

SECOND ANNUAL REPORT (1993-94)



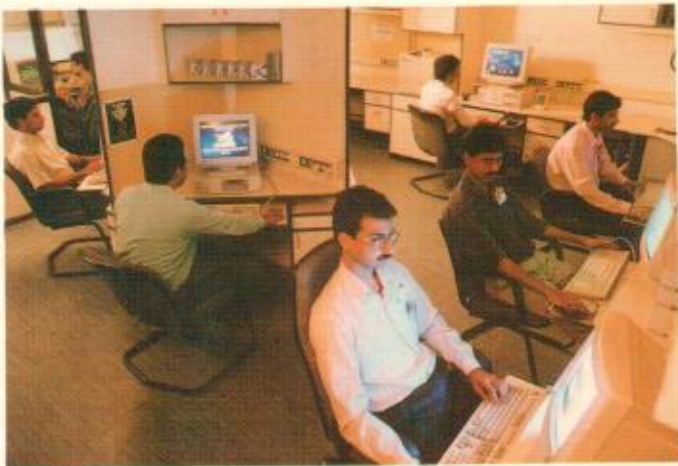
Signature



Software Technology Parks of India

IN THE SERVICE OF SOFTWARE EXPORTERS

INFORMATION
TECHNOLOGY
(H)



The Governing Council of Software Technology Parks of India (STPI) have great pleasure in presenting the Second Annual Report on the activities of the society for the period covering April, 1993 to March, 1994.

1.0 INTRODUCTION

Information Technology (IT) has become a dominant industry in the economic activity world wide. IT provides a variety of products and benefits that helps to improve competitiveness of industry. In the Indian context, the potential leverage of IT is significant. Computer software industry is a skilled manpower and knowledge intensive sector and has comparatively low entry level costs and therefore this industry has a high potential for creating gainful employment on a significant scale in our country considering our wide base in technical education and our pool of professional talent. Despite many positive factors for the growth of the industry, the lack of commensurate infrastructure was found to be impeding the growth of the industry. Keeping that in view, the Department of Electronics (DoE) conceived the Software Technology Park (STP) Scheme to give a boost to software industry in general and software exports in particular.

2.0 STPI AND THE STP SCHEME

2.1 *Software Technology Parks of India (STPI)* was established and registered as a society under Societies Registration Act 1860, under the Department of Electronics, Government of India on June 5, 1991 with the purpose of managing the operations of Software Technology Parks (STPs) at Pune, Bangalore, Bhubaneswar, Hyderabad, Noida, Gandhinagar and Thiruvananthapuram.

2.2 *The Software Technology Park (STP) Scheme* is a 100% export oriented scheme for encouraging software development for export. The STPs also act as resource centres for the member computer software exporting units by offering general infrastructural facilities like utility power, ready to use built-up space, centralised computing facility and data communication facility depending upon the requirement of the STP units. Units under STP scheme can be set-up in the STP complex; they can also operate from their own premises but in both the cases units will have access to the centralised infrastructural facilities and services offered by STPs.

2.2.1 During the year various policy initiatives were taken by the Government in respect of the STP scheme. The following are the highlights :

- * Ministry of Commerce had issued a Trade Notification No.33/(RE)/92-97 dated March 22, 1994 on Software Technology Park (STP) scheme.
- * Department of Revenue have notified that STP units may import telecommunication infrastructure at nil custom duty and without any export obligation vide Gazettee Notification No.161/93-Customs dated August 16, 1993. Such infrastructure can be utilised by other member units as well as for software export purpose.
- * During the year the procedure of approvals for STP units have been rationalised and a Gazette Notification vide S.O.No.117(E) dated February 22, 1993 has been issued by constituting a new Inter Ministerial Standing Committee (IMSC) to consider and approve the cases for establishing units under STP and EHTP scheme. In order to simplify the operational procedures of the STP scheme some of the powers have been delegated by IMSC to jurisdictional STP Directors. Projects costing upto Rs.30.00 million without any foreign equity participation can now be approved by jurisdictional STP Directors.

