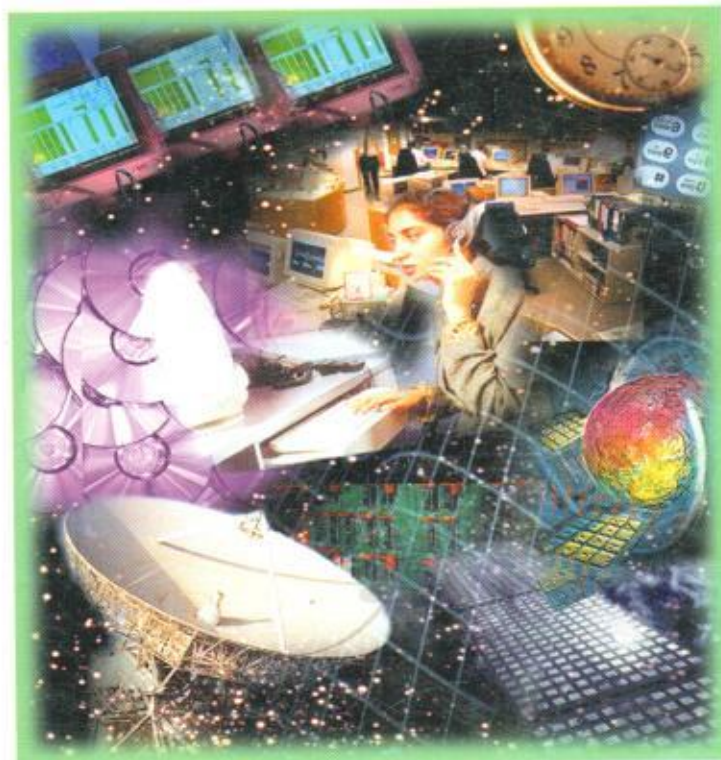


Annual Report

1999 - 2000



Software Technology Parks of India

Software Technology Parks of India

Eighth Annual Report

1999-2000

*The Governing Council,
Software Technology Parks of India (STPI)*

is pleased to present the

EIGHTH ANNUAL REPORT

on the activities of the Society

the financial year

1999-2000.

Software Technology Parks of India

The Governing Council

Chairman

Shri Vinay Kohli, Secretary, Government of India, Ministry of Information Technology.

Members

Dr. A K Chakravarti, Adviser (IT), Ministry of Information Technology.

Shri J S Maini, Jt. Secy. & Fin. Adviser, Ministry of Information Technology.

Smt P M Singh, Jt. Secretary (Incharge Societies Divn.), Ministry of Information Technology.

Shri V. Sampath kumar, Director (SU), Department of Telecommunication.

Shri J K Batra, Commissioner (Sys.), Central Board of Excise & Customs, Ministry of Finance.

Shri S. Ramasundram, Jt. Secretary, Ministry of Commerce.

Shri Kamlesh Deka, Director, Directorate of Co-ordination, Police Wireless, Ministry of Home Affairs.

Shri B V Wanchoo, Joint Director, Intelligence Bureau.

Shri B D Jethra, Adviser, Planning Commission.

Shri Dewang Mehta, Executive Director, NASSCOM

Shri S N Zindal, Director General, Software Technology Parks Of India.

Member Secretary

Shri V B Taneja, Director, Software Technology Parks of India

The General Body

Chairman

Shri Vinay Kohli, Secretary, Government of India, Ministry of Information Technology

Members

Dr A K Chakravati, Adviser (IT), Ministry of Information Technology

Shri V.Sampath kumar, Director (SU), Department of Telecommunication

Shri J K Batra, Commissioner (Sys), Cent. Board of Excise & Custom, Ministry of Finance

Shri S.Ramasundram, Jt. Secretary, Ministry of Commerce

Shri Kamlesh Deka, Director, Directorate of Co-ordination, Police Wireless, Ministry of Home Affairs

Shri S N Zindal, Director General, Software Technology Parks of India

Member Secretary

Shri V B Taneja, Director, Software Technology Parks of India

Management

STPI is organised as a society formed under the Societies Regulation Act, 1860 as an autonomous society under the Ministry of Information Technology (formerly Department of Electronics). The management structure of STPI is as under:

- ♦ **Visitor:** The Minister Incharge of the Ministry of Information Technology (MIT) is the "Visitor" of the STPI. He is vested with powers to amend, modify or rescind any decision of the Governing Council or Standing Executive Board in the interest of STPI.
- ♦ **Governing Council:** The Governing Council (GC) is the apex management body of STPI, which directs and oversees the functioning of STPI and provides policy directions. The Secretary to the Government of India, Ministry of Information Technology, is the "Chairman" of the Governing Council. The members of the GC are representatives from Ministry of commerce, Department of Telecommunications, Ministry of Finance, Ministry of Home Affairs, Ministry of Information Technology, IT Industry Association etc.
- ♦ **Director General:** The Director General is responsible for the management and running of STPI under overall guidance of the GC. He is delegated with necessary executive powers and authority for efficient running of the society.
- ♦ **Executive Committee of Directors:** The Executive Committee of Directors (ECOD) consists of select STPI Directors. The ECOD is responsible for all common issues, procedures, schemes, plans and performance reviews. The GC has delegated these specific powers to ECOD.
- ♦ **Standing executive Board:** STPI Centres have local management committee known as the "Standing Executive Board" (SEB) which have been set-up to manage the functions at local level. They operate under delegated powers of GC
- ♦ **Director:** Each STPI centre is headed by a director, who is the technical and administrative head of the centre and manages the day to day activities of the centre. For smooth running of the centres certain powers are delegated to the Director.

Auditors

Based on the recommendations of Comptroller & Auditor General of India (C & AGI) , the GC, has appointed statutory and branch auditors for STPI. The list of the same is as follows:-

Name of Centre	Auditor	Capacity
Consolidation of Accounts & Audit of New Delhi (HQ), Noida, Mohali and Jaipur BSC(USA Office)	M/s. Kumar Sharma & Co. Chartered Accountants 302-303, Munish Plaza, 20, Ansari Road, Darya Ganj, New Delhi-110 002.	Statutory
Bangalore, Hyderabad & Chennai	M/s. Phillipos & Co. Chartered Accountants 3, B.A. Cheluvarya Mudaliar Road Fraser Town, Bangalore-560005	Branch
Bhubaneswar	M/s.Lenka & Pani. Chartered Accountants 12,Satya Nagar,Bhubaneswar -751007	Branch
Pune, Navi Mumbai & Gandhinagar	M/s.Khandelwal Jain & Associates Chartered Accountants First Floor,Alankar Cinema Bldg,Pune-1	Branch
Thriuvananthapuram	M/s. K.Verghese & Co Flat IV, Parameswaran Pillai Bhavan, Hospital Road, Kollam,691 001, Thruvananthapuram	Branch

Highlights		Unit	1998-99	1999-00
1.	Financial			
	• Assets at Cost	Rs.(Crores)	78.82	100.56
	• Gross Total Turnover	Rs.(Crores)	54.86	78.06
2.	Infrastructure			
	• STPI Centres	Nos.	15	15
	• STPI Earth stations	Nos.	12	15
3.	Growth of STPI			
	• No. Of Members Units	Nos.	1196	5582
	• National Software Exports	Rs.Crores	10940	17150
	• STP units Exports	Rs.Crores	6300	11607
	• %age share of Exports of STP units	%	58%	68%

ABOUT INFORMATION TECHNOLOGY

Information Technology (IT) is emerging as dominant industry in the global economy. It offers a variety of services, products and technologies, which acts as drivers to enhance productivity and in turn helps to improve the GNP of the Nations. As an industry, IT perhaps is the largest, fastest growing and the most profitable industry in the world today and India is well placed to exploit the competitive advantage it enjoys in the same.

