

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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INTELLIGROUP INC

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Mailing Address
499 THORNALL STREET
EDISON NJ 08837

Business Address
499 THORNALL STREET
EDISON NJ 08837
7325901600

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999
Commission file number 0-20943

INTELLIGROUP, INC.
(Exact Name of Registrant as Specified In Its Charter)

New Jersey 11-2880025

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

499 Thornall Street, Edison, New Jersey 08837 (Address of Principal Executive Offices) (Zip Code)

(732) 590-1600

(Registrant's Telephone Number,
Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange
on which registered

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.01 par value
(Title of Class)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes: X

No: -----

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

State the aggregate market value of the voting stock held by non-affiliates of the Registrant: \$373,363,733 at March 28, 2000 based on the last sales price on that date.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of March 28, 2000:

Common Stock, \$.01 par value 16,377,254

The following documents are incorporated by reference into the Annual Report on Form 10-K: Portions of the Registrant's definitive Proxy Statement for its 2000 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS.

GENERAL

Overview

Intelligrated, Inc. ("Intelligrated" or the "Company") provides a wide range of information technology services, including enterprise-wide business process solutions, IT training solutions, systems integration and custom software

development based on leading technologies. In addition, through SeraNova, Inc. ("SeraNova"), a 95.2% owned subsidiary of the Company, the Company provides professional services, primarily in the area of business to business interactions on the Internet. Business to business interactions include communication and commerce conducted between a company and its customers, suppliers and partners. SeraNova offers a comprehensive set of services, including strategic consulting, creative design, technology implementation and management of Internet applications.

The Company was incorporated in New Jersey in October 1987 under the name Intelllicorp, Inc. to provide systems integration and custom software development. The Company's name was changed to Intelligroup, Inc. in July 1992. In March 1994, the Company acquired Oxford Systems Inc. ("Oxford"). On December 31, 1996, Oxford was merged into the Company and ceased to exist as an independent entity. On September 9, 1999, the Company formed Infinient, Inc. ("Infinient") as its wholly-owned subsidiary. In November 1999, the Company announced its intention to spin off its Internet services business to the shareholders of Intelligroup, subject to certain conditions. On December 6, 1999, Infinient changed its name to SeraNova, Inc. On January 1, 2000 the Company transferred its Internet services business to SeraNova. On January 27, 2000, SeraNova filed a Registration Statement with the Securities and Exchange Commission relating to the proposed spin-off of SeraNova from Intelligroup. Such spin-off is expected to be effective in the second quarter of 2000. The Company's executive offices are located at 499 Thornall Street, Edison, New Jersey 08837 and its telephone number is (732) 590-1600.

The Company has grown rapidly since 1994 when it made a strategic decision to diversify its customer base by expanding the scope of its integration and development services and to utilize software developed by SAP AG, based in Germany, and distributed through its other subsidiaries including SAP America, Inc. (collectively "SAP") as a primary tool to implement enterprise-wide business process solutions.

SAP's software is representative of a class of application products known as Enterprise Resource Planning ("ERP") software. ERP products are pre-packaged solutions for business areas, including financial information, manufacturing and human resources. For prospective customers, ERP products are an alternative to the custom design and development of their own applications. Although ERP products are pre-packaged, there is a significant amount of technical work involved in implementing them and tailoring their use for a particular customer's needs. The Company recognized that this implementation and customization services work represented a significant potential business opportunity.

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ERP vendors such as SAP, Oracle, PeopleSoft and Baan, have a vested interest in encouraging third party service companies to provide implementation and customization services to customers. These vendors have established formal programs which are designed to recruit and authorize third party service companies as service partners. Companies wishing to become authorized partners must meet performance criteria established by the ERP vendor. They are then allowed to use the vendor's partner designation and associated logo to promote their own services. The ERP product vendors also promote these authorized partners to customers and prospective customers of their ERP products. The Company believes that such partner status with the ERP vendors has and will continue to result in direct referrals and enhanced industry recognition.

In 1995, the Company achieved the status of a SAP National Implementation Partner. In the same year, the Company also began to utilize Oracle's ERP application products to diversify its service offerings. In 1997, the Company enhanced its partner status with SAP, by first achieving National Logo Partner status and then AcceleratedSAP Partner Status. Also, in 1997, the Company further diversified its ERP-based service offerings, by beginning to provide PeopleSoft and Baan implementation services. In July 1997, the Company was awarded PeopleSoft implementation partnership status. In September 1997, the Company was awarded Baan international consulting partnership status. In June 1998, the Company also expanded its Oracle applications implementation services practice and added upgrade services to meet market demand of mid-size to large companies that are implementing or upgrading Oracle applications.

The Company's software implementation, custom development and maintenance services are enhanced by round-the-clock access to qualified and experienced programmers at its offices in the United States, United Kingdom, New Zealand and at its Advanced Development Center ("ADC") located in India. The ADC is connected by dedicated, high speed satellite links to certain customer sites, as well as to the Company's operations centers in the United States, the United Kingdom and New Zealand.

The Company believes that the ADC is one of the world's largest offshore SAP development centers. In 1998, the ADC was awarded ISO 9001 certification for offshore SAP development. ISO 9001 is an international certification for

organizations, which achieve and demonstrate required levels of quality in software development processes. The Company believes that it was the first services company to achieve ISO 9001 certification for offshore SAP development. In September 1999, the Company's ISO 9001 certification was extended to include development, support and optimization services for all enterprise, Internet and client/server solutions. Such certification covers the Company's work with all major enterprise software vendors including SAP, Oracle, PeopleSoft and Baan, as well as Internet applications. In November 1999, the ADC achieved SEI CMM Level-3 process certification. Such certification is required for the Capability Maturity Model of Carnegie Mellon University's Software Engineering Institute.

The ADC is operated by Intelligroup Asia Private Ltd. ("Intelligroup Asia"). The Company owns 99.8% of the shares of Intelligroup Asia. The remaining shares are expected to be transferred to the Company by the founders in 2000. Upon consummation of such transfer, Intelligroup Asia will be a wholly owned subsidiary of the Company.

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In October 1999, the Company created its Internet Development Center ("IDC") in Hyderabad, India. At its IDC, the Company provides Internet solutions for its clients around the world. The IDC shares the same quality processes as the ADC. Additionally, the IDC also houses the Company's Enterprise Information Portal ("EIP") solutions architecture team and provides global support and training for SeraNova's consultants.

The Company provides its services directly to end-user organizations, or as a member of consulting teams assembled by other information technology consulting firms. The number of customers billed by the Company has grown substantially from three customers in 1993 to approximately 600 customers in 1999. The Company's customers are Fortune 1000 and other large and mid-sized companies in the United States and abroad. They have included Armstrong World Industries, AT&T, Block Drug Company, Bristol-Myers Squibb, IMC Global, Simon & Schuster, American Express and Volkswagen. The Company has also participated in project teams lead by information technology consulting firms such as Ernst & Young LLP, IBM Global Services, KPMG LLP and PricewaterhouseCoopers LLP.

During 1998, the Company made the decision to expand the portfolio of services offered to existing and potential ERP customers, as well as customers wishing to implement Internet-based solutions. These service offerings include management consulting, Internet solutions and ERP and Internet application outsourcing. This decision was based on the Company's business assessment of customer needs over the life cycle of their solution. This assessment showed that:

- o many ERP and non-ERP customers need business and technology consulting-----
assistance to prepare and optimize systems plans to support their organization's business strategies;
- o many ERP and non-ERP customers need assistance in designing, implementing and managing Internet and advanced technology-----
applications, in areas such as web commerce and procurement, customer relationship management and supply chain management; and
- o many customers who install ERP or related Internet solutions need assistance to maintain, manage and operate those solutions and are open to proposals to outsource those functions.

By providing a set of services throughout a customer's solution life cycle and adding Internet solutions services, the Company believes that it is leveraging its strengths in the ERP market, and broadening and expanding the potential sources of future business opportunity.

The Company has expanded and intends to continue to expand its service offerings through an appropriate mix of internal growth and acquisitions. During 1998, the Company expanded its service operations, both domestically and internationally, through a number of acquisitions. In May 1998, the Company expanded its PeopleSoft services business in Europe, by acquiring the outstanding capital stock of each of CPI Consulting Limited and CPI Resources Limited (the "CPI Companies") located in the United Kingdom. The CPI Companies provide consulting and implementation services related to PeopleSoft applications. In November 1998,

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the Company acquired the outstanding capital stock of each of Azimuth Consulting Limited, Azimuth Holdings Limited, Braithwaite Richmond Limited and Azimuth

Corporation Limited (the "Azimuth Companies") located primarily in New Zealand. The Azimuth Companies provide business and management consulting services in Australia, New Zealand and Southeast Asia.

In December 1998, the Application Management Services practice was reorganized as the worldwide Enterprise Sourcing Services ("ESS") practice. The ESS practice focuses on selling, delivering and supporting outsourced ERP and Internet implementation and maintenance services. The offshore ADC in Hyderabad, India is part of the ESS practice. The ADC enables ESS to take on larger and more complex implementation projects and outsourcing arrangements, while maintaining the Company's aggressive implementation schedules and cost-effective services.

In January 1999, in order to augment the Internet/Advanced Technology practice, the Company acquired the outstanding capital stock of Network Publishing, Inc. ("NPI") located in Provo, Utah. NPI provides web site design and front-end application solutions services. In February 1999, by way of merger transactions, the Company augmented the PeopleSoft practice in North America by acquiring Empower Solutions, L.L.C. and its affiliate Empower, Inc. (the "Empower Companies") located in Plymouth, Michigan.

In November 1999, the Company made a strategic decision (1) to refocus its core business to capitalize upon the Applications Services Provider ("ASP") market for customized eCommerce and enterprise applications implementation, management, support and hosting and (2) to spin off its Internet services business. The Company services the ASP market with its ASPPlus Solutions which include implementation, management and hosting of e-commerce solutions and enterprise applications, as well as its myADVISOR(sm) offering which provides web-based customer-specific user support. ASPPlus is a mass customization of mission critical e-commerce and enterprise business applications. Through ASPPlus, the Company offers pre-configured industry vertical solutions to its clients' specific e-commerce and enterprise needs.

The Company's Internet services business, operated through SeraNova, addresses the rapidly growing eBusiness services market. The Company helps its clients achieve improved time-to-market through a lifecycle suite of Internet solutions services, from strategy, through design and implementation, to support and hosting. The Company offers a comprehensive set of services, including strategic consulting, creative design, technology implementation and management of Internet applications. The Company uses its proprietary methodology, or Time-to-Market Approach to deliver professional services. Such methodology identifies and prioritizes initiatives, rapidly delivers them to market, captures valuable market experience and feedback and immediately applies the feedback to refine the solution. The Company believes that this process results in a solution that provides measurable competitive advantage to its clients. This approach allows the Company to identify, capture and re-use valuable Internet frameworks that it develops in client projects.

The Company's services enable traditional businesses to combine the scope and efficiencies of the Internet with their existing business practices to provide an integrated eBusiness. The Company also works with emerging Internet-based companies that conduct their

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business exclusively through the Internet. During the last three years, the Company has performed Internet solutions services for over 80 clients in a variety of industries.

Trademarks and Service Marks

"Intelligroup," "4Sight," "4Sight Plus," "myADVISOR," "ASPPlus" and the Company's logo are service marks and "OIM" and "SeraNova" are trademarks of the Company.

"Azimuth" is a trademark of Azimuth Consulting, a subsidiary of SeraNova.

"Empower Solutions" is a trademark of Empower Solutions, a subsidiary of the Company.

All other trade names, trademarks or service marks referenced herein are the property of their respective owners and are not the property of the Company.

Safe Harbor Statements

This Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding the Company's intention to shift to higher margin turnkey management assignments and more complex projects and to utilize its proprietary implementation methodology in an increasing number of projects. In addition, statements regarding the Company's intent to expand its service offerings through internal growth and acquisitions and the Company's

intent to spin-off its Internet services business are also forward-looking statements. Such forward-looking statements include risks and uncertainties, including, but not limited to:

- o the substantial variability of the Company's quarterly operating results caused by a variety of factors, many of which are not within the Company's control, including (a) patterns of software and hardware capital spending by customers, (b) information technology outsourcing trends, (c) the timing, size and stage of projects, (d) timing and impact of acquisitions, (e) new service introductions by the Company or its competitors and the timing of new product introductions by the Company's ERP partners, (f) levels of market acceptance for the Company's services, (g) general economic conditions, (h) the hiring of additional staff and (i) fixed price contracts;
- o changes in the Company's billing and employee utilization rates;
- o the Company's ability to manage its growth effectively, which will require the Company (a) to continue developing and improving its operational, financial and other internal systems, as well as its business development capabilities, (b) to attract, train, retain, motivate and manage its employees, (c) to continue to maintain high rates of employee utilization at profitable billing rates, (d) to successfully integrate the personnel and businesses acquired by the Company, and (e) to maintain project quality, particularly if the size and scope of the Company's projects increase;
- o the Company's ability to maintain an effective internal control structure;

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- o the Company's limited operating history within its current line of business;
- o the Company's reliance on a continued relationship with SAP America and the Company's present status as a SAP National Logo Partner;
- o the Company's substantial reliance on key customers and large projects;
- o the highly competitive nature of the markets for the Company's services;
- o the Company's ability to successfully address the continuing changes in information technology, evolving industry standards and changing customer objectives and preferences;
- o the Company's reliance on the continued services of its key executive officers and leading technical personnel;
- o the Company's ability to attract and retain a sufficient number of highly skilled employees in the future;
- o the Company's ability to continue to diversify its offerings, including growth in its Oracle, Baan and PeopleSoft services;
- o uncertainties resulting from pending litigation matters and from potential administrative and regulatory immigration and tax law matters;
- o the Company's ability to protect its intellectual property rights; and
- o Year 2000 compliance of vendors' products and related issues, including impact of the Year 2000 problem on customer buying patterns.
- o the Company's ability to successfully spin off its Internet services business. The risks relating to such spin-off are set forth more specifically in the Registration Statement filed by SeraNova in connection with the proposed spin-off.

As a result of these factors and others, the Company's actual results may differ materially from the results disclosed in such forward-looking statements.

INDUSTRY BACKGROUND

Many large and mid-sized businesses face a rapidly changing business environment, including intense global competition, accelerating technological change, and the need to embrace emerging web commerce and procurement strategies. Such businesses continually seek to improve the quality of products and services, lower costs, reduce cycle times, optimize their supply chain and increase value to customers. Businesses are implementing and utilizing advanced information and Internet technology solutions, that enable them to redesign their business processes in such areas as product development, service delivery,

Many businesses have adopted information systems strategies using client/server architectures based on personal computers, local area network/wide area network ("LAN/WAN"), shared databases and packaged software applications. Frequently these strategies are intended to replace legacy systems, which are often mainframe-based, running proprietary software and applications. Such client/server systems, when developed and implemented appropriately, enable the creation and utilization of more functional, flexible and cost effective applications, which are critical to the competitive needs of businesses.

As part of their client/server strategies, organizations often acquire, or consider acquisition of, packaged enterprise-wide business software applications, including those offered by leading ERP vendors, such as SAP, Oracle, PeopleSoft or Baan. These applications are then implemented or customized to meet their particular business needs. Alternatively, the organizations may develop, or commission development of, customized software applications to meet their needs.

For many customers, the issue of Year 2000 compliance has driven their decisions to migrate to new client/server-based ERP solutions. Others have decided to retain their legacy mainframe applications and make them Year 2000 compliant, rather than replacing them. In both cases, these customers now have a set of core operations applications which they use to support their central business processes. These customers may now face competing internal demands against their budgets and resources. The customers must balance demands from their user departments for new, innovative business applications against the absolute requirement to maintain, manage and optimize the core operations applications. These competing demands reflect areas of potential business opportunity for the Company in the areas of management consulting, Internet solutions and the outsourcing of ERP applications maintenance.

Intense competitive and market pressures continue to force many organizations to look for improvements in the quality, efficiency and responsiveness of their end-to-end business models. This would normally require an in-depth analysis of their business strategies, operational processes and supporting delivery mechanisms, including information systems. Customers will sometimes retain external business and management consulting organizations to assist with this analysis and the preparation of relevant recommendations.

The Internet represents a revolutionary and powerful vehicle through which businesses and entire industries will conduct day-to-day operations. As a result, many companies are being forced to reevaluate their business models to implement new or supplement current Internet-based business solutions. The development and implementation of Internet-based services and solutions requires the integration of strategic consulting, creative design and systems engineering skills. Given the increasing pressure to bring products and offerings to market quickly, training in-house employees to learn the requisite skills is impractical. In addition, hiring and maintaining a full-service staff of trained professionals can be inefficient and costly. Accordingly, many businesses have chosen to outsource some or all of their Internet services requirements to outside specialists with strategic, consulting, creative and technical expertise.

Two consistent conclusions result from customers' analyses. The first is the importance of timely access to relevant information, tools and applications, at reasonable cost, for customers, suppliers, business partners and employees. The second conclusion is that, because of its low cost and universal availability, the Internet and associated browser and web technology is becoming the de-facto information access and delivery standard for many organizations around the world. Together, these are leading to a new class of web site, commonly called enterprise information portals. These sites need to be designed and implemented to provide access to all information, applications and communications tools required for internal and external users to perform their designated business functions.

The majority of customers who have implemented, or are implementing, ERP solutions have been Fortune 2000 companies. The Company believes that opportunities for new ERP implementations will continue to exist in this segment, as these companies deploy ERP solutions to subsidiaries and operating units. In addition, these customers are also faced with the need to manage and maintain their ERP applications. The Company believes that there is significant potential business opportunity for implementing ERP version-to-version upgrades and also for application outsourcing.

Because of the ERP penetration of Fortune 2000 customers, the marketing focus of the ERP vendors has turned toward mid-market clients. In addition, the leading ERP vendors are also realigning their sales organizations along industry segments (e.g. manufacturing, finance etc.). The mid-market segment presents the most opportunity for new ERP product sales and implementations. Many of these companies are growing rapidly and are likely to have the need for core financial and other operations systems that can be addressed by ERP products. The Company believes that opportunity exists for ERP implementation services to mid-market clients. This segment is very cost conscious and will require a highly efficient services delivery model.

In both the Fortune 2000 and mid-market segments, the Company believes that enterprise information portals will become a focus of many customers' information systems plans. Enterprise information portals provide customized, integrated access to information, tools and applications. Much of the demand for new applications, to be accessed via the portals, will be driven by the customers' need to compete on such fronts as web commerce, customer relationship management, sales force automation and supply chain integration. A new wave of product vendors has emerged, which address these new application requirements. These include providers of packaged applications, as well as providers of middleware frameworks designed to simplify the task of building or integrating custom applications. Often, integration of these new applications with the customers' core ERP or legacy-based business systems will be critical.

The task of developing and implementing enterprise-wide, mission-critical, information solutions is complex. It presents significant challenges for most customer organizations and can be a time consuming and costly undertaking, which typically requires significant allocation of organizational resources. Information technology managers must integrate and manage information systems environments consisting of multiple computing platforms, operating systems, databases and networking protocols, and as well as multiple packaged and custom developed applications.

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Companies must also continually keep pace with a broad and often confusing array of new technological developments, which can render internal information technology skills obsolete. Professionals with the requisite technology skills often are in short supply and many organizations are reluctant to expand their internal information systems department for particular projects. At the same time, external economic factors encourage organizations to focus on their core competencies and trim work forces in the information technology management area. Accordingly, organizations often lack sufficient, and/or appropriate, technical resources necessary to design, develop, implement and manage the information technology solutions needed to support their business needs.

To support their information technology needs, many businesses increasingly engage experienced outside specialists for assistance across the full life cycle of their solutions. Because of the heightened business pressures they face, these customers are demanding innovative solutions, in shorter timeframes, with lower life cycle cost of ownership, at higher levels of quality and service, all with lower risk to themselves and their businesses.

As a result of these industry dynamics, demand for information technology services has grown significantly and changed. It has moved from an implementation focus to one addressing an integrated view of corporate business and information processes; it has also moved to a focus on value-based pricing and cost of ownership over the total life cycle of the solution. These changes favor services companies which can provide high quality, low cost life cycle services, and which address high value solution areas for clients' businesses.

THE INTELLIGROUP SOLUTION

Intelligroup improves its clients' business performance, through the intelligent application of information technology. Intelligroup provides a continuum of services throughout our clients' solution life cycle. These services comprise management consulting, ERP solutions design and implementation, Internet consulting and solution development and enterprise outsourcing.

We deliver to our clients timely, cost-effective and innovative ERP, Internet and maintenance solutions by combining our:

Proven Offshore Development and Maintenance Model: The Company has the ability to develop, implement and maintain business solutions through its offshore ADC, at high quality and low cost. The ADC, which the Company believes is one of the world's largest SAP offshore development and maintenance centers, is ISO 9001 certified for offshore development, support and optimization services for all enterprise, Internet and client server solutions. Such certification includes the Company's work with virtually all major enterprise software vendors including SAP, Oracle, PeopleSoft and Baan, as well as Internet applications. The ADC has also received SEI CMM Level-3 process certification.

Such certification is required for the Capability Maturity Model of Carnegie Mellon University's Software Engineering Institute. The center is process driven and connected to the Company's operations centers in Asia/Pacific, the United States and Europe via high-speed satellite links. The center operates on a 24x7, round-the-clock basis, allowing next business day turn-around of work units to clients. Combining the

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center's quality processes, skilled development team and low cost of operation allows the Company to compete for implementation and maintenance contracts on a fixed price/fixed time basis.

The Company's offshore IDC provides Internet solutions, houses the Company's Enterprise Information Portal (the "EIP") solutions architecture team and provides global support and training for SeraNova's consultants. The IDC shares the same quality processes as the ADC.

Expertise in a Wide Range of Technologies, Industries and Disciplines: The Company's consultants have expertise with SAP, Oracle, PeopleSoft and Baan products and with a wide variety of leading computing technologies, including Internet, client/server architectures, object-oriented technologies, CASE, distributed database management systems, mainframe connectivity, LAN/WAN and telecommunications technologies. The Company believes that its personnel are effective because of their technical excellence, their industry experience and their strong grounding in the disciplines of project implementation and management.

Customer-Driven Approach: The Company's project managers and consultants maintain on-going communication and close interaction with customers to ensure that they are involved in all facets of a project and that the solutions designed and implemented by the Company meet the customer's needs. The Company's goal is to provide training to its customers during a project to achieve high levels of self-sufficiency among its customers' end users and internal information technology personnel. The Company believes that its ability to deliver the requisite knowledge base to its customers is critical to fostering long-term relationships with, and generating referrals from, existing customers.

Proprietary Methodologies: The Company has developed a proprietary implementation methodology, 4Sight, as well as a software-based implementation toolset, 4Sight Plus, which are designed to minimize the time required to develop and implement SAP, Oracle, PeopleSoft and Baan solutions for its customers. 4Sight and 4Sight Plus are designed to be technology independent and modular, and have also been extended to support the Company's Internet solutions engagements. SeraNova's proprietary methodology is SeraNova's Time-to-Market Approach. SeraNova's Time-to-Market Approach consists of five phases: eStrategy, discover, plan, implement and optimize. SeraNova's Time-to-Market Approach is designed to effectively strategize, design and rapidly deploy Internet solutions.

INTELLIGROUP SERVICES

Intelligroup provides a wide range of information technology services, including enterprise-wide business process solutions, IT training solutions, systems integration and custom software development based on leading technologies.

Historically, the Company's services have ranged from providing customers with a single consultant to multi-personnel full-scale projects. The Company provides these services to its customers primarily on a time and materials basis and pursuant to agreements, which are terminable upon relatively short notice. As the Company has re-oriented itself towards serving our clients' needs over their solutions' entire life cycle, it is beginning to enter into outsourcing

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agreements with customers. The contractual arrangements in these situations will typically be fixed term, fixed price and multi-year, as is common in the outsourcing market. The Company's focus on life cycle services is also intended to encourage ongoing and recurring service relationships, rather than one-time implementation engagements.

ENTERPRISE RESOURCE PLANNING SOLUTIONS

The Company designs, develops, integrates and implements sophisticated business process solutions based on SAP, Oracle, PeopleSoft and Baan products, utilizing its best business practices, methodologies and toolsets. The Company believes that its expertise in a wide variety of technologies, coupled with its ability to provide comprehensive business process solutions and timely and cost-effective implementation of new business systems, enables its customers to

achieve substantial improvements in efficiency and effectiveness in their businesses and fosters long-term customer relationships.

Accelerated Implementation Methodology and Toolset: As a result of our experience in implementing ERP software, the Company has developed a proprietary methodology (4Sight) and associated toolset (4Sight Plus) for implementing enterprise business software applications. 4Sight Plus also contains a project management and tracking tool, which the Company utilizes to monitor implementation projects undertaken for clients. The Company believes that the use of 4Sight and 4Sight Plus, throughout an implementation project, may enable its customers to realize significant savings in time and resources. Furthermore, the Company believes that use of 4Sight Plus also shortens the turn-around time for program development, as it streamlines the information flow between the Company's offices and customer sites.

4Sight and 4Sight Plus, initially used by the Company in projects implementing SAP, were designed to be portable to other packaged software applications and to be adaptable to the scope of a particular project. 4Sight and 4Sight Plus have been adapted for Baan, Oracle and PeopleSoft implementations.

ENTERPRISE SOURCING SERVICES

The ESS practice focuses on selling, delivering and supporting outsourced ERP and Internet implementation and maintenance services. The offshore ADC in Hyderabad, India is part of the ESS practice. ESS provides full life cycle support of ERP and Internet applications through the following service offerings:

- o Offshore Support: These services are provided in conjunction with the Company's ERP and Internet practices, allowing them to provide clients with high quality, low cost and time-dependent project implementation services.
- o Outsourcing: The Company provides clients with application management, support and maintenance services. These services may be provided on-site, off-site through the Company's operations centers and ADC, or a combination of both on-site and off-site. The Company's low cost, high quality ADC delivery model allows the Company to compete for long term fixed price/fixed time contracts.

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The ESS practice teams with the Company's various ERP and Internet practices on their implementation projects, and will take the lead role in selling and delivering longer term outsourcing relationships.

Advanced Development Center: The ADC is an important component of the Company's value proposition to customers. The Company utilizes the programmers at the ADC, in conjunction with its consultants in the United States who are on site at customer locations, to provide its customers with savings in development and implementation costs and time to project completion. The center allows the Company to provide cost-effective, timely and high quality software development, maintenance and support services to customers throughout the world. Intelligroup and SeraNova are able to deliver high value services at attractive prices due to the following: (i) the high level of expertise and experience of our ADC consultant programmers; (ii) the rigorous application of the Company's proprietary 4Sight software project methodologies, tools and project management disciplines; and (iii) the cost structures associated with the ADC's offshore location in Hyderabad, India.

The ADC is connected by dedicated, high-speed satellite links, to certain customer sites, as well as the Company's headquarters in the United States, its European headquarters in the United Kingdom and its office in New Zealand. The ADC is staffed by over 200 qualified and experienced programmers. The ADC has performed work on projects with SAP, as well as with Baan and certain custom Internet solutions. As the Company expands both its ERP and Internet businesses, the ADC is being prepared to undertake projects in any of the four ERP practices (SAP, Baan, Oracle and PeopleSoft), as well as certain Internet and other advanced technologies.

The IDC is central to the Company's global resourcing model for Internet solutions. The IDC provides Internet solutions for the Company's clients around the world. Through the IDC, the Company can provide its clients with 24x7 maintenance and support. The IDC shares the same quality processes as the ADC. Consultants with expertise in technologies from Sun (Java), Microsoft, Vignette and other leading Internet vendors work out of the center. Additionally, the center houses the Company's EIP solutions architecture team. The Company intends to add additional technical competencies at the center. Such competencies include the technologies that form the basis of the Company's EIP solution architecture such as Broadvision, Corechange, CrossWorlds, Epicentric, Plumtree and WebMethods.

APPLICATION SERVICE PROVIDER MARKET SOLUTIONS

The Company services the ASP market with its ASPPlus Solutions which include implementation, management and hosting of e-commerce solutions and enterprise applications, as well as its myADVISOR(sm) offering which provides web-based customer-specific user support. ASPPlus utilizes a mass customization approach, providing pre-configured vertical industry solutions of mission critical e-commerce and enterprise business applications. Through ASPPlus, the Company offers customized solutions to its client's specific e-commerce and enterprise needs.

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INTERNET SOLUTIONS SERVICES

In 1998, the Company created a practice focusing on providing Internet consulting and application development services, designed to help companies develop innovative ways to reach their customers, suppliers and target markets by leveraging the power of the Internet and corporate intranets. This practice developed expertise in Internet technologies as well as the integration of those technologies with ERP and legacy systems. Since January 1, 2000, the Company's Internet solutions business has been conducted by its subsidiary SeraNova and SeraNova's subsidiary, NPI.

The Company's core expertise has been in the technical development and integration of these solutions. However, a key element of the new breed of Internet solution relates to the projection of the customers' offerings to their intended Internet audience. The Company, however, did not possess this required expertise in brand marketing, graphic and multimedia design. With the acquisition of NPI, the Company is now able to provide those services and provide a complete Internet solution which combines NPI's web design capability with the Company's expertise in Internet application development and integration with ERP systems.

NPI has built a strong track record in designing web-sites that enable clients to achieve the desired sales and marketing impact. Its customers include a number of Fortune 500 companies in such industries as automotive, technology and entertainment. SeraNova intends to leverage its proven 4Sight methodologies and offshore development model to pursue Internet business opportunities. SeraNova believes that the existing set of ERP customers will be a receptive audience for Internet solutions. These customers represent a large and well-defined target, which can be reached by SeraNova's direct sales and marketing activities.

A wide variety of Internet solutions may be offered to prospective clients, including electronic commerce, customer interaction, sales force automation and web training. SeraNova intends to promote the use of enterprise information portals in marketing its Internet solutions services. SeraNova's core platform for business to business solutions development is the EIP. EIP for enterprises is a customized browser-based interface which allows a company to aggregate all disparate systems within an enterprise, such as ERP systems, workflow applications, customer relationship management systems and other business applications as well as databases under a common platform. Every constituent of a company, including senior management, salespeople, engineers, suppliers or customers interact with the enterprise through a single customized browser-based interface. An EIP integrates all the internal systems, connects them to applications residing outside the company while managing the security and access to content and applications. In summary, it provides a flexible and scalable platform for business to business activities on the web.

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MANAGEMENT CONSULTING SERVICES

The Company's management consulting practice has focused on two areas: (i) Business Consulting (covering Business Process Re-engineering, Change Management, IT Strategy and Software selection); and (ii) Leasing & Asset Management.