2.3 OBJECTIVES

2.3.1 Software Technology Parks have been set-up with the following main objectives :

- * To establish and manage the infrastructural resources such as datacomm, core computer facilities, built-up space, common amenities, etc.
- * To provide services (import certification, software valuation, project approvals, etc.) to the users who undertake software development for export purposes.
- * To promote development and export of software and software services through technology assessments, market analysis, marketing segmentation, marketing support, etc.
- * To train professionals and to encourage design and development in the field of software technology and software engineering.

2.3.2 The Hon'ble Minister Incharge of the Department of Electronics (DoE), is the Visitor of the Society. The organisational activities of the Society are managed by the Governing Council (GC). The Secretary to the Government of India, Department of Electronics is the Chairman of the Governing Council. The Governing Council has representatives from Ministry of Commerce, Deptt. of Telecommunications, Department of Revenue, Department of Electronics etc. At each STP centre, a local Management Committee known as the Standing Executive Board have been established with the Director of the STP as Chairman and with representation from the State Government, customs, user industry, etc.

3.0 ACHIEVEMENTS**3.1 GENERAL INFRASTRUCTURE**

During the year STPs have shown considerable progress in setting up and managing the general infrastructural facilities like built-up space and other common amenities. The occupancy level of built-up space provided by the STPs has significantly improved during the year and in few STPs there is 100% occupancy. STPs are augmenting these facilities in order to meet the growing demand.

3.2 COMPUTING FACILITY

The utilisation of computing facilities configured around IBM AS/400 Computer System at Bangalore and Bhubaneswar has increased from 40% to 65% during 1993-94. STP-Bangalore has coordinated with IBM to finalise the configuration of computer system IBM ES-9000 procured by the member units for use as a centralised facility.

3.3 HIGH SPEED DATA COMMUNICATION (HSDC) FACILITIES

3.3.1 During the year, IBS earth stations and its integration with Multi Access Radio (MAR) equipment (using TDMA technology) were completed in STPs at Hyderabad and Thiruvananthapuram. With this, the HSDC facility has been made available to the member units of STPs at Bangalore, Hyderabad and Thiruvananthapuram from April'93, October'93 and January'94 respectively. All these earth stations have been classified by INTELSAT as F3 Earth Stations. These facilities at Bangalore and Hyderabad have been extended to the complex member units on shared basis by establishing Local Area Network (LAN) based on ETHERNET 10BASE T (IEEE 802.3).

3.3.2 The following value added services on INTERNET providing a global connectivity to various standard networks in the world as per SoftNET plan are made available to the member units at Bangalore and Hyderabad :

- * E-mail
- * Database access
- * Gopher
- * TELNET
- * File transfer (FTP)
- * Providing Wide Area Information Search (WIS)

3.3.3 42 member units have become users of HSDC facilities in these three STP locations, during the year and are using various value added services under SoftNET for their software development and export activities. STP-Bangalore is radiating four carriers to meet the customer needs linking their clients located at USA, UK, Netherlands and Germany. STP-Bangalore demonstrated Video Conferencing facility between Washington, DC and Bangalore to its member units.

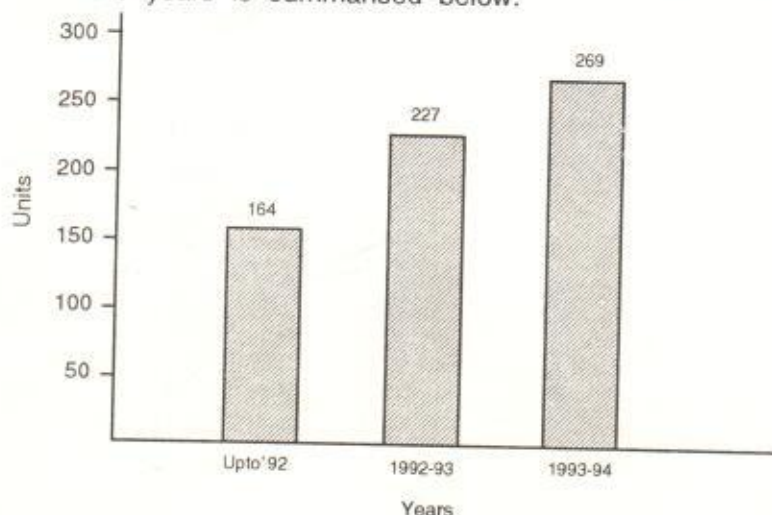
3.3.4 The work related to installation and commissioning of HSDC facility in STP-Gandhinagar has been initiated during the last quarter of 1993-94 and is likely to be completed by the third quarter of 1994-95.

