

# 12<sup>TH</sup> ANNUAL REPORT

## 2009-2010



### Fourth Generation Information Systems Limited

**NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on Thursday, 30<sup>th</sup> Day of September 2010, at 9.45 a.m., at the Registered Office of the Company situated at Flat No 201, H No 2-1-566/1, Osmania University Road, Nallakunta Hyderabad-500 044, Andhra Pradesh, to transact the following business-

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in the place of Mr. Sambasiva Rao Adapa, who retires by rotation and expressed his willingness for reappointment.
- 3) To appoint M/s M.M. Reddy & Co., Chartered Accountants in place of M/s M/s G. Narasimha Rao & Associates, Chartered Accountants and to 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. A. Ramesh Babu, who was appointed as additional director of the company pursuant to the provisions of section 260 of the Companies Act, 1956 by the board of directors w.e.f. 31.07.2010 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

- 5) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. T.Srivenkata Ramana, who was appointed as additional director of the company pursuant to the provisions of section 260 of the Companies Act, 1956 by the board of directors w.e.f. 31.07.2010 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

- 6) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. C.N.Somasekhara Reddy, who was appointed as additional director of the company pursuant to the provisions of section 260 of the Companies Act, 1956 by the board of directors w.e.f. 31.07.2010 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation.”

**For and on behalf of the Board**

**S/d  
K. Sudheer  
Managing Director**

**Place** : Hyderabad

**Date** : September 1, 2010

**NOTES:-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the Proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip sent here with duly filled in for attending the meeting.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M on any working day prior to the date of the meeting and also at the meeting.
5. Member intending to require information about Accounts to be explained at the meeting are requested to write the company at least ten days in advance of the Annual General Meeting.
6. Register of Members and share Transfer Books remain closed from 28.09.2010 to 30.09.2010 (Both days inclusive).

**EXPLANATORY STATEMENT**

(Pursuant To Section 173(2) of the Companies Act, 1956)

**Item No. 4:**

The members may note that Mr. A. Ramesh Babu was inducted into Board as an Additional Director of the company with effect from 31.07.2010 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from a member of the company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. A. Ramesh Babu may be deemed to be concerned or interested in the resolution.

**Item No.5:**

The members may note that Mr. T.Srivenkata Ramana was inducted into Board as an Additional Director of the company with effect from 31.07.2010 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from a member of the company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. T.Srivenkata Ramana may be deemed to be concerned or interested in the resolution.

**Item No.6:**

The members may note that Mr. C.N.Somasekhara Reddy was inducted into Board as an Additional Director of the company with effect from 31.07.2010 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from a member of the company along with the requisite deposit under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above

said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. C.N.Somasekhara Reddy may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board

S/d  
K. Sudheer  
Managing Director

Place : Hyderabad

Date : September 1, 2010

**DIRECTORS' REPORT**

To

The Members of Fourth Generation Information Systems Limited

Your Directors have pleasure in presenting the Twelfth Annual Report on the business and operations of your company and the Audited Financial Results for the year ended on 31<sup>st</sup> March 2010.

**FINANCIAL HIGHLIGHTS FOR THE YEAR 2009-10:**

The Operating results for the year are as follows:

<b>Particulars</b>	<b>(Rs in Lakhs)</b>	
	<b>31-03- 2010</b>	<b>31-03-2009</b>
Total Income	3.51	2.17
Profit/(Loss) before Interest and depreciation	(0.36)	(1.26)
Less:		
Interest and Financial Charges	-	-
Depreciation and other Write-offs	2.31	2.57
Profit/(Loss) before tax	(2.67)	(3.83)
Provision for current tax and deferred tax	(4.36)	-
Profit/(Loss) after Tax	(7.03)	(3.83)
Add: Balance brought forward	(171.15)	(167.32)
Balance Carried forward	(178.18)	(171.15)

**REVIEW OF PERFORMANCE AND BUSINESS PROSPECTS:**

The management, after due deliberations has decided to explore new avenues for revenue generation such as Training, Development and other IT services to various industries. During the financial year the company could not perform well due to some reasons which were beyond the control of management and also due to financial constraints. However, the management is hoping for the positive changes in the current fiscal year.

**DIVIDEND:**

Your Directors do not recommend any Dividend for the current Financial Year- 2009-10.

**PUBLIC DEPOSITS:**

Your Company has not accepted any deposits during the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Directors hereby confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (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, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

**AUDIT COMMITTEE:**

The Company's Audit Committee comprised of three Directors viz. Mr. K. Sudheer (Managing Director), Mr. Sambasiva Rao Adapa {Director) and Mr. P. Veeraiah (Director)

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

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this Report.

**DIRECTORS:**

During the year Mr. Sambasiva Rao Adapa retires by rotation, being eligible offered himself for reappointment.

During the year Mr. A. Ramesh Babu, Mr. T.Srivenkata Ramana and Mr. C.N.Somasekhara Reddy were appointed as additional directors w.e.f. 31.07.2010.