In the Indian context, the potential leverage of IT is enormous especially in the Software sector. Government identified this as an area extreme of focus and announced a policy in 1986 making "Software Exports, Software Development and Training" as a major thrust area. Government further identified some of the factors impeding the growth of the software industry and formulated "Software Technology Park" (STP) scheme with a view to boost software exports from the country. To meet this objective, a suitable framework was formulated covering aspects like simplifications/rationalisation of procedures, providing single-point-contact services to the industry, providing basic common amenities needed for export operations within a very short gestation period and share captive infrastructural facilities like computing resources and data communication services in a cost effective manner.

The framework was designed to help software export industry in general and Small and Medium Enterprises (SMEs) in particular and enables them to remain competitive in the global market. Government of India on May 22, 1998 also constituted a "National Task Force on Information Technology and Software Development" to recommend steps to remove bottlenecks in the path of rapid development of information technology and to give a boost to Information Technology and Software Industry.

Software Technology Parks of India (STPI) was set-up to implement the STP Scheme and to promote software exports by providing infrastructural facilities including High Speed Data Communication (HSDC) links.

Software Technology Parks of India (STPI)

Software Technology Parks of India was established and registered as a Society under the Societies Registration Act 1860, under Ministry of Information Technology (formerly the Department of Electronics), Government of India, on 5th June 1990 with an objective to implement STP scheme, set-up and manage infrastructural facilities and provide other services like technology assessment and professional training.

As on 31st March 2000, STPI had set-up 15 STP centres in the last nine years as per details under:

Place	Yr. of setup	Place	Yr. of setup
Bangalore	1990	Chennai	1995
Pune	1990	Mohali	1998
Bhubaneswar	1990	Jaipur	1998
Hyderabad	1991	Navi Mumbai	1998
Noida	1991	Coimbatore	1999
Gandhinagar	1991	Manipal	1999
Thiruvananthapuram	1991	Mysore	1999
Calcutta *		(*Management with Govt. of West Bengal)	

These centres act as "single-window" in providing services to the software exporters. The centres are equipped with basic facilities like back-up power, EPABX, security, training aids, library, photocopier, fax etc. with a built-up space of over 2,00,000 Sq.ft all over India. STPI also provides incubating infrastructure to SMEs enabling them to commence operations without any delay.

STPI is working closely with the respective State Governments/local authorities for creation of more space, equipped with state-of-the-art infrastructure facilities, for development of the software industry and increasing exports.

Software Technology Parks (STP) Scheme

Software Technology Parks (STP) is a 100% export oriented scheme for the development and export of computer software including export of professional services using communication links or physical media. This scheme is unique in its nature as it focuses on one product/sector i.e. computer software. The scheme integrates the concept of 100% Export Oriented Units (EOUs) and Export Processing Zones (EPZs) of the Government of India and the concept of Science Parks/Technology Parks as operating elsewhere in the World.

The unique feature of STP scheme is the provisioning of Single-Point Contact Services for the member units enabling them to conduct export operation at a pace commensurate with international practices. The STPI also acts as a resource centres for the member computer software exporting units by offering general infrastructural facilities like ready to use built-up space, centralised computing facility and High Speed Data Communication (HSDC).

Highlights

- Approval under single window clearance mechanism.
- 100% foreign equity permitted.
- Imports by the STP units are completely duty free.
- Second hand capital goods may also be imported.
- Exemption of local taxes for domestic purchases.
- The sales in the domestic market are permissible upto 50% of the exports.
- Exemption from corporate income tax till 2009-2010.
- The export obligation on net foreign exchange should be 0.25m US \$ or 5 times the CIF value of the goods imported, whichever is more, to be fulfilled over a period of 5 years.

High Speed Data Communication facility

The most important contribution of STPI to the software exporting sector is that of providing High Speed Data Communication (HSDC) services. STPI has designed and developed state-of-the-art HSDC Network called "SoftNET", which is available to software exporters at internationally competitive prices.

HSDC links are provided through Satellite Earth Stations (SES) at the following places:

1 line gap

Place	Yr. of installation	Place	Yr. of installation
Bangalore	1992	Mohali	1998
Hyderabad	1993	Jaipur	1998
Thiruvananthapuram	1994	Navi Mumbai	1998
Noida	1995	Mysore	1999
Bhubaneswar	1996	Coimbatore	1999
Gandhinagar	1997	Manipal	1999

Local access to International Gateways at STPI centres is provided through Point-to-Point and Point-to-Multipoint microwave radios, which has overcome the last mile (x) cables (fiber/copper) are also used wherever feasible. These communication facilities are the backbone of the success in the development of offshore software activities.

STPI provides the following HSDC services through this network:

- International Private Leased Circuits (IPLCs) in the bandwidth of 64KBps to 2MBps.
- Shared Internet Services which include
 - E-mail
 - Remote Computing
 - File Transfer
 - Data base Access
 - World Wide Web (WWW)
- International Video Conferencing service
- Web/Home pages- hosting, authoring & i

(x) Problem and enabled STPI to maintain an uptime of nearly 99.9%.

• The terrestrial cables.



Software Technology Parks of India

STPI operates through practically all International Telecom Administrations for worldwide connectivity and is radiating around 100Mbps and operating with over 55 carriers from its earth stations for various destinations.

Performance

STP Units

STP Scheme, which is a 100% export oriented scheme, has attracted many entrepreneurs. [⊗]
Till March 2000, 4386 units were approved during the year 1999-00.