The Company believes that significant value is provided to customers, by providing business consulting services. Such services also have the potential to stimulate additional revenue opportunities for the Company, in the execution of recommendations made to clients. The acquisition of Azimuth Consulting significantly strengthened Intelligroup's management consulting capabilities. Founded in 1984, Azimuth has built a strong IT management consulting organization with operations in New Zealand, Australia, the Philippines and other Southeast Asian countries. Since its contribution to SeraNova by Intelligroup on January 1, 2000, Azimuth now operates as a wholly-owned subsidiary of SeraNova with headquarters in Wellington, New Zealand. The Company has integrated its existing management consulting services groups in the United

SALES AND MARKETING

The Company historically has generated new sales leads from (i) referrals from existing customers, (ii) introductions to potential customers by the Company's alliance partners, which often need to recommend qualified systems integrators to implement their software products, and (iii) internal sales efforts. In addition, the Company has been introduced to customers by certain of its competitors, such as the "Big Five" accounting firms, which at times require the Company's expertise and ability to deliver qualified personnel for complex projects.

The Company has dedicated an increased level of resources to sales and marketing efforts. The Company will continue to market to potential customers with demonstrated needs for the Company's expertise in ERP and Internet solutions. The Company intends to implement focused sales management programs, to leverage its relationships with existing customers, as well as those with ERP and other product vendors. In particular, the Company has reorganized its SAP practice along industry lines and will endeavor to partner with SAP's industry sales organization to seek and close business opportunities.

Among its sales and marketing efforts, the Company's has exhibited and presented the Company's expertise at trade events associated with the primary ERP offerings. These include events such as SAPPHIRE, the annual SAP conference for SAP service providers and end-users, the Americas SAP User Group, the Oracle Americas User Group, BaanWorld and the PeopleSoft Users Group. The Company intends to continue participation in such industry-recognized programs and trade shows. On December 21, 1999, the Company and SeraNova entered into a consulting services agreement with Mueller/Shields. Additionally, on February 4, 2000, the Company entered into a consulting services agreement with Mueller/Shields. Pursuant to such agreements, Mueller/Shields will provide the Company and SeraNova with sales, marketing, training and strategic planning services.

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Most importantly, however, the Company believes that satisfying customer expectations within budgets and time schedules is critical to gaining repeat business and obtaining new business from referrals. The Company believes that it has consistently met customer expectations with respect to budgets and time schedules.

As of December 31, 1999, the Company's sales and marketing group consisted of 34 employees in the United States, 9 for Europe, and 30 for the Asia Pacific region. The Company markets and delivers its services to customers on an international basis through its network of offices. The Company's headquarters in New Jersey and its branch offices in Phoenix, AZ; Foster City, CA; Washington, D.C.; Atlanta, GA; Fayetteville, GA; Rosemont, IL; Auburn Hills, MI; Houston, TX and Provo, UT serve the United States market. In addition, the Company, also maintains offices in Europe (Denmark, the United Kingdom and Sweden); Asia Pacific (Australia, India, Japan, New Zealand, Philippines, Singapore and Thailand). Azimuth Consulting operates worldwide with headquarters in Wellington, New Zealand. During 1999, the Company's existing management consulting services groups in the United States and Europe, were merged with Azimuth worldwide.

The Company's services require a substantial financial commitment by customers and, therefore, typically involve a long sales cycle. Once a lead is generated, the Company endeavors to understand quickly the potential customer's business needs and objectives in order to develop the appropriate solution and bid accordingly. The Company's project managers are involved throughout the sales cycle to ensure mutual understanding of customer goals, including time to completion, and technological requirements. Sales cycles for complex business solutions projects typically range from one to six months from the time the Company initially meets with a prospective customer until the customer decides whether to authorize commencement of an engagement.

CUSTOMERS

The Company provides its services directly to Fortune 2000 and other large and mid-sized companies, many of which have information-intensive, multinational operations, or as a member of a consulting team assembled by other information technology consultants, such as "Big Five" accounting firms. The number of customers billed by the Company has grown substantially from three customers in 1993 to approximately 600 customers in the year ended December 31, 1999.

The Company's ten largest customers accounted for, in the aggregate, approximately 44%, 38% and 38% of its revenue in 1997, 1998 and 1999, respectively. During 1997, PricewaterhouseCoopers LLP and Bristol-Myers Squibb each accounted for more than 10% of revenue. During 1998, no single customer accounted for more than 10% of revenue. During 1999, the Government of Puerto Rico accounted for more than 10% of revenue. In 1997, 1998 and 1999, 31%, 19% and 38%, respectively, of the Company's revenue was generated by serving as a

member of consulting teams assembled by other information technology consulting firms.

Although the Company has contracts with many of its large customers to provide its services, in general such contracts are terminable upon relatively short notice, typically not more

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than 30 days. Under the ESS practice, the Company expects to compete for multi-year fixed term, fixed price contracts. There can be no assurance that the Company's customers will continue to enter into contracts with the Company or that existing contracts will not be terminated.

Many of the Company's engagements involve projects that are critical to the operations of its customers' businesses and provide benefits that may be difficult to quantify. The Company's failure or inability to meet a customer's expectations in the performance of its services could result in a material adverse change to the customer's operations giving rise to claims for damages against the Company or causing damage to the Company's reputation, adversely affecting its business, financial condition and results of operations. In addition, certain of the Company's agreements with its customers require the Company to indemnify the customer for damages arising from services provided to, or on behalf of, such customer. Under certain of the Company's customer contracts, the Company warrants that it will repair errors or defects in its deliverables without additional charge to the customer. The Company has not experienced, to date, any material claims against such warranties. The Company has purchased and maintains errors and omissions insurance to insure the Company for damages and expenses incurred in connection with alleged negligent acts, errors or omissions.

COMPETITION

The markets for the Company's services are highly competitive. The Company believes that its principal competitors include the internal information systems groups of its prospective customers, as well as the following classes of companies (some of which are also customers of the Company):

- o Consulting and software integration firms: including, IBM Global Services, Cambridge Technology Partners, MCI Systemhouse, Computer Sciences Corporation and others.
- o "Big Five" accounting firms: Deloitte & Touche, Ernst & Young, KPMG, PricewaterhouseCoopers.
- o Software applications vendors: SAP, Oracle, Baan and PeopleSoft.
- o Internet professional service providers: including Sapient, Scient, Viant and Proxicom.
- o General management consulting firms: such as McKinsey & Co., Bain & Company.
- o ASP service providers: Breakaway Solutions, Inc., USinternetworking, Inc., Interliant, Inc. and Futurelink Corporation.

In addition, the Company competes with smaller companies such as Plaut, Clarkson-Potomac and Origin.

Many of the Company's competitors have longer operating histories, possess greater industry and name recognition and have significantly greater financial, technical and marketing resources than the Company. In addition, there are relatively low barriers to entry into the

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Company's markets and the Company has faced, and expects to continue to face, additional competition from new entrants into its markets.

The Company believes that the principal competitive factors in its markets include quality of service and deliverables, speed of development and implementation, price, project management capability and technical and business expertise. The Company believes that its ability to compete also depends in part on a number of competitive factors outside its control, including the ability of its competitors to hire, retain and motivate project managers and other senior technical staff, the development by others of services that are competitive with the Company's services and the extent of its competitors' responsiveness to customer needs.

The Company believes that it competes based on its expertise across the full life cycle of its clients' ERP and Internet solutions. This expertise includes management consulting skills, plus design and implementation skills in ERP products (primarily SAP, Oracle, PeopleSoft and Baan), Internet and application integration and application outsourcing related to those solutions. There can be no assurance that the Company will be able to continue to compete successfully with existing and new competitors.

EMPLOYEES

As of December 31, 1999, the Company employed 1,628 full-time employees, of whom 1,268 were engaged as consultants or as software developers, 73 were engaged in sales and marketing, and 287 were engaged in sales and delivery management, finance and administration. Of the total number of employees, 718 were based in the United States, 810 were based in the Asia Pacific region and 100 were based in Europe. In addition, the Company engaged 112 independent contractors to perform information technology services.

None of the Company's employees is covered by a collective bargaining agreement. Substantially all of the Company's employees have executed employment agreements containing non-competition, non-disclosure and non-solicitation clauses. In addition, the Company requires that all new employees execute such agreements as a condition of employment by the Company. The Company believes that it has been successful in attracting and retaining skilled and experienced personnel. There is increasing competition for experienced sales and marketing personnel and technical professionals. The Company's future success will depend in part on its ability to continue to attract, retain, train and motivate highly qualified personnel. The Company considers relations with its employees to be good.

INTELLECTUAL PROPERTY RIGHTS

The Company's success is dependent, in part, upon its proprietary accelerated implementation methodology, development tools and other intellectual property rights. The Company relies upon a combination of trade secret, non-disclosure and other contractual arrangements, and copyright and trademark laws, to protect its proprietary rights. The Company generally enters into confidentiality agreements with its employees, consultants and customers, and limits access to and distribution of its proprietary information. The Company also requires that substantially all of its employees and consultants assign to the Company their rights in

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intellectual property developed while employed or engaged by the Company. There can be no assurance that the steps taken by the Company in this regard will be adequate to deter misappropriation of its proprietary information or that the Company will be able to detect unauthorized use of and take appropriate steps to enforce its intellectual property rights.

ITEM 2. PROPERTIES.

As of December 31, 1999, the Company owns no real property and currently leases or subleases all of its office space. The Company leases its headquarters in Edison, New Jersey, totaling approximately 48,475 square feet. Such lease has an initial term of ten (10) years, which commenced in September 1998. The Company uses such facility for certain technical and support personnel, sales and marketing, administrative, finance and management personnel. The Company also leases or subleases offices for its sales and operations in Phoenix, AZ; Foster City, CA; Washington, D.C.; Atlanta, GA; Fayetteville, GA; Rosemont, IL; Auburn Hills, MI; Houston, TX; and Provo, UT, and operations in Hyderabad, India; Australia; Sweden, Denmark; Japan; New Zealand; Philippines, Singapore, Thailand and the United Kingdom.

ITEM 3. LEGAL PROCEEDINGS.

On February 13, 1998, Russell Schultz, a former employee of the Company, filed a complaint in the Superior Court of New Jersey, Law Division, Monmouth County, naming the Company as a defendant. The complaint, which seeks damages, alleges, among other things, that the Company misrepresented plaintiff's job description in order to induce plaintiff to leave his prior employer, failed to provide stock options to the plaintiff and violated plaintiff's written employment contract. The Company was served with the complaint on March 16, 1998. Subsequently, on July 10, 1998, upon the Company's Motion to Compel Arbitration, the court dismissed the plaintiff's complaint without prejudice. Subsequently, the plaintiff's motion to reconsider the dismissal was denied. The plaintiff filed his demand for Arbitration with the American Arbitration Association on February 17, 1999 and the Company filed its answer on February 26, 1999. On October 12, 1999, the parties negotiated a settlement to dispose of all claims asserted in this lawsuit. The Company drafted and circulated a

settlement agreement which has been executed by the parties and disposes of the lawsuit with no material effect on the Company's business, financial condition or results of operations.

On January 20, 1999, Tony Knight, a former employee of the Company, filed a complaint in the Superior Court of the State of California, San Mateo County, naming the Company, among others, as a defendant. The complaint, which seeks damages, alleges, among other things, that the Company discriminated against plaintiff because of his race, ancestry, religious creed and national origin and thereafter wrongfully terminated the plaintiff's employment with the Company. The Company, through its counsel, acknowledged receipt of the summons and complaint on April 20, 1999. On May 19, 1999, the Company removed the action from the California Superior Court to the United States District Court for the Northern District of California. A discovery scheduling order was entered at the case management conference held on December 2, 1999. Management believes the outcome of these proceedings will not have a material adverse effect on the Company's consolidated financial position or results of operations.

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There is no other material litigation pending to which the Company is a party or to which any of its property is subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

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PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS.

The Common Stock is quoted on the Nasdaq National Market (the "NNM") under the symbol "ITIG." The following table sets forth, for each of the periods indicated, the high and low sale prices per share of Common Stock as quoted on the NNM. The prices shown represent quotations among securities dealers, do not include retail markups, markdowns or commissions and may not represent actual transactions.

Quarter Ended	High	Low
March 31, 1998	\$ 21 1/2	\$14 1/2
June 30, 1998	\$ 23 5/8	\$15
September 30, 1998	\$ 24 1/4	\$16
December 31, 1998	\$ 19 3/4	\$10 5/8
March 31, 1999	\$ 20 1/2	\$ 5 1/4
June 30, 1999	\$ 9 5/8	\$ 5
September 30, 1999	\$ 7 11/16	\$ 5 1/8
December 31, 1999	\$ 27 11/16	\$ 6 7/8

As of March 28, 2000, the approximate number of holders of record of the Common Stock was 89 and the approximate number of beneficial holders of the Common Stock was 2,730.

The Company has never declared or paid any dividends on its capital stock. The Company intends to retain any earnings to fund future growth and the operation of its business, and, therefore, does not anticipate paying any cash dividends in the foreseeable future.

All information relating to the Common Stock of the Company in this Annual Report on Form 10-K reflects a 81,351.1111-for-1 stock split of the Common Stock effected July 12, 1996, prior to the Company's initial public offering of its Common Stock in September 1996.

The following information relates to all securities of the Company sold by the Company which were not registered under the Securities Act of 1933, as amended (the "Securities Act"), at the time of grant, issuance and/or sale, and have not previously been disclosed in a Quarterly Report on Form 10-Q:

On May 7, 1998, the Company, through its wholly-owned subsidiary Intelligroup Europe Limited (No. 3205142), a corporation formed pursuant to the laws of England and Wales ("Intelligroup Europe"), consummated the acquisition (the "Consulting Acquisition") of thirty percent (30%) of the equity

interests in CPI Consulting Limited (No. 3316554), a corporation formed pursuant to the laws of England and Wales ("Consulting"). In addition, on May 21, 1998, the Company consummated the acquisition (the "Resources Acquisition") of all of the equity interests in CPI Resources Limited (No. 2080824), a corporation formed pursuant to the laws of England and Wales ("Resources"). As a result of the Resources Acquisition, the Company acquired Resources' seventy percent (70%) interest in Consulting. The principal activity of each of Resources and Consulting is providing information technology consulting staffing services in the United Kingdom.

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In connection with the Consulting Acquisition, on March 22, 1999, the Company issued an aggregate of 155,208 restricted shares of its Common Stock, \$0.01 par value per share, to the minority investors relating to the earn-out provision of the Agreement of Purchase and Sale. On June 10, 1999, the Company filed an amendment to its Registration Statement on Form S-3 to register an aggregate of 77,604 of such shares. On January 28, 2000, the Company filed an amendment to its Registration Statement on Form S-3 to register an aggregate of 77,604, representing the balance of such shares. The Company did not and will not receive any of the proceeds from sales of the shares by the minority investors.

On February 16, 1999, the Company consummated (i) the merger of Empower Solutions, L.L.C., a Michigan limited liability company, with and into the Company's wholly-owned subsidiary ES Merger Corp., a Michigan corporation ("ES Merger Corp."), and (ii) the merger of ES Merger Corp. with and into Empower, Inc. a Michigan corporation and an affiliate of Empower Solutions, L.L.C. (the mergers of Empower Solutions, L.L.C. and its affiliate Empower, Inc. shall be referred to herein collectively as the "Merger"). As a result of the Merger, Empower, Inc. ("Empower") became a wholly-owned subsidiary of the Company. Empower is an implementation partner of PeopleSoft and its principle activities are business process reengineering, systems design development, project management and training services. The Merger was accounted for as a pooling of interests.

In connection with the Merger, on December 22, 1999, the Company issued an aggregate of 179,611 restricted shares of its Common Stock, \$0.01 par value per share, to Patrick J. Kavanaugh, Kurt A. Collins, Marcelo J. Casas and Jay D. Hiller relating to the provisions of the Net Book Value Adjustment provision of the Agreement and Plan of Merger. On January 28, 2000, the Company filed an amendment to its Registration Statement on Form S-3 to register such shares. The Company did not and will not receive any of the proceeds from sales of the shares by Messrs. Kavanaugh, Collins, Casas and Hiller.

On January 8, 1999, the Company consummated the acquisition (the "NPI Acquisition") of all of the shares of outstanding capital stock of Network Publishing, Inc. ("NPI"), a Utah corporation located in Provo, Utah. As a result of the NPI Acquisition, NPI became a wholly-owned subsidiary of the Company. The principal activities of NPI are web site design and front-end application solutions services.

Subsequent to the year ended December 31, 1999, and in connection with the NPI Acquisition, on January 11, 2000, the Company issued an aggregate of 99,558 restricted shares of its Common Stock, \$0.01 par value per share, to Richard Maw, Richard Farr and Michael Donahue relating to the provisions of the earn-out provision of the Stock Purchase Agreement. On January 28, 2000, the Company filed an amendment to its Registration Statement on Form S-3 to register such shares. The Company did not and will not receive any of the proceeds from sales of the shares by Messrs. Maw, Farr and Donahue.

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ITEM 6. SELECTED FINANCIAL DATA.

The selected statement of operations data for the years ended December 31, 1997, 1998 and 1999 and the selected balance sheet data as of December 31, 1998 and 1999 are derived from, are qualified by reference to, and should be read in conjunction with, the more detailed audited consolidated financial statements and the related notes thereto included elsewhere herein. The selected statement of operations data for the year ended December 31, 1995 and 1996 and the

selected balance sheet data as of December 31, 1995, 1996 and 1997 have been derived from audited financial statements of the Company which are not included elsewhere herein. Prior period financial information has been restated to reflect the Company's acquisitions of Empower Solutions, L.L.C. and its affiliate Empower, Inc. during 1999, which were accounted for in accordance with the pooling of interests rules under generally accepted accounting principles.

The following should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus:

<TABLE>
<CAPTION>

	1995	1996	1997	1998	1999
	(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:					
Revenue.....	\$ 39,283	\$ 61,699	\$ 98,301	\$ 162,840	\$ 186,067
Cost of sales.....	29,263	43,142	67,452	104,984	119,857
Gross profit.....	10,020	18,557	30,849	57,856	66,210
Selling, general and administrative expenses.....	8,401	14,544	22,449	38,074	60,807
Acquisition expenses.....	--	--	--	2,118	2,115
Spin-off costs.....	--	--	--	--	751
Restructuring and other special charges.....	--	--	--	--	7,328
Total selling, general and administrative expenses...	8,401	14,544	22,449	40,192	71,001
Operating (loss) income.....	1,619	4,013	8,400	17,664	(4,791)
Factor charges/interest expense (income), net.....	1,327	1,335	(265)	(187)	593
(Loss) income before provision for income taxes and extraordinary charge.....	292	2,678	8,665	17,851	(5,384)
Provision for income taxes.....	587	748	2,327	4,451	1,206
(Loss) Income before extraordinary charge.....	(295)	1,930	6,338	13,400	(6,590)
Extraordinary charge, net of income tax benefit of \$296.....	--	1,148	--	--	--
Net (loss) income.....	\$ (295)	\$ 782	\$ 6,338	\$ 13,400	\$ (6,590)
Earnings (loss) per share(1):					
Basic earnings (loss) per share:					
(Loss) income before extraordinary charge.....	\$ (0.02)	\$ 0.18	\$ 0.43	\$ 0.87	\$ (0.42)
Extraordinary charge, net of income tax benefit....	--	0.11	--	--	--
Net (loss) income.....	\$ (0.02)	\$ 0.07	\$ 0.43	\$ 0.87	\$ (0.42)
Weighted average number of common shares - Basic.....	15,011	11,003	14,637	15,387	15,766
Diluted earnings (loss) per share:					
(Loss) income before extraordinary charge.....	\$ (0.02)	\$ 0.16	\$ 0.42	\$ 0.84	\$ (0.42)
Extraordinary charge, net of income tax benefit.....	--	0.10	--	--	--
Net (loss) income.....	\$ (0.02)	\$ 0.06	\$ 0.42	0.84	\$ (0.42)
Weighted average number of common shares - Diluted.....	15,011	12,263	15,117	15,969	15,766

</TABLE>

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<TABLE>
<CAPTION>

	As of December 31,				
	1995	1996	1997	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>
Balance Sheet Data:					
Cash and cash equivalents.....	\$ 1,412	\$ 8,301	\$ 8,825	\$ 4,245	\$ 6,121
Working capital surplus (deficit).....	(991)	16,246	30,500	32,641	29,133
Total assets.....	12,571	24,945	43,064	69,565	83,062
Short-term debt, including subordinated debentures.....	3,608	226	386	11	10,705
Long-term debt and obligations under capital leases, less current portion.....	206	108	355	60	618
Shareholders' equity.....	128	18,280	34,036	47,949	48,654

</TABLE>

(1) Basic and diluted earnings per share have replaced primary and fully diluted earnings per share in accordance with SFAS No. 128.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS RESULTS OF OPERATIONS

OVERVIEW

The Company provides a wide range of information technology services, including enterprise-wide business process solutions, IT training solutions, systems integration and custom software development based on leading technologies. In November 1999, the Company announced its intentions to spin-off its Internet applications services business (SeraNova). Through SeraNova, the Company provides professional services, primarily in the area of business to business interactions on the Internet. Business to business interactions include communication and commerce conducted between a company and its customers, suppliers and partners. SeraNova offers a comprehensive set of services, including strategic consulting, creative design, technology implementation and management of Internet applications. The Company has grown rapidly since 1994 when it made a strategic decision to diversify its customer base by expanding the scope of its integration and development services and to utilize software developed by SAP as a primary tool to implement enterprise-wide business process solutions. In 1995, the Company achieved the status of a SAP National Implementation Partner. In the same year, the Company also began to utilize Oracle's ERP application products to diversify its service offerings. In 1997, the Company enhanced its partner status with SAP, by first achieving National Logo Partner status and then AcceleratedSAP Partner Status. Also, in 1997, the Company further diversified its ERP-based service offerings, by beginning to provide PeopleSoft and Baan implementation services. In July 1997, the Company was awarded PeopleSoft implementation partnership status. In September 1997, the Company was awarded Baan international consulting partnership status. In June 1998, the Company also expanded its Oracle applications implementation services practice and added upgrade services to meet market demand of mid-size to large companies that are implementing or upgrading Oracle applications.

During 1998 and 1999, the Company expanded its operations through acquisitions. On May 7, 1998, the Company acquired thirty percent of the outstanding share capital of CPI Consulting Limited. The acquisition of CPI Consulting Limited was accounted for utilizing the purchase method of accounting. The consideration paid by the Company included the issuance of 165,696 shares of the Company's Common Stock with a fair market value of \$3.1 million at the time of purchase. An additional 155,208 shares of the Company's Common Stock with a fair market value of \$2.5 million was paid on March 22, 1999 pursuant to an earn-out relating to the operational results for the balance of 1998. The excess of the purchase price over the fair value of the net assets acquired was attributed to intangible assets, amounting in the aggregate to \$5.8 million.

On May 21, 1998, the Company acquired all of the outstanding share capital of CPI Resources Limited. The acquisition of CPI Resources Limited was accounted for as a pooling of interests. Prior results for all periods have been restated in accordance with pooling of interests accounting. As consideration for this acquisition, the Company issued 371,000 shares of the Company's Common Stock. At the time of the acquisition, CPI Resources Limited owned seventy percent of the outstanding share capital of CPI Consulting Limited.

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The CPI Companies provide consulting and implementation services related to PeopleSoft applications.

On November 25, 1998, the Company consummated the acquisition of all of the outstanding capital stock of each of Azimuth Consulting Limited, Azimuth Holdings Limited, Braithwaite Richmond Limited and Azimuth Corporation Limited (collectively the "Azimuth Companies"). The acquisition of the Azimuth Companies was accounted for as a pooling of interests. Prior results for all periods have been restated in accordance with pooling of interests accounting. As consideration for this acquisition, the Company issued 902,928 shares of the Company's Common Stock.

The Azimuth Companies provide business and management consulting services. Founded in 1984, Azimuth has built a strong IT management consulting organization with operations in New Zealand, Australia, the Philippines and Southeast Asian countries.

On January 8, 1999, in order to augment the Internet/Advanced Technology Practice, the Company acquired the outstanding capital stock of NPI located in

Provo, Utah. The purchase price included an initial cash payment in the aggregate of \$1,800,000 together with a cash payment of \$200,000 to be held in escrow. In addition, the purchase price included an earn-out payment of up to \$2,212,650 in restricted shares of the Company's Common Stock payable on or before April 15, 2000 and a potential lump sum cash payment of \$354,024 payable no later than March 31, 2000. The value of the earn-out was determined to be \$2,430,000 which was payable by the issuance of an additional 99,558 shares of the Company's Common Stock and cash of \$340,000. Such shares were issued by the Company on January 11, 2000, however, such transaction was accounted for in 1999. This acquisition has been accounted for utilizing the purchase method of accounting. The excess of the purchase price over the fair value of the net assets acquired was attributed to intangible assets amounting to \$4,061,471 in the aggregate. NPI provides web site design and front-end application solutions services. NPI has built a strong track record in designing web-sites that enable clients to achieve the desired sales and marketing impact.

In addition, by way of merger transactions, the Company augmented its PeopleSoft practice in North America by acquiring the Empower Companies located in Plymouth, Michigan on February 16, 1999. The purchase price consisted of the issuance of an aggregate of 1,831,091 restricted shares of the Company's Common Stock. In addition, the Company issued an additional 179,611 shares of its Common Stock in connection with a net worth adjustment determined as of the closing date. The acquisition of the Empower Companies was accounted for as a pooling of interests. Prior results for all periods have been restated in accordance with pooling of interests accounting. The Empower Companies provide business process reengineering, system design and development, project management and training services.

The Company generates revenue from professional services rendered to customers. Revenue is recognized as services are performed. The Company's services range from providing customers with a single consultant to multi-personnel full-scale projects. The Company provides these services to its customers primarily on a time and materials basis and pursuant to written contracts which can be terminated with limited advance notice, typically not more than 30 days, and without significant penalty, generally limited to fees earned and expenses incurred by the

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Company through the date of termination. The Company provides its services directly to end-user organizations or as a member of a consulting team assembled by another information technology consulting firm to Fortune 1000 and other large and mid-sized companies. The Company generally bills its customers semi-monthly for the services provided by its consultants at contracted rates. Where contractual provisions permit, customers also are billed for reimbursement of expenses incurred by the Company on the customers' behalf.

The Company has provided services on certain projects in which it, at the request of the clients, offered a fixed price for its services. For the year ended December 31, 1999, revenues derived from projects under fixed price contracts represented approximately 9% of the Company's total revenue. No single fixed price project was material to the Company's business during 1999. However, one fixed price project, which began late in 1998 and is expected to be completed in early 2000, represented 4% of the Company's revenue during 1999. The Company believes that, as it pursues its strategy of making turnkey project management a larger portion of its business, it will continue to offer fixed price projects. The Company has had limited prior experience in pricing and performing under fixed price arrangements and believes that there are certain risks related thereto and thus prices such arrangements to reflect the associated risk. There can be no assurance that the Company will be able to complete such projects within the fixed price timeframes. The failure to perform within such fixed price contracts, if entered into, could have a material adverse effect on the Company's business financial condition and results of operations.

The Company has derived and believes that it will continue to derive a significant portion of its revenue from a limited number of customers and projects. For the years ended December 31, 1997, 1998 and 1999, the Company's ten largest customers accounted for in the aggregate, approximately 44%, 38% and 38% of its revenue, respectively. In 1997, PricewaterhouseCoopers LLP accounted for approximately 10% of revenue. During 1998, no customer accounted for more than 10% of revenue. During 1999, the Government of Puerto Rico accounted for more than 10% of revenue. For the years ended December 31, 1997, 1998 and 1999, 31%, 19% and 38%, respectively, of the Company's revenue was generated by serving as a member of consulting teams assembled by other information technology consulting firms. There can be no assurance that such information technology consulting firms will continue to engage the Company in the future at current levels of retention, if at all. During the years ended December 31, 1997, 1998 and 1999, 56%, 52% and 42%, respectively, of the Company's total revenue was derived from projects in which the Company implemented software developed by SAP. For each of the years ended December 31, 1997 1998 and 1999, approximately 12% 11% and 7%, respectively, of the Company's total revenue was

derived from projects in which the Company implemented software developed by Oracle. For each of the years ended December 31, 1997, 1998 and 1999, approximately 12%, 19% and 26%, respectively, of the Company's total revenue was derived from projects in which the Company implemented software developed by PeopleSoft.

The Company's most significant cost is project personnel expenses, which consist of consultant salaries, benefits and payroll-related expenses. Thus, the Company's financial performance is based primarily upon billing margin (billable hourly rate less the cost to the Company of a consultant on an hourly basis) and personnel utilization rates (billable hours divided by paid hours). The Company believes that turnkey project management assignments

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typically carry higher margins. The Company has been shifting to such higher-margin turnkey management assignments and more complex projects by leveraging its reputation, existing capabilities, proprietary implementation methodology, development tools and offshore development capabilities with expanded sales and marketing efforts and new service offerings to develop turnkey project sales opportunities with both new and existing customers. The Company's inability to continue its shift to higher-margin turnkey management assignments and more complex projects may adversely impact the Company's future growth.

Since late 1994, the Company has made substantial investments in its infrastructure in order to support its rapid growth. For example, in 1994, the Company established and funded an operations facility in India, the ADC, and in 1995 established a sales office in California. In addition, from 1994 to date, the Company has incurred expenses to develop proprietary development tools and its proprietary accelerated implementation methodology and toolset. Since 1995, the Company has also been increasing its sales force and its marketing, finance, accounting and administrative staff, in order to manage its growth. Additionally, in September 1999, the Company established its IDC in India to provide Internet solutions for its clients around the world. The Company currently maintains its headquarters in Edison, New Jersey, and branch offices in Houston, Fayetteville (Georgia), Rosemont (Illinois), Auburn Hills (Michigan), Foster City (California), Atlanta, Phoenix, Washington, D.C. and Provo (Utah). The Company also currently maintains offices in Europe (the United Kingdom, Denmark, and Sweden), and Asia Pacific (Australia, India, Japan, New Zealand, the Philippines, Singapore and Thailand). The Company leases its headquarters in Edison, New Jersey, totaling approximately 48,475 square feet. Such lease has an initial term of ten (10) years, which commenced in September 1998.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated certain financial data expressed as a percentage of total revenue:

<TABLE>
<CAPTION>

	Percentage of Revenue		
	Year Ended December 31,		
	1999	1998	1997
<S>	---	---	---
Revenue.....	100.0%	100.0%	100.0%
Cost of sales.....	64.4	64.5	68.6
Gross profit.....	35.6	35.5	31.4
Selling, general and administrative expenses.....	32.7	23.4	22.8
Acquisition expenses.....	1.1	1.3	--
Spin-off costs.....	0.4	--	--
Restructuring and other special charges.....	3.9	--	--
Operating (loss) income.....	(2.5)	10.8	8.6
Interest and other (expense) income, net.....	(0.3)	0.1	0.3
(Loss) income before provision for income taxes and extraordinary charge.....	(2.8)	10.9	8.9
Provision for income taxes.....	0.7	2.7	2.4
(Loss) income before extraordinary charge.....	(3.5)	8.2	6.5
Extraordinary charge, net of income tax benefit..	--	--	--
Net (loss) income	(3.5) %	8.2 %	6.5 %
	=====	=====	=====

</TABLE>

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Revenue. Total revenue increased by 14.3% or \$23.3 million, from \$162.8 million in 1998 to \$186.1 million in 1999. Enterprise applications services ("EAS") revenue declined by 0.8% or \$1.2 million from \$147.5 million in 1998 to \$146.3 million in 1999. This decrease was primarily attributable to a decrease in expenditures on ERP implementations, related to Y2K concerns as companies shifted resources away from mission critical, enterprise-wide applications. Internet applications services ("IAS") revenue increased by 158.4%, or \$24.4 million, from \$15.4 million in 1998 to \$39.8 million in 1999. The increase in revenue is the result of an increase in the number of clients and an increase in the average size of engagements, as well as the acquisition of Network Publishing, Inc. on January 8, 1999.