**PARTICULARS OF EMPLOYEES:**

None of the employees is in receipt of remuneration exceeding the limit and whose particulars are required to be given as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**AUDITORS:**

M/s. G. Narasimha Rao & Associates, Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and they have not opted for reappointment. The Board proposed to appoint M/s M.M.Reddy & Co., Chartered accountants as Statutory Auditors of the Company.

**PARTICULARS OF EMPLOYEES:**

There are no employees, whose particulars are required to be furnished under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:**

During the current year, your Directors continued adopting the code of Corporate Governance. A separate report on the Corporate Governance and Management Discussion and Analysis is attached as part of the Annual Report. An Auditors' Certificate regarding compliance of conditions of Corporate Governance is also annexed.

**LISTING:**

The Company's present Equity shares are listed in Bombay Stock Exchange, Ahmedabad Stock Exchange and Hyderabad Stock Exchange (derecognized by SEBI).

**ACKNOWLEDGEMENT:**

Directors wish to place on record their deep appreciation of the services rendered by the staff for the smooth functioning during the year. They also express their thankfulness to both Central and State Government authorities for their cooperation, bankers to the Company, and all of its employees.

**DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:**

The shareholders,

I, K. Sudheer, Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on Behalf of the Board

Place : Hyderabad  
Date : September 01, 2010

S/d  
**K. Sudheer**  
Managing Director

S/d  
**P. Veeraiah**  
Director

**Annexure to Directors report**

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTOR'S REPORT IN TERMS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

**CONSERVATION OF ENERGY:**

The range of activities of your company requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve as far as possible.

**TECHNOLOGY ABSORPTION:**

There were no instances arised in the financial year, which could give rise to technological absorption. Thus this clause is not applicable.

**FOREIGN EXCHANGE EARNINGS AND OUTGO: NIL**

There were no imports / exports, thus the foreign exchange earnings / outgo was nil, during the financial year.

Place : Hyderabad  
Date : September 01, 2010

S/d  
**K. Sudheer**  
**Managing Director**

S/d  
**P. Veeraiah**  
**Director**

**REPORT ON CORPORATE GOVERNANCE****PHILOSOPHY:**

The objective of FGIS and also that of its Management and employees is to render best services in the IT related fields and to create value sustainable over the long term for valuable customers, shareholders, employees and Nation as whole and continue to incorporate well disciplined code of Corporate Governance.

**BOARD OF DIRECTORS:**

Composition, Category of Directors and their other Directorships and Committee Memberships (As on 31<sup>st</sup> March, 2010):

Directors	Category	Other Directorships/Board Committees
Mr. Sambasiva Rao Adapa	Director	Audit Committee and Share Holders Grievance Committee
Mr. K. Sudheer	Managing Director	Audit Committee and Share Holders Grievance Committee
Mr. Veeraiah Pothana	Director	Audit Committee and Share Holders Grievance Committee
Mr. A. Ramesh Babu*	Director	-
Mr. T. Srivenkata Ramana *	Director	-
Mr. C.N.Somasekhara Reddy*	Director	-

\* Appointed w.e.f.31.07.2010

Five Meetings of the Board of Directors were held during the year 2009-10 as under:

Dates of Board Meetings
30.04.2009
31.07.2009
01.09.2009
31.10.2009
31.01.2010

Attendance of the Directors at the Board Meetings and the Last Annual General Meeting:

Name of Director	Board Meetings held during the tenure of the director	Board meetings attended	Attendance at the Last Annual General Meeting held on 30/09/2009
Mr. K. Sudheer	5	5	Yes
Mr. Sambasiva Rao Adapa	5	3	Yes
Mr. Veeraiah Pothana	5	5	Yes
Mr. A. Ramesh Babu*	-	-	No
Mr. T. Srivenkata Ramana *	-	-	No
Mr. C.N.Somasekhara Reddy*	-	-	No

\* Appointed w.e.f.31.07.2010

### **AUDIT COMMITTEE**

Brief description of Terms of reference:

The Audit Committee's role would include the following:-

(a). Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.

(b). Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services.

(c). Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices
- Major accounting entries based on exercise of judgment by Management.
- Qualifications in draft Audit Report
- Significant adjustments arising out of audit.
- The going concern assumption
- Compliance with the accounting standards
- Compliance with Stock Exchanges and legal requirements concerning financial statements.
- Any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

(d). Reviewing with Management, external and internal auditors, the adequacy of internal control systems.

- (e). Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (f). Discussion with internal auditors of any significant findings and follow-up-thereon.
- (g). Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (h). Discussion with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- (i). Reviewing the Company's financial and risk management policies.
- (j). To look into the reasons for substantial defaults in the payments to shareholders (in case of non-payment of declared dividends) and creditors.

### Composition, Names of the Members and Chairman

During the year the Audit Committee consisted of three Directors viz. Mr. K. Sudheer (Managing Director), Mr. Sambasiva Rao Adapa(Director) and Mr. Veeraiah Pothana (Director).