Ⓜ [As on 31st March, 2000 around 2130 units are exporting at present out of 3049 units which have commenced operations. The remaining units were in various stages of establishment.] Ⓜ

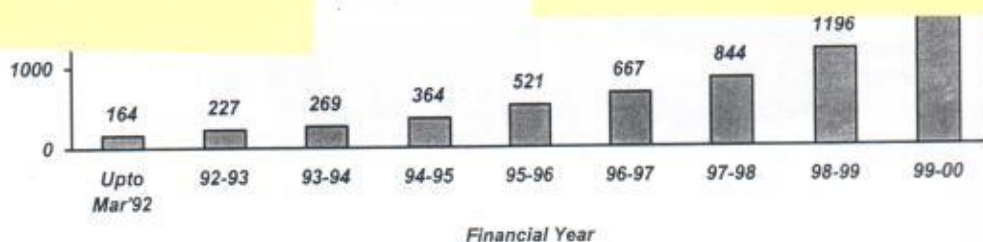
Total number of units registered with STPI during the last 10 years is as under:

Ⓜ As on 31st March, 2000 around 3049 units have commenced operations, out of which around 2130 units were exporting. The remaining units were in various stages of establishment.

(Rewrite) ↗

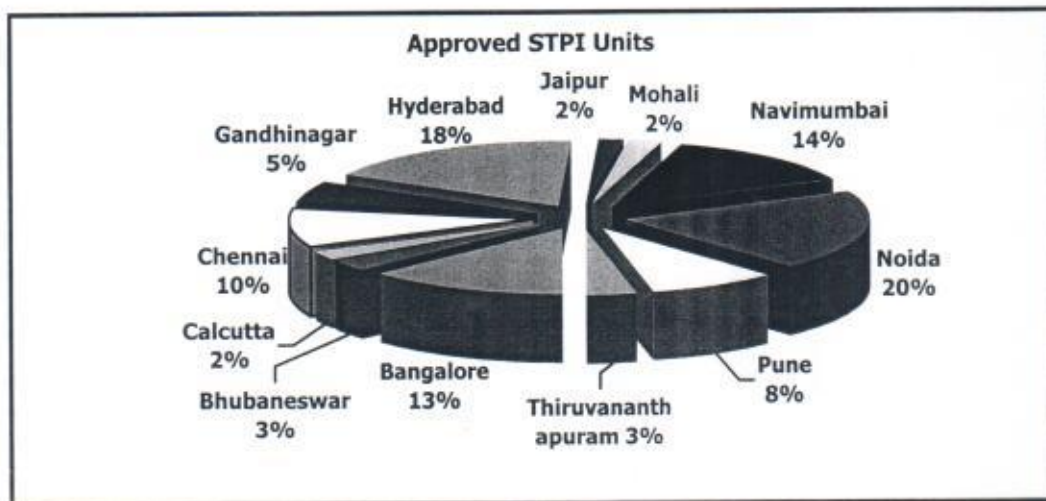
STP Units Gr

⊗ who are in the area of Software development and Software export. Out of total 5582 units approved till March 2000, 4386 units were approved during the year 1999-00



Industry Concentration

STPI Centres	No. of units Approved
Bangalore	746
Noida	1103
Hyderabad	977
Chennai	535
Pune	474
Thiruvananthapuram	188
Gandhinagar	295
Navi Mumbai	755
Calcutta	131
Bhubaneswar	152
Jaipur	95
Mohali	131
Total	5582



Exports

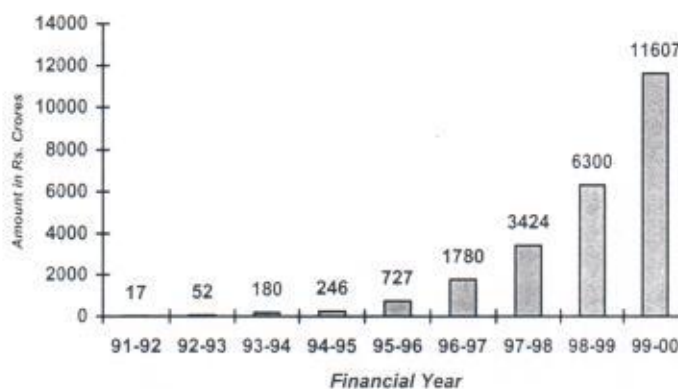
Member units of STPI have exported software of over Rs11607 Crores during the year 1999-00, which is about 84 % higher than the previous year. The figure of Rs.11607 crores represents approximately 68% of the National software exports.

The Software Exports by STP units has risen by 700 times from Rs. 17 crores in 1991-92 to Rs. 11607 crores in 1999-00. The cumulative annual Growth rate (CAGR) of software exports under STP scheme over the past 5 years has been about 115%.

The Year-wise exports made by the STP units during the past is as under:

Year	Year-wise Growth of Exports (in Rs. Crores)
1991-92	17
1992-93	52
1993-94	117
1994-95	246
1995-96	727
1996-97	1780
1997-98	3424
1998-99	6300
1999-00	11607

Exports Growth

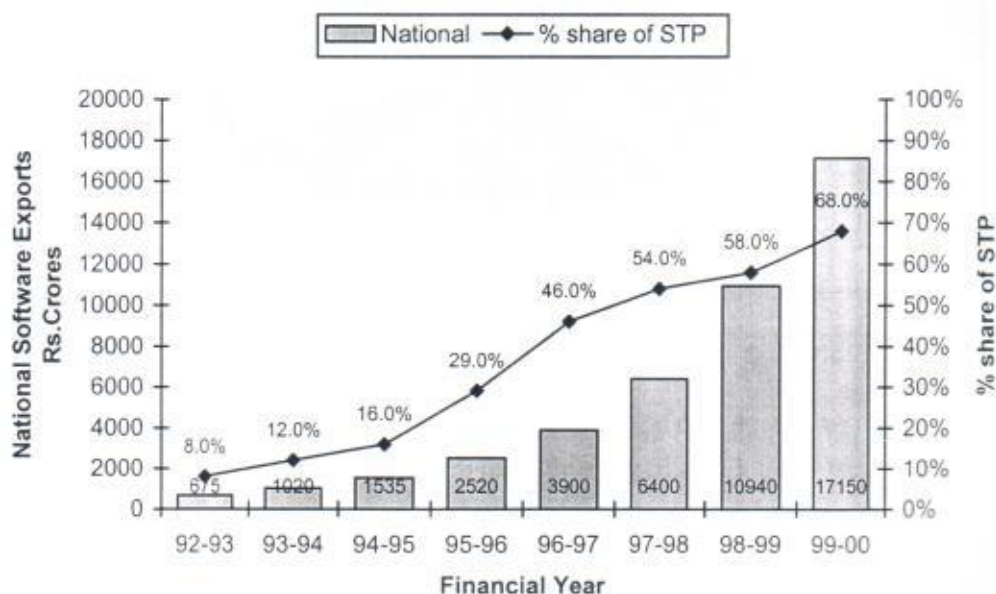


National Software Exports & STP units Export Performance

The percentage growth of Exports by STP units to the National Software growth has risen from around 8% in 1992-93 to about 68% in 1999-2000.