3.3.5 At STP-Noida the HSDC facilities have been established by SATCOMM, another society of DoE.

3.3.6 STPI has finalised the configuration and completed the necessary formalities including placement of orders for procuring earth station equipment for STP at Bhubaneswar.

3.4 INDUSTRY PROFILE

3.4.1 STP scheme attracted many of the entrepreneurs who are in software development and software export operations. Presently 269 units have been accorded government approval to operate under this scheme, in which 141 units are having approval to operate inside the complexes and remaining to operate from their own premises. At present 150 units have commenced their operations of Software Development for exports, remaining units are in the process of establishment. The growth of STP units over the years is summarised below:



- 3.4.2 During the year under report 63 units have been accorded approval by the government to operate under the scheme. The details of approvals accorded at appropriate level are given below:

| Approving authority | No. of unit approved |
|-------------------------|----------------------|
| FIPB/EC | 27 |
| IMSC | 12 |
| Jurisdictional Director | 24 |
| Total | 63 |

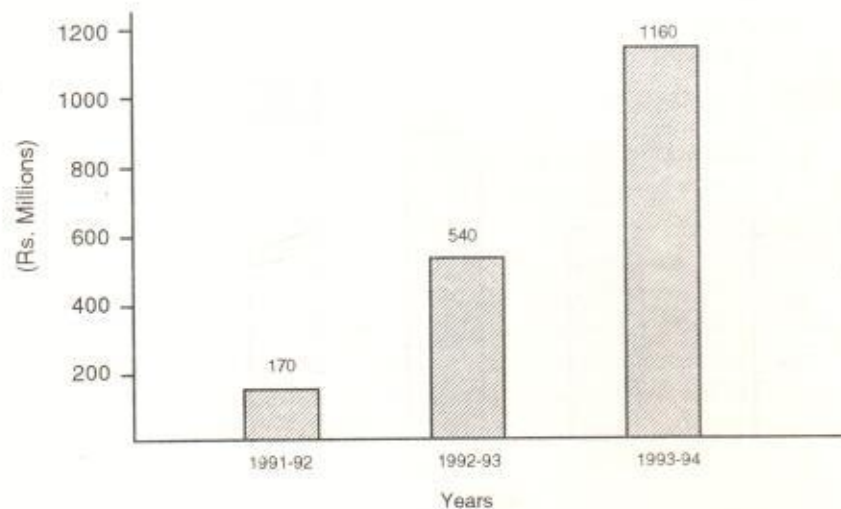
- 3.4.3 The units approved during the year have projected gross and net FE earnings of Rs.10380.00 millions and Rs.7640.00 millions respectively for next five years. These units are expected to generate employment opportunities for about 8000 people at various levels. The following are the details of the categories of investments made under this scheme :

(Rs. Millions)

| Category | Investment |
|---------------------|----------------|
| Foreign Investments | 380.00 |
| NRI Investments | 21.70 |
| Indian Investments | 1928.60 |
| Total | 2330.30 |

- 3.4.4 Exports Growth:

Contribution of member STP units to software exports have increased from Rs.540 million during 1992-93 to Rs.1160 million during 1993-94. Growth of exports under STP scheme is depicted in bar chart below:



3.5 TRAINING

As Human Resource Development is necessary for skill formation for software development, STPs have conducted the following programmes/courses during the year.