Meetings and Attendance during the year 2009-10

Name of the Director	No. of Meetings	
	Held	Attended
Mr. K. Sudheer	5	5
Mr. Sambasiva Rao Adapa	3	3
Mr. Veeraiah Pothana	5	5

### Remunerations to Directors for the Year 2009-10: Nil

### SHARE HOLDERS/IN/VESTORS GRIEVANCE COMMITTEE DURING THE YEAR

Managing Director : Mr. K. Sudheer

Directors : Mr. Sambasiva Rao Adapa and Mr. Veeraiah Pothana

Compliance Officer : Mr. K. Sudheer

Details of Annual General Meeting / Extra Ordinary General Meetings conducted during the year:

General Meeting	Location	Date
11 <sup>th</sup> AGM	Registered Office	30 <sup>th</sup> September, 2009

No special resolutions were passed through postal ballot at the last Annual general Meeting (AGM). No special resolutions are proposed through postal ballot at the forthcoming AGM.

Disclosures:

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their

subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large:

There are no materially significant related party transactions during the year 2009-10 that may have potential conflict with the interest of the Company at large.

There are some non-compliance by the Company viz. payment of listing fee to stock exchanges and thus the trading of company's shares in the Bombay Stock Exchange has been suspended.

### General Shareholder Information

#### 1. Annual General Meeting

Day, Date, Time : Thursday, 30.09.2010, 9.45 a.m.  
Venue : Flat No 201, H No 2-1-566/1, Osmania University Road, Nallakunta Hyderabad-500 044, Andhra Pradesh.

#### 2. Financial Calendar

Financial reporting for the quarter ending  
June 30<sup>th</sup>, 2010 : On or before 14.05.2010  
September 30, 2010 : On or before 14.10.2010  
December 31, 2009 : On or before 14.01.2011  
March 31, 2010 : On or before 14.01.2011

3. Book Closure Date : 28<sup>th</sup> to 30<sup>th</sup> September 2010

#### 4. Listing of Equity Shares of the company:

Stock Exchanges	Stock code	Remarks
Bombay Stock Exchange	32403	Trading under suspension
Hyderabad Stock Exchange	6476	Derecognized by SEBI
Ahmedabad Stock exchange	17545	Applied for de-listing

#### 5. Registrar and Share Transfer Agents:

Big Share Services Pvt. Ltd  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka, Andheri(E),  
Mumbai- 400 072.  
(SEBI Regn. INR 000001385)

#### 6. Share Transfer Systems:

Trading in Equity Shares of the Company is permitted only in the dematerialized form, as per circular issued by Securities and Exchange Board of India (SEBI). Share Transfers in physical form are registered and returned between 15 to 30 days from the date of

receipt, if documents are in order in all respects. The Committee of Directors (Shareholders/Investors Grievances) of the Board of Directors meets usually every 30 days to approve the transfer of shares. Officers of the Company and of the Share transfer Agents have been authorized to approve transfers subject to the approval of the Managing Director and in his absence by the Executive Director of the Company. Such transfers are ratified by the Committee of Directors (Shareholders/Investors Grievances).

#### 7. Market Price Data:

No quotation for shares are available as the shares are under suspension with BSE

#### 8. Categories of Shareholding (As on 31<sup>st</sup> March, 2010):

##### SHARE HOLDING PATTERN AS ON 31/03/2010

CATEGORY	No. of Shares Held	%of Share Holding
<b>A. Promoters Holding</b>		
1. Promoters & group		
-Indian Promoters	9551950	15.32
-Foreign Promoters	0	0
<b>B. Public Share Holding</b>		
3. Institutional Investors		
a. Mutual Funds/UTI	Nil	
b. Banks, FIs, Insurance Companies	Nil	
c. FIIs	Nil	
4. Others		
a. Body Corporate	3048320	4.89
b. Indian Public (Holding more than 1 lac)	12431994	19.93
c. Indian Public ( Holding less than j1 lac)	33261873	53.33
d. NRIs/s	223890	0.36
e. OCB	3835373	6.15
f. clearing Number	13600	0.02
<b>Grand Total</b>	<b>62367000</b>	<b>100.00</b>

9. Dematerialization of Shares and liquidity: Around 80% of outstanding shares have been dematerialized up to 31<sup>st</sup> March 2010.

10. Address for Correspondence: FOURTH GENERATION INFORMATION SYSTEMS LTD.

(Regd. Office)

Flat No 201, H No 2-1-566/1, Osmania University Road, Nallakunta, Hyderabad-500 044, Andhra Pradesh.

S/d  
K. Sudheer  
Managing Director

S/d  
P. Veeraiah  
Director

Place : Hyderabad

Date : September 01, 2010

**LIST OF PERSONS CONSTITUTING “GROUP” (WITHIN THE MEANING AS DEFINED IN THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969).**

The following is the list of persons constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ( the said Regulations) as provided in Clause 3(1) (e) of the said Regulations:

<b>Sl. No.</b>	<b>Name of the Person</b>	<b>Sl. No.</b>	<b>Name of the Person</b>
1	A Avinash	10	Sambasiva Rao Adapa
2	Alluri Sai Babu	11	A.Ramesh Babu
3	Hema Kolluri	12	Mr. T. Srivenkata Ramana
4	N Neelima Reddy	13	Mr. C.N.Somasekhara Reddy
5	Rao Alluri	14	Sunitha
6	Raghu Vasu Adusumilli	15	Chennamma
7	N Sharath Reddy	16	T.Vijaya Kathyayani
8	K. Sudheer	17	R.Anup Kumar Reddy
9	P. Veeraiah		

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### **1. Industry Structure and Developments:**

The earlier trend of smaller companies being marginalized has continued in the year under review. Another distinct trend during the year has been the preference of foreign companies to outsource their entire IT needs to the larger companies and get them to setup large offshore operations to support these contracts.