Year	National Export	STP units Exports	%age share
1992-93	675	52	8
1993-94	1020	117	12
1994-95	1535	246	16
1995-96	2520	727	29
1996-97	3900	1780	46
1997-98	6400	3424	54
1998-99	10940	6300	58
1999-00	17150	11607	68

Software Exports & Share of STP units



Export Revenue for the year 1998-99

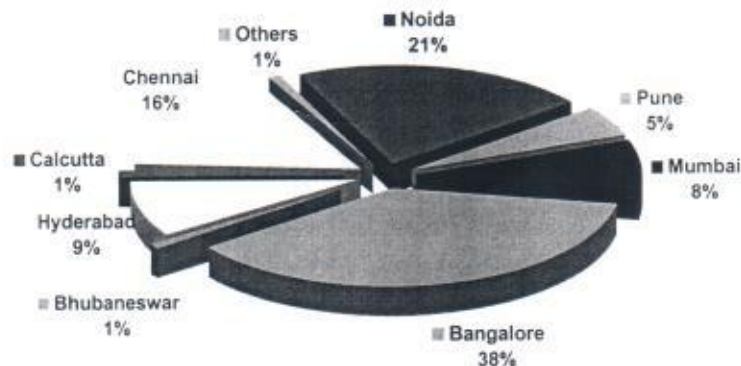
Amt. In Rs. Crores

STPI Centres

Total Exports

Bangalore	4321
Noida	2450
Chennai	1890
Hyderabad	1059
Navi Mumbai	962
Pune	572
Calcutta	150
Bhubaneswar	89
Thiruvananthapuram	57
Gandhinagar	27
Mohali	15
Jaipur	15
Total	11607

Centre wise Export share



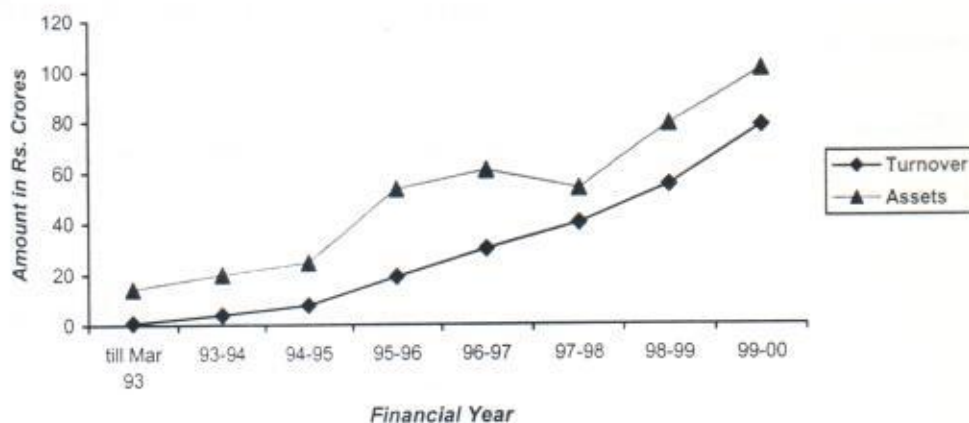
STPI Financial Data

The Gross turnover of the Society increased from Rs.3.89 crores for the year 1993-94 to Rs. 78.06 crores for the Year 1999-00, an increase of about 20 times.

Year wise detail of Turnover, & assets since the inception of the Society is as under:

Year	Turnover	Amt. in Rs.Crores Gross Assets
Till 31.03.93	0.77	14.23
93-94	3.89	19.83
94-95	7.73	24.49
95-96	18.91	53.38
96-97	29.74	60.68
97-98	40.04	53.59
98-99	54.86	78.82
99-00	78.06	100.56

There has been a steady growth of the Society both in terms of Turnover as well as Gross assets. During the year 1997-98 certain assets of the Satcom division were transferred to VSNL and as such there was a fall in the total gross assets of the Society during the year 1997-98.



Business Support Centre in USA

With a view to assist and facilitate Small & Medium exporters (SME), Software Technology Parks of India has setup a Business Support Centre in the name of **India Infotech Centre** in Silicon Valley of USA.

The centre which is operational from November, 1999 facilitates in providing the following services:

- ♦ Entrepreneurial Assistance
- ♦ Trade Promotion and support services
- ♦ Infrastructural & Communication facilities
- ♦ Market Research & Information
- ♦ Facilitate Joint Ventures, Collaborations & Match-Making

To encourage the SME software exporters, the above facilities of the Business Support Centre, USA are being made available to the enrolling members at a nominal fee of Rs.36,000 per annum so as to gain access to opportunities, lower their market development costs and get products to market faster.

TRADE PROMOTION ACTIVITIES

STPI participated in major National/International info about STP scheme and reliable state provided by STPI.

info - information
Com - Communication

Y2K COMPLIANCE

STPI had successfully completed the Y2K team which had coordinated & provided ro centers. The industry appreciated the effort/ Y2K transition problem

FUTURE PLANS

1. Setting up New STPs:

So far the larger cities have the benefit of better infrastructure and have a major role in software exports from the country. Off late, a large number of units in the IT Enabled services sector have been set up in India. Smaller cities, who have the advantage of lower costs can play a major role in this sector. Most ISPs are not setting up communication infrastructure at secondary location because of commercial considerations. STPI has plans to set up additional STP centers with Centre/State Government Support at secondary locations, which will contribute to the export of IT services.

2. Fiber landing Station by STPI :

The availability of bandwidth through Satellite is not very high. DOT has recently announced the landing policy of submarine cable. It is felt that few submarine fiber cable are likely to land in Chennai, Mumbai, Cochin and Vizag. STPI is already providing the data communication through its satellite earth stations. Due to the growth of IT software export segment, the software companies also need bandwidth through fiber. Some of the companies ,that are doing mission critical applications like call center operation, security services etc. require fiber, to avoid transition delay inherent in satellite link. STPI is planning to setup a landing station, in order to meet these requirement.

3. Export Promotion :

At present ,the major share of software export market is in Europe & US. The smaller companies are unable to garner market share due to lack of market knowledge and ability to leverage their abilities in spite of inherent skills in product development and management. Such a situation, if continued, could confine them to very low growth rates for future.

Accordingly, STPI plans to increase its focus as Business Promotion through increased participation in Exhibitions, Trade Fairs and Delegations etc. for the SME sector.

STATEMENT OF ACCOUNTS

The Audited statement of accounts for the financial year 1999-2000 is placed at Annexure-I

ACKNOWLEDGEMENTS

The Council gratefully acknowledges the co-operation received from the various Ministries and Departments of the Government of India, Reserve Bank of India, State Governments, Indian Missions abroad, Videsh Sanchar Nigam Limited, Intelsat, our Bankers, Member STPI Units, Software Industry Associations, International Service providers and the Statutory Auditors. The Council also acknowledges the untiring efforts of the staff of the STPI in its successful working.