- * Five training programmes on IBM AS-400 at Pune, Bangalore and Bhubaneswar.
- * Five Seminars/Workshops on Software Quality Management at Noida, Bangalore and Hyderabad for the benefit of member STP units.
- * A workshop on policies and procedures related to STP scheme at STP-Hyderabad.

4.0 PROJECT IMPLEMENTATION

4.1 Pune

STP had acquired additional space of 323 sq.mtr and necessary site preparation has been completed for renting it to the member units. A total of 30 units have been approved so far under this jurisdiction, out of which 7 units were accorded approval during the year 1993-94. The software exports from this jurisdiction have increased from Rs.4.50 million during 1992-93 to Rs.16.20 million during 1993-94.

4.2 Bangalore

4.2.1 All physical and technical infrastructural facilities required for software exporters have been created and is made available for their operations.

4.2.2 Presently 25 member units are extensively using the value added services of data communication facilities. In order to create awareness among the industries of the value added services available to the export community, Video Conferencing facilities between Washington DC. and Bangalore were demonstrated for nearly two months. The SoftNET is also being used for disseminating information to International Community.

Presently, following carriers are being radiated:

- 512 Kbps to New York (Via Netherlands)
- 64 Kbps to London (British Telecom)
- 64 Kbps to Netherlands (PTT-Netherlands)
- 64 Kbps to Germany (Deutch Bundespost)

The installation of TDMA equipment at STP-Hyderabad was carried out independently and acquired necessary expertise in installing such systems. Consultancy services were offered in establishing data communication facilities to the STP member units including installation/commissioning of HSDC at other STP locations (Hyderabad and Thiruvananthapuram). Preliminary discussions in the consultancy work to design various value added services for the proposed TCP/IP Network for SATCOMM Society have been completed.

4.2.3 A total of 94 units have been approved so far under this jurisdiction, out of which 31 units were accorded approval during the year 1993-94. The software exports from this jurisdiction have increased from Rs.229.00 million during 1992-93 to Rs.566.00 million during 1993-94.

- 4.2.4 As good Software Engineering (SE) practices are essential to achieve Software Quality, a study has been carried out and a draft proposal indicating the needs of member units in Software Engineering and strategies for promoting SE practices in the industry has been submitted for approval.

4.3 Bhubaneswar

- 4.3.1 All the basic amenities required for software exports have been made available. The State Government of Orissa has allotted a site for installation of IBS Earth Station. Site survey was done and location was identified for installing IBS Earth Station. The site preparation work is being carried out by the State Govt. authorities.
- 4.3.2 A total of three units have been approved so far under this jurisdiction out of which one unit was accorded approval during the year 1993-94. The approval of 22 non-operational units have been cancelled by the IMSC. The exports from this jurisdiction were Rs.2.70 million during the year 1993-94.

4.4 Hyderabad

- 4.4.1 All the physical and technical infrastructure required for software exporters have been made available. Keeping in view the further requirement of built-up space, an additional 510 Sqmts. was taken on lease from Hyderabad Urban Development Authorities (HUDA). Entire area available for allotment has been allotted and has been taken possession by the units.
- 4.4.2 The HSDC facilities are operational since October, 1993 and are being extensively used by 16 member units. Local Area Network (LAN) has been established in the complex, in order to provide Data Comm. Services on shared basis. Keeping in view, the size of operations of various units operating under this jurisdiction, a suitable strategy has been developed and implemented for offering Data Comm. services in a cost effective manner.
- 4.4.3 A total of 42 units have been approved so far under this jurisdiction, out of which 7 units were accorded approval during the year 1993-94. The software exports from this jurisdiction have increased from Rs.45.50 million during the year 1992-93 to Rs.98.40 million during the year 1993-94.
- 4.4.4 A plan was prepared for implementing Quality Management System in the units of this STP on cost sharing basis. Accordingly, STP professionals have been trained and one Member Technical Staff was qualified by British Standard Institute (BSI) to conduct Quality Audit as a lead accessor.