### **2. Opportunities and Threats**

Though the overall scenario for the smaller companies is extremely competitive, there are some niche areas where there are some opportunities for growth. The management is exploring these areas to consider entering these areas and develop expertise in such areas.

### **3. Segment wise or Product wise Performance**

Not applicable

### **4. Outlook**

The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.

### **5. Risks and Concerns**

While venturing into new business lines, the company would need access to funds. The risk of not being able to raise funds at the timer needed is the biggest risk that the management foresees.

### **6. Internal Control Systems and their adequacy**

The management considers the internal control systems, which has evolved over time and are continuously improved, to be adequate enough.

### **7. Discussion on financial performance with respect to operational performance**

In view of the fall in extent of operations and the delay in materialisation of the new business lines, the revenue of the company has seen a further dip. Also, the management has decided to adopt even more prudential accounting norms as a matter of conservative accounting. This measure, which will definitely help the company in the future, has led to certain write offs.

### **8. Material developments in Human Resources / Industrial Relations front, including number of people employed**

There are no material developments that need to be specifically mentioned.

### **9. Comments on Auditors adverse remarks**

Company has sent many reminders to the Creditors (Sundry Creditors and Capital Creditors) for debit acknowledgements but we have received only few. We will pursue to receive the remaining acknowledgements from the Creditors in due course.

**Auditors' Certificate****To**

The Members of Fourth Generation Information Systems Limited  
Hyderabad.

We have examined the compliance of conditions of corporate governance by Fourth Generation Information Systems Limited for the year ended March 31<sup>st</sup>, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For **G. Narasimha Rao & Associates**  
Chartered Accountants

**Place:** Hyderabad.  
**Date :** September 1, 2010.

**S/d**  
**G. Narasimha Rao**  
Proprietor

**Auditors' Report**

To  
The Members of  
Fourth Generation Information Systems Ltd.,  
Hyderabad.

We have audited the attached Balance Sheet of M/s Fourth Generation Information Systems Limited, Hyderabad as at 31<sup>st</sup> March 2010, the Profit & Loss Account and also 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on 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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor Report) Order 2003, issued by the Company Law Board in terms of section 227(4A) of the Companies Act 1956, we give in annexure a statement on the matters specified in the paragraph 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of accounts as required by the law have been kept by the company so far as appears from our examination of these accounts.
  - c) The company's Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by the report are in agreement with the books of accounts.
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received and taken on record by Board of Directors, none of the directors is disqualified under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with other notes to accounts and accounting policies give the information required by the Companies Act 1956, in the manner so required and give a true and fair view subject to point numbers 2 and 5 mentioned in the notes to accounts:-

i) In the case of Balance Sheet of the state of the affairs of the Company as at 31st March 2010 and

ii) In the case of Profit & Loss Account of the Loss of the Company for the year ended on that date.

iii) In the Cash Flow statement of the Cash Flow for the year ended on that date.

For **G.Narasimha Rao & Associates**  
Chartered Accountants

**S/d**

**G.Narasimha Rao**

(Proprietor)

**ANNEXURE TO THE AUDITOR'S REPORT**

1. a) The company has not maintained proper records for showing particulars including quantitative details and situation of the fixed assets.  
b) As certified by the management physical verification of the fixed assets was not undertaken during the year. Confirmations are not available for the advances given to the capital creditors. The position of the recovery is to be ascertained.  
c) The company during the year has not disposed off substantial part of the fixed assets, affecting its going concern status.
2. As per books of accounts, there is no inventory existing in the company and hence sub clauses 2(a), 2(b) and 2(c) of this Order are not applicable.
3. (a) According to the information and explanation given to us, the Company has not granted/taken any loan, secured or unsecured to/from Companies/firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Sub clauses 3(b), 3(c) and 3(d) of this Order are not applicable.
4. In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of business for the purchase of inventory and fixed assets and for sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control.
5. (a) As per information & explanations given and on the basis of records provided to us, there is no transaction that need to be entered in the register maintained under Section 301 of the Companies Act. In view of this clause, clause 5(b) of this Order is not applicable for the current year.
6. According to information and explanations given to us, the company has not accepted any deposits from the public for the period under consideration.
7. In our opinion the company does not have an internal audit system.
8. The Company is not required to maintain cost records u/s 209 (1) (d) of the Companies Act, 1956.
9. a) According to information and explanations given to us and as per records produced before us for verification, the company is regular in depositing statutory dues including P.F. E.S.I., Sales Tax, Income tax, Custom duty and any other statutory dues except old arrears of Rs. 5,046/- and 6,467/- being dues towards PF and ESI respectively and listing fee of Rs. 1,50,000/- for the years 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 payable to the Stock Exchange, Mumbai. As per information and explanations given to us, no undisputed statutory dues except as mentioned in this clause are outstanding as at 31.03.10, for a period exceeding six months from the date they became payable.  
  