Gross profit. The Company's cost of sales includes primarily the cost of salaries to consultants and related employee benefits and payroll taxes. The Company's cost of sales increased by 14.2%, or \$14.9 million, from \$105.0 million in 1998 to \$119.9 million in 1999. The Company's gross profit increased \$8.4 million, or 14.5%, from \$57.8 million in 1998 to \$66.2 million in 1999. The Company's gross profit margin remained relatively constant at 35.5% of revenue in 1998 and 35.6% of revenue in 1999. The EAS cost of sales increased 1.4%, or \$1.3 million, from \$96.0 million in 1998 to \$97.3 million in 1999. The EAS gross profit margin decreased from 34.9% in 1998 to 33.4% in 1999. The decrease was primarily attributable to lower staff utilization, experienced as a result of a decrease in the ERP implementation market. IAS cost of sales increased by \$13.5 million, or 150.0%, from \$9.0 million in 1998 to \$22.5 million in 1999. The increase was due to personnel costs resulting from the hiring of additional consultants to support the increase in demand for IAS. IAS gross profit margins increased from 41.6% in 1998 to 43.5% in 1999, primarily attributable to the higher margins generated by Network Publishing, Inc.

Selling, general and administrative expenses. Selling, general and administrative expenses consist primarily of administrative salaries, and related benefits costs, occupancy costs, sales person compensation, travel and entertainment, costs associated with the ADC and the IDC and related development costs and professional fees. Selling, general and administrative expenses increased by 59.7%, or \$22.7 million, from \$38.1 million in 1998 to \$60.8 million in 1999, and increased as a percentage of revenue from 23.4% to 32.7%, respectively. EAS selling, general and administrative expenses increased by 35.4%, or \$11.2 million, from \$31.6 million in 1998 to \$42.8 million in 1999. IAS selling, general, and administrative expenses increased by \$11.6 million, or 181.3%, from \$6.4 million in 1998 to \$18.0 million in 1999. The increases in such expenses in absolute dollars and as a percentage of revenue were primarily due to the increase in salaries and related benefits, reflecting headcount increases in the Company's sales force and its marketing, finance, accounting and administrative staff through acquisitions and in order to manage its growth. The Company's occupancy costs increased as a result of the relocation of its corporate headquarters into approximately 48,000 square feet of office space, from its former location, which consisted of approximately 17,000 square feet. In addition, the Company experienced increases in sales and management recruiting costs, occupancy costs as additional offices were opened in the United States, support services and the provision for doubtful accounts. The Company has also entered into an agreement with a strategic marketing

consulting company, which will generate sales leads, support sales force, and build a sales systems infrastructure, for both the enterprise applications services and Internet applications services businesses.

Acquisition expense. During the year ended December 31, 1999, the Company incurred costs of \$2.1 million in connection with the acquisition of the Empower Companies. This acquisition was accounted for as a pooling of interests. Acquisition costs primarily consisted of professional fees associated with such acquisition.

Spin-off costs. During the year ended December 31, 1999, the Company incurred costs of \$751,000 in connection with the proposed spin-off of SeraNova from the Company. These costs primarily consisted of professional fees.

Restructuring and other special charges. In connection with management's plan to reduce costs and improve operating efficiencies, the Company incurred a non-recurring charge of \$5.6 million related to restructuring initiatives during the year ended December 31, 1999. The restructuring charge included settlement of the former chief executive officer's employment agreement and additional severance payment, expenses associated with the termination of certain employees in the United States and the United Kingdom, the closing of certain satellite

offices in the United States and an additional office in Belgium, and costs to exit certain contractual obligations. Over 83% of the restructuring charges were paid out in 1999. Additionally, the Company recorded a reserve of approximately \$1.7 million against an outstanding receivable from a large ERP account, whose parent corporation filed for protection under Chapter 11 of the U.S. bankruptcy laws.

Interest expense (income). Interest income has been earned on interest bearing cash accounts and short term investments. In accordance with investment guidelines approved by the Company's Board of Directors, cash balances in excess of those required to fund operations have been invested in short-term U.S. Treasury securities and commercial paper with a credit rating no lower than A1/P1. The Company incurred approximately \$800,000 in interest expense during the year ended December 31, 1999, primarily related to its borrowings under its line of credit. Borrowings under the line of credit were used to fund operating activities, purchases of computer equipment and office furniture and fixtures, as well as for acquisitions. The interest expense was partially offset by interest income of \$207,000 in 1999.

Provision for income taxes. While the Company experienced an overall pre-tax loss, profits generated in certain foreign jurisdictions resulted in tax expense for the year ended December 31, 1999. Although the Company expects these foreign taxes to produce foreign tax credits in the United States, the ability to apply these credits may be limited and, therefore, the Company has provided a valuation allowance against such tax credits which has negatively impacted income tax expense. The Company's effective income tax rate was 22% and 25% for the years ended December 31, 1999 and 1998, respectively. The 1999 effective income tax rate was negatively impacted by nondeductible amortization from the NPI Acquisition. In 1996, the Company elected a five year tax holiday in India in accordance with a local tax incentive program whereby no income tax will be due during such period. Such tax holiday was extended

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an additional five years in 1999. For the year ended December 31, 1999 and 1998, the taxholiday favorably impacted the effective tax rate by approximately 18% and 7%, respectively. Based on current and anticipated profitability, management believes all recorded net deferred tax assets are more likely than not to be realized.

As discussed in Note 11 to the consolidated financial statements, on February 16, 1999, the Company acquired Empower Solutions, L.L.C. and Empower, Inc. (a corporation organized under subchapter S of the Internal Revenue Code). The acquisitions were accounted for as poolings of interests and thus prior year financial statements have been restated in accordance with the pooling of interests rules. The Empower Companies were pass-through entities for tax reporting purposes, thus their income was not taxed at the corporate level. Accordingly, the Company's federal statutory tax rate was reduced by 17% and 13% for 1999 and 1998, respectively.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Revenue. Revenue increased by 65.7% or \$64.5 million, from \$98.3 million in 1997 to \$162.8 million in 1998. EAS revenue increased by 65.5%, or \$58.4 million, from \$89.1 million in 1997 to \$147.5 million in 1998. This increase was attributable primarily to increased demand for the Company's ERP implementation consulting services. IAS revenue increased by 67.4%, or \$6.2 million, from \$9.2 million in 1997 to \$15.4 million in 1998. The increase in revenue is the result of an increase in the number of clients and an increase in the average size of engagements.

Gross profit. The Company's cost of sales increased by 55.6%, or \$37.5 million, from \$67.5 million in 1997 to \$105.0 million in 1998. The increase was due to increased personnel costs resulting from the hiring of additional consultants to support the increase in demand for the Company's services. The Company's gross profit increased by 87.5%, or \$27.0 million, from \$30.8 million in 1997 to \$57.9 million in 1998. The Company's gross profit margin increased from 31.4% of revenue in 1997 to 35.5% of revenue in 1998. The EAS cost of sales increased 53.6%, or \$33.5 million, from \$62.5 million in 1997 to \$96.0 million in 1998. The EAS gross profit margin increased from 29.9% in 1997 to 34.9% in 1998. These increases in gross profit and margin reflect both the expanded utilization of the Company's offshore development facility in India, and the increase in implementation service projects where the Company has project management responsibilities, which typically carry higher gross margins, than those in which the Company provides supplemental staffing for client managed projects. IAS cost of sales increased by \$4.1 million, or 83.7%, from \$4.9 million in 1997 to \$9.0 million in 1998. IAS gross profit margins decreased from 46.7% in 1997 to 41.6% in 1998, primarily attributable to lower utilization rates attained during expansion of the United States operations, and therefore, higher costs as compared with established foreign operations.

Selling, general and administrative expenses. Selling, general and

administrative expenses increased by 69.6%, or \$15.6 million, from \$22.4 million in 1997 to \$38.1 million in 1998, and increased as a percentage of revenue from 22.8% to 23.4%, respectively. EAS selling, general and administrative expenses increased by 73.6%, or \$13.4 million, from \$18.2 million in 1997 to \$31.6 million in 1998. IAS selling, general, and administrative expenses increased by

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\$2.2 million, or 52.4%, from \$4.2 million in 1997 to \$6.4 million in 1998. The increases in such expenses in absolute dollars and as a percentage of revenue were due primarily to the increase in salaries and related benefits, reflecting headcount increases in the Company's sales force and its marketing, finance, accounting and administrative staff through acquisitions and in order to manage its growth. The Company's occupancy costs increased as a result of the relocation of its corporate headquarters into approximately 48,000 square feet of office space, from its former location, which consisted of approximately 17,000 square feet. In addition, the Company experienced increases in sales and management recruiting costs, occupancy costs as additional offices were opened in the United States, support services and the provision for doubtful accounts.

Acquisition expense. During the year ended 1998, the Company incurred costs of \$2,118,000 in connection with the acquisitions of the CPI Resources Limited and the Azimuth Companies, each of which was accounted for as a pooling of interests. These costs primarily consisted of professional fees associated with such acquisitions.

Provision for income taxes. The Company's effective income tax rate was 25% and 27% for the years ended December 31, 1998 and 1997. During 1997, the Company reduced its valuation allowance by \$207,000 as management determined that it was more likely than not, that the applicable portion of the net deferred tax asset would be or had been realized. The 1997 valuation allowance reduction favorably impacted the effective income tax rate by 3%. In 1996, the Company elected a five year tax holiday in India in accordance with a local tax incentive program whereby no income tax will be due during such period. For the year ended December 31, 1998 and 1997, the tax holiday favorably impacted the effective tax rate by approximately 7% and 6%, respectively. Based on current and anticipated profitability, management believes all net deferred tax assets are more likely than not to be realized.

As discussed in Note 11 to the consolidated financial statements, on February 16, 1999, the Company acquired Empower Solutions, L.L.C. and Empower, Inc. (a corporation organized under subchapter S of the Internal Revenue Code). The acquisitions were accounted for as poolings of interests and thus prior year financial statements have been restated in accordance with the pooling of interests rules. The Empower Companies were pass-through entities for tax reporting purposes, thus their income was not taxed at the corporate level. Accordingly, the Company's federal statutory tax rate was reduced by 13% and 6% for 1998 and 1997, respectively.

BACKLOG

The Company normally enters into written contracts with its customers at the time it commences work on a project. These written contracts contain varying terms and conditions and the Company does not generally believe it is appropriate to characterize such written contracts as creating backlog. In addition, because these written contracts often provide that the arrangement can be terminated with limited advance notice and without significant penalty, the Company does not believe that projects in process at any one time are a reliable indicator or measure of expected

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future revenue. In the event that a customer terminates a project, the customer remains obligated to pay the Company for services performed by it through the date of termination.

LIQUIDITY AND CAPITAL RESOURCES

The Company funds its operations primarily from cash flow generated from operations and financing activities, and prior to 1998 from cash balances generated from the Company's initial and follow-on public offerings consummated in October 1996 and July 1997, respectively.

The Company had cash and cash equivalents of \$6.1 million at December 31, 1999 and \$4.2 million at December 31, 1998. The Company had working capital of \$29.1 million at December 31, 1999 and \$32.6 million at December 31, 1998.

Cash used in operating activities was \$4.8 million during the year ended December 31, 1999, resulting primarily from the net loss, as well as growth in

accounts receivable, unbilled services and income taxes receivable. This was offset partially by depreciation and amortization of \$4.1 million, a provision for doubtful accounts of \$4.9 million and increases in accrued payroll and related taxes, accrued expenses and other liabilities and income taxes payable. Cash provided by operating activities was \$6.1 million during the year ended December 31, 1998. Cash used in operating activities during the year ended December 31, 1997 was \$6.6 million.

In accordance with investment guidelines approved by the Company's Board of Directors, cash balances in excess of those required to fund operations have been invested in short-term U.S. Treasury securities and commercial paper with a credit rating no lower than A1/P1.

The Company invested \$4.3 million, \$7.1 million and \$2.4 million in computer equipment and office furniture and fixtures in 1999, 1998 and 1997, respectively. The increase reflects purchases of computer and telecommunications equipment for consultants and administrative staff and office furniture and fixtures related to the Company's headquarters in Edison, New Jersey, and other offices opened during 1999.

On January 8, 1999, the Company acquired Network Publishing, Inc., based in Provo, Utah. The purchase price included an initial cash payment in the aggregate of \$1,800,000 together with a cash payment of \$200,000 to be held in escrow. In addition, the purchase price included an earn-out payment of up to \$2,212,650 in restricted shares of the Company's Common Stock payable on or before April 15, 2000, and a potential lump sum cash payment of \$354,024 payable not later than March 31, 2000. The earn-out was determined to be \$2,430,000 which was payable by the issuance of an additional 99,558 shares of the Company's Common Stock and \$340,000 in cash. The Company issued such shares on January 11, 2000.

From January 1997 until January 1999, the Company had a credit facility with a bank, which included a revolving line of credit and a component for equipment term loans. Such credit facility was terminated in January 1999.

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On January 29, 1999, the Company entered into an unsecured three-year \$30 million Revolving Credit Loan Agreement (the "Loan Agreement") with PNC Bank, N.A. (the "Bank"). The proceeds of the credit facility may be used by the Company for financing acquisitions and general corporate purposes. At the Company's option, for each loan, interest shall be computed either at the Bank's prime rate per annum or the Adjusted Libor Rate plus the Applicable Margin, as such terms are defined in the Loan Agreement. The Company's obligations under the credit agreement are payable at the expiration of such facility on January 29, 2002. Approximately \$10.6 million was outstanding under this credit facility at December 31, 1999.

The credit agreement contains financial covenants which require the Company to (i) maintain a consolidated cash flow leverage ratio equal to or less than 2.5 to 1.0 for the period of four fiscal quarters preceding the date of determination taken together as one accounting period ("Consolidated Cash Flow Leverage Ratio"), (ii) maintain a consolidated net worth of not less than consolidated net worth of the prior fiscal year plus 50% of positive net income for such fiscal year ("Consolidated Net Worth"), (iii) not enter into any agreement to purchase and/or pay for, or become obligated to pay for capital expenditures, long term leases, capital leases or sale lease-backs, in an amount at any time outstanding aggregating in excess of \$5,000,000 during any fiscal year, provided, however, in a one year carry-forward basis, the Company may incur capital expenditures not to exceed \$8,000,000 during any fiscal year, and (iv) not cause or permit the minimum fixed charge coverage ratio, calculated on the basis of a rolling four quarters to be less than 1.4 to 1.0 as at the end of each fiscal quarter ("Minimum Fixed Charge Coverage Ratio").

As a result of the restructuring and other special charges incurred during the quarter ended June 30, 1999, the Company was not in compliance with the Consolidated Cash Flow Leverage Ratio and Consolidated Net Worth financial covenants at June 30, 1999. On August 12, 1999, the Bank notified the Company that such non-compliance constituted an Event of Default under the Loan Agreement. At September 30, 1999, while the Company was in compliance with the Consolidated Net Worth financial covenant, it was not in compliance with the Consolidated Cash Flow Leverage Ratio and Minimum Fixed Charge Coverage Ratio financial covenants. On January 26, 2000, the Company finalized with the Bank the terms of a waiver and amendment to the Loan Agreement to remedy defaults which existed under the Loan Agreement. The terms of the waiver and amendment include, among other things, (i) a \$15 million reduction in availability under the Loan Agreement, (ii) a first priority perfected security interest on all of the assets of the Company and its domestic subsidiaries and (iii) modification of certain financial covenants and a waiver of prior covenant defaults.

The Company believes that its available funds, together with current credit

arrangements and the cash flow expected to be generated from operations, will be adequate to satisfy its current and planned operations for at least the next 12 months.

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RECENTLY ISSUED ACCOUNTING STANDARDS

In April, 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires all costs incurred as start-up costs or organization costs be expenses as incurred. The Company adopted the SOP on January 1, 1999 and it did not have any impact on the Company's consolidated financial statements.

In March, 1998, the Accounting Standards Executive Committee issued SOP 98-1. Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." This SOP requires that computer software costs that are incurred in the preliminary project stage be expensed as incurred and that criteria be met before capitalization of costs to develop or obtain internal use computer software. The Company adopted the SOP on January 1, 1999 and it did not have a material impact on the Company's consolidated financial statements.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative financial instruments and hedging activities related to those instruments, as well as other hedging activities. Because the Company does not currently hold any derivative instruments and does not engage in hedging activities, the Company expects the adoption of SFAS No. 133 will not have a material impact on its financial position, results of operations, or cash flows. The Company will be required to adopt SFAS No. 133 in fiscal 2001 in accordance with SFAS No. 137, which delays the required implementation of SFAS No. 133 for one year.

YEAR 2000 COMPLIANCE

The Company did not experience any significant computer or systems problems relating to the Year 2000. Upon review of the Company's internal and external systems during 1999, the Company determined that it did not have any material exposure to such computer problems and that the software and systems required to operate its business and provide its services were Year 2000 compliant. As a result, the Company did not incur, and does not expect to incur, any material expenditures relating to Year 2000 systems issues.

EUROPEAN MONETARY UNION (EMU)

The euro was introduced on January 1, 1999, at which time the eleven participating EMU member countries established fixed conversion rates between their existing currencies (legacy currencies) and the euro. The legacy currencies will continue to be used as legal tender through January 1, 2002; thereafter, the legacy currencies will be canceled and euro bills and coins will be used for cash transactions in the participating countries. The Company's European sales and operations offices affected by the euro conversion have established plans to address the systems issues raised by the euro currency conversion and are cognizant of the potential business implications of converting to a common currency. The Company is unable to determine the ultimate financial impact of the conversion on its operations, if any, given that the impact will be dependent upon the competitive situations which exist in the various regional markets in which

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the Company participates and the potential actions which may or may not be taken by the Company's competitors and suppliers.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS.

The financial statements required to be filed pursuant to this Item 8 are included in this Annual Report on Form 10-K. A list of the financial statements filed herewith is found at "Item 14. Exhibits, List, and Reports on Form 8-K."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The information relating to the Company's directors, nominees for election as directors and executive officers under the headings "Election of Directors" and "Executive Officers" in the Company's definitive proxy statement for the 2000 Annual Meeting of Shareholders is incorporated herein by reference to such proxy statement.

ITEM 11. EXECUTIVE COMPENSATION.

The discussion under the heading "Executive Compensation" in the Company's definitive proxy statement for the 2000 Annual Meeting of Shareholders is incorporated herein by reference to such proxy statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The discussion under the heading "Security Ownership of Certain Beneficial Owners and Management" in the Company's definitive proxy statement for the 2000 Annual Meeting of Shareholders is incorporated herein by reference to such proxy statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The discussion under the heading "Certain Relationships and Related Transactions" in the Company's definitive proxy statement for the 2000 Annual Meeting of Shareholders is incorporated herein by reference to such proxy statement.

PART IV

ITEM 14. EXHIBITS, LIST, AND REPORTS ON FORM 8-K.

(a) (1) Financial Statements.

Reference is made to the Index to Financial Statements on Page F-1.

(a) (2) Financial Statement Schedules.

None.

(a) (3) Exhibits.

Reference is made to the Index to Exhibits on Page 43.

(b) Reports on Form 8-K.

Subsequent to the year ended December 31, 1999, the Company, on March 22, 2000, filed a report on Form 8-K relating to the sale by SeraNova, Inc., the Company's wholly-owned subsidiary, of approximately 4.8% of its common stock to four institutional investors for an aggregate purchase price of \$10 million.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on

INTELLIGROUP, INC.

By: /s/ Ashok Pandey

Ashok Pandey, Co-Chief Executive Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
-----	-----	-----
/s/ Ashok Pandey	Co-Chief Executive Officer and	March 30, 2000
-----	Director (principal executive officer)	
/s/ Nagarjun Valluripalli	Co-Chief Executive Officer and	March 30, 2000
Nagarjun Valluripalli	Director	
/s/ Nicholas Visco	Vice President- Finance	March 30, 2000
Nicholas Visco	(principal financial and accounting officer)	
/s/ Rajkumar Koneru	Director	March 30, 2000
Rajkumar Koneru		
/s/ Klaus Besier	Director	March 30, 2000
Klaus Besier		
/s/ Dennis McIntosh	Director	March 30, 2000
Dennis McIntosh		

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2	Agreement and Plan of Merger of the Company and its wholly owned subsidiary Oxford Systems Inc. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1996).
3.1	Amended and Restated Certificate of Incorporation. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).
3.2	Amended and Restated Bylaws. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).
4.1	Shareholder Protection Rights Agreement dated as of November 6, 1998, between the Company and American Stock Transfer & Trust Company which includes (I) the Form of Rights Certificate and (ii) the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Intelligroup, Inc. (Incorporated by reference to Exhibit No. 4.1 of the Company's Report on Form 8-K dated November 9, 1998, filed with the Securities and Exchange Commission on November 9, 1998).
10.1*	1996 Stock Plan, as amended, of the Company. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.2* 1996 Non-Employee Director Stock Option Plan. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).

10.3 Form of Indemnification Agreement entered into by the Company and each of its Directors and officers. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).

10.4+ Employment Agreement dated October 1, 1999 between the Company and Nicholas Visco.

10.5 Employee's Invention Assignment and Confidentiality Agreement. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).

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10.6 Services Provider Agreement by and between Oracle Corporation and the Company dated July 26, 1994. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996). See Exhibit 10.9.

10.7 Amended and Restated Agreement by Messrs. Pandey, Koneru and Valluripalli dated July 16, 1996 to indemnify the Company for certain losses. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).

10.8 Agreement by and between the Company and Intelligroup Asia Private Limited ("Intelligroup Asia") relating to operational control of Intelligroup Asia, with related agreements. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-5981) declared effective on September 26, 1996).

10.9 Amendment No. 1 to Services Provider Agreement by and between Oracle Corporation and the Company dated December 30, 1996. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1996). See Exhibit 10.6.

10.10 R/3 National Logo Partner Agreement by and between SAP America, Inc. and the Company dated as of April 29, 1997. (Incorporated by reference to the Company's Registration Statement on Form SB-2 (Registration Statement No. 333-29119) declared effective on June 26, 1997). See Exhibits 10.12 and 10.28.

10.11* Employment Agreement dated December 6, 1996 between the Company and Anthony Knight, as amended on February 18, 1997 (Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1997).

10.12 ASAP Partner Addendum to R/3 National Logo Partner Agreement between SAP America, Inc. and the Company effective July 1, 1997 (amends existing R/3 National Logo Partner Agreement). (Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1997). See Exhibits 10.10 and 10.28.

10.13 Implementation Partner Agreement between PeopleSoft, Inc. and the Company effective July 15, 1997. (Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1997). See Exhibit 10.27.

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10.14 Consulting Alliance Agreement with Baan International B.V. and the Company effective September 29, 1997. (Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1997).

10.15 Lease Agreement between Alfieri-Parkway Associates, as Landlord, and Intelligroup, Inc., as Tenant, dated March 17, 1998. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

10.16* Employment Agreement dated April 22, 1998 between the Company and Gerard E. Dorsey. (Incorporated by reference to the Company's

10.17* Employment Agreement dated April 27, 1998 between the Company and Stephen A. Carns. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

10.18* Change in Control Severance Pay Agreement dated November 4, 1998 between the Company and Gerard Dorsey.

10.19* Change in Control Severance Pay Agreement dated November 4, 1998 between the Company and Alan Ziegler.

10.20* Revolving Credit Loan Agreement between PNC Bank, National Association and the Company dated January 29, 1999. See Exhibit 10.36 and 10.37.

10.21 Agreement of Purchase and Sale dated as of May 7, 1998 among the Company, Intelligroup Europe Limited and the Shareholders of CPI Consulting Limited. (Incorporated by reference to the Company's Report on Form 8-K filed May 27, 1998).

10.22 Agreement of Purchase and Sale dated as of May 21, 1998 among the Company, Intelligroup Europe Limited and the Shareholders of CPI Resources Limited. (Incorporated by reference to the Company's Report on Form 8-K filed May 27, 1998).

10.23 Agreement of Purchase and Sale dated as of November 25, 1998 among the Company and the Shareholders of each of Azimuth Consulting Limited, Azimuth Holdings Limited, Braithwaite Richmond Limited and Azimuth Corporation Limited. (Incorporated by reference to the Company's Report on Form 8-K filed December 8, 1998).

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10.24 Stock Purchase Agreement dated as of December 21, 1998 among the Company and the Shareholders of Network Publishing, Inc. (Incorporated by reference to the Company's Report on Form 8-K filed January 8, 1999).

10.25 Agreement and Plan of Merger dated as of February 16, 1999 by and among the Company, ES Merger Corp., Empower Solutions, LLC and the members of Empower Solutions, LLC. (Incorporated by reference to the Company's Report on Form 8-K filed February 24, 1999.)

10.26 Agreement and Plan of Merger dated as of February 16, 1999 by and among the Company, ES Merger Corp., Empower Solutions, Inc. and the stockholders of Empower, Inc. (Incorporated by reference to the Company's Report on Form 8-K filed February 24, 1999.)

10.27* Fifth Amendment to the Implementation Partner Agreement dated July 15, 1998, between the Company and PeopleSoft, Inc. See Exhibit 10.13.

10.28* Amendment to the National Implementation Partner Agreement dated as of January 1, 1999, between SAP America and the Company. See Exhibits 10.10 and 10.12.

10.29+ Contribution Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

10.30+ Distribution Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

10.31+ Services Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

10.32+ Space Sharing Agreement by and among Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

10.33+ Tax Sharing Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

10.34+ Master Consulting Services Agreement by and between Intelligroup, Inc. and Mueller/Shields dated as of February 4, 2000.

10.35+ Master Consulting Services Agreement by and among Intelligroup, SeraNova, Inc. and Mueller/Shields dated as of December 21, 1999.

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10.36* First Amendment to Revolving Credit Loan Agreement by and between Intelligroup, Inc., a New Jersey corporation, and PNC Bank, National Association, a national banking association. (Incorporated by

reference to the Company's Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-94285) declared effective on February 9, 2000. See Exhibit 10.20 and 10.37.

10.37+ Second Amendment to Revolving Credit Loan Agreement by and between Intelligroup, Inc., a New Jersey corporation, and SeraNova, Inc., a New Jersey corporation, and PNC Bank, National Association, a national banking association. See Exhibit 10.20 and 10.36.

21+ Subsidiaries of the Registrant.

23+ Consent of Arthur Andersen LLP.

27.1+ Financial Data Schedule for the year ended December 31, 1999.

27.2+ Financial Data Schedule for the year ended December 31, 1998.

27.3+ Financial Data Schedule for the year ended December 31, 1997.

* A management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

+ Filed herewith. All other exhibits previously filed.

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INTELLIGROUP, INC. AND SUBSIDIARIES
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Intelligroup, Inc.:

We have audited the accompanying consolidated balance sheets of Intelligroup, Inc. (a New Jersey corporation) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant

estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Intelligroup, Inc. and its subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Roseland, New Jersey
 March 6, 2000 (except with
 respect to Note 13, as to which
 the date is March 14, 2000).

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INTELLIGROUP, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 1999 and 1998

<TABLE>
 <CAPTION>

	1999	1998
ASSETS	---	---
Current Assets:		
<S>	<C>	<C>
Cash and cash equivalents.....	\$ 6,121,000	\$ 4,245,000
Accounts receivable, less allowance for doubtful accounts of \$3,292,000 and \$1,053,000 at December 31, 1999 and 1998, respectively.....	35,063,000	33,622,000
Unbilled services.....	11,372,000	10,842,000
Income taxes receivable.....	3,612,000	--
Deferred tax asset.....	2,481,000	808,000
Other current assets.....	3,468,000	4,197,000
Total current assets.....	62,117,000	53,714,000
Property and equipment, net.....	11,420,000	9,506,000
Intangible assets, net.....	8,681,000	5,629,000
Other assets.....	844,000	716,000
	\$ 83,062,000	\$ 69,565,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
<S>	\$ 4,672,000	\$ 5,347,000
Accounts payable.....	7,078,000	6,254,000
Accrued payroll and related taxes.....	5,599,000	2,999,000
Accrued expenses and other liabilities.....	810,000	3,302,000
Accrued acquisition costs.....	4,120,000	3,160,000
Income taxes payable.....	10,705,000	11,000
Current portion of long term debt and obligations under capital leases.....	32,984,000	21,073,000
Total current liabilities.....	-----	-----
Long term debt and obligations under capital leases, less current portion.....	618,000	60,000
Deferred tax liability.....	806,000	483,000
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, \$.01 par value, 5,000,000 shares authorized, none issued or outstanding.....	--	--
Common stock, \$.01 par value, 25,000,000 shares authorized, 15,949,000 and 15,573,000 shares issued and outstanding at December 31, 1999 and 1998, respectively.....	160,000	156,000
Additional paid-in capital.....	43,356,000	35,261,000
Retained earnings.....	6,317,000	13,077,000
Currency translation adjustments.....	(1,179,000)	(545,000)
Total shareholders' equity	48,654,000	47,949,000
	\$ 83,062,000	\$ 69,565,000

</TABLE>

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

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INTELLIGROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 1999, 1998 and 1997

	1999	1998	1997
<S>	<C>	<C>	<C>
Revenue.....	\$ 186,067,000	\$ 162,840,000	\$ 98,301,000
Cost of sales.....	119,857,000	104,984,000	67,452,000
Gross profit.....	66,210,000	57,856,000	30,849,000
Selling, general and administrative expenses.....	60,807,000	38,074,000	22,449,000
Acquisition expenses.....	2,115,000	2,118,000	--
Spin-off costs.....	751,000	--	--
Restructuring and other special charges.....	7,328,000	--	--
Total operating expenses.....	71,001,000	40,192,000	22,449,000
Operating (loss) income.....	(4,791,000)	17,664,000	8,400,000
Other expenses:			
Interest expense (income), net.....	593,000	(187,000)	(265,000)
(Loss) income before provision for income taxes.....	(5,384,000)	17,851,000	8,665,000
Provision for income taxes.....	1,206,000	4,451,000	2,327,000
Net (loss) income.....	\$ (6,590,000)	\$ 13,400,000	\$ 6,338,000
Earnings per share:			
Basic earnings per share:			
Net (loss) income per share.....	\$ (0.42)	\$ 0.87	\$ 0.43
Weighted average number of common shares - Basic..	15,766,000	15,387,000	14,637,000
Diluted earnings per share:			
Net (loss) income per share.....	\$ (0.42)	\$ 0.84	\$ 0.42
Weighted average number of common shares - Diluted	15,766,000	15,969,000	15,117,000

</TABLE>

The accompanying notes to consolidated financial statements are an integral part of these statements.