(VINAY KOHLI)
Chairman, GC, STPI
And the Secretary, Ministry of Information Technology
Government of India

Annexure-I

**Statement of Accounts
1999-2000**



KUMAR SHARMA & CO.
CHARTERED ACCOUNTANTS

302 - 303 MUNISHA PLAZA
20 ANSARI ROAD,
DARYAGANJ, NEW DELHI - 110002

TEL NO. 3275810 - 3271611
FAX NO. 3255483

The Governing Council,
Software Technology Parks of India
6 C.G.O. Complex
Lodhi Road,
NEW DELHI 110 003

AUDITOR'S REPORT

We have audited the attached Balance Sheet of Software Technology Parks of India, as on March 31, 2000 and the Income and Expenditure Account for the year ended on that date, annexed thereto in which are incorporated the accounts of 10 centres audited by Branch Auditors. We report that :

Subject to our comments on specific matters on the accounts of the Society annexed hereto 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 audit.
- b) The report on the accounts of centres not audited by us have been received and properly dealt with.
- c) The Balance Sheet and the Income and Expenditure account dealt with by the report are in agreement with the books of accounts.
- d) In our opinion and to the best of our information and according to explanations given to us, the said Balance sheet and Income & Expenditure account read together with schedules annexed and read with accounting policies and notes on accounts.

give a true & fair view in case of Balance sheet of the state of affairs as on **March 31, 2000** and in case of Income and Expenditure account of the Surplus for the year ended on that date.

Dated : 30.11.2000

FOR KUMAR SHARMA & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi

- sd-
(ANIL KUMAR JAIN)
PARTNER



KUMAR SHARMA & CO.
CHARTERED ACCOUNTANTS

302 - 303 MUNISHA PLAZA
20 ANSARI ROAD,
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TEL NO. 3275810 - 3271611
FAX NO. 3255483

AUDITOR'S COMMENTS ON THE ACCOUNTS OF SOFTWARE TECHNOLOGY
PARKS OF INDIA, 6 C.G.O. COMPLEX, LODHI ROAD, NEW DELHI FOR THE
YEAR ENDED 31.03.2000 AS REFERRED TO IN THE AUDITORS' REPORT
DATED 30.11.2000

- 1 a) It is the policy of STPI not to charge depreciation on its fixed asset. On this basis, assets are stated at full in the Balance Sheet and no depletion in the value of assets on account of their use, effluxion or obsolescence through technology and market changes is recognized in income statement.
- b) It is also the policy of STPI to charge the following expenditure to revenue account in the year of their incurrence :
 - i) Software expenses :
 - ii) Civil work / Wooden Partitioning on rented premises
 - iii) Erection of Temporary structures
 - iv) Cost of Radio mast installed at customer's site
 - v) Purchase of Consumable stores.

On this basis, above expenses of deferred / capital nature are written off in the very first year of incurrence rather than spreading to their useful period of life.

The above two policies are not consistent with the basic principles of accounting of matching the revenue with the expenses incurred. The surplus as reported in the income statements and fixed assets are stated in the Balance Sheet are over stated due to 1st policy and surplus and assets are understated due to 2nd Policy. The amount can not be ascertained in absence of necessary details.

2. The Society's accounting policy of setting off of loss on sale / disposal of Assets against the ARF as referred in para no. 1 d) in Notes on accounts in Schedule-B annexed is not in accordance with the accepted accounting practice of charging to the revenue statement. The setting off of loss against the ARF is also against the intended disclosed purpose for the creation of the fund.

3. The Society has an elaborate procedure for purchase and incurring of other expenses. However its implementation needs further improvement.

4. Fixed Assets Registers at Head Office, Noida, Gandhi Nagar, Chennai, Bhubneshwar and US centres have not been either properly maintained or reconciled with the financial records or with physical verification report. In the absence of detailed working the effect of reconciliation on the surplus as stated in the income and expenditure account and on the gross value of fixed assets as stated in the Balance Sheet can not be ascertained



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CHARTERED ACCOUNTANTS

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5. No provision for the write off of identified obsolete assets amounting to Rs. 8,227, 620 has been made at Trivendrum Centre resulting in over statement of Surplus in the income statement and Fixed assets in the Balance Sheet.
6. The society has credited to the Income & Expenditure Account prior period income amounting to Rs. 5,012,145 and debited prior period expenses of Rs. 3,595, 014 respectively. Consequently the operating Surplus of the year is higher by Rs. 1,417,131.
7. Most of the balances of Sundry debtors, Loans and Advances recoverables, Sundry Creditors, advances / deposits payable :
 - (a) are subject to confirmation. The impact on the accounts consequently arising from confirmation and reconciliation cannot be ascertained.
 - (b) Includes Rs.75,762,773 from VSNL on account of merged SATCOM Operations at Noida centre shown as advances recoverable without reconciliation and confirmation of accounts between VSNL and STPI.
 - (c) Includes Rs.437,015 as Loans and Advances recoverable from Kochin Corporation at Trivendrum centre against which no provision has been made. Consequently loans and advances recoverable are overstated in the Balance Sheet and surplus in the Income Statement.
8. Unsecured Loans amounting to Rs.53,890,599 received from various state Govt. Agencies stand unconfirmed. The impact on the accounts consequently arising from the confirmation can not be ascertained.
9. The impact on the accounts consequent upon reconciliation with ERNET India at Bangalore centre cannot be ascertained in respect of their claim of Rs. 3.80 Millions as stated in Para no. 2.b) of Notes on accounts in Schedule - B.
10. We are unable to comment on the credit balance of Rs. 7,533,087 shown as advances / deposits received from local bodies at Trivendrum Centre in the absence of necessary details. The effect on surplus / liabilities arising from final settlement of account can not be ascertained.
11. No provision for accrued earned leave liability towards encashment has been made. The amount has not been ascertained.



