



For Immediate Release

Mistral Software gets first round of funding from eTEC Ventures

Bangalore, March, 2001 - Mistral Software Pvt. Ltd., today announced the completion of its first round of funding through eTEC Ventures Ltd. (Mauritius). The company will be divesting approximately 20% of its stake to eTEC for an investment of about US\$ 3 million. eTEC's investment will be the first round of external investment in the company.

Mistral is poised for substantial growth over the next 3 years and the funds being invested by eTEC Ventures Ltd. will be used for enabling this growth. Currently employing about 100 people in a state-of-the-art office in Bangalore, Mistral is setting up a few more design and R&D centers to support the 500 engineers it proposes by 2003.

Mistral has set up a business development office in the USA to accelerate its marketing efforts. It is also working with companies in Japan and Europe to grow its business in these markets. Mistral is also refining its plans to venture into ASIC design.



Mistral was founded in 1997 by an experienced team of young entrepreneurs with an investment of only about \$12,000 and 3 computers that came from the homes of its 3 founders. The company has been profitable from the first month and grown phenomenally over the last 3 years without any borrowings or external funds. The management team is headed by S.M.Ahmed (Anees) - President, Rajeev R - VP of Hardware Engineering, Narayanan Bhattathiripad - VP of Embedded Software and Rajashekar Reddy - VP Finance and Administration.

According to Anees Ahmed, Mistral's President & CEO, "We could have achieved the desired growth levels with our strong internal accruals. However, eTEC's investment will help us compress this growth period from five years to two years. We had many offers of

investment, some even at valuations higher than those offered by eTEC. However, we decided to go with eTEC primarily because of the value addition they could offer us by networking us with potential customers especially in the US. We were also impressed with the speed with which the entire team at IDEA (eTEC's partner in India) moved in order to close this deal in less than 45 days."

G Philip Stephenson, President of International Equity Partners LP and manager of eTEC stated, "We are very impressed by the team at Mistral and what they have achieved in a short span of three years. We are very bullish on the hardware design and embedded software markets given the size and growth of the market. The embedded solutions market alone is expected to increase to USD 7.9 Billion in 2003 and we firmly believe that Mistral is in a position to exploit this market given its track record and its current relationships with customers."

Press Info

Subsequent to the investment sign off, Mr.Sanjaya Kulkarni joins the Board of Directors at Mistral. Sanjaya brings 27 years of experience in the financial markets. An Electrical Engineer from IIT, Bombay and an MBA from IIM, Ahmedabad, Sanjaya was with Citibank for 7 years in merchant and corporate banking. Later he founded and headed 20th Century Finance group of companies. Currently he co-manages eTEC Ventures and the India Direct Fund which, together, have corpuses of approximately \$60M.

About eTEC Ventures Ltd.

eTEC Ventures Ltd. is a Mauritius-domiciled limited company that makes equity and equity-related investments in the technology, entertainment and communications sectors in India or India-centric businesses. The Fund is sponsored by International Equity Partners, LP ("IEP"), a Washington DC-area venture capital firm. eTEC's local advisor in India is India Direct Equity Advisors ("IDEA"). IEP & IDEA also manage the USD 34 million India Direct Fund, LP, which has made direct equity investments in 10 companies since 1996.

About Mistral

Mistral Software is an ISO 9001:2000 certified premier Product Realization Company providing end-to-end design services for embedded product design and development. Mistral has expertise in complex real-time solutions, RTOS, driver development, DSP, communication protocols, FPGA and hardware board design. The company has several

re-usable software and hardware components that can help organizations get their product-to-market faster. Mistral has operations in USA, Japan, Germany and India.

For more information visit www.mistralsoftware.com.

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