b). As per information and explanations furnished to us and on verification of records produced, we opine that the company has no pending dispute in respect of sales tax / custom / wealth tax / excise / service tax except the order passed for the Assessment Year 2001-02 by Income Tax Officer, Hyderabad, later revised order passed by CIT (Appeals), Hyderabad. Now the Order was pronounced on 27-11-2009 by the Income Tax Appellate Tribunal, Hyderabad, Bench "B" in favour of the assessee, except to the extent of Rs. 1,98,258/- under sec. 43B regarding the provident fund was disallowed on

which subsequently the concerned Deputy Commissioner of Income Tax has passed the assessment order on 29-03-2010 to the extent of Rs. 20,250/- as tax and the same was paid.

10. The company has not done any business operation during the year 2009-10 except giving training in software. Company has an accumulated loss of Rs. 1,72,18,283 as at 31<sup>st</sup> March 2010.

11. In our opinion and on verification of records, the company has not defaulted in repayment of loan to bank. No loan has been taken from Financial Institutions and company has not issued any debenture.

12. In our opinion and according to information and explanations given to us and as per verification of records, the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to explanations given to us, the clause relating to chit or nidhi or mutual benefit fund or society is not applicable to the company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments. Hence no records are required to be maintained.

15. As per information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year.

16. The company has not taken any term loan during the year.

17. In our opinion and according to the explanations given to us and as per verification of records produced before us the company during the period under consideration has not raised any fund on short-term basis.

18. The company has not made any preferential allotment of shares to parties covered under section 301 of the Companies Act, 1956.

19. The company during the year has not issued any debentures.

20. The company has not raised any money by public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud has been noticed or reported during the period under consideration.

For **G. Narasimha Rao & Associates**  
Chartered Accountants

**Place:** Hyderabad.  
**Date:** September 1, 2010

**S/d**  
**G. Narasimha Rao**  
Proprietor

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	SCH	As at 31-03-2010 Rs.	As At 31-03-2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Share Capital</b>			
a) Share Capital	1	124,454,250	124,454,250
b) Reserves & Surplus	2	-	-
<b>2. Loan Funds</b>			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
<b>Total (1+2+3)</b>		<b>124,454,250</b>	<b>124,454,250</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	3	66,050,524	66,050,524
b) Less: Depreciation		64,469,144	64,237,700
c) Net Block		1,581,380	1,812,824
d) Capital work in progress including advances on capital account		7,453,545	7,453,545
		<b>9,034,925</b>	9,266,369
<b>2. Investments</b>	4	<b>99,949,237</b>	99,949,237
<b>3. Current Assets, Loans and Advances</b>			
a) Sundry Debtors	5	2,862,845	2,862,845
b) Cash & Bank Balances	6	34,705	25,459
c) Loans & Advances	7	23,596,821	23,596,821
		<b>26,494,371</b>	26,485,125
<b>(A)</b>			
<b>Less: Current Liabilities and Provisions</b>			
a) Current Liabilities	8	27,262,928	27,262,928
b) Provisions	9	979,637	498,806
		<b>28,242,565</b>	27,761,734
<b>(B)</b>			
<b>Net Current Assets</b>	<b>(A-B)</b>	<b>(1,748,194)</b>	<b>(1,276,609)</b>
<b>4. Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Accumulated Losses		17,218,283	16,515,254
<b>Total (1+3+4)</b>		<b>124,454,250</b>	<b>124,454,250</b>
Notes forming part of the accounts	12		

As per our report of even date

For and on behalf of the Board of Directors

for **G.Narasimha Rao & Associates**  
Chartered AccountantsS/d  
**G.Narasimha Rao**  
ProprietorS/d  
**K.Sudheer**  
Managing DirectorS/d  
**P. Veeraiah**  
Director**Place:** Hyderabad  
**Date :** September 1, 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	SCH	Year ended 31-03-2010 Rs.	Year ended 31-03-2009 Rs.
<b><u>INCOME</u></b>			
Other Income	10	350,885	217,432
<b>Total</b>		<b>350,885</b>	<b>217,432</b>
<b><u>EXPENDITURE</u></b>			
Staff Cost		138,800	96,750
Administrative, Marketing and Other expenses	11	247,839	246,187
Depreciation		231,444	257,459
<b>Total</b>		<b>618,083</b>	<b>600,396</b>
<b>Profit (Loss) Before Tax</b>		<b>(267,198)</b>	<b>(382,964)</b>
<b>Provision for Tax</b>			
- Short Provision for FY 2000-01		<b>(20,250)</b>	-
- Current Year		-	-
<b>Net Profit after Tax</b>		<b>(287,448)</b>	<b>(382,964)</b>
Deferred Tax		<b>(415,581)</b>	-
<b>Net Profit after Deferred Tax</b>		<b>(703,029)</b>	<b>(382,964)</b>
Balance brought forward from previous year		<b>(17,115,254)</b>	<b>(16,732,290)</b>
Balance available for appropriation		<b>(17,818,283)</b>	<b>(17,115,254)</b>
<b>Appropriations:</b>			
<b>Balance Carried to Balance Sheet</b>		<b>(17,818,283)</b>	<b>(17,115,254)</b>
		<b>(17,818,283)</b>	<b>(17,115,254)</b>