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INTELLIGROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Years Ended December 31, 1999, 1998 and 1997

<TABLE>
<CAPTION>

					ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (ACCUMULATED DEFICIT)	CUMULATIVE FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	TOTAL SHAREHOLDERS' EQUITY	CUMULATIVE (LOSS) INCOME FOR THE PERIOD
		COMMON STOCK SHARES	AMOUNT						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1996.....		14,011,000	\$ 140,000		\$19,838,000	\$ (2,319,000)	\$ 85,000	\$17,744,000	\$ 850,000
=====									
Issuance of common stock, net of related costs.....		1,150,000		12,000	9,888,000	--	--	9,900,000	--
Exercise of stock options.....		102,000		1,000	838,000	--	--	839,000	--
Tax benefit from exercise of stock options.....		--		--	248,000	--	--	248,000	--
Shareholder dividends.....		--		--	--	(849,000)	--	(849,000)	--
Currency translation adjustments		--		--	--	--	(184,000)	(184,000)	\$ (184,000)
Net income.....		--		--	--	6,338,000	--	6,338,000	6,338,000
=====									
Balance at December 31, 1997.....		15,263,000		153,000	30,812,000	3,170,000	(99,000)	34,036,000	\$ 6,154,000
=====									
Issuance of common stock in connection with acquisitions.....		166,000		2,000	3,126,000	--	--	3,128,000	--
Exercise of stock options.....		144,000		1,000	1,021,000	--	--	1,022,000	--
Tax benefit from exercise of stock options.....		--		--	302,000	--	--	302,000	--
Adjustment for difference in Azimuth fiscal periods.....		--		--	--	32,000	--	32,000	--
Shareholder dividends.....		--		--	--	(3,525,000)	--	(3,525,000)	--
Currency translation adjustments		--		--	--	--	(446,000)	(446,000)	\$ (446,000)
Net income.....		--		--	--	13,400,000	--	13,400,000	13,400,000
=====									
Balance at December 31, 1998.....		15,573,000		156,000	35,261,000	13,077,000	(545,000)	47,949,000	\$12,954,000
=====									
Issuance of common stock in connection with acquisitions.....		155,000		2,000	4,589,000	--	--	4,591,000	--
Exercise of stock options.....		221,000		2,000	2,996,000	--	--	2,998,000	--
Tax benefit from exercise of stock options.....		--		--	510,000	--	--	510,000	--
Shareholder dividends.....		--		--	--	(170,000)	--	(170,000)	--
Currency translation adjustments		--		--	--	--	(634,000)	(634,000)	\$ (634,000)
Net loss.....		--		--	--	(6,590,000)	--	(6,590,000)	(6,590,000)
=====									
Balance at December 31, 1999.....		15,949,000	\$ 160,000	\$43,356,000	\$ 6,317,000	\$ (1,179,000)	\$48,654,000	\$ (7,224,000)	=====
=====			=====	=====	=====	=====	=====	=====	=====

</TABLE>

The accompanying notes to consolidated financial statements are an integral part
of these statements.

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INTELLIGROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 1999, 1998 and 1997

<TABLE>
<CAPTION>

		1999	1998	1997
		----	----	----
<S>		<C>	<C>	<C>
Cash flows from operating activities:				
Net (loss) income.....		\$ (6,590,000)	\$ 13,400,000	\$ 6,338,000
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				

Depreciation and amortization.....	4,061,000	1,538,000	571,000
Provision for doubtful accounts.....	4,931,000	1,268,000	765,000
Deferred income taxes.....	(1,400,000)	(92,000)	98,000
Tax benefit from exercise of stock options.....	510,000	302,000	248,000
Other.....	--	--	78,000
Changes in operating assets and liabilities, net of acquired businesses:			
Accounts receivable.....	(5,461,000)	(13,826,000)	(11,194,000)
Unbilled services.....	(530,000)	(3,002,000)	(4,920,000)
Income taxes receivable.....	(3,612,000)	--	--
Other current assets.....	786,000	(3,406,000)	(255,000)
Other assets.....	(128,000)	(357,000)	(134,000)
Accounts payable.....	(680,000)	3,388,000	1,086,000
Accrued payroll and related taxes.....	412,000	2,685,000	743,000
Accrued expenses and other liabilities.....	2,179,000	2,130,000	(563,000)
Income taxes payable.....	772,000	2,081,000	521,000
Net cash (used in) provided by operating activities.....	(4,750,000)	6,109,000	(6,618,000)
Cash flows from investing activities:			
Purchases of equipment.....	(4,349,000)	(7,116,000)	(2,436,000)
Acquisition of businesses, net of cash acquired.....	(1,682,000)	--	--
Net cash used in investing activities.....	(6,031,000)	(7,116,000)	(2,436,000)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of issuance costs.....	--	--	9,918,000
Proceeds from exercise of stock options.....	2,998,000	1,022,000	839,000
Proceeds from shareholder loans.....	--	--	235,000
Repayments of shareholders' loans.....	--	(618,000)	(375,000)
Shareholder dividends - Empower Companies.....	(170,000)	(3,525,000)	(849,000)
Proceeds from line of credit borrowings, net.....	10,585,000	--	--
Repayments of other borrowings.....	(110,000)	--	--
Principal payments under capital leases.....	(12,000)	(6,000)	(6,000)
Net cash provided by (used in) financing activities.....	13,291,000	(3,127,000)	9,762,000
Effect of foreign currency exchange rate changes on cash.....	(634,000)	(446,000)	(184,000)
Net increase (decrease) in cash and cash equivalents.....	1,876,000	(4,580,000)	524,000
Cash and cash equivalents at beginning of year.....	4,245,000	8,825,000	8,301,000
Cash and cash equivalents at end of year.....	\$ 6,121,000	\$ 4,245,000	\$ 8,825,000
Supplemental disclosures of cash flow information:			
Cash paid for interest.....	\$ 834,000	\$ 24,000	\$ --
Cash paid for income taxes.....	\$ 3,858,000	\$ 2,428,000	\$ 1,707,000
Supplemental disclosures of non-cash transactions:			
Issuance of common stock in connection with acquisitions.....	\$ 4,591,000	\$ 3,128,000	\$ --

</TABLE>

The accompanying notes to consolidated financial statements are an integral part of these statements.

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INTELLIGROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Intelligroup, Inc., and its subsidiaries (the "Company") provide a wide range of information technology services, including management consulting, enterprise-wide business process solutions, Internet applications services, applications outsourcing and maintenance, systems integration and custom software development based on leading technologies. The Company markets its services to a wide variety of industries, the majority of which are in the United States. The majority of the Company's business is with large established companies, including consulting firms serving numerous industries.

Principles of Consolidation and Use of Estimates

The accompanying financial statements include the accounts of Intelligroup, Inc. and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and

assumptions that affect the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of investments in highly liquid short-term instruments, with original maturities of three months or less from the date of purchase.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets (five years). Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life (ten years). Costs of maintenance and repairs are charged to expense as incurred.

Intangible Assets

Intangible assets at December 31, 1999 and 1998 include goodwill and other intangibles totaling \$8,681,000 and \$5,629,000, respectively, that were attributable to the acquisitions of Network Publishing, Inc. and CPI Consulting (See Note 11). These intangible assets are being amortized over the estimated useful lives ranging from 5 to 15 years using the straight-line method. Amortization expense was \$1,009,000 and \$147,000 in 1999 and 1998, respectively.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company generates revenue from professional services rendered. Revenue is recognized as services are performed with the corresponding cost of providing those services reflected as cost of sales. Substantially all customers are billed on an hourly or per diem basis whereby actual time is charged directly to the customer. Billings to customers for out-of-pocket expenses are recorded as a reduction of expenses incurred. Unbilled services at December 31, 1999 and 1998 represent services provided which are billed subsequent to year-end. All such amounts are anticipated to be realized in the following year.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts arising from services, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted to substantially all customers on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions. The provision for doubtful accounts totaled \$4,931,000, \$1,268,000 and \$765,000 in 1999, 1998 and 1997, respectively. Accounts written off totaled \$2,692,000, \$1,143,000 and \$512,000 in 1999, 1998 and 1997, respectively.

Recoverability of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. The Company does not believe that any such events or changes in circumstances have occurred. The amount of impairment of goodwill would be determined as part of the long-lived asset groupings being evaluated.

Stock-Based Compensation

Stock-based compensation is recognized using the intrinsic value method under Accounting Principles Board (APB) No. 25. For disclosure purposes, pro forma net (loss) income and earnings per share impacts are provided as if the fair market value method had been applied.

Currency Translation

Assets and liabilities relating to foreign operations are translated into U.S. dollars using exchange rates in effect at the balance sheet date; income and expenses are translated into U.S. dollars using monthly average exchange rates during the year. Translation adjustments associated with assets and liabilities are excluded from income and credited or charged directly to shareholders' equity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

For the years ended December 31, 1999, 1998 and 1997, approximately 42%, 52% and 56% of revenue, respectively, was derived from projects in which the Company's personnel implemented software developed by SAP. The Company's future success in its SAP-related consulting services depends largely on its continued relationship with SAP and on its continued status as a SAP National Implementation Partner, which was first obtained in 1995. The Company's agreement with SAP (the "Agreement") is awarded on an annual basis. The Company's current contract expires on December 31, 2000 and is automatically renewed for successive one-year periods, unless terminated by either party. This Agreement contains no minimum revenue requirements or cost sharing arrangements and does not provide for commissions or royalties to either party. In July 1997, the Company achieved Accelerated SAP Partner Status with SAP by meeting certain established criteria established by SAP. Additionally, for each of the years ended December 31, 1999, 1998 and 1997, approximately 7%, 11% and 12%, respectively, of revenue was derived from projects in which the Company's personnel implemented software developed by Oracle. For each of the years ended December 31, 1999, 1998 and 1997, approximately 26%, 19% and 12%, respectively, of the Company's total revenue was derived from projects in which the Company implemented software developed by PeopleSoft.

A substantial portion of the Company's revenue is derived from projects in which an information technology consulting firm other than the Company has been retained by the end-user organization to manage the overall project. For years ended December 31, 1999, 1998 and 1997, 38%, 19% and 31%, respectively, of the Company's revenue was generated by serving as a member of consulting teams assembled by other information technology consulting firms.

One customer accounted for approximately 11% and 8% of revenue in 1999 and 1998, respectively. Accounts receivable due from this customer was approximately \$5,900,000 and \$2,560,000 as of December 31, 1999, and 1998, respectively. One customer accounted for approximately 10% of revenue in 1997.

During 1999 and 1998, the Company derived revenues totaling \$58,000 and \$1.7 million, respectively, from contracts with an entity whose chief executive officer is a director of the Company.

Income Taxes

The provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," ("SFAS No. 109") utilizes the liability method and results in the determination of deferred taxes based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates currently in effect. The Company does not provide for additional U.S. income taxes on undistributed earnings considered to be permanently invested in foreign subsidiaries.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings Per Share

Basic earnings per share is computed by dividing income attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding, adjusted for the incremental dilution of outstanding stock options. The computation of basic earnings per share and diluted earnings per share were as follows:

	1999	1998	1997
<S>	<C>	<C>	<C>
Net (Loss) Income.....	\$ (6,590,000)	\$13,400,000	\$ 6,338,000

Denominator:

Weighted average number of common shares.....	15,766,000	15,387,000	14,637,000
Basic (loss) earnings per share.....	\$ (0.42)	\$ 0.87	\$ 0.43

Denominator:			
Weighted average number of common shares.....	15,766,000	15,387,000	14,637,000
Common share equivalents of outstanding stock options.....	--	582,000	480,000
Total shares.....	15,766,000	15,969,000	15,117,000
Diluted (loss) earnings per share.....	\$ (0.42)	\$ 0.84	\$ 0.42

</TABLE>

Stock options, which would be antidilutive (3,927,280 as of December 31, 1999), have been excluded from the calculations of diluted shares outstanding and diluted earnings per share.

Financial Instruments

Financial instruments that potentially subject the Company to credit risk consist principally of trade receivables and unbilled services. Management of the Company believes the fair value of accounts receivable and unbilled services approximates the carrying value.

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NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	1999	1998
Vehicles.....	\$ 172,000	\$ 109,000
Furniture.....	3,105,000	2,459,000
Equipment.....	11,907,000	8,438,000
Computer software.....	1,708,000	816,000
Leasehold improvements.....	648,000	474,000
	17,540,000	12,296,000
Less-Accumulated depreciation.....	(6,120,000)	(2,790,000)
	\$ 11,420,000	\$ 9,506,000

Depreciation expense was \$3,052,000, \$1,391,000 and \$571,000 in 1999, 1998 and 1997, respectively.

NOTE 3 - LINES OF CREDIT

From January 1997 until January 1999, the Company had a credit facility with a bank, which included a revolving line of credit and a component for equipment term loans. Such credit facility was terminated in January 1999.

On January 29, 1999, the Company entered into an unsecured three-year \$30 million Revolving Credit Loan Agreement (the "Loan Agreement") with PNC Bank, N.A. (the "Bank"). The proceeds of the credit facility may be used by the Company for financing acquisitions and general corporate purposes. At the Company's option, for each loan, interest shall be computed either at the Bank's prime rate per annum or the Adjusted LIBOR Rate plus the Applicable Margin, as such terms are defined in the Loan Agreement. The Company's obligations under the credit agreement are payable at the expiration of such facility on January 29, 2002.

The credit agreement contains financial covenants which require the Company to (i) maintain a consolidated cash flow leverage ratio equal to or less than 2.5 to 1.0 for the period of four fiscal quarters preceding the date of determination taken together as one accounting period ("Consolidated Cash Flow Leverage Ratio"), (ii) maintain a consolidated net worth of not less than consolidated net worth of the prior fiscal year plus 50% of positive net income for such fiscal year ("Consolidated Net Worth"), (iii) not enter into any agreement to purchase and/or pay for, or become obligated to pay for capital expenditures, long term leases, capital leases or sale lease-backs, in an amount at any time outstanding aggregating in excess of \$5,000,000 during any fiscal year, provided, however, in a one year carry-forward basis, the Company may incur capital expenditures not to exceed \$8,000,000 during any fiscal year, and (iv) not cause or permit the minimum fixed charge coverage ratio, calculated on the basis of a rolling four quarters to be less than 1.4 to 1.0 as at the end of each fiscal quarter ("Minimum Fixed Charge Coverage Ratio").

NOTE 3 - LINES OF CREDIT (CONTINUED)

As a result of the restructuring and other special charges incurred during the quarter-ended June 30, 1999, the Company was not in compliance with the Consolidated Cash Flow Leverage Ratio and Consolidated Net Worth financial covenants at June 30, 1999. On August 12, 1999, the Bank notified the Company that such non-compliance constituted an Event of Default under the Loan Agreement. At September 30, 1999, while the Company was in compliance with the Consolidated Net Worth financial covenant, it was not in compliance with the Consolidated Cash Flow Leverage Ratio and Minimum Fixed Charge Coverage Ratio financial covenants. On January 26, 2000, the Company finalized with the Bank the terms of a waiver and amendment to the Loan Agreement to remedy defaults which existed under the Loan Agreement. The terms of the waiver and amendment include, among other things, (i) a \$15 million reduction in availability under the Loan Agreement, (ii) a first priority perfected security interest on all of the assets of the Company and its domestic subsidiaries and (iii) modification of certain financial covenants and a waiver of prior covenant defaults. As of December 31, 1999 and 1998, the Company had outstanding borrowings on the Loan Agreement of \$10,585,000 and \$0, respectively.

In addition, the Company assumed an \$875,000 note payable between Network Publishing, Inc. and a bank in connection with the acquisition of Network Publishing, Inc. on January 8, 1999 (See Note 11). The note, which is secured by certain equipment, furniture and fixtures of Network Publishing, Inc., bears interest at the bank's prime rate (8.5% as of December 31, 1999) plus 2% and matures on April 25, 2007. Principal and interest are payable in monthly installments. The aggregate amount of principal maturities of long-term debt as of December 31, 1999 are as follows:

For the Years Ending December 31,	Amount
2000.....	\$ 120,000
2001.....	73,000
2002.....	81,000
2003.....	89,000
2004.....	99,000
Thereafter.....	276,000

	\$ 738,000

NOTE 4 - PROPOSED SPIN-OFF OF INTERNET APPLICATIONS SERVICES BUSINESS

In November 1999, the Company announced its intentions to spin off its Internet applications services business to SeraNova, Inc., subject to certain approvals and conditions. On January 1, 2000, the Company transferred its Internet applications services business to SeraNova, a wholly-owned subsidiary (see Note 13). Internet applications services revenues and net loss totaled \$39.8 million and \$1.3 million for the year ended December 31, 1999, respectively, and \$15.4 million and \$631,000 for the year ended December 31, 1998, respectively. Total assets of SeraNova were \$18.9 million as of December 31, 1999.

NOTE 4 - PROPOSED SPIN-OFF OF INTERNET APPLICATIONS SERVICES BUSINESS (CONTINUED)

In connection with the spin off, the Company incurred a non-recurring charge of \$751,000 related to professional fees during the year ended December 31, 1999.

NOTE 5 - RESTRUCTURING AND OTHER SPECIAL CHARGES

In connection with the Company's plan to reduce costs and improve operating efficiencies, the Company incurred a non-recurring charge of approximately \$5.6 million related to restructuring initiatives during the year ended December 31, 1999. The restructuring charge included settlement of the former chief executive officer's employment agreement and additional severance payment, expenses associated with the termination of certain employees in the United States and United Kingdom, the closing of certain satellite offices in the United States and an additional office in Belgium, and costs to exit certain contractual obligations.

Activity in accrued costs for restructuring and other special charges during the year ended December 31, 1999 is as follows:

<TABLE>

<CAPTION>

	Charges to Operations	Costs Paid	Accrued Costs December 31, 1999
<S> Severance and related costs....	<C> \$5,027,000	<C> \$4,162,000	<C> \$865,000
Other costs primarily to exit facilities, contracts, and certain activities	601,000	517,000	84,000
	-----	-----	-----
	\$5,628,000 =====	\$4,679,000 =====	\$949,000 =====

</TABLE>

Additionally, in 1999 the Company recorded a reserve of approximately \$1.7 million against an outstanding receivable from a large account, whose parent corporation filed for protection under Chapter 11 of the U.S. bankruptcy laws.

NOTE 6 - INCOME TAXES

Income taxes consist of the following:

<TABLE>

<CAPTION>

	1999	1998	1997
<S> Current:	<C>	<C>	<C>
Federal.....	\$1,737,000	\$2,878,000	\$1,384,000
State.....	290,000	783,000	389,000
Foreign.....	579,000	882,000	456,000
	-----	-----	-----
	2,606,000 =====	4,543,000 =====	2,229,000 =====
Deferred:			
Federal.....	(1,239,000)	(71,000)	76,000
State.....	(161,000)	(21,000)	22,000
	-----	-----	-----
	(1,400,000) -----	(92,000) -----	98,000 -----
Total.....	\$1,206,000 =====	\$4,451,000 =====	\$2,327,000 =====

</TABLE>

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NOTE 6 - INCOME TAXES (CONTINUED)

The provision for income taxes differs from the amount computed by applying the statutory rate of 34% to income before income taxes. The principal reasons for this difference are:

<TABLE>

<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Tax at federal statutory rate.....	(34) %	34%	34%
Nondeductible expenses.....	77	5	1
State income tax, net of federal benefit.....	4	4	4
Foreign losses for which no benefit is available...	8	7	--
Changes in valuation allowance.....	--	--	(3)
Foreign operations taxed at less than U.S. statutory rate, primarily India.....	(12)	(11)	(7)
S Corp and L.L.C. income passed through to shareholders.....	(17)	(13)	(6)
Other.....	(4)	(1)	4
	-----	-----	-----
Effective tax rate.....	22% ====	25% ====	27% ====

</TABLE>

Nondeductible expenses in 1999 primarily represent amortization of intangibles related to the Network Publishing, Inc. acquisition. In 1996, the Company elected a five year tax holiday in India in accordance with a local tax incentive program whereby no income taxes will be due for such period. Such tax holiday was extended for an additional five years in 1999. Prior to their acquisition, the Empower Companies (see Note 11) were pass-through entities for

tax reporting purposes, thus their income was not taxed at the corporate level. Accordingly, the Company's federal statutory tax rate was reduced by 17%, 13% and 6% for 1999, 1998 and 1997, respectively.

Deferred income taxes reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets and liabilities as of December 31, 1999 and 1998 are as follows:

	1999	1998
Deferred tax assets:		
Allowance for doubtful accounts.....	\$1,247,000	\$ 432,000
Vacation accrual.....	334,000	280,000
Net operating losses.....	570,000	--
Foreign tax credits.....	2,200,000	--
Other accrued liabilities.....	739,000	96,000
	-----	-----
Total deferred tax assets.....	5,090,000	808,000
Deferred tax liability-accelerated depreciation...	(806,000)	(483,000)
Valuation allowance.....	(2,609,000)	--
	-----	-----
Net deferred tax asset.....	\$1,675,000	\$ 325,000
	=====	=====

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NOTE 6 - INCOME TAXES (CONTINUED)

Realization of the net deferred tax assets is dependent on the timing of the reversal of temporary differences. The Company has provided a valuation allowance against foreign tax credits and certain foreign net operating losses as the ability to apply these credits and losses may be limited in the future. Although realization of the net deferred tax asset is not assured, management believes it is more likely than not, that the 1999 and 1998 net deferred tax asset will be realized.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Employment Agreements

As of December 31, 1999, the Company had employment agreements with certain of its executives which provide for minimum payments in the event of termination in other than for just cause. The aggregate amount of compensation commitment in the event of termination under such agreements is approximately \$1,500,000.

Leases

The Company leases office space and office equipment and vehicles under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 1999. Future minimum aggregate annual lease payments are as follows:

For the Years Ending December 31,

2000.....	\$ 3,651,000
2001.....	3,204,000
2002.....	2,896,000
2003.....	2,515,000
2004.....	2,624,000
Thereafter.....	4,488,000

Rent expense for the years ended December 31, 1999, 1998 and 1997 was \$3,941,000, \$2,217,000 and \$713,000, respectively.

Legal

The Company is engaged in certain legal and administrative proceedings. Management believes the outcome of these proceedings will not have a material adverse effect on the Company's consolidated financial position or results of operations.

NOTE 8 - STOCK OPTION PLANS

The Company's stock option plans permit the granting of options to employees, non-employee directors and consultants. The Option Committee of the Board of Directors generally has the authority to select individuals who are to receive options and to specify the terms and conditions of each option so granted, including the number of shares covered by the option, the type of option (incentive stock option or non-qualified stock option), the exercise price, vesting

NOTE 8 - STOCK OPTION PLANS (CONTINUED)

provisions, and the overall option term. A total of 1,590,000 shares of Common Stock have been reserved for issuance under the plans. Subsequent to December 31, 1999, the Company granted options to purchase an aggregate of 23,750 shares of its Common Stock to certain employees. All of the options issued pursuant to these plans expire ten years from the date of grant.

	Number of Shares	Weighted Average Exercise Price
<hr/>		
Options Outstanding, December 31, 1996 (none exercisable)	571,800	\$ 8.39
Granted	647,640	\$ 11.52
Exercised	(102,381)	\$ 8.20
Canceled	(74,113)	\$ 9.78
<hr/>		
Options Outstanding, December 31, 1997 (93,674 exercisable)	1,042,946	\$ 10.25
Granted	1,257,630	\$ 16.81
Exercised	(143,297)	\$ 9.32
Canceled	(258,138)	\$ 14.91
<hr/>		
Options Outstanding, December 31, 1998 (262,156 exercisable)	1,899,141	\$ 14.14
Granted	3,465,759	\$ 8.82
Exercised	(220,645)	\$ 13.47
Canceled	(1,216,975)	\$ 14.00
<hr/>		
Options Outstanding, December 31, 1999 (336,090 exercisable)	3,927,280	\$ 9.55
	=====	=====

NOTE 8 - STOCK OPTION PLANS (CONTINUED)

The following table summarizes information about stock options outstanding and exercisable at December 31, 1999:

Exercise Price Range	Number of shares	Outstanding		Exercisable	
		Weighted Average	Weighted Average	Weighted Average	Weighted Average
		Remaining Life (in years)	Exercise Price	Number of shares	Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$5 to 8	2,103,308	9.0	\$ 7.44	190,624	\$ 7.65
\$8 to 10	940,500	9.7	\$ 8.60	--	--
\$10 to 12	151,592	6.6	\$ 10.71	46,203	\$ 10.90
\$12 to 15	54,500	7.9	\$ 14.34	8,000	\$ 12.13
\$15 to 18	509,380	8.4	\$ 16.00	71,576	\$ 16.28
\$18 to 24	168,000	8.4	\$ 19.04	19,687	\$ 18.82
	=====	=====	=====	=====	=====
\$5 to 24	3,927,280	9.0	\$ 9.55	336,090	\$ 10.69
	=====	=====	=====	=====	=====

As permitted by SFAS 123, the Company has chosen to continue accounting for

stock options at their intrinsic value. Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value option pricing method, the tax-effective impact would be as follows:

	1999	1998	1997
<S>	<C>	<C>	<C>
Net (Loss) Income:			
as reported	(\$6,590,000)	\$ 13,400,000	\$ 6,338,000
pro forma	(\$14,975,000)	\$ 8,894,000	\$ 5,336,000
Basic Earnings per Share:			
as reported	(\$0.42)	\$0.87	\$0.43
pro forma	(\$0.95)	\$0.58	\$0.36
Diluted Earnings per Share:			
as reported	(\$0.42)	\$0.84	\$0.42
pro forma	(\$0.95)	\$0.56	\$0.35

The fair value of option grants for disclosure purposes is estimated on the date of grant using the Black-Scholes option-pricing model using the following weighted-average assumptions: expected volatility of 82%, 78% and 62%, risk-free interest rate of 5.6%, 5.4% and 7.0% and expected lives of 2.9, 8.5 and 4.5 years, in 1999, 1998 and 1997, respectively. The

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NOTE 8 - STOCK OPTION PLANS (CONTINUED)

weighted average fair value of options granted during 1999, 1998 and 1997 was \$9.75, \$13.49 and \$6.96, respectively.

The Company's subsidiary, SeraNova, Inc. adopted the SeraNova, Inc. 1999 Stock Plan covering its employees, officers and directors and certain consultants, agents and key contractors and reserved 5 million shares of its common stock for future issuances. During 1999, SeraNova granted employees 3,236,092 (2,694,711 that were outside the Plan) options to purchase its common stock as of December 31, 1999. After year-end, an additional 1,667,575 options were granted.

NOTE 9 - STOCK RIGHTS

In October 1998 the Company's Board of Directors declared a dividend distribution of one Preferred Share Purchase Right for each outstanding share of the Company's Common Stock. These Rights will expire in November 2008 and trade with the Company's Common Stock. Such Rights are not presently exercisable and have no voting power. In the event a person or affiliated group of persons, acquires 20% or more, or makes a tender or exchange offer for 20% or more of the Company's Common Stock, the Rights detach from the Common Stock and become exercisable and entitle a holder to buy one one-hundredth (1/100) of a share of Preferred Stock at \$100.00.

If, after the Rights become exercisable, the Company is acquired or merged, each Right will entitle its holder to purchase \$200.00 market value of the surviving company's stock for \$100.00, based upon the current exercise price of the Rights. The Company may redeem the Rights, at its option, at \$.01 per Right prior to a public announcement that any person has acquired beneficial ownership of at least 20% of the Company's Common Stock. These Rights are designed primarily to encourage anyone interested in acquiring the Company to negotiate with the Board of Directors.

NOTE 10 - FOLLOW-ON PUBLIC OFFERING

In July 1997, the Company consummated a follow-on public offering (the "Offering") of 1,150,000 shares of its Common Stock at a price to the public of \$9.50 per share. The net proceeds to the Company from the Offering, after underwriting discounts and commissions and other expenses of the Offering, were approximately \$9,900,000.

NOTE 11 - ACQUISITIONS

On February 16, 1999, the Company acquired both Empower Solutions, L.L.C. and its affiliate Empower, Inc. (a corporation organized under sub-chapter S of the Internal Revenue Code). The acquisitions were accounted for as poolings of interests. The accompanying consolidated financial statements as of December 31, 1998 and 1997 and each of the three years in the period ended December 31, 1999, have been restated in accordance with pooling of interests accounting. In

connection with these acquisitions, the Company issued approximately 2,000,000 shares of the Company's Common Stock. The pre-merger results of the Empower

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NOTE 11 - ACQUISITIONS

Companies were revenues of \$18.0 million and net income of \$6.2 million for 1998 and revenues of \$4.0 million and net income of \$1.7 million for 1997. In connection with the mergers, acquisition expenses of \$2.1 million were expensed during 1999. These costs primarily relate to professional fees incurred.

On January 8, 1999, the Company acquired Network Publishing, Inc., based in Provo, Utah. The purchase price included an initial cash payment in the aggregate of \$1,800,000 together with a cash payment of \$200,000 to be held in escrow. In addition, the purchase price included an earn-out payment of up to \$2,212,650 in restricted shares of the Company's Common Stock payable on or before April 15, 2000 and a potential lump sum cash payment of \$354,024 payable not later than March 31, 2000. The value of the earn-out was determined to be \$2,430,000 which was payable by the issuance of an additional 99,558 shares of the Company's Common Stock and \$340,000 in cash. The Company issued such shares on January 11, 2000. This acquisition has been accounted for utilizing the purchase method of accounting. The excess of the purchase price over the fair value of the net assets acquired was attributed to intangible assets amounting to \$4,061,471. Pro-forma financial information has not been presented as this acquisition was immaterial to the Company's operations.

On November 25, 1998, the Company consummated the acquisition of all of the outstanding capital stock of each of Azimuth Consulting Limited, Azimuth Holdings Limited, Braithwaite Richmond Limited and Azimuth Corporation Limited (collectively the "Azimuth Companies"). The acquisition of the Azimuth Companies was accounted for as a pooling of interests. Prior results for all periods have been restated in accordance with pooling of interests accounting. As consideration for this acquisition, the Company issued 902,928 shares of the Company's Common Stock.

