008 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 sale 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. According to the information and explanations given to us, during the period covered by our audit report, the Company Unit has not made any preferential allotment of shares.
- xix. As the Company has not issued any debentures, the question of any outstanding debentures during the year is not applicable.
- xx. The Company has not raised any money by public issues during the financial year 2007-2008.
- 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 2008**

**M. Sivakumar
Partner
(Membership No. 23844)**

OTCO INTERNATIONAL LIMITED
BALANCE SHEET AS AT 31ST MARCH 2008

	Schedule No.	31.03.2008 Rs	31.03.2007 Rs
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share Capital	1	25,936,240	20,750,000
Reserves and Surplus	2	3,087,500	8,275,000
Deferred Tax Liability		715,270	715,270
TOTAL		29,739,010	29,740,272
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	3	17,564,427	17,510,409
Less : Depreciation		15,652,789	14,617,851
Net Block		1,911,638	2,892,558
INVESTMENTS			
	4	121,587	121,587
CURRENT ASSETS, LOANS AND ADVANCES			
Closing Stock (As taken, Valued & Certified by the Management)		15,105,468	15,105,468
Sundry Debtors	5	2,311,791	205,425
Cash and Bank Balances	6	128,305	4,025,442
Loans and Advances	7	3,287,064	3,335,742
LESS: CURRENT LIABILITIES AND PROVISIONS		20,832,629	22,672,077
A. Current Liabilities	8	844,801	673,755
		844,801	673,755
Net Current Assets		19,987,828	21,998,322
Balance in Profit and Loss Account		7,717,957	4,727,803
TOTAL		29,739,010	29,740,272
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 K. Venkatachalam Aiyer & Co.
Chartered Accountants

For and on behalf of Board

Collin R. Timms Francis I. Alphonso
Director Director

M. Sivakumar
Partner

Place: Bangalore
Date: 30th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule No.	31.03.2008	31.03.2007
		Rs	Rs
<u>A.INCOME</u>			
Software Development	11	949,000	876,000
Professional Fees For Data & Statistical Analysis		3,773,627	329,475
Other Income	12	4,995	5,985
Closing Stock (As Taken, Valued & Certified by the Management)		15,105,468	15,105,468
Total - A		19,833,090	16,316,928
<u>B.EXPENDITURE</u>			
Opening Stock		15,105,468	15,105,468
Marketing Expenses	13	1,138,128	477,184
Payment to and Provisions for Employees		2,175,159	1,626,514
Administrative and General Expenses	14	3,368,635	4,134,367
Total - B		21,787,390	21,343,533
<i>Operating Profit subject to depreciation (A-B)</i>		<i>(1,954,300)</i>	<i>(5,026,605)</i>
Depreciation		1,034,939	1,629,422
Profit/Loss before Tax		(2,989,238)	(6,656,027)
Add/Less: Prior period adjustment (Net)		62,327	-
<u>Provision for Taxation :</u>			
Current Tax			
Fringe Benefit Tax		63,243	47,402
Deferred Tax			
Profit after Tax		(2,990,154)	(6,703,429)
Profit brought forward from last Year		(4,727,803)	1,975,626
Amount available for Appropriation		(7,717,957)	(4,727,803)
Amount transferred to General Reserve			
Interim dividend Paid including Tax			
Proposed Dividend			
Balance carried to Balance Sheet		(7,717,957)	(4,727,803)
		(7,717,957)	(4,727,803)
Weighted average number of Shares at the end of the Year		2,162,854	1,885,137
Basic and Diluted Earnings Per Share		NIL	NIL

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

For and on behalf of Board

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

Collin.R.Timms
Director

Francis I. Alphonso
Director

M. Sivakumar
Partner

Place: Bangalore
Date: 30th June, 2008

**Schedules annexed to and forming part of the Balance Sheet
as at 31st March 2008**

Particulars	31.03.2008 Rs	31.03.2007 Rs
Schedule 1. SHARE CAPITAL		
Authorised 3000000 Equity Shares of Rs. 10/- each	30,000,000	30,000,000
Issued 2593624 Equity Shares of Rs. 10/- each * (Previous Year 2075000 Equity shares of Rs. 10/- each-)	25,936,240	20,750,000
Subscribed and Paid-up 2593624 Equity Shares of Rs. 10/- each * Subscribed and fully paid-up in Cash (Previous Year 2075000 Equity shares of Rs. 10/- each)	25,936,240	20,750,000
	25,936,240	20,750,000
Schedule 2. RESERVES AND SURPLUS		
1. Share Premium	287,500	5,475,000
2. General Reserve Balance b/d	2,800,000	2,800,000
	3,087,500	8,275,000