Notes forming part of the accounts

12

As per our report of even date  
for **G.Narasimha Rao & Associates**  
Chartered Accountants

S/d  
**G.Narasimha Rao**  
Proprietor

For and on behalf of the Board of Directors

S/d  
**K.Sudheer**  
Managing Director

S/d  
**P. Veeraiiah**  
Director

Place: Hyderabad

Date : September 1, 2010

**Schedules forming part of the Balance Sheet as at 31st March, 2010****1. Share Capital**

	(In Rs.)	
	As at 31-03-2010	As at 31-03-2009
<b>Authorised</b>		
6,47,50,000 Equity Shares of Rs. 2/- each	<b>129,500,000</b>	129,500,000
<b>Issued, Subscribed and Paid up:</b>		
Issued, subscribed capital		
6,23,67,000 Equity shares of Rs. 2/- each	<b>124,734,000</b>	124,734,000
Less- Calls in Arrears (allotment money of Rs 1.50 each on 186500 equity shares)	<b>(279,750)</b>	(279,750)
	<b>124,454,250</b>	124,454,250

**2. Reserves & Surplus**

	As at 31-03-2010	As at 31-03-2009
I.General Reserve:		
Opening balance	<b>600,000</b>	600,000
II.Balance as per profit & loss account	<b>(17,818,283)</b>	(17,115,254)
	<b>(17,218,283)</b>	(16,515,254)

**4. Investments**

105000 equity shares (50%) in Netsoft Technologies Inc., USA as joint venture	<b>99,949,237</b>	99,949,237
	<b>99,949,237</b>	99,949,237

**5. Sundry Debtors**

	As at 31-03-2010	As at 31-03-2009
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six months	<b>2,862,845</b>	2,862,845
Other debts	-	-
	<b>2,862,845</b>	2,862,845

**6. Cash and Bank balances**

	As at 31-03-2010	As at 31-03-2009
Cash on hand	<b>34,317</b>	25,071
Balance with Scheduled Banks on Current Accounts	<b>388</b>	388
	<b>34,705</b>	25,459

3.Fixed Assets		(In Rs.)									
S.N o.	Assets	Gross Block				Depreciation			Net Block		
		Rate	As at 01-04- 2009	Additions/ Deletions during the year	As at 31-03- 2010	As at 1-4-2009	Reduction of Depreciat on due to disposal of asset	For the year	As at 31-03- 2010	As at 31-03- 2009	
1	2	3	4	5	6	7	8	9	10	11	
	Computers , Networking & Accessorie s	33.33 %	61,990,3 05	-	61,990,3 05	61,990,3 05	-	0	-	-	
1	Office equipment	4.75 %	563,885	-	563,885	223,892	-	26,78 5	313,208	339,993	
2	Furniture & Fixtures	6.33 %	3,201,18 4	-	3,201,18 4	1,730,37 7	-	202,6 35	1,268,1 72	1,470,8 07	
3	Vehicles	9.50 %	295,150	-	295,150	293,126	-	2,024	-	2,024	
	Total		66,050,5 24	-	66,050,5 24	64,237,7 00	-	231,4 44	1,581,3 80	1,812,8 24	
	Previous year		66,050,5 24	-	66,050,5 24	63,980,2 41	-	257,4 59	1,812,8 24	2,070,2 83	

⊕

**7.Loans & Advances**  
(Un secured and considered good)

	As at 31-03-2010	As at 31-03-2009
Deposits	212,100	212,100
Loans, advances & other receivables	23,334,721	23,334,721
Advance income tax	50,000	50,000
	<u>23,596,821</u>	<u>23,596,821</u>

**8.Current Liabilities**

	As at 31-03-2010	As at 31-03-2009
Sundry Creditors	27,241,915	27,241,915
Other Liabilities	21,013	21,013
	<u>27,262,928</u>	<u>27,262,928</u>

**9.Provisions**

	As at 31-03-2010	As at 31-03-2009
Provision for Income Tax	200,000	200,000
Provision for Income Tax (Short provision for FY 2000-01)	20,250	0
Deferred Tax	454,636	39,055
Other provisions	304,751	259,751
	<u>979,637</u>	<u>498,806</u>

**10.Other Income**

	As at 31-03-2010	As at 31-03-2009
Fee Collections	350,885	217,432
Profit on exchange variation	-	-
	<u>350,885</u>	<u>217,432</u>