12. Immovable properties except for land at Noida and Hyderabad are still to be registered in the name of the Society.

**FOR KUMAR SHARMA & CO.
CHARTERED ACCOUNTANTS**

Dated : 30.11.2000
Place : New Delhi

- sd-
(ANIL KUMAR JAIN)
PARTNER

Balance Sheet - Software Technology Parks of India, New Delhi as on 31.3.2000

Particulars	Schedule	This Year (Amt. in Rs.)	Previous Year (Amt. in Rs.)
A - SOURCE OF FUNDS			
Grand In Aids		645,016,430.00	572,485,430.00
<i>Unsecured loan from</i>			
- Andhra Pradesh Govt.		-	8,000,000.00
- Kerala Govt.	29,390,599.43		29,390,599.43
- Noida Authority	21,000,000.00		24,000,000.00
- Electronics Corporation of Punjab	7,000,000.00		7,000,000.00
- Chandigarh Administration	2,500,000.00		2,500,000.00
- CIDCO Navi Mumbai	15,000,000.00		15,000,000.00
- TIDCO Chennai	10,000,000.00	84,890,599.43	-
Reserves & Surplus			
Capital Reserve		25,016,000.00	25,016,000.00
Assets Replacement Fund - Opening balance	410,724,254.90		300,703,363.52
Less: Loss on sale of assets Adjusted	(41,916.00)		(1,923,025.45)
Add: Trfd as per Income & Expenditure Account	141,924,083.20	552,606,422.10	111,943,916.83
Balance at credit as per Income & Expenditure A/c		306,942,865.04	120,806,720.32
TOTAL		1,614,472,316.57	1,214,923,004.65
B. APPLICATION OF FUNDS			
Fixed Assets	"A"	1,005,629,996.79	788,187,836.82
Current Assets, Loans & Advances			
<i>Current Assets</i>			
- Cash in Hand		399,372.31	105,033.67
<i>Balance with Schedule Banks</i>			
- In Current Account		154,405.49	-
- In Saving Accounts		184,336,989.47	63,045,486.99
- In Fixed Deposits & Margin Money A/c's		608,608,150.00	337,392,233.00
<i>Interest Accrued but not due</i>		23,536,016.29	21,553,575.00
<i>Cheques in hand</i>		41,512,557.10	14,000.00
<i>Stamps in hand</i>		19,239.95	11,257.00
<i>Sundry Debtors</i>	100,988,878.67		93,366,475.59
Less : Provision for Bad Debts	(15,020,301.34)	85,968,577.33	(9,595,491.64)
General Standby Store/STPI books		2,615,184.30	2,615,983.97
<i>Loans & Advances</i>			
- Advance Recoverable in Cash or Kind or value to be received		134,696,310.90	116,337,010.29
Tax Deducted at Source		7,041.00	52,911.00
TOTAL - I (Current Assets)		1,081,853,844.14	624,898,474.87
Less : Current Liabilities			
<i>Sundry Creditors</i>		101,171,142.00	82,169,991.11
<i>Advance/Deposits</i>		303,213,274.14	67,564,869.14
<i>Outstanding Liabilities</i>		58,417,195.22	45,908,846.79
<i>Project Advance</i>		10,858,163.00	3,297,500.00
TOTAL - II (Current Liabilities)		473,659,774.36	198,941,207.04
NET CURRENT ASSETS (I-II)		608,194,069.78	425,957,267.83
Miscellaneous expenditure (to the extent not written off or adusted)			
- Deferred Revenue Expenditure		648,250.00	777,900.00
TOTAL		1,614,472,316.57	1,214,923,004.65

NOTES FORMING PART OF ACCOUNTS

For Software Technology Parks of India

"B"

As per our report of even date annexed
for Kumar Sharma & Co.
Chartered Accountants

-sd-
(S.N. Zindal)
Director General (STPI)
New Delhi Dated :

-sd-
(V.B. Taneja)
Director (STPI)

-sd-
(Anil Kumar Jain)
Partner

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.3.2000

Particulars	Schedule	This Year (Amt. in Rs.)	Previous Year (Amt. in Rs.)
I. Income			
Charges Received		712,225,305.03	478,322,555.88
Income from Training & Seminar		2,896,248.00	8,847,207.00
Interest Earned		42,900,137.44	41,088,124.09
Misc. Income		8,192,114.31	6,027,049.20
Prior Period Income		5,012,144.70	14,108,904.51
Grant Received		8,250,000.00	-
Sundry Credit Balances written Back		1,104,333.34	184,813.00
TOTAL		780,580,282.82	548,578,653.68
II. Expenditure			
Advertisement & Publicity		1,127,843.58	2,415,073.00
Audit Fees		147,000.00	120,750.00
Business Promotion Expenses		2,330,180.68	1,428,759.50
Bank charges		162,475.21	147,660.00
Communication Cost		14,013,517.15	15,391,019.36
Consumable Store		5,491,975.02	5,561,576.05
Computer Operating Expenses		1,559,580.91	446,851.00
Data Link Charges		286,324,045.99	215,933,455.60
Security Hire Charges		5,912,375.15	3,484,621.73
Gardening & Maintenance		205,931.00	325,866.00
Insurance		2,431,542.57	2,143,253.60
Interest on Loan		1,880,548.00	2,644,031.00
Newspapers, Books & Periodicals		602,732.74	413,987.55
Other Expenses		12,733,518.73	7,882,782.20
Printing & Stationery		3,756,050.16	2,822,626.30
Professional Charges		2,257,974.61	1,230,463.00
Prior Period Expenses		3,595,014.03	5,512,552.87
Adjustment for earlier years		-	11,616,000.00
Provision for Doubtful Debts		4,255,774.00	8,294,245.21
Recruitment Expenses		357,158.25	371,546.25
Rent, Rates & Taxes		13,784,689.45	14,679,188.75
Repair & Maintenance		11,667,833.48	14,079,443.62
Salaries, Wages & Amenities		44,693,475.71	34,201,706.88
Service Charges		2,751,533.20	2,279,438.00
Travelling & Conveyance		7,436,807.74	9,444,438.19
Training & Seminar		3,588,829.90	9,562,938.10
Vehicle Running & Hire Charges		6,600,114.89	5,394,532.52
Water & Electricity Charges		12,851,532.75	8,616,416.10
TOTAL		452,520,054.90	386,445,222.38
Net surplus for the year (I-II)		328,060,227.92	162,133,431.30
Transfer to Asset Replacement Fund		(141,924,083.20)	(111,943,916.83)
Add : Opening balance		120,806,720.32	70,617,205.85
Carried Over To Balance Sheet		306,942,865.04	120,806,720.32

NOTES FORMING PART OF ACCOUNTS

"B"

For Software Technology Parks of India

As per our report of even date annexed
for Kumar Sharma & Co.
Chartered Accountants

-sd-
(S.N. Zindal)
Director General (STPI)
New Delhi Dated :

-sd-
(V.B. Taneja)
Director (STPI)

-sd-
(Anil Kumar Jain)
Partner

Schedule "A"
FIXED ASSETS

Particulars	This Year (Amt. in Rs.)	Previous Year (Amt. in Rs.)
Land	4,220,771.00	4,211,721.00
Building	62,921,887.22	16,060,512.22
Building work in Progress	3,569,028.00	46,063.00
Computer & Peripherals	88,450,369.54	76,244,903.80
Electrical Equipments/installation	67,073,242.38	53,673,436.71
Furniture & Fixture	28,529,999.61	21,473,490.00
Fire Fighting Equipment	1,060,367.91	903,859.21
Other Fixed Assets	2,167,277.14	1,215,782.34
Office Equipment	22,286,152.29	18,341,712.68
High Speed Data Communication Equipment	681,425,639.71	559,030,559.71
Vehicles	164,566.15	162,866.15
Capital work in progress	43,760,695.85	36,822,930.00
Total	1,005,629,996.79	788,187,836.82