On May 21, 1998, the Company acquired all of the outstanding share capital of CPI Resources Limited. The acquisition of CPI Resources Limited was accounted for as a pooling of interests. Prior results for all periods have been restated in accordance with pooling of interests accounting. As consideration for this acquisition, the Company issued 371,000 shares of the Company's Common Stock. At the time of the acquisition, CPI Resources Limited owned seventy percent of the outstanding share capital of CPI Consulting Limited.

The pre-merger results of CPI Resources Limited and the Azimuth Companies were revenues of \$14,137,000 and net income of \$190,000 for 1997. In connection with these mergers, \$2,118,000 of non-recurring acquisition related charges were incurred and have been charged to expense during the year ended December 31, 1998. These costs primarily relate to professional fees incurred in connection with the mergers.

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NOTE 11 - ACQUISITIONS (CONTINUED)

On May 7, 1998, the Company acquired thirty percent of the outstanding share capital of CPI Consulting Limited. This acquisition was accounted for utilizing the purchase method of accounting. The consideration paid by the Company included the issuance of 165,696 shares of the Company's Common Stock with a fair market value of \$3.1 million at the time of purchase. An additional 155,208 shares of the Company's Common Stock with a fair market value of \$2.5 million was paid during 1999 pursuant to an earn-out relating to the operating results for the balance of 1998. The excess of purchase price over the fair value of the net assets acquired was attributed to intangible assets, amounting in the aggregate to \$5.8 million.

NOTE 12 - SEGMENT DATA AND GEOGRAPHIC INFORMATION

The Company operates in one industry, IT Services. The Company's service lines share similar customer bases. The Company's identifiable business segments can be categorized into two groups:

- o Enterprise Applications Services is the largest business segment of the Company's operations, and includes the implementation, integration, and development of solutions for clients utilizing a class of application products known as Enterprise Resource Planning software. This class of products include software developed by such companies as SAP, Oracle, PeopleSoft, and Baan.

- o Internet Applications Services provides professional services, primarily in the area of business to business interactions on the Internet. Business to business interactions include communication and commerce conducted between a company and its customers, suppliers and partners.

The following table presents financial information based upon the Company's identifiable business segments for the years ended December 31, 1999 and 1998. Information on revenue, operating income and margins for these segments is not available for the year ended December 31, 1997, and the Company determined that it would be impractical to recreate such data.

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NOTE 12 - SEGMENT DATA AND GEOGRAPHIC INFORMATION (CONTINUED)

<TABLE>
<CAPTION>

	Enterprise Applications Services	Internet Applications Services	Total
Year ended December 31, 1999			
<S>	<C>	<C>	<C>
Revenue	\$146,272,000	\$39,795,000	\$186,067,000
Depreciation & amortization	2,930,000	1,131,000	4,061,000
Operating loss	(3,375,000)	(1,416,000)	(4,791,000)
Capital expenditures	2,174,000	2,175,000	4,349,000
Total assets	64,182,000	18,880,000	83,062,000
Year ended December 31, 1998			
Revenue	\$147,462,000	\$15,378,000	\$162,840,000
Depreciation & amortization	1,387,000	151,000	1,538,000
Operating income (loss)	17,680,000	(16,000)	17,664,000
Capital expenditures	6,513,000	603,000	7,116,000
Total assets	65,331,000	4,234,000	69,565,000

</TABLE>

Included in the Enterprise Applications Services segment are application maintenance and support revenues of \$16.3 million and \$3.5 million for the years ended December 31, 1999 and 1998, respectively. Other information related to the application maintenance and support business is not available and the Company determined that it would be impractical to recreate such data.

Included in the above operating income (loss) figures are corporate expenses for selling, general and administrative activities of \$24,582,000 and \$12,820,000 and non-recurring and other special charges of \$10,194,000 and \$2,118,000 for the years ended December 31, 1999 and 1998, respectively.

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NOTE 12 - SEGMENT DATA AND GEOGRAPHIC INFORMATION (CONTINUED)

The following table presents financial information based upon the Company's geographic segments for the years ended December 31, 1999, 1998 and 1997. Information on depreciation and amortization for these segments is not available for the year ended December 31, 1997, and the Company determined that it would be impractical to recreate such data.

<TABLE>
<CAPTION>

	UNITED STATES <C>	ASIA-PACIFIC <C>	EUROPE <C>	INDIA <C>	TOTAL <C>
<S> 1999					
Revenue	\$134,639,000	\$19,951,000	\$24,601,000	\$6,876,000	\$186,067,000
Depreciation & amortization	2,725,000	237,000	806,000	293,000	4,061,000

Operating income (loss)	(7,655,000)	213,000	(115,000)	2,766,000	(4,791,000)
Total assets	59,456,000	6,772,000	12,174,000	4,660,000	83,062,000
1998					
Revenue	\$119,543,000	\$13,650,000	\$23,831,000	\$5,816,000	\$162,840,000
Depreciation & amortization	1,286,000	78,000	115,000	59,000	1,538,000
Operating income (loss)	13,419,000	(945,000)	1,945,000	3,245,000	17,664,000
Total assets	52,820,000	6,382,000	8,270,000	2,093,000	69,565,000
1997					
Revenue	\$73,253,000	\$9,642,000	\$12,610,000	\$2,796,000	\$98,301,000
Operating income	5,744,000	403,000	781,000	1,472,000	8,400,000
Total assets	35,103,000	2,635,000	4,112,000	1,214,000	43,064,000

NOTE 13 - SUBSEQUENT EVENT

On March 14, 2000, SeraNova, a wholly-owned subsidiary of the Company, entered into an agreement with four institutional investors pursuant to which such investors purchased an aggregate of 50 shares of SeraNova's common stock as a price per share of \$200,000, for an aggregate purchase price of \$10 million. The investment represents approximately 4.8% of SeraNova's issued and outstanding shares of common stock. In connection with such sale of its common stock, SeraNova granted certain demand and piggyback registration rights to such investors. In addition, at its option, SeraNova may sell an additional 25 shares of its common stock for an additional \$5 million to another investor.

INTELLIGROUP
499 Thornall Street
Edison, NJ 08837

October 1st, 1999

Nicholas Visco
17 McMannus Drive
Belle Mead, NJ 08502

Dear Nick:

I am pleased to offer you ("Employee"), subject to the Offer Contingencies below, the position as Vice President of Finance with Intelligroup, Inc. (the "Company").

Offer Contingencies:

This offer, including this letter and the attached Employment Agreement is contingent on your having no conflicting obligations that would prevent you from working for the Company (please see Article 1.3 of the enclosed Employment Agreement).

1. Compensation

(a) Base Compensation. Commencing on the first day of

employment as Vice President of Finance, the Company shall pay to Employee, during the Term of Employment, a minimum salary at the rate of U.S. \$150,000 gross per twelve month period (the "Base Compensation"). Such salary shall be payable in accordance with the Company's normal payroll procedures.

(b) An annual bonus of 30% of your base compensation upon achievement of certain performance criteria to be mutually arrived at between Employee and the Company (by Ashok Pandey, Co-Chief Executive Officer, or his designee).

2. Fringe Benefits.

During the Term of Employment:

(a) Executive shall be eligible to participate in any and all employee welfare and health benefit plans (including but not limited to life insurance, health, dental, and short- and long-term disability plans) and other employee benefit plans

(including, but not limited to pension and retirement programs, flexible spending plans, stock option and other incentive compensation programs, and other fringe benefit programs made

available to similarly situated executive employees of the Company from time to time), and Executive shall be eligible to receive such other fringe benefits as may be granted to him from time to time by the Company. Executive shall be required to comply with the conditions attendant to coverage by such plans and shall be eligible for such benefits only in accordance with the terms and conditions of such plans as they may be amended from time to time. Nothing in this subparagraph (a) shall be construed as requiring the Company to establish or continue any particular benefit plans in discharge of its obligation to the Executive.

(b) Executive shall be allowed 15 work days of paid time off (PTO), inclusive of sick days and vacation days, for each twelve (12) month period commencing with the start of employment. In the event Executive's employment is terminated for any reason, Executive shall be paid for any unused accrued PTO.

(c) Stock Options: Executive shall be eligible to receive

50,000 stock options, subject to the approval of the Compensation Committee of the Board, which approval is not automatic. These stock options shall be governed in all respects by the Company's Stock Option Plan and a Stock Option Agreement to be signed by Employee.

This offer supersedes all earlier job offers made to you and is solely governed by the provisions of the Employment Agreement which incorporates this Job Offer Letter.

With best wishes on your new opportunity with Intelligroup, Inc.

Sincerely,

INTELLIGROUP, INC.

By: /s/ Ashok Pandey

Name: Ashok Pandey

Title: Co-Chief Executive Officer

I have carefully read the provisions of this offer letter and the Employment Agreement to which it is attached, I fully understand them and I accept this offer and agree to all the provisions contained herein and therein.

/s/ Nicholas Visco

Date: October 1st, 1999

Nicholas Visco

EMPLOYMENT AGREEMENT

Between:

INTELLIGROUP, INC.

and

Nicholas Visco

PLEASE READ THIS AGREEMENT CAREFULLY. THIS AGREEMENT DESCRIBES THE BASIC LEGAL AND ETHICAL RESPONSIBILITIES THAT YOU ARE REQUIRED TO OBSERVE AS AN EXECUTIVE EXPOSED TO HIGHLY SENSITIVE TECHNOLOGY AND STRATEGIC INFORMATION IN PERFORMING YOUR DUTIES. THE COMPANY BELIEVES THAT THIS AGREEMENT STRIKES A FAIR BALANCE BETWEEN ITS INTERESTS AND YOUR NEEDS AND EXPECTATIONS.

Intelligroup, Inc. /s/ AP

Employee /s/ NV

(1)

EMPLOYMENT AGREEMENT

This Employment Agreement is dated October 1, 1999 between

Intelligroup, Inc., a New Jersey Corporation with offices at 499 Thornall Street, 11th Floor, Edison, NJ 08837 (the "Company"); and NICHOLAS VISCO (the "Employee") with an address at 17 McMannus Drive, Hillsborough, NJ 08502.

STATEMENTS

A. The Company is engaged in the business of the development and/or implementation of computer software and other technology products for its customers.

B. The Employee has education and experience which would be useful to the Company in its business.

C. It is in the Company's best interest to secure the services of the Employee and the Employee's specialized knowledge and unique capabilities with respect to the business of the Company.

D. The Company and the Employee wish to set forth in writing the terms and conditions of the employment of the Employee.

NOW, THEREFORE, the parties agree as follows:

ARTICLES OF AGREEMENT

ARTICLE 1. EMPLOYMENT

1.1 The Company agrees to employ the Employee as Vice President Finance and Chief Financial Officer, and the Employee accepts such employment by the Company on the terms and conditions set forth in this Agreement. The Employee and Company understand that this position is that of a corporate officer of the Company. The Employee agrees to serve the Company faithfully in this capacity, the duties and responsibilities of which may change from time to time.

1.2 The Employee agrees to devote his best efforts, energies and skill to the discharge of his duties as Vice-President, and to this end he will devote his full time and attention (except for sick leave, vacations, and approved leaves of absences) exclusively to the business and affairs of the Company. During the term of employment, the Employee under no circumstances may work for a competitor of the Company or have any financial interest in any competitor of the Company; provided, however, that this Agreement does not prohibit investment of a reasonable part of the Employee's assets in

Intelligroup, Inc. /s/ AP

Employee /s/ NV

the stock or securities of any competitor whose stock or securities are traded on a national exchange, provided that this investment does not result in his collectively owning beneficially at any one time one percent (1%) or more of the equity of any company engaging in activities that are in competition with the Company or its affiliates.

1.3 The Employee agrees and represents to the Company that the Employee is not subject to any existing contract which would affect or impede the Employee's ability to perform in accordance with the terms of this Agreement, including, by way of example, any restrictive covenants of past employers that would prohibit the Employee's acceptance of the terms of this Agreement. The Employee agrees not to disclose to the Company any confidential information or trade secrets of others for which he may be under an obligation to a third party not to disclose. The Employee also agrees not to breach any on-going fiduciary duty still owed to a previous employer nor to appropriate any trade secrets obtained while in the employ of such previous employer.

1.4 The Employee hereby acknowledges that he is in a position of trust in performing services for the Company and its clients, including but not limited to obtaining access to confidential and trade secret information. The Employee represents and warrants that he has no criminal felony convictions involving drugs, theft or violent behavior within the past five (5) years. Furthermore, the Employee expressly authorizes the Company or its agents to conduct criminal background checks to verify his/her above-stated representations.

ARTICLE 2. BASE COMPENSATION

The Employee's compensation, which includes but is not limited to base salary and bonus pay, is specified in the Job Offer Letter, which is incorporated herein by reference and attached hereto as Exhibit "A" (the "Job Offer Letter").

ARTICLE 3. FRINGE BENEFITS

The terms of Employee's Fringe Benefits are outlined in the Job Offer Letter.

ARTICLE 4. PAID TIME OFF

The terms of Employee's Paid Time Off are outlined in the Job Offer Letter.

ARTICLE 5. REIMBURSEMENT OF EXPENSES

The Company shall promptly reimburse Employee for reasonable business expenses incurred in performing Employee's duties and promoting the business of the Company, including, but not limited to, reasonable entertainment expenses and travel and lodging expenses, following presentation of proper documentation.

ARTICLE 6. TERM

Intelligroup, Inc. /s/ AP

Employee /s/ NV

(3)

6.1 Term of Employment/Termination. The term of Employee's employment with

the Company shall be at-will ("Term of Employment"). Therefore, in accordance with the provisions of paragraphs 6.2 and 6.3 below, both Employee and the Company retain the absolute right to terminate their employment relationship with or without "Cause" (as defined paragraph 6.3.1 below) at any time, subject only to a requirement that the party terminating this agreement provide thirty (30) days notice prior to the effective date of such termination, or the employment relationship can be terminated because of the "Disability" of the Employee (as set forth in paragraph 6.4 below), or the employment relationship may be terminated by the death of the Employee. This Agreement shall remain in effect until it has been terminated by either of the parties pursuant to this provision.

6.2 Termination For Any Reason

Upon termination of the employment

relationship with or without Cause, or because of the Disability of the Employee, or because of the death of the Employee, the Company shall be released from any and all further obligations under this Agreement, except that the Company shall be obligated to pay Employee, or his estate, his salary and benefits owing to Employee through the effective date of termination. Employee, or his estate, shall also be entitled to any reimbursement owed him in accordance with Article 5. Employee's obligations under Article 7, 8 and 11 of this Agreement shall survive the termination of the employment relationship, and shall continue pursuant to the terms and conditions of this Agreement.

6.3 Termination By Company Without Cause

If the Company terminates the

employment relationship without Cause, in addition to the notice period provided for in paragraph 6.1 and the benefits provided for in paragraph 6.2, for a period of six months from the date of termination, Employee shall be entitled to (a) the continuation of Employee's base salary as of the date of termination and reimbursement of COBRA payments, and (b) a pro-rata bonus payment (based upon (i) the then current salary of the Employee, (ii) the bonus percentage stated in

the Job Offer Letter (or any renewals or amendments thereof), and (iii) the ratio of the number of months of the current fiscal year prior to the date of termination divided by 12) (cumulatively, the "Severance Pay"). Should the Employee become otherwise employed during said six month period, then for the balance of the six month period, the Company will reduce the Severance Pay due from the date of such employment forward, by the difference between the base salary then being received by the Employee, if less than his base salary as of the date of termination, and his base salary as of the date of termination (as compared on a pay-period by pay-period basis). Notwithstanding the above, this adjustment shall not result in a reduction of more than the base salary component of the remaining Severance Pay.

Intelligroup, Inc. /s/ AP

Employee /s/ NV

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6.3.1 "Cause" for termination shall be defined as the following conduct of the Employee:

(i) Willful and material breach of any provision of this Employment Agreement by the Employee, provided the Employee is given reasonable notice and a reasonable opportunity to cure such breach if the breach is of a nature amenable to cure within a reasonable time without prejudice to the Company's interests.

(ii) Gross misconduct as an Employee of the Company, including but not limited to: misappropriating funds or property of the Company; any attempt to obtain any personal profit from any transaction in which the Employee has an interest that is adverse to the Company or any breach of the duty of loyalty and fidelity to the Company; or any other act or omission of the Employee which substantially impairs the Company's ability to conduct its ordinary business in its usual manner.

(iii) Gross and unreasonable neglect or unreasonable refusal to perform the duties assigned to the Employee under or pursuant to this Employment Agreement.

(iv) Conviction of a felony or plea of guilty or no lo contendre to a felony; and

(v) Acts of dishonesty or moral turpitude by the Employee that are materially detrimental to the Company or any other act or omission which subjects the Company or any of its affiliates to public disrespect, scandal, or ridicule, or that causes the Company to be in violation of governmental regulations that subjects

the Company either to be sanctioned by governmental authority or to civil liability to its Employees or third parties.

6.4 **Disability.** In the event that the Employee shall be unable to perform

duties hereunder for a period of ninety (90) consecutive calendar days by reason of disability as a result of illness, accident or other physical or mental incapacity or disability, the Company may, in its discretion, by giving written notice to the Employee, terminate the Employee's employment hereunder as long as the Employee is still disabled on the effective date of such termination.

6.5 **Termination by Mutual Agreement.** This Agreement may be terminated at

any time by mutual agreement of the Employee and the Company.

Intelligroup, Inc. /s/ AP

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ARTICLE 7. CONFIDENTIALITY

7.1 The Company has acquired and developed, and will continue to acquire and develop, without limitation, technical information (including functional and technical specifications, designs, drawings, analysis, research, processes, systems and procedures, computer programs, methods, ideas, "Company know how" and the like), business information (sales and marketing research, materials, plans, accounting and financial information, credit information on customers, lists containing the names, addresses and business habits of customers, sales reports, price lists, personnel records including names, addresses and salaries of Intelligroup executives, contractors, and subcontractors and the like) whether or not designated as confidential and other information designated as confidential expressly or by the circumstances in which it is provided (all of the foregoing is referred to as the "Proprietary Information"). This excludes common and generic information as set forth by federal and state law or generally known in the industry through no fault of the Employee.

7.2 The Proprietary Information is confidential, important, and unique to the Company's business. The Company and the Employee acknowledge the Proprietary Information represents trade secrets of the Company.

7.3 For the Company to protect the Proprietary Information properly, the Employee recognizes it is essential that confidentiality be maintained by the Employee and that certain restrictions be imposed upon the Employee during the course of employment and continuing thereafter.

7.4 The Employee agrees to keep all Proprietary Information confidential. The Employee agrees to refrain from communicating or divulging any of the Proprietary Information to any person, firm or corporation or to use the proprietary information for any purpose other than a Company purpose during the term of employment and at all times following the termination of this Agreement for any reason whatsoever.

7.5 The Company has acquired and developed, and will continue to acquire and develop, Proprietary Information, and during the Term of Employment the Employee will acquire Proprietary Information about the business of the Company's customers or other parties (such as a licensor or contractor) with whom the Company does business under circumstances requiring confidentiality. The Employee agrees to treat the information acquired about the Company's customers and licensors at least in the same manner and under the same restrictions of this Article 7 or in a manner contractually required by any such customer or third party to provide greater security to such customer or third party.

7.6 Notwithstanding the foregoing restrictions, the Employee may disclose any information to the extent required by an order of any U.S. federal or state court or other federal or state governmental authority, but only after the Company or its clients or contractors, as the case may be, have been so notified and have had the opportunity, if possible, to obtain reasonable protection for such information in connection with such

Intelligroup, Inc. /s/ AP

Employee /s/ NV

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disclosure. Employee shall immediately notify the Company of any court process of which he is aware seeking the disclosure of any of the Company's information.

7.7 Upon the request of the Company or upon the termination of this Agreement, the Employee will cause to remain with the Company all memoranda, notes, records, drawings, manuals, disks, or other documents and media pertaining to the Company's business, including all copies of such.

7.8 The provisions of this Article 7 shall survive the Termination of this Agreement.

ARTICLE 8. RESTRICTIVE COVENANT; NONINTERFERENCE WITH

CUSTOMER AND COMPANY PERSONNEL RELATIONS

The Employee covenants and agrees that during the Term of Employment and for a period of one year following the termination of employment for any reason

whatsoever or no reason, the Employee shall not directly or indirectly do any of the following without the written consent of the Chief Executive Officer of the Company or his designee:

8.1 Solicit or accept any similar business from a person, firm or corporation that is a customer of the Company with whom the Employee had any business dealings on the Company's behalf during the Term of Employment; and

8.2 Solicit or accept any business similar to that provided by the Company from any person, firm or corporation that is a prospective customer of the Company with whom the Employee had any business dealings on the Company's behalf during the Term of Employment.

8.3 Solicit, persuade, induce, entice or attempt to entice, cause or attempt to cause, any executive, employee or individual contractor of the Company to terminate his or her employment or contractual relationship with the Company.

8.4 Solicit, persuade, induce, entice or attempt to entice, cause or attempt to cause, any customer of the Company to terminate or negatively alter its business relationship with the Company. For the purpose of this paragraph, such customer shall include as well firms, companies or other business entities that have been customers of the Company within the 12 months preceding Employee's termination but may not be actual customers at the time of termination.

8.5 The restrictions of this Article 8 shall survive the termination of this Agreement.

Intelligrated, Inc. /s/ AP

Employee /s/ NV

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ARTICLE 9. REMEDIES OF COMPANY

9.1 The Employee acknowledges the restrictions imposed by this Agreement are reasonable and are necessary to protect the legitimate business interests of the Company.

9.2 If the Employee breaches or threatens to breach the restrictions imposed by this Agreement, the Employee agrees the Company would suffer irreparable harm for which money would be an inadequate remedy. Accordingly, the Employee agrees that the Company has the right to obtain injunctive or other equitable relief in addition to any other available remedies and the Company shall have the additional right to recover from the Employee court costs and

reasonable attorneys fees incurred by the Company in protection of its interests hereunder.

ARTICLE 10. BINDING EFFECT

This Agreement is binding upon, inures to the benefit of and is enforceable by the heirs, personal representatives, successors and permitted assigns of the parties. This Agreement is not assignable by the Employee. Nor may the obligations of the Employee be delegated to any person or other entity. The Company may assign this Agreement, along with all restrictive covenants herein, without the consent of the Employee to a subsidiary of the Company, to an entity that acquires the Company, to an entity with which the Company merges or to an entity which is acquired by the Company.

ARTICLE 11. INVENTIONS, TRADEMARKS, PATENTS AND OTHER WORK PRODUCTS

11.1 Unless otherwise authorized in writing by the Company and to the extent the Employee generates works of authorship, copyrights, inventions, trademarks, trade dress or other such work products dealing with the nature of the Company's business (collectively the "Works") during the terms of employment by the Company, or uses the premises, facilities or time of the Company to create or fix the Works, the Employee shall and hereby does convey, assign and transfer ownership to the Company of all right, title and interest in and to all the Works throughout the world, including but not limited to any and all copyright, patent, trademark and trade dress rights. Whenever permitted by law, the Company shall have the exclusive right to obtain copyright, patent and/or trademark registration or other protection in the Works in its own name as inventor, author and owner and to secure any renewals and extensions of such rights throughout the world.

11.2 The Employee hereby acknowledges that the Employee retains no rights whatsoever with respect to the Works, including but not limited to any rights to reproduce the Works, prepare derivative works based thereon, file copyright or trademark applications for the Works, distribute copies of the Works in any manner whatsoever, exhibit, use or display the Works publicly or otherwise, or license or assign to any third party the right to do any of the foregoing, except as otherwise authorized in writing by the Company.

Intelligroup, Inc. /s/ AP

Employee /s/ NV

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11.3 The Employee agrees to execute documents as may be reasonably required by the Company to effect the Company's ownership rights as provided herein or to otherwise further the purpose of this Agreement.

11.4 The Company shall be entitled to a shop right with respect to any of the Works created by the Employee that is not otherwise assignable to the Company under the terms of this Agreement. In the event of termination, expiration or invalidation of this Agreement by statutory construction, judicial interpretation or other means, Employee agrees that the Company has absolute rights of first refusal to acquire any remaining portion or extension of the copyright term in the Works.

ARTICLE 12. TAXES

All payments to be made to Employee under this Agreement will be subject to any applicable withholding of federal, state and local income and employment taxes.

ARTICLE 13. CHANGE IN CONTROL

13.1 Amendment to the Change in Control Severance Agreement. The parties acknowledge that they have previously entered into a Change in Control Severance Agreement dated November 4, 1998. It is hereby intended that the provisions in Section 3. Severance Pay Upon Termination by Company Without Cause or By Employee for Cause. in the Change in Control Severance Agreement which reads as

follows:

In addition, upon such termination: i) the next portion under the stock option vesting schedule of any outstanding stock options granted to the Employee that would not otherwise have been vested until some time after such termination occurred shall thereupon vest immediately and be exercisable by the Employee and ii) fifty percent of the remainder of any other outstanding but unvested stock options, shall thereupon vest immediately and be exercisable by the Employee.

Shall be amended as follows:

In addition, upon such termination, eighty percent of any outstanding but unvested stock options granted to the Employee shall thereupon vest immediately and be exercisable by the Employee.

13.2 Change in Control. Notwithstanding the foregoing, in the event of a "Change in Control" as defined in Section 2 of the Change in Control Severance Agreement, whether or not the employee is terminated as set forth in Section 3 of the Change in Control Severance Agreement, eighty percent of any outstanding but unvested stock options granted to the Employee shall thereupon vest

immediately and be

Intelligroup, Inc. /s/ AP

Employee /s/ NV

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exercisable by the Employee. However, to the extent that during the first 90 days after the Change in Control, the Employee should exercise any of these options to purchase shares of the Common Stock of the Company and sell any of those shares, the Company shall be entitled to obtain and hold in escrow any net proceeds resulting from the sale the underlying securities of such options exercised, for a period equal to the lesser of (i) 90 calendar days from the Change in Control, or (ii) until the date of termination of Employee's employment. In the event that Employee's employment is unilaterally terminated by the Employee within 90 days of the Change in Control, the Company may recover a pro-rata portion of the such proceeds (calculated by the ratio of (a) days elapsed from the Change in Control until the date of termination, to (b) 90) days directly from the escrow and prior to distribution to the Employee of the balance of the escrow. For purposes of this paragraph, net proceeds resulting from the sale of the underlying securities shall be the difference between the exercise price of each stock option and the price at which the Employee sold his shares of common stock, if greater, less any tax liability the Employee has incurred as a result of such sale.

13.3 Ratification of Change in Control Provisions. In recognition of the

foregoing, the Company shall take all actions necessary to ratify and affirm the provisions related to stock options, termination, and Change in Control, including but not limited to (i) obtaining appropriate resolutions or approvals by the Board of Directors of the Company or its designees, (ii) preparing and executing amendments to other agreements referenced herein, if necessary, (iii) executing any other documents as required in connection with the provisions of this Agreement to make such provisions enforceable. The Company represents that such provisions, and modifications to other agreements, can be validly entered into by inclusion in this Agreement, and acknowledges that the Employee has relied upon this representation as assurance of the enforceability of such provisions in the execution of this Agreement.

ARTICLE 14. NOTICES

All notices under this Agreement shall be made in writing and shall be deemed given when (1) delivered in person, (2) deposited in the U.S. mail, first class, with proper postage prepaid and properly addressed to the address first set forth above, unless changed by notice in writing signed by the addressee, or (3) deposited in the U.S. mail, first class, with proper postage prepaid and properly addressed to the address first set forth above, unless changed by

notice in writing signed by the addressee, by certified mail, return receipt requested, or (4) delivered by an overnight or other express delivery service carrier, or (5) sent through the interoffice delivery service of Employer, if the Employee is still employed by the Company at the time.

Intelligroup, Inc. /s/ AP

Employee /s/ NV

(10)

ARTICLE 15. GOVERNING LAW AND JURISDICTION

This Agreement is governed by and is to be construed and enforced in accordance with the laws of New Jersey as though made and to be fully performed in New Jersey (without regard to the conflicts of law rules of New Jersey). All disputes arising under this Agreement are to be resolved exclusively in the courts of the State of New Jersey. If any party desires to commence an action to enforce any provision of this Agreement, such action must be instituted in the appropriate New Jersey court. The parties consent to the jurisdiction of the New Jersey courts. The parties agree that the courts of the State of New Jersey are to have exclusive jurisdiction over this Agreement. The parties agree that service of any process is effective if served in the manner that a Notice may be served pursuant to this Agreement.

ARTICLE 16. SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement does not in any manner affect any other provision. If any provision is determined to be invalid or unenforceable, this Agreement is to be construed as if the invalid or unenforceable provision was omitted, unless it is one of the restrictive covenant provisions contained in Articles 7 or 8 herein, in which case the provision shall be interpreted to provide the Company with the greatest protection allowed by law.

ARTICLE 17. POST-EMPLOYMENT OBLIGATION

17.1 Company Property. All records, files, lists, including computer

generated lists, drawings, documents, equipment and similar items relating to the Company's business that the Employee shall prepare or receive from the Company shall remain the Company's sole and exclusive property. Upon termination of this Agreement, Employee shall promptly return to the Company all property of the Company in his possession. Employee further represents that he will not copy or cause to be copied, print out, or cause to be printed out any software, documents or other materials originating with or belonging to the Company.

Employee additionally represents that, upon termination of his employment with the Company, he will not retain in his possession any such software, documents or other materials.

17.2 Cooperation. Employee agrees that both during and after his

employment he shall, at the request of the Company, render reasonable assistance and perform lawful acts that the Company considers necessary or advisable in connection with any litigation involving the Company or any director, officer, employee, shareholder, agent, representative, consultant, client, or vendor of the Company.

Intelligrated, Inc. /s/ AP

Employee /s/ NV

(11)

ARTICLE 18. MISCELLANEOUS

This Agreement shall also be subject to the following miscellaneous considerations:

18.1 Employee and the Company each represent and warrant to the other that he or it has the authorization, power and right to deliver, execute, and fully perform his or its obligations under this Agreement in accordance with its terms.

18.2 Any rights of Employee hereunder shall be in addition to any rights Employee may otherwise have under benefit plans, agreements, or arrangements of the Company to which he is a party or in which he is a participant, including, but not limited to, any Company-sponsored employee benefits plans and profit sharing. Provisions of this Agreement shall not in any way abrogate Employee's rights under such other plans, agreements or arrangements.

ARTICLE 19. AMENDMENTS AND NON-WAIVER

This Agreement, including this Article 19, may only be changed or amended by a written agreement signed by a Company Corporate Officer and the Employee. A waiver by the Company of a breach of any provision of this Agreement by the Employee is not to be construed as a waiver of any other current or subsequent breach.

ARTICLE 20. ENTIRE AGREEMENT

20.1 This Agreement, together with the Job Offer Letter and the Change in

Control Agreement, as amended herein, contains the entire understanding of the parties with respect to the matters set forth herein. Each party acknowledges that there are no warranties, representations, promises, covenants or understandings of any kind except those that are expressly set forth in this Agreement. This Agreement supersedes any previous agreements between the parties.