4.5 Noida

- 4.5.1 The basic amenities required for software exporters have been established at NEPZ site and the total space available at this location is fully occupied by the member units. Accordingly, an area of 1800 Sqmts. was allotted by NOIDA in their complex at Ganga Shopping Centre at Sector 29. The built-up area in this complex was made ready for allotment to the member units.
- 4.5.2 A total of 50 units have been approved so far under this jurisdiction, out of which 12 units were accorded approval during the year 1993-94. The software exports from this jurisdiction have increased from Rs.235.60 million during the year 1992-93 to Rs.457.00 million during the year 1993-94.
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4.6 Gandhinagar

4.6.1 A total of 22 units have been approved so far under this jurisdiction, out of which three units were accorded approval during the year 1993-94. These units are in the process of setting up of their operations.

4.7 Thiruvananthapuram

4.7.1 All the physical and technical infrastructure required for software exporters have been made available.

4.7.2 The HSDC facilities have become operational since January, 1994 and at present one leased circuit is being used as point to point connectivity between premises in Thiruvananthapuram and their client in USA.

4.7.3 A total of 28 units have been approved so far under this jurisdiction, out of which three units were accorded approval during the year 1993-94. The software exports from this jurisdiction have increased from Rs.11.85 millions during the year 1992-93 to Rs.17.36 millions during the year 1993-94.

5.0 Statement of Accounts

The Audited Statement of Accounts for the financial year 1993-94 is placed at Annexure-I.

6.0 Future Plans

With the streamlining of procedures through single window mechanism and establishment of infrastructure including state-of-the-art of HSDC, STPI is planning to shift the focus to new areas in which the Indian Software Industries will need inputs. A view has emerged that imparting skills in the area of Software Engineering, Project Management and Software Quality Assurance through coordination of resources within and outside the country should be the priority for STPI in the next few years. Plans are being drawn for training and to offer coordinated consultancy service in these areas.

7.0 Council Members

Shri N Vittal, in his capacity as the Secretary, Department of Electronics took over as the Chairman of the Governing Council, STPI on January 10, 1994 from Shri CK Modi the then Secretary, Department of Electronics and Chairman, Governing Council of STPI. The Council members place on record their sincere gratitude and appreciation of Shri Modi's services to STPI.

Acknowledgements

The Council gratefully acknowledges the help received from various Ministries and the Departments of the Government of India, our Bankers and the Statutory Auditors. The Council also acknowledges the untiring efforts of the staff of the STPI in its successful working.

Date : November 28, 1994
Place: New Delhi

Sd/-
(N Vittal)
Chairman, GC, STPI
and the Secretary
Department of Electronics
Government of India

ANNUAL ACCOUNTS
AND
AUDITOR'S REPORT

AUDITOR'S REPORT

The Members,
SOFTWARE TECHNOLOGY PARKS OF INDIA,
New Delhi-110003

We have audited the attached Balance Sheet of the Software Technology Parks of India, New Delhi-110003 as at 31st March, 1994 and also the annexed Income & Expenditure Account for the year ended on that date and we report as under :-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, the Society has maintained proper books of accounts which are in conformity with the generally accepted accounting principles, so far as appears from our examination of the books of accounts.
3. The Balance Sheet and the Income & Expenditure Account dealt with by this report are in agreement with the books of account.
4. The management has physically verified the fixed assets whereon no discrepancy was found.
5. In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to the notes particularly note no. 15, give a true and fair view :-
 - a) In the case of Balance Sheet, of the state of affairs of the Society as at 31st March, 1994, and
 - b) In the case of Income & Expenditure Account of the Income and Expenditure for the year ended on that date.