Schedule to the Balance Sheet as at 31st March 2008

**Schedule 3.
FIXED ASSETS**

Assets	Gross Block				Depreciation Block			Net Block	
	Cost as at 01.04.2007	Additions during the year	Deductions during the year	Cost as at 31.03.2008	As at 01.04.2007	For the year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Computer Hardware	5330137	35256	0	5365393	5019948	140832	5160780	204613	310189
Computer Software	10317588	2000	0	10319588	8313324	803706	9117030	1202558	2004264
Plant and Machinery	1068221	16763	0	1084984	722662	48310	770972	314012	345559
Furniture and Fixtures	794462	0	0	794462	561917	42091	604007	190455	232545
Total	17510408	54019		17564427	14617851	1034939	15652789	1911638	2892557
Previous Year	17305572	204837	0	17510409	12988429	1629422	14617851	2892558	4317143

Schedule 4.		
INVESTMENTS		
<i>Unquoted</i>		
Omnisoft Joint Venture Co (25000 Equity shares of 0.86 ps [10 Bangladeshi taka] each)	21,597	21,597
Otco Infotech Pvt Ltd (9999 Equity shares of Rs.10/- each)	99,990	99,990
	121,587	121,587
Schedule 5.		
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
Debts outstanding for a period exceeding six months		-
Other Debts	2,311,791	205,425
	2,311,791	205,425
Schedule 6.		
CASH AND BANK BALANCES		
Cash in Hand (As per Cash Book and certified by the management)	21,150	19,876
Balance with Scheduled Banks		
-in Current Accounts	85,816	3,984,226
- In Fixed Deposits	21,340	21,340
	128,305	4,025,442
Schedule 7.		
LOANS AND ADVANCES		
<i>Unsecured and considered good</i>		
Advances recoverable in cash or in kind or pending adjustment, if any :		
Advances to Others	1,787,136	1,828,837
Advance Fringe Benefit Tax Paid	-	40,000
Tax deducted at source	683,529	652,506
Security Deposits	816,399	814,399
	3,287,064	3,335,742
Schedule 8.		
CURRENT LIABILITIES		
For Other Expenses Payable	844,801	673,755
	844,801	673,755

Place : Bangalore

Date :30th June,2008

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.

6. Foreign Currency Transactions :

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. At the year-end, all the monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences resulting from the settlement of such transactions and from the translation of such monetary assets and liabilities are recognized in the Profit and Loss Account.

SCHEDULE : 10

Notes forming part of Balance Sheet as at 31st March 2008 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 Information.

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.7,15,270/-

(Previous Year - Rs.7,15,270/-)

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 2008.
5. Earnings in Foreign Currency:

	As on 31.03.2008 Rs	As on 31.03.2007 Rs
Professional Fees For Data & Statistical Analysis	37,73,627	3,29,475
Total	37,73,627	3,29,475

6. Total Auditors Remuneration:

	As on 31.03.2008 Rs	As on 31.03.2007 Rs
As Auditors	30,000	30,000
Service Tax	3,708	3,708
Other Services	2,000	2,000
Total	35,708	35,708

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.57,000 /- (Previous year Rs. 24,000/-)
8. Expenditure in Foreign Currency :
 - Marketing Expenses : Rs.17,580/- (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/-

For and on behalf of Board,

For K.Venkatachalam Aiyer & Co.,
Chartered Accountants

Collin R. Timms
Director

Francis I. Alphonso
Director

M. Sivakumar
Partner

Place: Bangalore
Date: June 30, 2008

**Schedules annexed to and forming part of the Profit & Loss Account
for the year ended 31st March 2008**

Particulars	YEAR ENDED	
	31.03.2008 Rs	31.03.2007 Rs
Schedule 11.		
SOFTWARE DEVELOPMENT		
Software Maintenance charges	949,000	876,000
	949,000	876,000
Schedule 12.		
OTHER INCOME		
Interest	4,995	3,930
Exchange Gain	-	2,055
	4,995	5,985
Schedule 13.		
Marketing Expenses	868,337	275,325
Travelling	269,791	201,859
	1,138,128	477,184
Schedule 14.		
ADMINISTRATIVE AND GENERAL EXPENSES		
Legal, Professional and Technical Charges	1,552,426	1,656,672
Rent, Rates and Taxes	565,505	368,828
Bad debts written off	-	1,013,726
Server Co-location Charges	176,664	164,968
Design and Development Charges	4,800	33,672
Electricity and Water Charges	165,917	152,900
Repairs and Maintenance	93,051	45,895
Postage, Telegram & Telephone	142,690	168,730
Auditors Remuneration	35,708	35,708
- As Auditors 33,708		
- As Tax Consultants 2,000		
Printing and Stationery	130,640	75,096
Listing Fees	14,341	20,519
Advertisement and Subscription	67,423	49,236
Conference/Seminar/ Exhibition	21,088	58,600
Internet and Email Charges	84,568	12,526
Travelling and Conveyance	135,627	184,790
Filing Fees	16,994	26,349
Exchange Differences(Net)	78,234	-
Directors Sitting Fees	57,000	24,000
Miscellaneous Expenses	17,312	13,000
Book and Periodicals	5,499	11,293
Expenses & Interest on TDS	256	13,650
Bank Charges	2,893	2,209
Website Designing Charges	-	2,000
	3,368,635	4,134,367
Place : Bangalore		
Date : 30th June, 2008		