20.2 Employee represents and agrees that he fully understands his right to discuss all aspects of this Agreement with his private attorney, that to the extent he desired, he availed himself of this right, that he has carefully read and fully understands all of the provisions of the Agreement, that he is competent to execute this Agreement, that his decision to execute this Agreement has not been obtained by any duress and that he freely and voluntarily enters into this Agreement.

Intelligroup, Inc. /s/ AP

Employee /s/ NV

(12)

IN WITNESS WHEREOF, the parties have signed this Agreement.

INTELLIGROUP, INC.

Dated: 3/23/2000

By:

/s/ Ashok Pandey

Ashok Pandey
Co-Chief Executive Officer

Dated: 3/23/2000

/s/ Nicholas Visco

NICHOLAS VISCO

Intelligroup, Inc. /s/ AP

Employee /s/ NV

(13)

CONTRIBUTION AGREEMENT

This Contribution Agreement (this "AGREEMENT") is entered into as of January 1, 2000 by and between Intelligroup, Inc., a New Jersey corporation ("INTELLIGROUP"), and SeraNova, Inc., a New Jersey corporation ("SERANOVA").

BACKGROUND

WHEREAS, on September 9, 1999, Intelligroup formed SeraNova (formerly known as Infinient, Inc.), for the purpose of operating independently a business which provides strategic Internet consulting services, interactive Internet solutions, application management services and management consulting services then conducted by Intelligroup, Azimuth, NetPub and Intelligroup India Private Limited as part of their respective business operations (the "SERANOVA BUSINESS");

WHEREAS, the Board of Directors of Intelligroup has determined that it is in the best interests of Intelligroup and its shareholders to separate the SeraNova Business from the Intelligroup Group;

WHEREAS, to implement such separation, Intelligroup desires to contribute and transfer, and SeraNova desires to accept and assume, certain of the assets and certain of the liabilities of Intelligroup that are necessary to enable SeraNova to conduct the SeraNova Business (the "CONTRIBUTION"), as more fully described in this Agreement and the Ancillary Agreements;

WHEREAS in consideration for the Contribution, Intelligroup shall receive an aggregate of nine hundred (900) shares of the common stock, \$.01 par value per share, of SeraNova.

WHEREAS the parties desire to set forth the principal transactions required to effect the separation of SeraNova from Intelligroup and to govern the relationship of SeraNova and Intelligroup following the Contribution.

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS. For purposes of this Agreement, the following terms shall

have the following meanings:

1.1 "ACTION" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

1.2 "AFFILIATE" of any Person means any Person that controls, is controlled by, or is under common control with such Person, where control means the possession, directly or indirectly of the power to direct or cause the direction of the

management and policies of such entity whether through ownership of voting securities or other interests, by contract or otherwise.

1.3 "ANCILLARY AGREEMENTS" means the agreements set forth on EXHIBIT A

hereto.

1.4 "ASSETS" means assets, property and rights (including goodwill), wherever located (including in the possession of vendors or other third parties), whether real, personal or fixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

1.5 "AZIMUTH" means Azimuth Consulting Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup, Azimuth Corporation Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup, Azimuth Holdings Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup, Braithwaite Richmond Limited, a

corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup, and each Subsidiary of Azimuth.

1.6 "CLOSING DATE" means the date of the Contribution.

1.7 "CONTRACT" means any written or oral contract, agreement, commitment, lease, license, consulting agreement, supply contract, repair contract, distribution agreement, purchase order, technology and know-how agreement, instrument, or any other contractual commitment that is binding on any Person or its property.

1.8 "DELAYED TRANSFER ASSETS" means any SeraNova Assets that are expressly enumerated in this Agreement or any Ancillary Agreement to be transferred after the Closing Date.

1.9 "ENVIRONMENTAL LAW" means any federal, state, local, foreign or international law (including tort and environmental nuisance law), regulation, license, permit, order, judgment or agreement with any Governmental Authority relating to health, safety, pollution or the environment or to emissions, discharges or releases of any substance currently or hereafter designated as hazardous, toxic, waste, radioactive or dangerous.

1.10 "ENVIRONMENTAL LIABILITIES" means all Liabilities relating to, arising out of or resulting from any Environmental Law or contract or agreement relating to environmental, health or safety matters.

1.11 "GAAP" means generally accepted accounting principles in effect in the United States consistently applied throughout the periods involved.

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1.12 "GOVERNMENTAL AUTHORITY" means any federal, state, local, foreign or international court, government, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

1.13 "GROUP" means either the SeraNova Group or the Intelligroup Group, as applicable.

1.14 "INFORMATION" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs, software, marketing plans, customer names, communication by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product) and other technical, financial, employee or business information or data.

1.15 "INTELLIGROUP GROUP" means, collectively, Intelligroup, and each Subsidiary of Intelligroup and each other Person that is controlled directly or indirectly by Intelligroup immediately after the Closing Date; provided,

however, that the Intelligroup Group shall not include SeraNova, Azimuth,

NetPub, Intelligroup India Private Limited or any other Subsidiary of SeraNova.

1.16 "INTELLIGROUP INDIA PRIVATE LIMITED" means Intelligroup India Private Limited, a corporation formed pursuant to the laws of India and a wholly-owned subsidiary of Intelligroup, and each subsidiary of Intelligroup India Private Limited.

1.17 "JOINT BANK FACILITY" means any loan, credit, financing or other similar agreement among a bank or other financial institution, any member of the SeraNova Group and any member of the Intelligroup Group, with the members of the SeraNova Group and the Intelligroup Group being co-borrowers, co-obligors or guarantors, whether entered into prior to or after the Closing Date.

1.18 "LIABILITIES" means any and all losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, bonds, indemnities and similar obligations, covenants, contracts, agreements, promises, omissions, variances, guarantees, make whole agreements and similar obligations, and other

liabilities, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any law, rule regulation, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such Action or threatened or contemplated Action), order or consent decree of any

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Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, including those arising under this Agreement or any Ancillary Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

1.19 "LIEN" means any mortgage, pledge, hypothecation, right of others, claim, security interest, encumbrance, lease, sublicense, license, occupancy agreement, adverse claim or interest, easement, covenant, encroachment, burden, title defect right or title retention, voting trust agreement, interest, equity, option, lien, right of first refusal, charge or other restrictions or limitations of any nature whatsoever (whether consensual, statutory or otherwise).

1.20 "NETPUB" means Network Publishing, Inc., a Utah corporation and wholly-owned subsidiary of Intelligroup.

1.21 "PERMITTED LIENS" includes liens for taxes, assessments or other governmental charges or levies not yet delinquent or which are being contested in good faith by appropriate action and as to which adequate reserves shall have been set aside in conformity with GAAP; liens of mechanics, materialmen, landlords, warehousemen, carriers and similar liens arising in the future in the ordinary course of business for sums not yet delinquent, or being contested in good faith if a reserve or other appropriate provision in accordance with GAAP shall have been made therefor; statutory liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance, social security and similar items for sums not yet delinquent or being contested in good faith, if a reserve or other appropriate provision in accordance with GAAP shall have been made therefor; lessor's liens arising from operating leases entered into in the ordinary course of business; and consensual liens granted on Assets contributed to SeraNova with respect to financing obligations assumed by SeraNova.

1.22 "PERSON" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability corporation or entity, any other entity and any Governmental Authority.

1.23 "PROMISSORY NOTE" shall mean Promissory Note dated the date hereof issued by SeraNova to Intelligroup, in an aggregate principal amount equal to the intercompany debt set forth on EXHIBIT H hereto.

1.24 "SECURITY INTEREST" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

1.25 "SERANOVA ASSETS" means the items listed in EXHIBIT B hereto.

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1.26 "SERANOVA BALANCE SHEET" means the consolidated balance sheet of the SeraNova Group as of September 30, 1999, a copy which is attached hereto as EXHIBIT C.

1.27 "SERANOVA BANK FACILITY" means any loan, credit, financing or other similar agreement between a bank or other financial institution and any member

of the SeraNova Group, as the borrower or obligor, which any member of the Intelligroup Group has guaranteed, whether prior to or after the Closing Date.

1.28 "SERANOVA CONTRACTS" means the contracts and agreements assigned, transferred and delivered from Intelligroup to the SeraNova Group to which SeraNova or any of its Subsidiaries is or shall be a party following the Contribution, which are listed or described in EXHIBIT D hereto.

1.29 "SERANOVA GROUP" means SeraNova, each Subsidiary of SeraNova and each other Person that is controlled directly or indirectly by SeraNova immediately after the Closing Date.

1.30 "SERANOVA LIABILITIES" includes the Liabilities listed on EXHIBIT E
hereto.

1.31 "SUBSIDIARY" of any Person means any corporation or other organization whether incorporated or unincorporated of which at least a majority of securities or interest having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided,

however, that no person that is not directly or indirectly wholly owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power and ability to control, that Person.

1.32 "TAX SHARING AGREEMENT" means the Tax Sharing Agreement dated as of the date hereof between Intelligroup and SeraNova.

1.33 "Taxes" has the meaning set forth in the Tax Sharing Agreement.

2. CONTRIBUTION.

2.1 TRANSFER OF ASSETS AND CONTRACTS; ASSUMPTION OF LIABILITIES RELATED TO CONDUCT OF SERANOVA BUSINESS.

(a) Subject to the conditions contained herein, as of the Closing Date, Intelligroup shall have contributed, transferred, conveyed and delivered to the SeraNova Group, and the SeraNova Group shall have accepted from Intelligroup, all of Intelligroup's right, title and interest in the SeraNova Assets, including the intellectual property set forth on EXHIBIT B attached
hereto, free and clear of all Liens (other than

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Permitted Liens listed on EXHIBIT F attached hereto) related to the conduct of the SeraNova Business, other than any Delayed Transfer Assets.

(b) As of the Closing Date, subject to Section 3.1 Intelligroup shall have assigned, transferred and delivered to the SeraNova Group, and the SeraNova Group shall have accepted from Intelligroup, all of Intelligroup's right, title and interest in and to all SeraNova Contracts pertaining to the SeraNova Business as identified on EXHIBIT D hereto and the SeraNova Group

hereby accepts and agrees to perform and comply with the SeraNova Contracts as if an original signatory thereunder.

(c) The SeraNova Group hereby assumes only those SeraNova Liabilities listed on EXHIBIT E attached hereto related to the conduct of the SeraNova Business, in accordance with their respective terms. Except as set forth on EXHIBIT E, the SeraNova Group shall not otherwise acquire, discharge,

assume or become responsible for any Liabilities of Intelligroup. Intelligroup agrees to pay and satisfy when due the Liabilities not expressly assumed hereunder by the SeraNova Group.

(d) Upon the execution hereof, Intelligroup hereby grants to SeraNova a non-exclusive, royalty free, fully paid, irrevocable right and license to sell, assign, copy, distribute, sub-license, use and otherwise commercially exploit the intellectual property rights set forth on EXHIBIT G

hereto (the "Licensed Intellectual Property"). Such license includes the right to modify and enhance the Licensed Intellectual Property and to own such modifications and enhancements, including all intellectual property related thereto.

2.2 TRANSFER OF SERANOVA ASSETS CONSISTING OF STOCK OR OTHER EQUITY

INTERESTS.

(a) To the extent that any of the SeraNova Assets consists of shares of stock of any corporate entity (collectively, the "Stock"), upon the execution hereof, the certificates representing the Stock, if any, shall be delivered to SeraNova, duly endorsed in blank, or accompanied by stock powers duly executed in blank, with all necessary transfer tax and other revenue stamps, acquired at the expense of Intelligroup, affixed and canceled. Intelligroup agrees to cure any deficiencies with respect to the endorsement of the certificates representing the Stock owned by Intelligroup or with respect to the stock power accompanying any such certificates.

(b) To the extent that any of SeraNova Assets consists of uncertificated securities, Intelligroup agrees to make such ledger entries, or instruct appropriate agents or government agencies to make such entries, and to otherwise take such steps as reasonably necessary to transfer such uncertificated securities to SeraNova, including without limitation the payment of any transfer fees or taxes.

2.3 ADJUSTMENT OF ASSETS AND LIABILITIES. The parties acknowledge and

agree that the information set forth in the Exhibits and Schedules hereto, including

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the SeraNova Balance Sheet, is as of September 30, 1999. No later than March 31, 2000, the parties shall appropriately adjust and amend the information set forth on the Exhibits and Schedules hereto as of December 31, 1999. Such adjustments and amendments shall be made to reflect the closing of the respective books of the parties (and their respective Subsidiaries) and the preparation of audited financial statements for each of parties for the year ended December 31, 1999.

2.4 DELAYED TRANSFER ASSETS. Each of the parties hereto agrees that the

Delayed Transfer Assets will be contributed, transferred, conveyed and delivered in accordance with the terms of any and all agreements that provide for such contribution, transfer, conveyance and delivery after the date of this Agreement or as otherwise set forth on SCHEDULE 2.4. Following such contribution,

transfer, conveyance and delivery of any Delayed Transfer Asset the applicable Delayed Transfer Asset shall be treated for all purposes of this Agreement and the Ancillary Agreements as a SeraNova Asset. Each applicable member of the Intelligroup Group shall use commercially reasonable efforts to safeguard and preserve the Delayed Transfer Assets until the applicable date of transfer to SeraNova, normal wear and tear excepted.

2.5 HOLDING ASSETS IN TRUST. In the event that at any time or from time

to time (whether prior to or after the Closing Date), any party hereto (or any member of such party's respective Group), shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Ancillary Agreement, including, but not limited to, accounts receivable and

other cash payments, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person.

2.6 TERMINATION OF AGREEMENTS.

(a) Except for the Ancillary Agreements, SeraNova, on behalf of itself and each member of the SeraNova Group, on the one hand, and Intelligroup, on behalf of itself and each member of the Intelligroup Group, on the other hand, hereby terminates effective as of the Closing Date, any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among any member of the SeraNova Group, on the one hand, and any member of the Intelligroup Group, on the other hand; provided, however, to the extent any such agreement, arrangement, commitment or understanding is inconsistent with any Ancillary Agreement, such termination shall be effective as of the date of effectiveness of the applicable Ancillary Agreement. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Closing Date (or, to the extent contemplated by the proviso to the immediately preceding sentence, after the effective date of the applicable Ancillary Agreement). Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

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(b) The provisions of Section 2.6(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any member of the SeraNova Group or the Intelligroup Group); (ii) any agreements, arrangements, commitments or understandings to which any Person other than the parties hereto and their respective Affiliates is a party (it being understood that to the extent that the rights and obligations of the members of the SeraNova Group or the Intelligroup Group under any such agreements, arrangements, commitments or understandings constitute SeraNova Assets or SeraNova Liabilities, they shall be assigned pursuant to the other provisions of this Section 2); (iii) any intercompany accounts payable or accounts receivable accrued as of the Closing Date that are reflected in the books and records of the parties or otherwise documented in writing in accordance with past practices; (iv) any written Tax sharing or Tax allocation agreements to which any member of any Group is a party; and (v) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement expressly contemplates will survive the Closing Date.

2.7 DOCUMENTS RELATING TO TRANSFER OF REAL PROPERTY INTERESTS AND

TANGIBLE PROPERTY LOCATED THEREON. In furtherance of the contribution, transfer, conveyance and delivery of the SeraNova Assets and the assumption of SeraNova Liabilities set forth in Section 2.1, simultaneously with the execution and delivery of this Agreement or as promptly as practicable thereafter, each of Intelligroup and SeraNova or their applicable Subsidiaries, shall execute and deliver lease assignments and assumptions, leases, subleases and sub-subleases with respect to the properties set forth on SCHEDULE 2.7 with such changes as

may be necessary to conform to any laws, regulations or usage applicable in the jurisdiction in which the relevant real property is located.

2.8 DOCUMENTS RELATING TO OTHER TRANSFERS OF ASSETS AND ASSUMPTION OF

LIABILITIES. In furtherance of the contribution, transfer, conveyance and delivery of the SeraNova Assets and the assumption of SeraNova Liabilities set forth in Section 2.1, as promptly as practicable after each such transfer: (i) Intelligroup shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Intelligroup's and its Subsidiaries' right, title and interest in and to the SeraNova Assets to SeraNova and its Subsidiaries; and

(ii) SeraNova shall execute and deliver, and shall cause its Subsidiaries to execute and deliver to Intelligroup and its Subsidiaries such bills of sale, stock powers, certificates of title, assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the SeraNova Liabilities by SeraNova and its Subsidiaries.

2.9 ANCILLARY AGREEMENTS. Prior to the Closing Date, Intelligroup and

SeraNova will execute and deliver all Ancillary Agreements to which it is a party.

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2.10 FINANCING ARRANGEMENTS. On a case-by-case basis, Intelligroup and

SeraNova may agree to enter into a Joint Bank Facility or a SeraNova Bank Facility with respect to operations of the SeraNova Business in specific jurisdictions. In such event, Intelligroup and SeraNova agree to take all such reasonable action as may be necessary to permit the applicable members of the Intelligroup Group or the SeraNova Group to borrow such amount as is mutually agreed. Intelligroup and SeraNova shall participate in the preparation of all materials and presentations as may be reasonably necessary to secure funding pursuant to a Joint Bank Facility or a SeraNova Bank Facility, including rating agency presentations necessary to obtain the requisite ratings needed to secure the financing. SeraNova shall pay (or reimburse Intelligroup for) all expenses associated with any SeraNova Bank Facility.

2.11 OTHER GUARANTEES. On a case-by-case basis, Intelligroup shall

consider in good faith any request by SeraNova to have Intelligroup or any other member of the Intelligroup Group provide a contractual guaranty of a lease or other contractual obligation of any member of the SeraNova Group. SeraNova shall use its best good faith efforts to arrange for the release and discharge of Intelligroup and any other member of the Intelligroup Group of all of its obligations under any such guaranty as soon as possible, consistent with the smooth transition of the SeraNova Business to SeraNova. SeraNova shall take all reasonable steps necessary to arrange for the complete release and discharge of Intelligroup and any other member of the Intelligroup Group of all of its obligations under any such guaranty, in no event later than the spin-off transaction contemplated by that certain Distribution Agreement by and between Intelligroup and SeraNova of even date herewith.

2.12 GOVERNMENTAL APPROVALS AND CONSENTS.

(a) To the extent that the Contribution requires any Governmental Authority approvals or consents, the parties will use their commercially reasonable efforts to obtain any such approvals and consents.

(b) If and to the extent that the valid, complete and perfected transfer or conveyance to the SeraNova Group of any SeraNova Assets would be a violation of applicable laws or require any consent or approval of a Governmental Authority in connection with the Contribution, then, unless Intelligroup shall otherwise determine, the transfer or conveyance to the SeraNova Group of such SeraNova Assets shall be automatically deemed deferred and any such purported transfer or assignment shall be null and void until such time as all legal impediments are removed and/or such consents or approvals have been obtained.

(c) If the transfer or assignment of any Asset intended to be transferred or conveyed hereunder is not consummated prior to or at the Closing Date, then the Person retaining such Asset shall thereafter hold such Asset for its use and benefit, insofar as reasonably possible, at the expense of the Person entitled thereto. In addition, the Person retaining such Asset shall take such other actions as may be reasonably requested by the Person to whom such Asset is to be transferred in order to

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place such Person, insofar as reasonably possible, in the same position as if such Asset had been transferred as

contemplated hereby and so that all the benefits and burdens relating to such SeraNova Assets, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Assets, are to inure from and after the Closing Date to the SeraNova Group.

(d) If and when the consents or approvals of a Governmental Authority, the absence of which caused the deferral of transfer of any Asset, are obtained, the transfer of the applicable Asset shall be effected in accordance with the terms of this Agreement or the applicable Ancillary Agreement.

2.13 NOVATION OF ASSUMED SERANOVA LIABILITIES.

(a) Each of Intelligroup and SeraNova, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, any consent, substitution, approval or amendment required to novate (including with respect to any federal government contract) or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute SeraNova Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the SeraNova Group, so that, in any such case, SeraNova and its Subsidiaries will be solely responsible for such Liabilities; provided, however, that no member of the Intelligroup Group or the SeraNova Group, as the case may be, shall be obligated to pay any consideration therefor to any third party from whom such consents, approvals, substitutions and amendments are requested. Without limiting the foregoing, Intelligroup and SeraNova shall use their commercially reasonable efforts to obtain, prior to the Closing Date, a release of any and all guarantees provided by any member of the Intelligroup Group in connection with the SeraNova Contracts, SeraNova Assets, SeraNova Liabilities and the SeraNova Business.

(b) If Intelligroup or SeraNova is unable to obtain, or to cause to be obtained, any such required consent, approval, release, substitution or amendment, the applicable member of the Intelligroup Group shall continue to be bound by such agreements, leases, licenses and other obligations and, unless not permitted by law or the terms thereof, SeraNova shall, as agent or subcontractor for Intelligroup or such other Person, as the case may be, pay, perform and discharge fully all the obligations or other Liabilities of Intelligroup or such other Person, as the case may be, thereunder from and after the date hereof. SeraNova shall indemnify each Intelligroup Indemnitee (as defined in Section 4.1), and hold each of them harmless against any Liabilities arising in connection therewith. If and when any such consent, approval, release, substitution or amendment is obtained or such agreement, lease, license or other rights or obligations otherwise becomes assignable or able to be novated, Intelligroup shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of its respective Group to SeraNova without payment of further consideration and SeraNova shall, without the payment of any further consideration, assume such rights and obligations.

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2.14 INTERCOMPANY DEBT. Intelligroup and SeraNova agree that, as a

result of the transactions contemplated hereby, SeraNova shall be indebted to Intelligroup as set forth on EXHIBIT H. Such debt shall be evidenced by the

Promissory Note.

3. REPRESENTATIONS AND WARRANTIES.

3.1 REPRESENTATIONS AND WARRANTIES OF INTELLIGROUP.

Intelligroup represents and warrants to SeraNova and its Subsidiaries as follows:

(a) CORPORATE POWER AND AUTHORITY. Intelligroup has the requisite

power and authority to execute, deliver, and perform its obligations under this Agreement, any applicable Ancillary Agreement and to contribute, transfer, convey and deliver to SeraNova and its Subsidiaries the SeraNova Assets. The

execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action (corporate or otherwise) on the part of Intelligroup. This Agreement constitutes the legal, valid and binding obligation of Intelligroup, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(b) VALIDITY OF CONTEMPLATED TRANSACTIONS. The execution, delivery

and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not: (i) violate, breach or contravene any of the terms, conditions or provisions of the Certificate of Incorporation or By-laws (or the equivalent thereof) of Intelligroup; (ii) violate, or constitute a default under, any material Contract by which Intelligroup or its property is bound; or (iii) violate any material provision of law.

(c) TITLE TO CONTRIBUTED ASSETS. Intelligroup is in possession of

and has good, valid and marketable title to, or has valid leasehold interests in or valid rights under contract to use, all of the SeraNova Assets in which it has an interest and Intelligroup has such title, interests or rights to all of the SeraNova Assets that are being contributed by Intelligroup. All of the SeraNova Assets are free and clear of all Liens, other than Permitted Liens. All tangible personal property comprising the SeraNova Assets is in good operating condition (ordinary wear and tear excepted) and will be usable by SeraNova and its Subsidiaries for its intended purposes.

(d) ACCOUNTS RECEIVABLE. The accounts receivable that are included

in the SeraNova Assets (the "Accounts Receivable") constitute valid receivables, have arisen in the ordinary course of business consistent with past practices. No part of the Accounts Receivable is contingent upon performance by any member of the Intelligroup Group, as applicable, or any other party of any obligation, and no agreements for deductions or discounts have been made with respect to any part of such Accounts Receivable.

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(e) BUSINESS. Upon consummation of this Agreement, SeraNova shall

be the sole and exclusive owner of the SeraNova Business, the SeraNova Assets received by SeraNova from Intelligroup are all of the assets necessary to operate the SeraNova Business.

(f) REQUIRED CONSENTS. Intelligroup, SeraNova and the applicable

member or members of their respective Group shall use their or its reasonable best efforts to obtain all necessary consents from applicable third parties in order to assign, transfer and deliver the SeraNova Contracts unless the failure to obtain one or more consents would not be material and except for contracts under which Intelligroup has a right to subcontract without the consent of the other party or parties to the contract.

(g) SERANOVA BALANCE SHEET. The SeraNova Balance Sheet set forth

on EXHIBIT C is true and accurate in all material respects.

3.2 REPRESENTATIONS AND WARRANTIES OF THE SERANOVA GROUP.

SeraNova and its Subsidiaries represent and warrant to Intelligroup as follows:

(a) CORPORATE POWER AND AUTHORITY. SeraNova and its Subsidiaries

have the requisite power and authority to execute, deliver and perform this Agreement, the Ancillary Agreements and to accept the SeraNova Assets. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action (corporate or otherwise) on the part of SeraNova and its Subsidiaries. This Agreement constitutes the legal, valid and binding obligation of SeraNova and its Subsidiaries, enforceable in accordance with its terms, except as such

enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(b) VALIDITY OF CONTEMPLATED TRANSACTIONS. The execution, delivery

and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not: (i) violate, breach or contravene any of the terms, conditions or provisions of the Certificate or Articles of Incorporation or By-laws (or the equivalent thereof) of SeraNova and its Subsidiaries; (ii) violate, or constitute a default under, any material Contract by which such entity or its property is bound; or (iii) violate any material provision of law.

4. INDEMNIFICATION.

4.1 INDEMNIFICATION BY SERANOVA. Subject to the provisions of Section

4.3, SeraNova shall indemnify, defend and hold harmless each member of the Intelligroup Group and each of their respective directors, officers and employees, and

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each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "INTELLIGROUP INDEMNITEES") from and against any and all Liabilities of the Intelligroup Indemnitees, relating to, arising out of or resulting from any of the following items:

(a) the failure of any member of the SeraNova Group to pay, perform or otherwise promptly discharge any SeraNova Liabilities or any SeraNova Contract in accordance with their respective terms, after the Closing Date;

(b) the employment or termination of employment of any employee of Intelligroup working in the SeraNova Business;

(c) conduct of the SeraNova Business after the Closing Date;
and

(d) any breach by any member of the SeraNova Group of this Agreement or any of the Ancillary Agreements.

4.2 INDEMNIFICATION BY INTELLIGROUP. Subject to the provisions of

Section 4.3, Intelligroup shall indemnify, defend and hold harmless SeraNova, each member of the SeraNova Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "SERANOVA INDEMNITEES"), from and against any and all Liabilities of the SeraNova Indemnitees relating to, arising out of or resulting from any of the following items:

(a) the failure of Intelligroup to pay, perform or otherwise promptly discharge any Liabilities of Intelligroup, whether prior to or after the Closing Date;

(b) the failure of Intelligroup to pay, perform or otherwise promptly discharge any SeraNova Liabilities or any SeraNova Contract in accordance with their respective terms, prior to the Closing Date;

(c) conduct of the SeraNova Business prior to the Closing Date; and

(d) any breach by Intelligroup of this Agreement or any of the Ancillary Agreements.

4.3 INDEMNIFICATION OBLIGATIONS NET OF INSURANCE PROCEEDS AND

OTHER AMOUNTS.

(a) The parties intend that any Liability subject to indemnification or reimbursement pursuant to this Section 4 will be net of

insurance proceeds. Accordingly, the amount which any party (an "INDEMNIFYING PARTY") is required to pay to any Person entitled to indemnification hereunder (an "INDEMNITEE")

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will be reduced by any insurance proceeds theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Liability. If an Indemnitee receives a payment (an "INDEMNITY PAYMENT") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives insurance proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the Indemnity Payment received less the amount of the Indemnity Payment that would have been due if the insurance proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement or any Ancillary Agreement shall obligate any member of any Group to seek to collect or recover any insurance proceeds.

4.4 PROCEDURES FOR INDEMNIFICATION OF THIRD PARTY CLAIMS.

(a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Intelligroup Group or the SeraNova Group of any claim or of the commencement by any such Person of any Action (collectively, a "THIRD PARTY CLAIM") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.1 or 4.2, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof within twenty (20) days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 4.4(a) shall not relieve the related Indemnifying Party of its obligations under this Section 4, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within thirty (30) days after the receipt of notice from an Indemnitee in accordance with Section 4.4(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and

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expenses of such counsel shall be paid by such Indemnitee except as set forth in subsection (c).

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.4(b), such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent

of the Indemnifying Party.

(e) In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against any Indemnitee.

(f) The provisions of Section 4.4 and Section 4.5 shall not apply to Taxes (which are covered by the Tax Sharing Agreement).

4.5 ADDITIONAL MATTERS.

(a) Any claim on account of a Liability which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if the Indemnifying Party shall so request, the parties shall

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endeavor to substitute the Indemnifying Party for the named defendant. If such substitution cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

4.6 REMEDIES CUMULATIVE. The remedies provided in this Section 4

shall be cumulative and, subject to the provisions of Section 6, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.7 SURVIVAL OF INDEMNITIES. The rights and obligations of each of

IntelliGroup and SeraNova and their respective Indemnitees under this Section 4 shall survive the sale or other transfer by any party of any Assets or businesses or the assignment of any Liabilities.

4.8 ALLEGED INFRINGEMENT OR MISAPPROPRIATION.

(a) Notwithstanding any other provision of this Agreement or any Ancillary Agreement, in the event of any claim, action, proceeding or suit by a third party against any member of the SeraNova Group or the IntelliGroup Group alleging an infringement of any patent, copyright, trademark or misappropriation of a trade secret (each a "Claim") with respect to any of the transferred intellectual property or the Licensed Intellectual Property set forth on EXHIBIT A and EXHIBIT G, respectively (for purposes of this Section

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4.8, the "Disputed Intellectual Property"), the parties agree to adhere to the procedures set forth in paragraphs (b), (c) and (d) below.

(b) If the use or distribution by any member of the SeraNova Group or the Intelligroup Group, as applicable, of any of the Disputed Intellectual Property is enjoined or in the opinion of such member of the applicable Group is likely to be enjoined, SeraNova and Intelligroup shall, use their reasonable best efforts to jointly: (i) replace the Disputed Intellectual Property with a substitute free of any infringement; (ii) modify the Disputed Intellectual Property so that it will be free of the infringement; or (iii) procure for such member of the applicable Group or its distributees a license or other right to use the Disputed Intellectual Property.

(c) Each of Intelligroup and SeraNova, on behalf of its respective Group, agrees to provide, or cause to be provided, prompt written notice to the other party of any Claim and Intelligroup and SeraNova shall jointly assume the defense thereof, including appeals, and to settle the same. Each party shall, upon request, furnish all information and provide assistance to the appropriate members of the SeraNova Group or the Intelligroup Group, as applicable, and cooperate in every reasonable way to facilitate the defense and/or settlement of any such Claim.