For H.S. Rustagi & Co.
Chartered Accountants

Sd/-
(Narendra Kumar Rustagi)
Partner

Dated : December 1, 1994
Place : New Delhi

BALANCE SHEET AS AT 31ST MARCH, 1994

| Particulars | Schedule | (Amount in Rs.) | |
|--|----------|---------------------|---------------------|
| | | This Year | Previous Year |
| Sources of Funds | | | |
| Grants in Aid | | 277052600.00 | 210807600.00 |
| Unsecured loan from | | | |
| - Kerala Govt. | | 28230599.43 | 15000000.00 |
| - A.P. Govt. | | 10000000.00 | 0.00 |
| Assets Replacement Fund | | 10053119.49 | 0.00 |
| | | <u>325336318.92</u> | <u>225807600.00</u> |
| Application of Funds | | | |
| Fixed Assets | "A" | 198252871.36 | 142299195.17 |
| Current Assets, Loans & Advances | | | |
| Current Assets | | | |
| Cash in Hand | | 25952.00 | 19256.90 |
| Balances with Scheduled Banks | | | |
| - In Saving Accounts | | 62384099.01 | 42020442.53 |
| - In Fixed deposits/Margin money A/cs | | 51024424.00 | 40528037.09 |
| Cheques in Hand | | 17570000.00 | 40179.95 |
| Stamps in Hand | | 1078.00 | 382.00 |
| Sundry Debtors | | 8293100.90 | 3477230.86 |
| Advances | | | |
| (Recoverable in cash or in kind or for value to be received) | | 28469209.83 | 21747125.38 |
| | | <u>167767863.74</u> | <u>107832654.71</u> |
| Less : Current Liabilities | | | |
| Sundry Creditors | | 14177521.12 | 5992529.87 |
| Advances/Deposits from Members | | 13937696.26 | 17274252.45 |
| Outstanding Liabilities | | 12569198.80 | 1986619.03 |
| | | <u>40684416.18</u> | <u>25253401.35</u> |
| Net Current Assets | | 127083447.56 | 82579253.36 |
| Excess of expenditure over income | | 0.00 | 929151.47 |
| Notes forming part of Account | "B" | <u>325336318.92</u> | <u>225807600.00</u> |

Subject to our attached report of the even date
For H.S. Rustagi & Co.
Chartered Accountants

Dated : December 1, 1994
Place : New Delhi

Sd/-
(N. Gopaldaswami)
Director General

Sd/-
(Dr. Sunil K. Agrawal)
Director

Sd/-
(Narendra Kumar Rustagi)
Partner

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1994

| Particulars | Schedules | (Amount in Rs.) | |
|---|-----------|--------------------|-------------------|
| | | This Year | Previous Year |
| Income | | | |
| Service Charges Received | | 32544748.72 | 5401168.92 |
| Interest Earned | | 5215472.07 | 1800931.38 |
| Income from Training & Seminars | | 152500.00 | 132200.00 |
| Misc. Income | | 945936.85 | 380170.65 |
| | | <u>38858657.64</u> | <u>7714470.95</u> |
| Expenditures | | | |
| Advertisement Expenses | | 386734.00 | 38482.00 |
| Travelling & Conveyance | | 1244824.16 | 620262.00 |
| Training & Seminars | | 88378.65 | 133902.81 |
| Establishment Exp. | | 4407285.65 | 2956686.67 |
| Earth Station Expenses | | 10495073.39 | 0.00 |
| Communication Cost | | 2439983.60 | 876575.87 |
| Rent | | 4085487.20 | 1749871.50 |
| Repairs & Maintenance | | 1797679.75 | 435935.45 |
| Audit Fees | | 46000.00 | 43500.00 |
| Printing & Stationery | | 367609.15 | 495890.22 |
| Water & Electricity Charges | | 668557.58 | 428030.65 |
| Professional Charges | | 67939.00 | 60699.00 |
| Vehicle Running & Hire Charges | | 710926.30 | 503001.05 |
| Insurance | | 177681.60 | 32122.40 |
| Other Expenses | | 721902.63 | 268662.80 |
| | | <u>27706062.66</u> | <u>8643622.42</u> |
| Net Surplus for the year | | 11152594.98 | -929151.47 |
| Less Prior period adjustment | | -170324.02 | 0.00 |
| Less Deficit of Last Year | | -929151.47 | 0.00 |
| | | <u>10053119.49</u> | <u>-929151.47</u> |
| Transfer to Assets Replacement Fund (Refer note no. 15 to Schedule "B") | | 10053119.49 | 0.00 |
| Net Balance carried to Balance Sheet | | <u>0.00</u> | <u>-929151.47</u> |