CASH FLOW STATEMENT

(Prepared Pursuant to Listing Agreement)

	For the year ended 31st March, 2008 (Rs.)		For the year ended 31st March, 2007 (Rs.)	
<u>A. Cash Flow From Operating Activities</u>				
Net Profit/(Loss) before Tax and extra Ordinary Items		-2926911		-6656027
Adjustment For :				
Depreciation	1034939		1629422	
Loss on Sale of Investment				
Profit on Sale of Investment				
Interest and Dividend	4995		3930	
		1029944		1625492
Operating Profit before working capital changes		-1896968		-5030535
Adjustments For :				
Inventories				
Trade and other receivables	2057688		-662680	
Trade payable	171046	1886642	-95181	-757861
Cash Generated from operations		-3783610		-4272674
Income Tax paid		63243		40124
Net Cash from operating activities		-3846853		-4312797
<u>B. Cash Flow From Investing Activities</u>				
Purchase of Fixed Assets	-54019		-204847	
Purchase of Investments			-99990	
Increase in Share capital				
Sale of Investment				
Interest and Dividend receipt	4995	-49024	3930	
Net Cash from Investing Activities				-300907
Carried over		-3895877		-4613704
<u>C. Cash Flow From Financing Activities</u>				
Increase in Share Capital	0		3000000	
Share Warrants			-480000	
Share Premium	-1260		1725000	
Dividends Paid (Including Tax)				
Net Cash from Financing Activities		-1260		4245000
Net Cash Inflow/(Outflow)		-3897137		-368704
Cash and Cash equivalents as at 1st April, 2007		4025442		4394146
Cash and Cash equivalents as at 31st March, 2008		128305		4025442
Net Cash Outflow/(Inflow)		-3897137		-368704

For and on behalf of Board

Collin R. Timms
Director

Francis I. Alphonso
Director

This is the cash flow statement referred to in
our report of even date
For K. Venkatachalam Aiyer & Co.,
Chartered Accountants

Place : Bangalore
Date : 30th June, 2008

M. Sivakumar
Partner

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	8
---	---	---	---

Year

II Capital Raised during the Year

(Amount in Rs Thousands)

Public Issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

Bonus Issue

5	1	8	6
---	---	---	---

Private Placement

N	I	L
---	---	---

III Position of Mobilisation and deployment of Funds

(Amount in Rs Thousands)

Total Liabilities

2	9	7	3	9
---	---	---	---	---

Total Assets

2	9	7	3	9
---	---	---	---	---

Sources of Fund

Paid-up Capital

2	5	9	3	6
---	---	---	---	---

Reserves & Surplus

0	3	0	8	7
---	---	---	---	---

Secured Loans

N	I	L
---	---	---

Unsecured Loans

N	I	L
---	---	---

Application of Funds

Net Fixed Assets

0	1	9	1	1
---	---	---	---	---

Investments

0	0	1	2	1
---	---	---	---	---

Net Current Assets

1	9	9	8	7
---	---	---	---	---

Miscellaneous Expenditure

N	I	L
---	---	---

Accumulated Losses

0	7	7	1	7
---	---	---	---	---

OTCO INTERNATIONAL LIMITED

Regd. Off: 3rd Floor, Prime Centre, #4, Sri Krishna Temple Road, Indiranagar, Bangalore-560038

PROXY FORM

Registered Folio No. / Client ID: _____ No. of Shares _____

I/ We _____

Of _____ in the district of _____ hereby appoint

Shri / Smt/Ms. _____ of _____ or

Failing him/her, Shri/Smt/Ms. of _____

In the district of _____ of _____

As my/our Proxy on my our behalf at the 27th Annual Meeting of the Company to be held on Thursday,

the 31st day of December 2008 at 11.30.A.M. and at any adjournment thereof.

Signed on this _____ day of _____ 2008

Affix Rs.1/
Ravenue
Stamp

Signature _____

Note: This form in order to be effective should be duly completed, stamped and signed, and must be deposited at the Registered office of the Company, not less than 48 hours before the meeting

OTCO INTERNATIONAL LIMITED

Regd. Off: 3rd Floor, Prime Centre, #4, Sri Krishna Temple Road, Indiranagar, Bangalore-560038

ATTENDANCE SLIP

Registered Folio no./ Client ID: _____ No. of Share _____

I certify that I am a registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the 27th Annual General Meeting of the Company at *The Bridge Foundation* Auditorium, #139, 1st floor, Gurusurthy Bhavan, Infantry Road, Shivaji Nagar, Bangalore- 560 001, the 31st day of December 2008 at 11.30.A.M.

Member's / Proxy's name in Block letters : _____

Member's / Proxy's Signature : _____

Note: Please fill in this Attendance Slip and hand it over at the Entrance of the Meeting Hall.