**11. Administrative, Marketing and other expenses**

	<b>As at 31-03-2010</b>	As at 31-03-2009
Power Charges	<b>4764</b>	3,765
Office Rent	<b>91980</b>	93,250
Audit fee	<b>15,000</b>	15,000
Legal & Professional Fees	<b>40,768</b>	55,166
Miscellaneous expenses	<b>2,150</b>	2,278
Bank Charges	<b>210</b>	434
Office Maintenance	<b>0</b>	0
Postage and Delivery	<b>35,250</b>	23,030
Printing and Reproduction	<b>21,075</b>	17,163
Telephones	<b>6,642</b>	6,101
Travelling expenses	<b>0</b>	0
Listing Fee	<b>30,000</b>	30,000
Advances written off	<b>0</b>	0
	<b>247,839</b>	246,187

**Notes forming part of the Accounts:****Significant Accounting Policies and Notes on Accounts:**

## I. Significant Accounting Policies

## 1. Basis of Accounting:

- a) The financial statements have been prepared on the basis of going concern under historical cost convention in accordance with generally accepted principles and provisions of the Companies Act, 1956 with revenue recognized and expenses accounted on accrual basis unless otherwise stated.
- b) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- c) All Income and Expenditure items, having material bearing on the financial statements are recognized on accrual basis.

## 2. Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for the intended use, are capitalized. Advances paid to capital creditors continuously shown under capital work in progress. The position of the advances given and their acknowledgements is yet to be confirmed.

## 3. Depreciation:

Depreciation on fixed assets has been provided on straight-line method.

## 4. Foreign Currency Transactions:

There are no transactions involving foreign exchange took place during the year under consideration.

## 5. Investments:

During the year 2003-04, Company has invested in the shares of M/s Net soft Technologies Inc., USA as a joint venture to the extent of 50% of the total share capital in equivalent to Rs. 9,99,49,237/- as a long-term investment. During the year under consideration, there is no dividend declared by this company. This investment is stated at cost and diminution in value if other than temporary is not recognized and provided due to lack of information. Confirmation of the status of investments has not been provided by the management.

## 6. Retirement Benefits:

- a) Provident Fund: Contribution to Provident Fund is not made during the year under review.
- b) Provision for gratuity and superannuation has not been made during the year under review.

## 7. Related Party Transactions:

- a) Associate enterprises and amounts due from them: Nil
- b) Key Management Personnel and relatives: Nil
- c) Transactions with associate companies/firms/individuals: Nil

8. In respect of some of the Sundry Debtors, Loans and Advances, Other Receivables and Sundry Creditors confirmation of balances is still to be received and revalued.

9. Contingent Liabilities: Nil

10. In accordance with the provisions of Accounting Standard 17, the company has only one reportable primary segment consisting of information technology services. Hence segment reporting as defined is not submitted.

11. Unclaimed dividend pertaining to the year 2000-01 to the extent of Rs. 15,765 has not been transferred to Central Govt. account for unclaimed dividends.

## II. Notes on Accounts:

### 1. General:

Figures have been rounded off to the nearest rupee.

Previous year figures have been regrouped, reclassified and recast wherever necessary to conform to current year's classification.

Figures in brackets are for previous year.

**2. Managerial Remuneration:** Managerial Remuneration paid to the Managing Director and Whole time Directors

Salaries	Nil	Nil
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No computation of Profit under Sec. 350 of the Companies Act, 1956 has been given as no Commission is paid to directors.

### 3. Auditors Remuneration:

For Statutory Audit	Rs. 15,000	(Rs.15, 000)
For Tax Audits	Rs. Nil	(Rs. Nil)
For Other Services	Rs. Nil	(Rs. Nil)

**4. Foreign Exchange Earnings and outgo:**

Export sales	Rs. Nil	(Rs. Nil)
Profit due to foreign exchange		
Variation	Rs. Nil	(Rs. Nil)
Investment in joint venture	Rs. Nil	(Rs. Nil)

5. The Company has not received any information from any of the suppliers of their being Small Scale Industrial Unit. Hence, the amounts due to Small Scale Industrial Units outstanding as on 31<sup>st</sup> March 2010 are not ascertainable.

**6. Quantitative Details:**

The Company is engaged in the business of development of Computer Software. The production and sale of such software is not capable of being expressed in any generic unit. Hence, it is not possible to give the quantitative details of such sale and the information required under paragraphs 3, 4C and 4D of the Part II of Schedule VI of the Companies Act, 1956.

As per our report of even date  
For **G.Narasimha Rao & Associates**  
Chartered Accountants

For and on behalf of the Board of Directors

S/d  
**G.Narasimha Rao**  
Proprietor

S/d	S/d
<b>K. Sudheer</b>	<b>P. Veeraiah</b>
<b>Managing Director</b>	<b>Director</b>

**Place:** Hyderabad  
**Date :** September 1, 2010

**Information Pursuant to the Provisions of Part IV of Schedule VI of the Companies Act, 1956.**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Registration Details

Registration No.: 0 | 2 | 9 | 9 | 9 | 9 | 9 State Code: 0 | 1

Balance Sheet date

Date	Month	Year
3   1	0   3	2   0   1   0

Capital raised during the year (Amount in Rs. Thousands)

Public Issue	N   1   1   L	Rights Issue	N   1   1   L
Bonus Issue	N   1   1   L	Private Placement	N   1   1   L
		Share Application Money	N   1   1   L