Subject to our attached report of the even date
For H.S. Rustagi & Co.
Chartered Accountants

Dated : December 1, 1994
Place : New Delhi

Sd/-
(N. Gopaldaswami)
Director General

Sd/-
(Dr. Sunil K. Agrawal)
Director

Sd/-
(Narendra Kumar Rustagi)
Partner

SCHEDULE A : FIXED ASSETS

(Amount in Rs.)

| Particulars | This Year | Previous Year |
|---|---------------------|---------------------|
| Land | 2400000.00 | 2400000.00 |
| Office Flats | 7040449.04 | 7418681.37 |
| Capital work in progress | -1100841.05 | 80576598.01 |
| Computer Peripherals | 27912848.66 | 24366256.04 |
| Electrical Installation | 14690153.42 | 7044350.88 |
| Fire fighting equipments | 804219.35 | 35644.25 |
| Furniture & Fixtures | 13822024.15 | 7594394.90 |
| Office Equipments | 3848821.11 | 4571726.58 |
| Other Fixed Assets | 76436.70 | 79427.95 |
| Furniture fittings-AS-400 <i>V. Vaidy</i> | 148747.96 | 137605.95 |
| Preoperative Exp. | -4407067.48 | 8074509.24 |
| Earth Station | 122001262.44 | 0.00 |
| | <u>198252871.36</u> | <u>142299195.17</u> |

* Decrease in the value of the property is due to refund of money by MIDC, Pune.

SCHEDULE - B

NOTES FORMING PART OF ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 1994

1. Previous year figures have been regrouped/reclassified wherever necessary;
2. Earth Stations (high speed data communication facility) of STPs at Bangalore, Thiruvananthapuram and Hyderabad under the Society started operation during the year and the date of commercial operation thereof had been taken as certified by the Management. Accordingly pre-operative expenses relating to the facilities have been allocated during the year to the cost of assets;
3. Previous year comprises period from 5th June, 1991 to 31st March, 1993, hence the figures are not comparable;
4. Balance in personal accounts are subject to confirmation;
5. The Society being a non-profit making institution, the depreciation has not been provided in the accounts;
6. The Society has been set-up primarily for providing infrastructure facilities to Software Exporters in the Country. Such facilities includes Core Computer and Data Communication Facility. Till the time such facilities are under installation/commissioning, all the expenses at the respective centres have been treated as pre-operative expenses;
7. In the absence of the information about the nature of the Grant in aid received from the Government of India, the same has been treated as Capital Receipt;
8. The unsecured loan from Kerala Government and Andhra Pradesh Government are free of interest;
9. Land and Office Flats have not been registered in the name of the Society;
10. Government of Andhra Pradesh has given one Acre of land free of charge for Earth Station Installation, which has not been accounted for in the books of accounts. The land has yet to be registered in the name of the Society;
11. Contingent Liability :

| | |
|---|--------------------------|
| In respect of additional Service charges payable to Bhubaneswar Development Authority @ 1% of the market value of the premises. | Amount not quantifiable. |
| In respect of PAD Connection Charges not provided pending receipt of the bill from VSNL. | -- do -- |
| Claims not acknowledged as debts : | -- do -- |
12. The Assets and Liabilities of the erstwhile Societies registered at Pune, Bangalore, and Bhubaneswar having similar objectives, have been taken over by the Society at book value as on the date of their dissolution;
13. The Society had imported four sets of Earth Station Equipments for a total cost of about Rs. 900 Lacs for Bangalore, Thiruvananthapuram, Hyderabad and Gandhinagar during the year 1992. However, till date Gandhinagar Earth Station has yet to be commissioned. The Society has contracted with VSNL for commissioning of all the Earth Stations and in terms of contract, all the earth station were to be commissioned by end of 1993, however, in respect of Gandhinagar, the effective steps for commissioning

had been taken only in May 1994. Hence, the effective delay in project implementation would work out to more than a year;