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(d) The amount paid or payable by a party as a result of the losses, claims, damages, liabilities or expenses in connection with the remediation efforts set forth in Section (b) above, or the defense, adjudication, or settlement referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any Claim. Intelligroup and SeraNova agree that it would not be just and equitable if the expenses incurred in connection with the remediation efforts set forth in Section (b) above, or the defense, adjudication, or settlement of a Claim under this Section 4.8 were apportioned on a pro rata basis without regard to the liability of each respective party according a relative finding of fault. The relative fault of the applicable member or members of the Intelligroup Group, on the one hand, and the applicable member or members of the SeraNova Group, on the other hand, shall be apportioned as is appropriate to reflect not only the relative benefits achieved but also the relative fault assessed with respect to the Disputed Intellectual Property.

(e) The foregoing indemnity will not apply to any alleged infringement or misappropriation if and to the extent such alleged infringement or misappropriation arises from: (i) the use by any member of the SeraNova Group or the Intelligroup Group of any of the Disputed Intellectual Property in combination with any product, software or other material provided by a third party after the Closing Date; or (ii) any changes made by any member of the SeraNova Group or the Intelligroup Group in the Disputed Intellectual Property after the Closing Date.

5. EXCHANGE OF INFORMATION; CONFIDENTIALITY.

5.1 AGREEMENT FOR EXCHANGE OF INFORMATION; ARCHIVES.

(a) Each of Intelligroup and SeraNova, on behalf of its respective Group, agrees to provide, or cause to be provided, to each member of the other Group, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting party reasonably needs: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities or tax laws) by a Governmental Authority having jurisdiction over the requesting party; (ii) for use in any judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements; or (iii) to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that in the event that any party determines that any such provision of Information could be commercially detrimental, violate any law or agreement, or waive any attorney-client privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Closing Date, SeraNova shall have access during regular business hours (as in effect from time to time) to the documents that relate to the SeraNova Business that are in the possession or control of any member of the Intelligroup Group. SeraNova may obtain copies (but not originals) of documents for bona fide

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business purposes. Nothing herein, however, shall be deemed to restrict the access of any member of the Intelligroup Group to any such documents or to impose any liability on any member of the Intelligroup Group if any such documents are not maintained or preserved by Intelligroup.

(c) After the date hereof SeraNova shall: (i) maintain in effect at its own cost and expense adequate systems and controls to the extent necessary to enable the members of the Intelligroup Group to satisfy their respective reporting, accounting, audit and other obligations; and (ii) provide, or cause to be provided, to Intelligroup in such form as Intelligroup shall request, at no charge to Intelligroup, all financial and other data and Information as Intelligroup determines necessary or advisable in order to prepare Intelligroup financial statements and reports or filings with any Governmental Authority.

5.2 OWNERSHIP OF INFORMATION. Any Information owned by one Group

that is provided to a requesting party pursuant to Section 5.1 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

5.3 RECORD RETENTION. To facilitate the possible exchange of

Information pursuant to this Section 5 and other provisions of this Agreement, the parties agree to use their reasonable best efforts to retain all Information in their respective possession or control in accordance with the policies of Intelligroup as in effect on the Closing Date. No party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement prior to the tenth (10th) anniversary of the date hereof without first using its reasonable best efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to Taxes or to Environmental Liabilities, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof).

5.4 Limitation of Liability. No party shall have any liability to

any other party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate, in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after reasonable best efforts by such party to comply with the provisions of Section 5.3.

5.5 OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION. The

rights and obligations granted under this Section 5 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement.

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5.6 PRODUCTION OF WITNESSES; RECORDS; COOPERATION.

(a) After the Closing Date, except in the case of an adversarial Action by one party against another party (which shall be governed by such discovery rules as may be applicable under Section 6 or otherwise), each

party hereto shall use its reasonable best efforts to make available to each other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses (giving consideration to the business demands of such individuals) and any books, records or other documents within its control or which it otherwise has the ability to make available or as may reasonably be required in connection with any Action in which the requesting party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party (Intelligroup or SeraNova as the case may be) chooses to defend or to seek to compromise or settle any Third Party Claim, or if any party chooses to prosecute or otherwise evaluate or to pursue any claim against a third party, the other party shall use its best efforts to make available to such Indemnifying Party (Intelligroup or SeraNova as the case may be), upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses (giving consideration to the business demands of such individuals) and any books, records or other documents within its control or which it otherwise has the ability to make available or as may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions, contingent Liabilities and contingent gains.

(d) Without limiting any provision of this Section, each of the parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any intellectual property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the parties to provide witnesses pursuant to this Section 5.6 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 5.6(a)).

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(f) In connection with any matter contemplated by this Section 5.6, the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

5.7 CONFIDENTIALITY.

(a) Subject to Section 5.8, each of Intelligroup and SeraNova, on behalf of itself and each other member of its respective Group, agrees to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold, in strict confidence, with at least the same degree of care that applies to Intelligroup's confidential and proprietary information pursuant to policies in effect as of the Closing Date, all Information concerning each such other Group that is either in its possession (including Information in its possession prior to the date hereof or the Closing Date) or furnished by any such other Group or its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Information has been: (i) in the public domain through no fault of such party or any member of such Group or any of their respective directors, officers, employees, agents, accountants, counsel

and other advisors and representatives; (ii) later lawfully acquired from other sources by such party (or any member of such party's Group) which sources are not themselves bound by a confidentiality obligation; or (iii) independently generated without reference to any proprietary or confidential Information of the other party.

(b) Each party agrees not to release or disclose, or permit to be released or disclosed, any such Information to any other Person, except its directors, officers, employees, agents, accountants, counsel and other advisors and representatives who need to know such Information (who shall be advised of their obligations hereunder with respect to such Information), except in compliance with Section 5.8. Without limiting the foregoing, when any Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

5.8 PROTECTIVE ARRANGEMENTS. In the event that any party or any

member of its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other party (or any member of any other party's Group) that is subject to the confidentiality provisions hereof, such party shall notify the other party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting party in seeking any reasonable protective arrangements requested by such other party. Subject

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to the foregoing, the Person that received such request may thereafter disclose or provide Information to the extent required by such law (as so advised by counsel) or by lawful process or such Governmental Authority.

6. ARBITRATION; DISPUTE RESOLUTION.

6.1 AGREEMENT TO ARBITRATE.

(a) Except as otherwise specifically provided in any Ancillary Agreement, the procedures for discussion, negotiation and arbitration set forth in this Section 6.1 hereto shall apply to all disputes, controversies or claims (each a "Dispute") that may arise out of or relate to, or arise under or in connection with this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the parties relating hereto or thereto, between or among any member of the Intelligroup Group and the SeraNova Group. Each party agrees on behalf of itself and each other member of its respective Group that any Dispute shall be submitted to binding arbitration, in accordance with the dispute resolution procedures specified in this Section. If any of these procedures are determined to be invalid or unenforceable, the remaining procedures shall remain in effect and binding on the parties to the fullest extent permitted by law.

(b) The arbitration shall be held in Edison, New Jersey before a panel of three arbitrators. Any member or members of the SeraNova Group or the Intelligroup Group, as applicable, may by notice to the applicable member or members of the SeraNova Group or the Intelligroup Group, as applicable, demand arbitration, by serving on the other party a statement of the Dispute and the facts relating or giving rise thereto, in reasonable detail, and the name of the arbitrator selected by it. Within fifteen (15) days after receipt of such notice, the other party shall name its arbitrator, and the two arbitrators named by the parties shall, within fifteen (15) days after the date of such notice, select the third arbitrator.

(c) The arbitration shall be conducted in accordance with the procedures specified in this Section and shall be governed by the Commercial Arbitration Rules of the American Arbitration Association, as may be amended

from time to time. In the event of a conflict, the provisions of this Section shall control.

(d) Any issue concerning the extent to which any Dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may serve on the panel unless first agreeing in writing to abide and be bound by these procedures. The arbitrators may not award non-monetary or equitable relief of any sort. They shall have no power to award damages inconsistent with this Agreement or punitive damages or any other damages not measured by the prevailing party's actual damages, and the parties expressly waive their right to obtain

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such damages in arbitration or in any other forum. In no event, even if any other portion of these procedures is adjudged invalid or unenforceable, shall the arbitrators have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

(e) No discovery shall be permitted in connection with the arbitration unless expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery. All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrators may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interest. The result of the arbitration shall be a final decision that is binding on the parties, and judgment on the arbitrators' award may be entered in any court having jurisdiction. The cost of such arbitration shall be borne equally by the parties.

(f) This Section shall not apply to any Dispute arising out of or relating to the ownership of intellectual property. The application of this Section to any other Dispute shall be waived only by written agreement of Intelligroup and SeraNova. This Section shall be terminated only by written agreement of Intelligroup and SeraNova.

6.2 CONTINUITY OF SERVICE AND PERFORMANCE. Unless otherwise agreed

in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Section with respect to all matters not subject to such dispute, controversy or claim.

6.3 LAW GOVERNING ARBITRATION PROCEDURES. The interpretation of

the provisions of this Section, only insofar as they relate to the agreement to arbitrate and any procedures pursuant thereto, shall be governed by the Federal Arbitration Act and other applicable federal law. In all other respects, the interpretation of this Agreement shall be governed as set forth in Section 10.2.

7. EMPLOYEE RELATED MATTERS.

7.1 EMPLOYEE OFFERS. Prior to the Closing Date, SeraNova or one of

its Subsidiaries shall have made a written offer of employment or engagement to each employee, independent contractor or consultant working in the SeraNova Business listed on SCHEDULE 7.1 hereto. Such employment offers shall provide

that such individual shall commence work for SeraNova or the named Subsidiary on or before the Closing Date. Such employment offers shall also require that such individual shall, prior to the Closing Date, inform SeraNova of his or her intention to accept or decline such offer and, if such individual intends to accept such offer, to resign his or her employment with Intelligroup prior to or as of the Closing Date.

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7.2 BENEFITS. As soon as practicable after the Closing Date,

Intelligroup shall perform and undertake all acts as may be necessary to rollover or otherwise transfer the vested interests of employees in the qualified and non-qualified pension plans and Section 401(k) plans of Intelligroup to the corresponding plans maintained by SeraNova. Intelligroup shall be responsible for any COBRA coverage continuation notices required to be provided with respect to any employee who accepts employment with SeraNova. On or prior to the Closing Date, Intelligroup and SeraNova shall take all actions as may be necessary to approve the stock-based employee benefit plans of SeraNova in order to satisfy the requirement of Rule 16b-3 under the Exchange Act of 1934, as amended, and Section 162(m) of the Internal Revenue Code of 1986, as amended.

7.3 NO SOLICITATION OF EMPLOYEES. For a period of two (2) years

after the Closing Date, neither Intelligroup nor SeraNova or any member of their respective Groups shall solicit any employee of the other to terminate his or her employment to become an employee of the soliciting party, without the prior written consent of the other party.

7.4 NO RIGHTS CONFERRED UPON EMPLOYEES. Nothing in this Agreement

shall be deemed to confer any rights or remedies of any employees, independent contractors or consultants of any member of the Intelligroup Group or the SeraNova Group (including individuals to whom SeraNova is to offer employment pursuant to Section 7.1). No Person shall be a third party beneficiary with respect to the provisions of this Section 7.

8. FURTHER ASSURANCES AND ADDITIONAL COVENANTS.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its reasonable best efforts, prior to, on and after the Closing Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Closing Date, each party hereto shall cooperate with the other party, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument, and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the SeraNova Assets and the assignment and assumption of the SeraNova Liabilities and the

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other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title, if and to the extent it is practicable to do so.

(c) On or prior to the Closing Date, Intelligroup and SeraNova in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by Intelligroup, SeraNova or any Subsidiary of Intelligroup or SeraNova, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) Prior to the Closing Date, if one or more of the parties identifies any commercial or other service that is needed to assure a smooth and

orderly transition of the businesses in connection with the consummation of the transactions contemplated hereby that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which the other party will provide such service.

9. TERMINATION.

9.1 TERMINATION BY MUTUAL CONSENT. This Agreement may be terminated at any time prior to the date of the Closing Date by the mutual consent of Intelligroup and SeraNova.

9.2 EFFECT OF TERMINATION. In the event of any termination of this

Agreement prior to the Closing Date, no party to this Agreement (or any of its directors or officers) shall have any Liability or further obligation to any other party.

10. MISCELLANEOUS.

10.1 COUNTERPARTS; ENTIRE AGREEMENT.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and Appendices hereto and thereto contain the entire agreement between the parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties other than those set forth or referred to herein or therein.

10.2 GOVERNING LAW. Except as set forth in Section 6.3, this

Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be

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governed by and construed and interpreted in accordance with the laws of the State of New Jersey (other than as to its laws of arbitration which shall be governed under the Federal Arbitration Act or other applicable federal law pursuant to Section 6.3), irrespective of the choice of laws principles of the State of New Jersey, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

10.3 ASSIGNABILITY. Except as set forth in any Ancillary Agreement,

this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the parties hereto and thereto, respectively, and their respective successors and assigns; provided, however, that no party hereto or

thereto may assign its respective rights or delegate its respective obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other parties hereto or thereto.

10.4 THIRD PARTY BENEFICIARIES. Except for the indemnification

rights under this Agreement of any Intelligroup Indemnitee or SeraNova Indemnitee in their respective capacities as such: (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the parties and are not intended to confer upon any Person except the parties any rights or remedies hereunder; and (b) there are no third party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim,

liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement. No party hereto shall have any right, remedy or claim with respect to any provision of this Agreement or any Ancillary Agreement to the extent such provision relates solely to the other party hereto or the members of such other party's Group.

10.5 NOTICES. All notices or other communications under this

Agreement or any Ancillary Agreement, except as may be specifically provided in an Ancillary Agreement, shall be in writing and shall be deemed to be duly given when: (a) delivered in person; or (b) deposited in the United States mail or internationally recognized courier service, postage prepaid, addressed as follows:

If to Intelligroup, to:

Intelligroup, Inc.
499 Thornall Street
Edison, New Jersey 08837
Attn: President

If to SeraNova, to:

SeraNova, Inc.
499 Thornall Street
Edison, NJ 08837
Attn: President

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Any party may, by notice to the other party, change the address to which such notices are to be given.

10.6 SEVERABILITY. If any provision of this Agreement or any

Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

10.7 HEADINGS. The article, section and paragraph headings

contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.8 WAIVERS OF DEFAULT. Waiver by any party of any default by the

other party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

10.9 AMENDMENTS. No provisions of this Agreement or any Ancillary

Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.10 LATE PAYMENTS. Except as expressly provided to the contrary in

this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within

thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to six percent (6%).

* * * * *

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IN WITNESS WHEREOF, the parties have caused this Contribution Agreement to be executed by their duly authorized representatives.

INTELLIGROUP, INC.

By: /s/ Ashok Pandey

Name:
Title

SERANOVA, INC.

By: /s/ Raj Koneru

Name: Raj Koneru
Title CEO

[Signature Page to Contribution Agreement]

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LIST OF EXHIBITS AND SCHEDULES

SCHEDULES

- 2.4 - Delayed Asset Transfers
- 2.7 - List of Properties
- 3.1 - Excluded Consents
- 7.1 - Individuals to Whom Offers Shall Be Made

EXHIBITS

- A - Ancillary Agreements
- B - SeraNova Assets
- C - SeraNova Balance Sheet
- D - SeraNova Contracts
- E - SeraNova Liabilities
- F - Permitted Liens
- G - Licensed Intellectual Property
- H - Intercompany Debt

SCHEDULE 2.4

DELAYED ASSET TRANSFERS

- o All assets of Intelligroup Asia Private Limited relating to its Internet services and solutions business shall be transferred to Intelligroup India Private Limited, a corporation organized under the laws of India, as soon as practicable after the Closing Date.
- o All of the equity interest owned by Intelligroup, Inc. or any of its subsidiaries in Intelligroup India Private Limited and each of its subsidiaries, if any, shall be transferred to SeraNova, Inc. as soon as practicable after the Closing Date.

SCHEDULE 2.7

LIST OF PROPERTIES

LOCATION AND/OR BRANCH	PERCENTAGE OF PREMISES ALLOCATED TO SERANOVA
------------------------	---

499 Thornall Street Edison, New Jersey	33.65%
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10210 North 25th Avenue Phoenix, Arizona	100.0%
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9013 North 25th Avenue Suite 6 Phoenix, Arizona	100.0%
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9014 North 23rd Avenue Suite 1 Phoenix, Arizona	100.0%
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950 Tower Lane Suite 300 Foster City, California	70.0%
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9399 West Higgins Building Suite 810, 8th Floor Rosemont, Illinois	50.0%
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691 North Squirrel Road Suite 175 Auburn Hills, Michigan	100.0%
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SCHEDULE 3.1

EXCLUDED CONSENTS

EXCLUDED CONSENTS

CONTRACT DATE

AMERICAN EXPRESS 3/22/98

AUDI 1/1/99

HEWLETT PACKARD 2/4/99

LIQUIDPRICE INC. 8/13/99

VIGNETTE CORPORATION 9/29/99

VOLKSWAGEN OF AMERICA 1/1/99

SCHEDULE 7.1

INDIVIDUALS TO WHOM OFFERS SHALL BE MADE

NA - North America, IND - India, AP - Asia Pacific, EUR - Europe

Number	Organiz ation	Code	Title
EMPLOYEE NAME			
1	IND	A Keshav Narsipur	Team Leader
2	IND	A Mani Kandan	Programmer
3	IND	A Suneetha Madhukar	Programmer
4	NA	PHD	Associate Software Engineer
5	NA	PHD	Associate Software Engineer
6	NA	PHA	Temporary
7	AP	MC	Manager
8	AP	MC	Principal Consultant
9	IND		Programmer
10	NA	PRD	Admin

11	AP	APA	Amanda Louise Talbot	Typist Receptionist
12	IND		Amit Agarwal	Content Entry Analyst
13	NA	PHD	Anand Mani	Software Engineer
14	NA	NJD	Anand Reddy Yedula	Software Engineer
15	IND		Anand V Kothamangalam	Content Entry Analyst
16	IND		Anand Venkateshan	Testing Analyst
17	NA	PRA	Andelin, Brian D.	Finance
18	NA	PRD	Anderson, Dan	Principal Consultant MC
19	AP	MC	Angela Mary Reynolds	Principal Consultant
20	IND		Aniesh Chawla	Programmer
21	IND		Anil Oggi	Programmer
22	NA	PHD	Anil Singh	Manager
23	IND		Anita Subbiah	Content Entry Analyst
24	AP	MC	Anthony Ian Culloden	Principal Consultant
25	AP	MC	Anthony John Booth	Manager
26	AP	APA	Anthony Michael Duffin	Corporate Services Executive
27	NA	PHD	Anuradha Pandey	Associate Software Engineer
28	NA	PHD	Arati Madhineni	Associate Software Engineer
29	IND		Aratikatla Shanti	Programmer
30	IND		Arjun Mukherjee	Team Leader
31	IND		Arun Gupta	Programmer
32	NA	PRD	Asay, Taylor	Software Engineer
33	IND		Ashok Natrajan	Programmer
34	IND	DEL	Ashutosh Yadav	VP - Delivery
35	NA	OPS	Ashwin Royadurg	Recruiting Manager
36	IND		Babanhai Abdul Raheem	Programmer
37	NA	PRD	Baird, J. Russell	Manager
38	NA	DEL	Balaji Kodali	Associate Software Engineer
39	NA	PRD	Balaji Krishnamurthy	Software Engineer
40	IND	OPS	Balaji Venkatachalam	VP - Operations
41	IND		Balasubramanian	Programmer
			Mariswaran	
42	IND		Balu Herbert	Programmer
43	NA	PHD	Balu Srinivasan	Software Engineer
44	AP	MC	Barend Keith Craig	Manager
45	AP	MC	Barney Heslop	Manager

46	AP	MC	Barry Dennis Mawer	Manager
47	AP	APS	Barry John Old	Regional Account Director
48	AP	APA	Belinda Jane Boettcher	Office Manager
49	IND		Benoy Jose	Programmer
50	AP	VL	Bernadine Clare Marwick	Knowledge Manager
51	AP	APA	Beverley Anne Ellis	Receptionist
52	NA	PHD	Bharat Agarwal	Software Engineer
53	NA	OPS	Bharat Raju	Recruiting Manager
54	IND		Bhaskar Prasad Mulugu	Programmer
55	IND		Bhaskar Rajagopal	Team Leader
56	IND		Bhaskar Reddy B V	Programmer
57	IND		Bheemi Krishna Mohan	Programmer
58	NA	PHD	Biju Nair	Software Engineer
59	IND		Biju Ruhamma L	Programmer
60	NA	PHD	Biswajit Sarkar	Software Engineer
61	AP	MC	Brian Charles Bernon	Principal Consultant
62	AP	MC	Brian Fair	Principal Consultant
63	AP	MC	Bruce Tinsley	Principal Consultant
64	AP	MC	Bruce Wood	Manager
65	AP	MC	Bryce James Pottinger	Manager
66	IND		Bulusu Monmohanamurali S	Content Entry Analyst
67	NA	PHD	Burton Machado	Software Engineer
68	NA	PRD	Butler Melissa K.	Interactive Designer
69	IND		C Leena Rani	Programmer
70	IND		Candida	Admin
71	NA	PHA	Carol Wright	People Services Manager
72	NA	PHD	Carolyn Lim	Software Engineer
73	NA	FCD	Chakib Jaber	Software Engineer
74	IND		Chandan Mishra	Programmer
75	NA	PHD	Chandramohan Lingam	Associate Software Engineer
76	IND		Chirenjeevi	MIS
77	EUR	EUR	Chris	Managing Director - Europe
78	AP	APA	Christine Elizabeth	Executive Assistant
			Boonzaier	
79	AP	APA	Christine Joan Nesbit	Office Manager
80	NA	DC	Christopher Arokiraj	Associate Software Engineer

81	AP	MC	Christopher Arthur Marshall	Principal Consultant
82	NA	PHD	Christopher Brinson	Associate Software Engineer
83	AP	MC	Clare Louise Engel	Principal Consultant
84	NA	MKT	Claudio Burgos	Creative Director
85	AP	MC	Clifford John Blakely	Principal Consultant
86	AP	MC	Colin Dinn	Manager
87	AP	APS	Colin Graham Butler	Regional Account Director
88	NA	SOL	Cooper, Tyler B.	Manager
89	NA	PRD	Coronel, Carlos	Associate Interactive Designer
90	NA	PRD	Cragun, Brian B.	Associate Content Analyst
91	IND		D Kalyan Chakravarthi	Programmer
92	NA	VLM	D.K. Chakravarthy	Methodologist
93	IND		Dasaradhi Agnihotram V S	Programmer
94	NA	OPS	Dave Ferguson	Recruiting Manager
95	AP	MC	David George Gale	Principal Consultant
96	AP	MC	David Hawkins	Principal Consultant
97	AP	MC	David John Kelly	Principal Consultant
98	NA	PHD	David Lyons	Software Engineer
99	AP	MC	David Nigel Niven	Principal Consultant
100	AP	MC	David Raine Oswald	Principal Consultant
101	NA		David Rogers	Controller
102	NA	PRD	Davis, Matthew M.	Interactive Designer
103	IND		Debiprasad Benerjee	Programmer
104	NA	DEL	Deep Vaswani	Software Engineer
105	NA	NJD	Deepa Balaji	Associate Software Engineer
106	IND		Deepak S Agarwal	Programmer
107	AP	APS	Denis Allan Parkinson	Regional Account Manager
108	NA	PHD	Derek Au	Software Engineer
109	AP	MC	Derek Paul Lister	Principal Consultant
110	NA	PHD	Devanath Desikan	Associate Software Engineer
111	NA	PHD	Devendra Kumar	Associate Software Engineer
112	NA	PHD	Dhananjay Naniwadekar	Associate Software Engineer
113	IND		Dhanasekaran. K	Programmer
114	NA	SOL	Dharma Katkuri	Principal Consultant
115	NA	SOL	Donahue, Michael P.	Director - Solutions
116	AP	APM	Donald Tristram Moore	SVP - International
117	NA	PHD	Duane Matsen	Software Engineer
118	IND		Edward Samraj N	Programmer
119	AP	APS	Eileen Wild	Principal Consultant
120	NA	NAM	Elizabeth Massimo	Admin. Assistant
121	NA	PHD	Eric Eckert	Principal Software Engineer
122	NA	PHD	Fariza Ahsanuddin	Associate Software Engineer
123	NA	PRM	Farr, Richard L.	Director
124	NA	MGT	Fereshteh Azad	Principal Consultant
125	AP	MC	Fiona Allan	Office Manager
126	AP	MC	Francis Benedict Kelly	Principal Consultant
127	AP	MC	Francisco Almeda TanKing	Principal Consultant
128	AP	MC	Frederick Geoffrey Furkert	Principal Consultant
129	AP	APS	Fredrick John Peter (Bill) Boyd	Director - Australia
130	NA	SOL	G.Venkat	Principal Consultant
131	IND		Gadde Ramesh	Programmer
132	NA	NJD	Gajapathy Senthil Kumar	Software Engineer
133	NA	NJD	Ganesh Nemmani	Associate Software Engineer
134	NA	PHD	Ganeshbabu Subramanian	Software Engineer
135	IND		Ganti Subba Rao	Admin
136	AP	MC	Gary Parker	Principal Consultant
137	IND		Gautam Deshpande	Programmer
138	NA	PRD	Geary, Michael	Interactive Architect
139	AP	APA	Genevieve Ruth Fraser	Accountant
140	EUR	EUR	Geoff Baker	Director Solutions - Europe
141	AP	MC	Geoffrey Allen Smith	Principal Consultant
142	AP	MC	George Heatherwick Findlay	Principal Consultant
143	IND		George Korah	MIS
144	NA	AU	George Moraetes	Principal Consultant
145	NA	PRD	Gibbons, Thomas W.	Manager
146	NA	OPS	Greg Killpack	Recruiting Manager

147	NA	PRA	Guilbert, Derrill E.	IS
148	NA	PHD	Gunilla Sundstrom	Manager
149	NA	PHD	Gunjan Vijayvergia	Software Engineer
150	IND		Guru Prasad Vinjamuri	Programmer
151	IND		Gurubachan Singh Sardar	Programmer
152	NA	VLM	Gururaj Managuli	Director - Methodology
153	NA	PRD	Hall, Craig	Associate Content Analyst
154	IND		Hari Babu	Programmer
155	IND		Harilal Kanakavalli	Programmer
156	AP	MC	Harry Chopra	Director Solutions Practice
157	IND		Harsha Kiran	Admin
158	AP	APS	Harvey David Calder	Associate Director
159	NA	PHD	Himanshu Kohli	Software Engineer
160	NA	SOL	Hitesh Seth	Principal Consultant
161	NA	PRA	Hokanson, Amie	Finance
162	NA	PRD	Hokanson, Nathan D.	Software Engineer
163	IND		I Stephen Mosses	Programmer
164	AP	MC	Iain Michael Barracough	Principal Consultant
165	AP	MC	Ian Hamish Roderik McFadyen	Principal Consultant
166	AP	APM	Ian Hugh Taylor	Managing Director - Asia Pacific
167	AP	APS	Ian Johnson	Director, Banking and Finance
168	AP	MC	Ian Stewart Mawson	Principal Consultant
169	IND		J Sabesan	Programmer
170	IND		J V N D Prasad	Team Leader
171	AP	MC	Jack Egon Boettcher	Principal Consultant
172	NA	MKT	Jacobson, Rachel L.	Marketing Executive
173	IND		Jaffar Sulaimani	Programmer
174	NA	NJD	Jaganadda Eluri	Software Engineer
175	NA	FCD	Jagannath Jayapaul	Software Engineer
176	IND		Jagannathan Giridhar	Testing Analyst
177	IND		James Rozario	Team Leader
178	AP	MC	Jan Jeremia Olivier	Principal Consultant
179	NA	OPS	Jan Johnson	Recruiting Manager
180	IND		Jandhyala Kalyan Charavarthy	
181	NA	PRA	Janelle Jackson	Finance
182	IND		Jasmit Singh	Recruiter
183	NA	AU	Jay Krall	Associate Director
184	IND		Jaya Shankar Reddy P	Content Entry Analyst
185	IND		Jayaram Goli	Programmer
186	IND		Jayendaraj Ramamurthi	Programmer
187	NA	MKT	Jeff Pasternak	
188	NA	NAS	Jeff Schulmann	Associate Director
189	AP	APS	Jeffrey Gordon Roberts	Director - Asia
190	NA	PRA	Jennifer	Receptionist
191	AP	APA	Jennifer Jane Wynne-Jones	Payroll Administrator
192	NA	PRA	Jensen, Brea	Human Resources
193	IND		Jerome Amirtharaj Ua	Team Leader
194	AP	MC	Jillian Kuch	Human Resource Manager
195	IND		Jitendra Kumar Rai	Programmer
196	NA	PRD	Jochetz, Christopher	Interactive Architect

197	NA	PHD	Joe Jenkins	Software Engineer
198	NA	SOL	Joe Postiglione	Vice President - Eprocurement
199	AP	MC	John Clive Emanuel	Principal Consultant
200	AP	MC	John Edward Crisp	Principal Consultant
201	NA	NAS	John Hardin	Principal Consultant
202	NA	SOL	John Kimborough	Manager
203	AP	MC	John Leslie Callcut	Director, Projects
204	NA	SOL	John Lloyd Jones	Principal Consultant
205	AP	APS	John Murray Downes	Regional Account Manager
206	NA	AU	John Pas	Principal Consultant
207	NA	PRD	Johnson, Clifford N.	Content Analyst
208	AP	MC	Jonathan Mark Ashby	Principal Consultant
209	NA	PRD	Jordan, Chris	IS
210			Judith Rogerson	Admin to CEO & VP Buss Dev
211	NA	DEL	Jyoti Nigam	Business Analyst
212	IND		K Shravan Kumar	Programmer

213	NA	Kala Bhatt	Accounting	
214	NA	SOL	Kalyan Subramaian	Director
215	NA	SOL	Kanth Miriyala	Associate Director
216	IND		Kathiiresan Palraj	MIS
217	AP	APA	Kathleen Ann Warren	Executive Assistant
218	AP	APA	Kathryn Young	Principal Consultant
219	NA	PHD	Kaustubh Kunte	Software Engineer
220	NA	PHD	Kaustubh Mule	Software Engineer
221	IND		Kavitha V	Programmer
222	IND		Kavitha Varahabhatla	Programmer
223	AP	APA	Kenneth George Foulner	Manager
224	AP	MC	Kerry Anne Trotter	Regional Account Manager
225	AP	MC	Kevan Moran	Principal Consultant
226	IND		Khairunisa Begum	Programmer
227	IND		Kilambi.V. Ramanujam	Testing Analyst
228	AP	APS	Kimberly Michelle Klasbeek	Payroll Administrator
229	IND		Kiran Kumar Gundimeda	Programmer
230	IND		Kiran Kumar Paladugu	Programmer
231	NA	PRD	Kirkpatrick, Sam	Principal Software Engineer
232	IND		Kishore Lakshman Rajeti	Programmer
233	NA	PRD	Knapp, Steven	Principal Consultant MC
234	IND		Koppisetty Suresh Kumar	Programmer
235	IND		Krishna Kanth Jandhyala	Programmer
236	IND		Krishna Kosuri	Programmer
237	NA	PHD	Krishnamurthy Rajagopal	Associate Software Engineer
238	NA	NAS	Kristen Costa	Admin Assistant
239	IND		Kumeta Vikram	Programmer
240	NA	PRD	Laidig, Robert J.	Software Engineer
241	NA	DEL	Lakshmi Narasimha Kota	Software Engineer
242	IND		Lakshmin Narasimhan Srivaths	
243	NA	PRD	Larson, Brent	Associate Content Analyst
244	AP	MC	Laurence Millar	Director - Telecomm
245	NA	PHD	Laxmikant Dash	Associate Software Engineer
246	AP	APA	Leslie Fearnley	Principal Consultant