Position of Mobilisation and Deployment of funds (Amounts in Rs. Thousands)

Sources of Funds

Total Liabilities	1   2   4   4   5   4	Total Assets	1   2   4   4   5   4
L Paid-up Capital	1   2   4   4   5   4	Reserves & Surplus	N   1   1   L
Share Application Money			
Money	N   1   1   L		
Secured Loans	N   1   1   L	Unsecured Loans	N   1   1   L

Application of Funds

9 Net Fixed Assets	1   5   8   1	Investments	9   9   9   4
Net Current Assets	-   1   7   4   8	Miscellaneous Expenditure	N   1   1   L
		Accumulated losses	1   7   2   1   8

Performance of the Company (Amount in Rs. Thousands)

Turnover	3   5   1	Total expenditure	6   1   8
Loss	2   6   7		

Generic Names of three principal products/services of Company (as per Monetary terms)

ITC Code: | 8 | 5 | 2 | 4 | - | 9 | 0

Product Description: S|O|F|T|W|A|R|E| |D|E|V|E|L|O|P|M|E|N|T| |I|T|  
|E|N|A|B|L|E|D| |S|E|R|V|I|C|E|S|  
|&| |I|T| |T|R|A|I|N|I|N|G|

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Pursuant to clause 32 of the Listing Agreement)

	2009-10 Rs.	2008-09 Rs.
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax	(267,198)	(382,964)
<b>Adjustments for:</b>		
1. Depreciation	231,444	257,459
2. Advances written off/back	0	0
3. Work in progress written off	0	0
Operating Profit before changes in working capital	(35,754)	(125,505)
<b>Adjustments for:</b>		
1. (Increase)/Decrease in Trade Receivables	-	-
2. (Increase)/Decrease in work in Progress	-	-
3. (Increase)/Decrease in Loans & Advances	-	-
4. Increase/(Decrease) in current liabilities & provisions	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
<b>Net cash flow from operating activities (A)</b>	<u>9,246</u>	<u>(80,505)</u>
<b>B. Cash flow from Investing Activities:</b>		
1. Purchase of fixed assets & Advances on Capital Account	-	-
2. Sale of fixed assets	-	-
3. Investments	-	-
<b>Net cash used for Investing Activities(B)</b>	<u>-</u>	<u>-</u>
<b>C. Cash flow from Financing Activities:</b>		
<b>Realisation of calls in arrears</b>		
1. Unsecured loans repaid to directors or their relatives	-	-
<b>Net cash flow from Financing Activities ( C)</b>	<u>-</u>	<u>-</u>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents: (A+B+C)</b>	<u>9,246</u>	<u>(80,505)</u>
Cash and Cash equivalent at the beginning of the year	25,459	105,963
Cash and Cash equivalent at the end of the year	<u>34,705</u>	<u>25,459</u>
	<u>-</u>	<u>-</u>

We have verified the above Cash Flow Statement of Fourth Generation Information Systems Ltd., derived from the audited financial statements and the books and records maintained by the Company for the year ended 31st March, 2010 and 2009 and found the same in agreement therewith and also with the requirements of clause 32 of the listing agreement of the Stock Exchanges.

As per our report of even date

for **G.Narasimha Rao & Associates**

Chartered Accountants

S/d

**G.Narasimha Rao**

Proprietor

For and on behalf of the Board of Directors

S/d

**K.Sudheer**

Managing Director

S/d

**P. Veeraiah**

Director

**Place:** Hyderabad

**Date :** September 1, 2010

**Fourth Generation Information Systems Limited**

Flat No 201, H No 2-1-566/1, Osmania University Road,  
Nallakunta, Hyderabad-500 044, A.P.

**ATTENDANCE SLIP**

DP.ID & Client ID / Master Folio No. \_\_\_\_\_

(To be filled in by Member)

Name of Member (in Block letters) \_\_\_\_\_

No of shares held \_\_\_\_\_ Name of Proxy

I hereby record my presence at the 12<sup>th</sup> Annual General Meeting on Thursday, 30<sup>th</sup> September, 2010, 09.45 a.m., At the Registered Office of the Company situated at Flat No 201, H No 2-1-566/1, Osmania University Road, Nallakunta, Hyderabad-500 044, Andhra Pradesh.

Signature of Member/Proxy

Note: A Member/Proxy wishing to attend the meeting must complete this Admission slip and hand it over at the entrance.

**PROXY FORM****Fourth Generation Information Systems Limited**

Flat No 201, H No 2-1-566/1, Osmania University Road,  
Nallakunta, Hyderabad-500 044, A.P.

DP.ID & Client ID / Master Folio No. \_\_\_\_\_

(To be filled in by Member)

I/We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a member(s) of FOURTH GENERATION INFORMATION SYSTEMS LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us behalf at the Twelfth Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2010 at 9.45 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

1 Rupee Revenue Stamp
-----------------------------

No. of Shares \_\_\_\_\_

Note: The Proxy, in order to be effective, should be duly stamped, completed in all respects, and signed, and must be deposited at the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not to be a member of the Company.