14. As a result of the delay as stated above, the perspective software exporters of the region have suffered which in turn has resulted not only the loss to exchequer but also might attract the financial implication due to expiry of warranty period before commissioning of the equipments;
15. The Society has revised its accounts by transfer of Rs. 100,53,119.49 to Assets Replacement Fund in terms of decision of Governing Council (GC) meeting vide the Society letter no. 2(11)93-94-STPI dated 29th Nov., 94. The GC has decided to transfer an amount equivalent to 10% of the cost (gross) of the total assets or the available surplus in the Income & Expenditure Account, whichever is lower, to a fund called Assets Replacement Fund;
16. The Service charges in the income side of the Income & Expenditure Account includes rental income, service charges in respect of various services like photocopying, fax charges, telephone charges recovered, canteen facilities, etc. provided to member units of STPs;
17. The Society has not provided for gratuity liabilities and the exact liability of the Society in respect of Provident Fund has not been provided for by the Society. The same would reportedly be provided for on finalisation of accounts of the Provident Fund Trust.

STPI'S COMMENTS TO THE NOTES ON ACCOUNTS MADE BY THE STATUTORY AUDITORS

The following are the replies to the comments of Auditors :

| | | |
|--------------|---------------------------|---|
| Point No. 9 | Auditor's comments | Land and office flats have not been registered in the name of Society. |
| | STPI's comments | <p><i>Pune</i> Action has been completed on 10.10.94.</p> <p><i>Bangalore</i> Possession Certificate was received by STP in July, 1990 in the Name of DoE/STP-Bangalore. The land is on 10 years lease and registration can be done only after the expiry of this period.</p> |
| Point No. 10 | Auditors comments | Government of Andhra Pradesh has given one acre of land free of charge for earth station installation, which has not been accounted for in the books of accounts. The land has yet to be registered in the name of Society. |
| | STPI's comments | Alienation proposal is under consideration with the Andhra Pradesh Government. |
| Point No. 13 | Auditor's comments | The Society had imported four sets of Earth Station Equipments for a total cost of about Rs. 900 lacs for Bangalore, Thiruvananthapuram, Hyderabad and Gandhinagar during the year 1992. However, till date Gandhinagar Earth Station has yet to be commissioned. The Society had contracted, all the earth station which were to be commissioned by the end of 1993, however, in respect of Gandhinagar, effective steps for commissioning had been taken only in May 1994. Hence, the effective delay in project implementation would work out to more than a year. |
| | STPI's comments | The commissioning of earth stations was being done through VSNL and was taken up in a sequential manner by the VSNL. The commissioning of Thiruvananthapuram's earth station was completed by VSNL in January 1994 and subsequently the installation team took up Gandhinagar work. However, as the installation team's attention was diverted in finding solutions to specific problems at the user end in Thiruvananthapuram, the work in Gandhinagar could not be taken up immediately and hence got delayed. |
| Point No. 14 | Auditor's comments | As a result of the delay as stated above, the perspective software exporters of the region have suffered which in turn has resulted not only the loss of exchequer but also might attract the financial implication due to expiry of warranty period before commissioning of the equipment. |
| | STPI's comments | Member units in STP-Gandhinagar had the facility of PAD connected to the International Gateway as an interim measure. Therefore, the STP units did not suffer due on this account. The earth station facilities in other locations are having trouble free satisfactory operation for over one year. Therefore, financial implication of the expiry of warranty period are not likely to arise. |

MEMBERS OF THE SOCIETY

| | |
|---|-------------------------|
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|  | STPI, Head Quarter एस.टी.पी. मुख्यालय |
|  | Location of STPs एस.टी.पी. केन्द्रों की अवस्थिति |
|  | Earth Station Locations भू केन्द्र की अवस्थिति |

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