For Software Technology Parks of India

As per our report of even date annexed
for Kumar Sharma & Co.
Chartered Accountants

-sd-
(S.N. Zindal)
Director General (STPI)
New Delhi Dated :

-sd-
(V.B. Taneja)
Director (STPI)

-sd-
(Anil Kumar Jain)
Partner

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2000

1) Accounting Policies

- a) The accounts are prepared on the Historical Cost Convention Method and expense and income and accounted on accrual basis except for interest on loan to staff, insurance claim and penalty from STPI Units members.
- b) The "Charges Received Account" included charges for ready to use space, other infrastructure services like data communication, photocopying, fax, telephone, canteen facilities etc. And other certification work provided to member units of STPs.
- c) The under mentioned expenditure is charged to revenue in the year of incurrence:
 - i) Software expenses
 - ii) Civil work/Wooden Partitioning on rented premises
 - iii) Erection of temporary structures
 - iv) Cost of Radio Most installed at Customer's site
 - v) Purchase of Consumable stores
- d) The Society being a non-profit making institution, the depreciation has not been provided in the Accounts in Fixed assets, including leasehold. Assets Replacement Fund (ARF) is created on straight line method, upto the cost of the asset, in order to replace the assets on future date as under :

Assets	Rates p.a.
Building	10%
Computer Peripherals	15%
Electrical installations	15%
Fire Fighting Equipment	15%
Furniture & Fixtures	10%
Office Equipment	15%
Other Fixed Assets	15%
Vehicles	20%
Earth Station	20%

Full ARF is provided in the year of purchase. No ARF is provided in the year of disposal Loss on sale/disposal of asset is set off against the ARF. The loss on sale/disposal of asset is arrived at by deducting realised value from the cost of such assets. The profit on sale is credited to Capital Reserve Account.



- e) Grant in aid of capital nature are disclosed as liabilities in the Balance Sheet and grant in aid of revenue natures are routed through revenue statement.
- f) The prior period expenses and prior period income less than Rs.5,000 are directly debited/credited to the respective head of accounts.

2) Contingent Liabilities exists for :

- a) An amount of Rs.3.87 Millions worked out at STPI Noida in the account of VSNL for merged activities of Satcom Division.
 - b) The demand for payment of Rs.3.8 Million received from ERNET India towards Hub management charges at Bangalore Centre. The claim is under review since last year.
 - c) An amount of Rs.2,630,989 demanded towards differential rent and penalty by Bhubaneswar Development Authority. The payment is under dispute.
 - d) An amount of Rs.6,202,078 (US\$ 144,826.63) claimed by AT&T Bhubaneswar. The claim has been disputed and note reconfirmed by the AT&T.
 - e) The additional rent payable to Gujarat Industrial Development Corporation (GIDC) at Gandhinagar for the unoccupied space, which is under dispute. The amount is not ascertainable.
 - f) The amount payable towards lease rent for Earth station at Technopark of STPI Trivendrum. In absence of any agreement the liability cannot be ascertained.
 - g) The amount of lease rent payable on account of land allotted at Taramani by Govt. of Tamilnadu cannot be ascertained in the absence of necessary decisions by the allotting authority.
 - h) Additional performance incentive which may be payable to the staff, proposal pending with Ministry of Information Technology for approval. Amount cannot be ascertained.
- 3)
- a) During the year capital Grant in Aid amounting to Rs.72,531,000 and revenue grant of Rs.8,250,000 towards recurring and non-recurring expenditure for setting up Business Support Centre in US has been received.
 - b) Fixed Deposit Receipts of Rs.47,318,454 are under lien with banks against LC's and Bank Guarantees issued in favour of the Society.
 - c) The estimated amount of contracts remaining to be executed on capital account and not provided for amounted to Rs.16,556,519.



- d) Miscellaneous income includes an amount of Rs.272,486 and miscellaneous expense Rs.705,290 towards foreign exchange fluctuation.
- e) The fixed assets valuing Rs.171,547,693 are bonded with the Custom Department.
- 4) The immovable properties excepting land at Noida, Hyderabad are yet to be registered in the name of the society.
- 5) Reconciliation of ET&T account with Gandhinagar unit and Erstwhile Satcom Account at Noida Centre with VSNL are pending.
- 6) No provision for Income tax has been made since the society has been exempted by the Income Tax Department u/s 11 of the Income Tax, Act, 1961 and as such its income is non taxable.
- 7) There is a restructuring proposal of STPI, which is being taken up with MIT.
- 8) Previous year figures have been re-grouped/reclassified wherever necessary.

As per our Audit Report of even date annexed
FOR KUMAR SHARMA & CO.
CHARTERED ACCOUNTANTS

-sd-

(S.N. ZINDAL)
Director General/STPI

-sd-

(V.B. TANEJA)
Director/STPI

-sd-

(ANIL KUMAR JAIN)
PARTNER

Schedule "C"	This Year	Previous Year
Prior Period Income		
Head of Account	3,070,307.00	3,376,484.50
Charges Received	1,788,327.70	7,676,704.01
Credit Balances/Excess Provision written Back	11,775.00	-
Salary & wages	14,725.00	-
Travel-inland	10,000.00	-
Electricity charges	111,443.00	2,091,430.00
Interest Earned	-	892,400.00
Income from Training & Seminars	5,567.00	71,886.00
	5,012,144.70	14,108,904.51
For Software Technology Parks of India	As per our report of even date for Kumar Sharma & Co. Chartered Accountants	

- sd-
(S.N. Zindal)
Director General (STPI)
New Delhi Dated :

-sd-
(V.B. Taneja)
Director (STPI)

-sd-
(Anil Kumar Jain)
Partner

Schedule "D"	This Year	Previous Year
Prior Period Expenses	392.00	-
Newspapre books & periodical	1,742,536.00	3,591.00
Intelsat charges	-	3,818.00
Component & material	29,930.00	(33,019.00)
Bank Charges	62,172.53	830,185.08
Other Expenses	(26,280.00)	563.00
Insurance	109,869.00	53,755.00
Communication cost	180,000.00	-
Business Promotion	37,188.00	(13,575.00)
Rent, Rate & Taxes	53,040.00	921,316.33
Repair & Maintenance	576,243.00	2,792,018.41
Seminar Expenses	-	21,011.00
Security Hire Charges	5,024.00	4,325.00
Vehicle Running & Hire Charges	5,000.00	85,750.00
Professional Charges	32,363.00	299,700.00
Water & Electricity	652,190.50	-
service charges written off	-	21,925.00
Travelling & Convince	-	521,189.05
Transponder charges	3,595,014.03	5,512,552.87

For Software Technology Parks of India

As per our report of even date
for Kumar Sharma & Co.
Chartered Accountants

-sd-
(S.N. Zindal)
Director General (STPI)
New Delhi Dated :

-sd-
(V.B. Taneja)
Director (STPI)

-sd-
(Anil Kumar Jain)
Partner

STPI'S COMMENTS TO THE OBSERVATIONS MADE BY THE STATUTORY AUDITORS

Point wise comments to the observation made by Auditors on STPI accounts for the year 99-2000

Point No.1(a)	Auditor's Observations	It is the policy of STPI not to charge depreciation on its fixed assets. .On this basis, assets are stated at full in the Balance Sheet and no depletion in the value of assets on account of their use.Effluxion or obsolescence through technology and market changes is recognised in income statement.
	STPI's Comments	Society is a non profit organization and depreciation has not been charged on the Assets created by the STPI .The same is done as per the direction given by the Society Division ,MIT vide their letter no.10(1)/2000 issued in this regard (Copy enclosed)
Point No.1(b)	Auditor's Observations	It is also the policy of the STPI to charge the following expenditure to revenue account in the year of their incurrence : 1.Software expenses 2.Civil work /wooden partitioning on rented premises 3.Erection of temporary structures. 4.Cost of radio mast installed at customer's site 5.Purchase of consumable stores. On this basis ,above expenses of deferred /capital nature are written off in the very first year of incuurence rather than spreading to their useful period of life.
	STPI's Comments	These expenditures are in the nature of revenue only and are being recognized as such, this practice is being followed consistently by STPI .
Point No.1	Auditor's Observations	The above two accounting policies 1(a) & 1(b) are not consistent with the basic principles of accounting of matching the revenue with the expenses incurred. The effect of above policy on accounts has not been ascertained.

	STPI's Comments	The practice is in line with the requirement of STPI and has been followed consistently.
Point 2	Auditor's Observations	The Society's accounting policy of setting off loss on sale/ disposal of Assets against the ARF as referred in Para No.1(d) in Notes on accounts in Schedule-B annexed is not in accordance with the accepted accounting practice of charging to the revenue statement. The setting off of loss against the ARF is also against the intended disclosed purpose for the creation of fund.
	STPI's Comments	The GC, STPI has approved the following in its 25 th meeting held on 29.2.2000 "Provisioning of the above ARF rates from the date of inception and to set -off losses on the sale of old assets from ARF
Point 3	Auditor's Observation	The Society has an elaborate procedure for purchase and incurring of other expenses .However its implementation needs further improvement.
	STPI's Comments	The comments is general in its nature . The implementation does have scope for further improvement . We are improving our processes continuously .
Point 4	Auditor's Observation	Fixed Assets Register at the Head Office, Noida, Gandhi Nagar, Chennai, Bhubaneswar and US centres have not been either properly maintained or reconciled with financial records or with physical verification report. In the absence of detailed working the effect of reconciliation on the surplus as stated in the income and expenditure account and on the gross value of fixed assets as stated in the Balance Sheet can not be ascertained.
	STPI's Comments	We have instructed all the Centres to complete an exercise of re-conciliation of fixed assets and update the Fixed Assets Register.

Point 6	Auditor's Observations	The Society has credited to the Income & Expenditure Account prior period income amounting to Rs.5,012,145 and debited prior period expenses Rs.3,595,014 respectively. Consequently the operating surplus of the year is higher by Rs.1,417,131.
	STPI's Comments	Observation is explanatory in nature.
Point 7(a)	Auditor's Observations	Most of the balances of Sundry debtors, Loans and Advances recoverables, Sundry Creditors, advances/deposits payable: a) are subject to confirmation. The impact on the accounts consequently arising from confirmation and reconciliation cannot be ascertained.
	STPI's Comments	Most of the balances of Sundry debtors ,loans, advances recoverables ,sundry creditors ,advances /deposits payable are since adjusted/realised ..
Point 7(b)	Auditor's Observations	b) Includes Rs. 75,762,773 from VSNL on account of merged SATCOM Operations at NOIDA Centre shown as advances recoverable without reconciliation and confirmation of accounts between VSNL and STPI.
	STPI's Comments	We are following up with VSNL to recover the same . VSNL has already paid us Rs.300 lakhs on this account in October'2000
Point 7(c)	Auditor's Observations	c) Includes Rs.437,015 as loans and Advances recoverable from Kochin Corporation at Trivendrum Centre against which no provision has been made. Consequently loans and advances recoverable are overstated in the Balance Sheet and surplus in the Income Statement
	STPI's Comments	The matter is being pursued with M/s Kochin Corpn. .
Point 8	Auditor's Observations	Unsecured Loans amounting to Rs.53,890,599 received from various state Govt. agencies stand unconfirmed. The Impact on the accounts consequently arising from the confirmation can not be ascertained.
	STPI's Comments	There is no change in the status of unsecured loan from various State Government agencies .Further there is no procedure in the Government for sending such confirmation every year and the same has no impact on Balance Sheet.
Point 9	Auditor's Observations	The impact on the accounts consequent upon reconciliation with ERNET India at Bangalore Centre cannot be ascertained in respect of their claim Rs.3.80 Millions as stated in Para No.2.b of Notes on account in Schedule-B
	STPI's Comments	Observation is explanatory in nature and already disclosed in the notes on accounts.



Point 10	Auditor's Observations	We are unable to comment on the credit balance of Rs.7,533,087 shown as Advances /Deposits received from local bodies at Trivendrum Centre in the absence of necessary details. The effect on surplus / liabilities arising from settlement of account cannot be ascertained.
	STPI's Comments	The amount was received as grant from local bodies at Trivendrum . However in view of absence of confirmation of the same ,this has been treated as an advance . This matter is being pursued with the concerned authorities
Point 11	Auditor's Observations	No provision for accrued earned leave liabilities towards encashment has been made. The amount has not been ascertained .
	STPI's Comments	Noted for compliance
Point 12	Auditor's Observations	Immovable properties except for land at Noida and Hyderabad are still to be registered in the name of the Society.
	STPI's Comments	Noted for compliance



Software Technology Parks of India

Software Technology Parks of India

STPI Centres Incharge

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New Delhi

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Shri Patlo Thimmappa, Officer in Charge

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Officer Incharge

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* Management with the State Govt.



Software Technology Parks of India

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Noida	Shri S K Agrawal , Director Sector 29, Ganga Software Technology Complex, Block IV, II Floor, Noida 201 303 (U.P.) Ph. : 91 4450400, 4450409, 4450411, Fax : 91 4450406
Navi Mumbai	Shri P. Venugopal , Director Module 4, Tower 7, 6 th Floor, Vashi Station Cum commercial complex, Navi Mumbai 400 705 Ph. : 91-22 7812035, 7812102, 7812103, Fax : 91 22 7812034
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Software Technology Parks of India

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