247			Lisa Carnato	Accounting
248	AP	MC	Lisa Jennifer Rickman	Typist
249	NA	PRD	Lono, Erik N.	Interactive Designer
250	NA	PRD	LuBean, Aaron R.	Software Engineer
251	NA	PRD	LuBean, Jason I.	Principal Software Engineer
252	IND		M Laxmi Narayana	MIS
253	IND		Madan Mohan Reddy B	Programmer
254	NA	NJD	Madhusmita Gupte	Associate Software Engineer
255	IND		Madhusudana Chittibhatta	Programmer
256	NA	DEL	Mahendra Bairagi	Associate Software Engineer
257	IND		Mahesh Kumar Navale	Programmer
258	IND		Mallesh Kota	Programmer
259	IND		Maninder Singh	Content Entry Analyst
260	NA	PHD	Manjula Tekal	Software Engineer
261	IND		Manoj Balraj	BSA
262	NA	MC	Marcus Burrows	Manager
263	AP	MC	Margery Jane Allison	Principal Consultant
264	AP	APA	Maria Ann McKinley	Manager
265	NA	PHD	Mark Bi	Software Engineer
266	AP	MC	Mark Raymond Gordon	Principal Consultant
267	NA	NAS	Mark Smith	Regional Acct Mgr
268	AP	MC	Mark Thomas Turkington	Regional Account Manager
269	AP	MC	Martin William Chambers	Principal Consultant
270	NA	NAS	Matson, Jr. James E.	Regional Account Manager
271	NA	PHD	Matthew Cronin	Software Engineer
272	AP	MCS	Matthew Taylor	Principal Consultant
273	NA	PRA	Maw, Kristin	Finance
274	NA	PRM	Maw, Richard W.	Director
275	NA	PRD	Mecham, David R.	Associate Director
276	NA	PHD	Meena Gopakumar	Principal Consultant MC
277	IND		Mekala Srinivas	Programmer
278	NA	PHA	Melody Vosgier	Admin. Assistant
279	AP	MC	Michael Cartlidge	Director - Solutions Asia Pacific
280	AP	MC	Michael Colin Campbell	Controller - Asia Pacific
281	AP	MC	Michael John Walls	Principal Consultant
282	AP	APA	Michele Ruth West	Principal Consultant

283	NA	PHD	Mike Dunn	Associate Software Engineer
284	IND		Mohan Kannapa	Programmer
285	NA	AU	Morrell, Gregory D.	Manager
286	NA	PRD	Moss, Nicolas	Associate Content Analyst
287	IND		Mothukuri Sridhar	Content Entry Analyst
288	IND		Motupalli Srinivas Rao	Programmer
289	IND		Mrudula Maddipati	Programmer
290	NA	PHD	Mubasher Ahmed	Software Engineer
291	IND		Mudassir Hussain Md	Programmer
292	NA	DEL	Munish Arora	Associate Software Engineer
293	IND		Murali Krishna Erramilli	Programmer
294	NA	PHD	Murali Pallikonda	Associate Software Engineer
295	NA	DEL	Murli Subramani	Software Engineer
296	AP	MC	Murray Osborne	Manager
297	IND		Muthiah Palaniappa	Programmer

298	IND		Naga Lanka	MIS
299	IND		Naga Raju Parsa	Programmer
300	NA	SOL	Nagaraja Srivatsan	Director
301	IND		Nagaraju M	Programmer
302	NA	DEL	Nageshwar Rao Sannidhanam	Software Engineer
303	IND		Nageswara Rao Paidi	Programmer
304	NA	PHD	Nancy Cservak	Principal Consultant MC
305	IND		ProgrammerMurthy Upadhyayul S R	
306	IND		Narasimhaiah Narahari	Programmer
307	NA	PHD	Nardesh Katoch	Associate Software Engineer
308	IND		Naresh Kumar G	Programmer
309	NA	NAS	Neal Bischel	Regional Account Director
310	IND		Neeraj Vaddadi	BSA
311	IND		Neeraja A.	Programmer
312	AP	MC	Neil Norman McDougall	Principal Consultant
313	AP	MC	Neville Mercer	Principal Consultant
314	NA	PHD	Nicholas Morisseau	Principal Consultant MC
315	AP	MC	Nicola Charlotte Young	Assistant Office Manager
316	NA	MKT	Nicole Altobello	Marketing Assistant
317	AP	MC	Nigel Edwards	Regional Account Manager
318	IND		Nitin Kumar Bhatia	Testing Analyst
319	NA	PHD	Noor Haq	Software Engineer
320	IND		Nuthikattu Sailaja	Programmer
321	NA	PHD	Osmon Sukhera	Software Engineer
322	IND		P.V.U.Pavan Kumar	Content Entry Analyst
323	IND		Pagutharivu S	Programmer
324	NA	PRD	Painter, Timothy D.	Principal Software Engineer
325	IND		Pankaj Hemnani	Programmer
326	NA	PHD	Parag Matapurkar	Software Engineer
327	IND		Programmerhi V Neelishetty	
328	IND		Pardhasardhi V Neelishetty	Programmer
329	IND		Parul Gupta	Programmer
330	NA	NAS	Pat Gardner	Associate Director
331	NA	PHA	Patrick Kelly	System Admin
332	IND		Pawan Kumar Ramsastry	Programmer
333	AP	APA	Peter Charles Bashford	Manager
334	NA	NAS	Peter Evans	Associate Director
335	AP	APS	Peter James Hicks	Regional Account Manager
336	AP	MC	Peter Lindsay Smith	Principal Consultant
337	IND		Prabhakar K.M.	Programmer
338	IND		Prabhakar Kompella	Team Leader
339	IND		Pradeep Ramnath Iyer	Programmer
340	IND		Pradeep Sudhakar Joshi	Programmer
341	NA	PHD	Prasad Samak	Software Engineer
342	IND		Prasann V.Nadgir	Team Leader
343	IND		Prasanna Karmarkar	Programmer
344	NA	NJD	Prashant Gupte	Senior Software Engineer
345	NA	PHD	Prashanth Chakrapani	Software Engineer
346	IND		Prashanth Mallikarjun	Programmer
347	IND		Pravas Ranjan Pattnayak	Programmer
348	NA	PHD	Praveen Jhurani	Associate Software Engineer

349	IND		Praveena Sridhara	Content Entry Analyst
350	NA	AU	Prem Vedamuthu	Principal Consultant
351	IND		Pullamraju Harish	Testing Analyst

352	IND	R Rajashree Pathipaka	Content Entry Analyst	
353	IND	R Subha	Programmer	
354	NA	PHD	Raghu Neelagiri	Associate Software Engineer
355	NA		Raj Koneru	CEO
356	IND		Rajagopalan Kasiraman	Programmer
357	IND		Rajarathinam Singaravelu	Programmer
358	IND		Rajashekhar Reddy	Programmer
359	NA	PHD	Rajashekhar Mukkavilli	Associate Software Engineer
360	IND		Rajendra Prasad Chadalavada	
361	IND		Rajesh Babu Sv	Programmer
362	NA	OPS	Rajesh Iyer	Recruiting Manager
363	IND		Rajesh K	Team Leader
364	IND		Rajesh Yadali	Programmer
365	NA	PHD	Rajmohan Kartha	Associate Software Engineer
366	IND		Ramaa Raghavan	Testing Analyst
367	IND		Ramachandran Dittavi.J.	Testing Analyst
368	IND		Ramakanth P B S V	Programmer
369	IND		Ramakrishnan	Programmer
370	IND		Ramana Murthy	Programmer
371	IND		Ramanuj Singh	Programmer
372	NA	PHD	Rambabu Gonuguntla	Associate Software Engineer
373	IND		Ravi Goje	Team Leader
374	IND		Ravi Kiran G	Programmer
375	IND		Ravi Shankar LOLla	Programmer
376	NA		Ravi Singh	CFO
377	NA	PHD	Ravindra Mahajan	Software Engineer
378	IND		Ravindra Reddy Katukuri	Programmer
379	IND		Ravindrakumar Rasamsetti	Testing Analyst
380	IND		Ravindranath Y.V.	Programmer
381	NA		Richard Bevis	VP, Marketing
382	NA	SOL	Richard McLaren	Manager
383	NA	PHD	Richard Reese	Software Engineer
384	AP	APS	Richard Shenton Rice	Principal Consultant
385	AP	MC	Richard Stephen Hatfield	Principal Consultant
386	NA	PHA	Richard Verdugo	System Admin
387	NA	PRD	Richey, Ronald H.	Principal Consultant MC
388	NA	PRD	Richmond, Joe	Interactive Designer
389	AP	MC	Robert Arthur Barclay	Principal Consultant
390	AP	MC	Robert Ian Le Grice	Principal Consultant
391	AP	MC	Robert Owen Barnes	Principal Consultant
392	NA	NAS	Roger Comora	Regional Account Manager
393	NA	NJD	Roger Thompson	Associate Software Engineer
394	IND		Rokala Tarkesh Reddy	Programmer
395	NA	OPS	Rony Daniel	Recruiting Manager
396	AP	MC	Russell John Rolland	Principal Consultant
397	NA	PRA	Rymer, Randy L.	Principal Software Engineer
398	IND		S M Karthik	Programmer
399	IND		S Praveen	Programmer

400	IND	S Rajesh	Programmer	
401	IND	Sainath P Chawla	Programmer	
402	NA	PHD	Sairam Venkataraman	Associate Software Engineer
403	IND		Samuel Johnson	Programmer
404	NA	DEL	Sandeep Ginde	Software Engineer
405	IND		Sangeeta Kour	Testing Analyst
406	IND		Sanjay Chaswal	Programmer
407	NA	PHD	Sanjay Madaan	Software Engineer
408	NA	PHD	Sanjay Rao	Software Engineer
409	NA	DEL	Sanjay Sinha	Software Engineer
410	NA	DEL	Santosh Ravindran	Software Engineer
411	NA	PHD	Saptarshi Sen	Software Engineer
412	IND		Sathyaranayana Reddy V	Programmer
413	IND		Sathyaprasad K	Programmer
414	NA	DEL	Satish Aditiwar	Software Engineer
415	NA	NAS	Scoffield, Lance	Regional Account Manager
416	NA	AU	Scott Crompton	Director
417	IND		Selvi Arulraj	Testing Analyst
418	NA	PHD	Sendhil Chokkalingam	Software Engineer
419	NA	SOL	Senthil Kunchithapatham	Associate Director
420	IND		Shaik Altaff Mohiddin	Programmer
421	IND		Shaik Mohammad Abbas Ali	Testing Analyst
422	AP	MC	Sharon Ann Tait	Principal Consultant

423			Sharon Barrien	Accounting
424	NA	DEL	Sharon Glaser	Principal Consultant
425	NA	PHM	Shashi Jasthi	Director
426	IND		Shashikanth Hanumanta Rao	Programmer
427	IND		Shibu Mathew	Programmer
428	IND		Shirmila Rani Thota	Programmer
429	NA	PHD	Shyam Challapalli	Associate Software Engineer
430	NA	PHD	Siva Chilukuri	Software Engineer
431	NA	PHD	Siva Prasad Marella	Associate Software Engineer
432	NA	PRD	Smith, Randall K.	Principal Consultant MC
433	IND		Smitha Puranik	Programmer
434	IND		Somayajulu Kolli.S.S.S	Testing Analyst
435	IND		Sonal J. Ashtikar	Programmer
436	IND		Sowmya Katragadda	Programmer
437	NA	PRD	Spears, Kristin	Principal Software Engineer
438	IND		Sreejay Mullakandy	Recruiting and Operations Manager
439	IND		Sreekant Gottimukkala	Programmer
440	IND		Sri Lakshmi Dronamraju	Programmer
441	IND		Sridhar Reddy	Programmer
442	NA	DC	Sridhar Reddy	Software Engineer
443	IND		Sridhar Vamaraju	Programmer
444	NA	PHD	Srikanth Katakam	Software Engineer
445	IND		Srikanth Murthy	Programmer
446	IND		Srikanth S Koneru	Content Entry Analyst
447	IND		Srinath Vamaraju	Content Entry Analyst
448	NA	PHD	Srinivas Akkineni	Associate Software Engineer
449	IND		Srinivas Gullipalli	Programmer
450	IND		Srinivas Kumar Mukkamala	Programmer

451	NA	PHD	Srinivas Nandamuri	Software Engineer
452	IND		Srinivas Pediredla	Programmer
453	IND		Srinivas Rao Ganti	Programmer
454	IND		Srinivas Tatavarthy	Team Leader
455	IND		Srinivas Veeramachaneni S	Content Entry Analyst
456	NA	PHD	Srinivasan Rajamanickam	Software Engineer
457	IND		Sriram Muthugiri	Programmer
458	IND		Sriram S Chari	Testing Analyst
459	IND		Sriram Swaminathan	Programmer
460	IND		Sriranjani Varadarajan Z	Programmer
461	NA	PHD	Stefanie Sicard	Associate Software Engineer
462	NA	SOL	Steven Hagler	Director
463	AP	APA	Steven Heath	Solution Practice Manager
464	NA	PRD	Stockett, Z. Ted	Principal Software Engineer
465	NA	PRD	Stringham, Mark D.	Associate Content Analyst
466	IND		Subba Rao A.S.V	Team Leader
467	IND		Subbu Uppuluri	Project Manager
468	NA	PHD	Subhajit Bhattacherjee	Software Engineer
469	NA	PHD	Sudheer Mahankali	Associate Software Engineer
470	IND		Suman Srinivas Pothula	Programmer
471	IND		Sumathi Athuluri	Programmer
472	NA	PHD	Sumit Sood	Software Engineer
473	NA	PRD	Sumner, Richard E.	Principal Consultant MC
474	IND		Sundar Rajan S	Testing Analyst
475	NA	PHD	Sunil Fernandes	Programmer
476	IND		Sunita Chary	Recruiter
477	IND		Suraj Prabhu	Programmer
478	IND		Surender Rao Katikineni	Programmer
479	IND		Sushanto Mukherjee	Team Leader
480	IND		Susheel Nair	Programmer
481	NA	PRD	Swenson, Dawna S.	Principal Consultant MC
482	IND		Syed Amanullah Khan	Team Leader
483	AP	MC	Tadeusz Jozef Gawor	Manager
484	NA		Tarun Chandra	VP, Corp Strategy
485	NA	NAS	Teri Gallo	Associate Director
486	AP	MC	Terry Adams	Regional Account Manager
487	NA	AU	Terry Bradshaw	Principal Consultant
488	NA	AU	Terry, Stephanie A.	Principal Consultant
489	AP	MC	Thomas Michael Hunter	Principal Consultant
490	AP	MC	Thomas Ward Bradshaw	Operations Manager

491	NA	PRD	Thomas, Jennifer	Manager
492	NA	FCD	Tim Lupton	Software Engineer
493	NA	DEL	Tirumalesh Kowdlay	Software Engineer
494	NA		Tom Bernetich	SVP, North America Sales
495	NA	AU	Troy Mclean	Manager
496	IND		Tummala Suresh	Programmer
497	NA	PHD	Uday Pothakamury	Associate Software Engineer
498	NA	DEL	Udipi Charya	Software Engineer
499	IND		Ugrappa Vinay.K.	Programmer
500	IND	INDA	Unnamed	Controller
501	IND	INDA	Unnamed	Director - HR

502	IND		Upadyaula Raghu	Programmer
503	IND		Uppala Srikanth	Testing Analyst
504	AP	APS	Utam Singh Pannu	Principal Consultant
505	IND		V Mahesh Yadav	Programmer
506	IND		V S Pavan Kumar	Programmer
507	IND		Vamsee Krishna Karumudi	Content Entry Analyst
508	NA	PRD	Varkala, Venkat	Software Engineer
509	IND		Varun Kumar	BSA
510	NA	DC	Venkatesh Kumar Kirupakaran	Associate Software Engineer
511	NA	PHD	Venkatesh Rao	Software Engineer
512	IND		Venkatesh Sadagopan	BSA
513	NA	PHD	Venkatesh Srinivas Rao	Software Engineer
514	NA	PHD	Venkatesh Thirumalismamy	Software Engineer
515	IND		Venkateshwara Rao	Programmer
516	NA	NAS	Venu Raghavan	Account Manager
517			Veronica Soto	Admin to Finance
518	AP	MC	Victor Ian Wardrop	Principal Consultant
519	NA	NAS	Victoria Hedrick	Account Manager
520	IND		Vidhya M R	Programmer
521	NA	OPS	Vidya Shaker	Recruiting Manager
522	NA	PHA	Vijay Pulsani	System Admin
523	IND		Vijaya Kumar Rao	Programmer
524	IND		Vijaya Sarathi Tvr	Programmer
525	IND		TestinghAnalystteddy Talugul	
526	IND		Vikranth Pathak	Programmer
527	NA	PHD	Vinay Bhat	Software Engineer
528	NA	DEL	Vinayak Padaki	Software Engineer
529	IND		Vineesh Degapudi	Programmer
530	NA	DEL	Vinod Mandhana	Software Engineer
531	IND		Visweshwar Rao M	Programmer
532	AP	MC	Warren Topp	Principal Consultant
533	AP	OPS	Willem Abraham Geerts	Principal Consultant
534	AP	MC	William Johnson	Director - Phillipines
535	NA	PRD	Wimmer, Jason	Content Analyst
536	NA	PRD	Wing, Brent	Principal Consultant MC
537	NA	PRA	Wuehler, Michael T.	IS
538	IND		Yerukala Chandra	Programmer
539	NA	PHD	Yogendra Yadav	Software Engineer
540	NA	DEL	Yuvraj Joshi	Software Engineer
541	IND		Zeenat Vastad	Programmer
542	NA	PRD	Zimmerman, Joel	Principal Consultant MC
543	NA	FCA	Zina Albano	Admin. Assistant

EXHIBIT A

ANCILLARY AGREEMENTS

The term "Ancillary Agreements" includes the following agreements:

- (i) Services Agreement;
- (ii) Tax Sharing Agreement;
- (iii) Space Sharing Agreement;

- (iv) Distribution Agreement; and
- (v) Promissory Note.

EXHIBIT B

SERANOVA ASSETS

The term "SeraNova Assets" includes:

- o Assets Related to the Conduct of the SeraNova Business in the United States by Intelligroup, Inc. (attached hereto);
- o All of the equity interests of Intelligroup in the following companies:
 1. NetPub;
 2. Azimuth and each of its subsidiaries; and
 3. Intelligroup India Private Limited and each of its subsidiaries.

SERANOVA ASSETS
AS OF DECEMBER 31, 1999
(in thousands)

ASSETS	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		SERANOVA	INTELLIGROUP
<S>	<C>		
Current Assets:			
Cash	\$ -		
Accounts receivable, net of allowance for doubtful accounts of \$225	3,289		
Unbilled services	2,872		
Other current assets	185		

Total Current Assets	6,346		
Property and equipment, net	1,072		
Intangible assets, net	-		
Other assets	-		
	=====		
Total Assets	\$ 7,418		
	=====		
ASSETS	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		NETWORK PUBLISHING	NETWORK (1) PUBLISHING
<S>	<C>		
Current Assets:			
Cash	\$ 380		
Accounts receivable, net of allowance for doubtful accounts of \$128	2,164		
Unbilled services	--		
Other current assets	49		

Total Current Assets	2,593		
Property and equipment, net	529		
Intangible assets, net	3,492		

Other assets

--

Total Assets

\$ 6,614

=====

(1) Intelligroup will contribute 100% of outstanding Common Stock of Network Publishing.

ASSETS	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		AZIMUTH	AZIMUTH (2)
Current Assets:			
Cash	\$ 219		
Accounts receivable, net of allowance for doubtful accounts of \$0	2,003		
Unbilled services	808		
Other current assets	117		
Total Current Assets	3,147		
Property and equipment, net	253		
Intangible assets, net			
Other assets	9		
Total Assets	\$ 3,409		
	=====		

(2) Intelligroup, Inc will contribute 100% of outstanding Common Stock of Azimuth.

</TABLE>

<TABLE>

<CAPTION>

ASSETS	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		INDIA	INTELLIGROUP
<S>	<C>		
Current Assets:			
Cash	\$ 12		
Accounts receivable, net of allowance for doubtful accounts of \$0			
Unbilled services			
Other current assets	379		
Total Current Assets	391		
Property and equipment, net			
intangible assets, net other assets	1,009		
Total Assets	\$ 1,400		
	=====		

ASSETS	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		UK	INTELLIGROUP
Current Assets:			
Cash			
Accounts receivable, net of allowance for doubtful accounts of \$0			
Unbilled services			
Other current assets	39		
Total Current Assets	39		
Property and equipment, net intangible assets, net other assets			
Total Assets	\$ 39		
	=====		

</TABLE>

<TABLE>

<CAPTION>

COMPUTERS

Date	Description	Price
<S>	<C>	<C>
4/8/98	Scanner for Sastry & Zip Drive for Rajan Nair	287.45
4/30/98	Laptop for Bharat Raju	3,133.00
8/5/98	Desktops for ISS Projects	10,432.20
8/28/98	Desktops for Phoenix	22,174.44
8/28/98	Server for Phoenix	16,443.32
9/2/98	Laptop Accessories for Phoenix	2,244.29
9/2/98	Laptops, Memory, SW, Server, for Phoenix	6,751.15
9/14/98	Laptops for Phoenix	15,982.72
9/17/98	Desktops for Phoenix	22,865.37
10/19/98	Desktops for Phoenix	31,649.23
10/29/98	PostOffice Upgrade and Maintenance for Phoenix	2,295.00
11/11/98	Desktops for Phoenix	40,716.09
1/15/99	Desktops for Phoenix	22,207.81
1/19/99	Printer for Phoenix	1,573.70
1/25/99	Laptop Accessories for Sastry	557.84
3/10/99	Adtran CSU/DSU for Phoenix	671.00
3/11/99	Swiftsite Hardware Equipment for Phoenix	9,876.20
3/31/99	Server for Dharma	18,991.87
4/15/99	Laptops for Phoenix	9,052.53
4/26/99	Desktop for Phoenix	6,409.90
5/18/99	Laptops for Phoenix	29,441.87
5/24/99	Laptop for Scott Crompton	4,064.95
6/2/99	Laptop for Roger Comora	3,162.54
6/9/99	Token Ring Cards for Phoenix	964.24
6/10/99	Laptop for Arvind Ramachandran	3,841.21
6/11/99	Memory for Phoenix	1,227.56
6/15/99	PC Cards for Phoenix	616.06
6/21/99	Laptops for Phoenix	19,806.00
7/8/99	Desktops for Phoenix	20,260.90
7/8/99	Hub, Printer, Mice, Cartridges for Phoenix	1,626.15
7/12/99	Desktops for Phoenix	20,260.90
7/13/99	Hub for Phoenix	914.06
7/29/99	Desktop for Security System in Phoenix	563.99
7/29/99	Hard Drives for Phoenix	965.20
7/30/99	Turbo and Lan Cards for Phoenix	868.73
7/31/99	Laptop Purchase for ATD	3,572.00
8/4/99	Ethernet Cards for Phoenix	186.99
8/10/99	Laptop for Scott Crompton	3,762.22
8/13/99	Desktops for Phoenix	9,599.00
8/13/99	3Com Hub for Phoenix	955.39
8/16/99	CD Recorder for Arvind Ramamchandran	426.00
8/21/99	Memory for Laptops for ISS Consultants (3)	421.58
8/31/99	Laptop Purchase for ATD	2,156.00
8/31/99	Ethernet Card for ATD	616.20
9/8/99	Desktops for Phoenix Office	8,557.22
9/13/99	Desktops for Phoenix Office	17,114.42
9/16/99	Printer for Phoenix Office	1,468.41
9/22/99	Laptops for Phoenix Office	21,960.15
9/23/99	Laptop for Chakib Jaber	4,076.75
9/24/99	Memory for Phoenix Office	1,800.99
9/24/99	Token Ring Cards for Phoenix Office	230.00
9/24/99	Docking Station for Chakib Jaber	144.41
9/28/99	Server for ISS	5,039.01
9/29/99	Hub/PCI Cards for Phoenix Office	2,809.20
9/30/99	Port Switches/Mouse/Transceiver for Phoenix	3,503.30
	TOTAL COMPUTERS	441,298.71

</TABLE>

FURNITURE INVENTORY

<TABLE>

<CAPTION>

Quantity	Purchase
Count	Total

<S>	<C>	<C>
Executive Desks*	6	35,880
Manager Desks*	19	79,610
Workstation/Desks**	49	131,320
Conference Tables***	3	21,750
 Sofa	1	894
Armchair	1	894
Total Edison		270,347

Quantity	Purchase
Count	Total

Managers Office	4	15,860
Support Workstations	59	146,910
Conference/Trainin Area	1	3,200
Conference Rooms	3	4,800
Additional Furniture	1	16,480
Total Phoenix		187,250

TOTAL FURNITURE & FIXTURES	457,597
----------------------------	---------

</TABLE>

TRANSFERRED INTELLECTUAL PROPERTY

1. All processes and methodologies related to SeraNova's Time-to-Market approach.
2. All documents relating to SPEC Solution Frameworks, including I-Discover, I-Supplier, I-Partner, I-Employee and I-Customer.
3. All documents outlining application development standards: (a) Java Coding Standard; (b) Visual Basic Standard; (c) GUI Standard; and (d) PowerBuilder Standard.

Exhibit C

SERANOVA COMBINED BALANCE SHEET (in thousands)

<TABLE>
<CAPTION>

<S>	FOR THE YEAR ENDED DECEMBER 31,		FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31,		FOR THE YEARS ENDED MARCH 31,	
	1999	1998	1998	1997	1998	1997
	-----	-----	-----	-----	-----	-----
ASSETS	<C>	<C>	<C>	<C>	<C>	
Current Assets:						
Cash	\$ 611	\$ 677	\$ 368	\$ 635		
Accounts receivable, net of allowance for doubtful accounts of \$353, \$200, \$207, \$127, \$0, respectively	7,456	3,096	2,169	1,230		
Unbilled services	3,680	900	252	4		
Other current assets	769	286	112	41		
 Total Current Assets	 12,516	 4,959	 2,901	 1,910		

Property and equipment, net	2,863	816	315	492
Intangible assets, net	3,492	-	-	-
Other assets	9	-	-	-
-----	-----	-----	-----	-----
Total Assets	\$18,880	\$ 5,775	\$ 3,216	\$ 2,402
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Current portion of long-term debt	\$ 120	\$ -	\$ -	\$ -
Notes payable to Parent	8,397	1,541	816	-
Accounts payable	872	526	276	137
Accrued payroll and related Costs	1,551	1,039	965	997
Accrued expenses and other liabilities	2,352	2,277	699	211
	-----	-----	-----	-----
Total Current Liabilities	13,292	5,383	2,756	1,345
Long-Term Debt, net of current portion	618	--	219	521
	-----	-----	-----	-----
Total Liabilities	13,910	5,383	2,975	1,866
Shareholders' Equity:				
Preferred stock \$.01 par value, 5,000,000 shares authorized, none issued or outstanding	-	-	-	-
Common stock, \$.01 par value, 40,000,000 shares authorized, 1,000 shares issued and outstanding as of December 31, 1999	-	-	-	-
Parent company investment	7,250	1,353	727	701
Currency Translation				
Adjustment	(34)	24	(53)	15
Accumulated deficit	(2,246)	(985)	(433)	(180)
	-----	-----	-----	-----
Total Shareholders' Equity	4,970	392	241	536
	-----	-----	-----	-----
Total Liabilities and Shareholder's Equity	\$18,880	\$ 5,775	\$ 3,216	\$ 2,402
	=====	=====	=====	=====

</TABLE>

EXHIBIT D

SERANOVA CONTRACTS

SERANOVA CONTRACTS

CUSTOMER NAME	DATE	CUSTOMER NAME	DATE
<S>	<C>	<C>	<C>
Accident Compensation Corp	9/6/99	Mighty River Power	9/20/99
Agilent Inc.	12/6/99	Net Seed Development	5/11/99
Air New Zealand Limited	6/29/98	New Zealand Dairy Board	10/12/99
Altiris	2/5/99	New Zealand Police	11/8/99
American Express	3/22/98	North Shore City Council	9/8/99

Armstrong Inc.	9/15/99	Novell Electronic Marketing	6/28/99
Asian Terminals Inc	11/22/99	Novell, Inc.	2/9/99
Aspect Telecommunications	5/23/99	Ogholly.com	9/16/99
Auckland City	10/12/99	Palmerston North CC	4/20/99
Audi	1/1/99	Penreco	3/8/99
Berli Jucker Public Company Ltd	12/19/99	Philippine National Oil	12/3/99
Big Planet	3/9/99	Philippines Long Distance	1/15/98
Canterbury Meat Packers Ltd	10/12/99	Phillip Morris Philippines	12/10/99
Cedenco Australia Limited	8/25/99	Powerco	10/21/99
Cerebos Gregg's Limited	8/25/99	PricewaterhouseCoopers	7/16/99
College Enterprises, Inc.	9/15/99	Rio Bravo Entertainment	2/5/99
Deloitte Touche Tomatsu	12/7/99	Royal Canadian Government	9/28/99
Department of Defence	8/5/99	Santa Cruz Operations	3/1/99
Department of Labour	9/30/99	Sento Corporation	7/15/99
Department of Lands	11/18/99	Simplot	4/1/99
Dominion Salt Limited	8/25/99	Tacit Group	11/15/99
EMI Music Publishing	1/4/99	Telecom New Zealand Limited	10/4/99
Fragomen, Del Rey & Bernsen	1/7/99	Telecom New Zealand Ltd	10/11/99
Genesis Power	4/6/99	Telephone Authority of Thailand	12/15/99
Globe Telecoms	12/7/99	Television New Zealand	8/2/99
Heinz Wattie's Australasia	8/26/99	The Forums Group	1/29/99
Hewlett Packard	2/4/99	The Slaymaker Group, Inc.	6/17/99
IAccess.com	3/22/99	The University of Auckland	10/18/99
IBM, Cable&Wireless A/c	10/18/99	TransAlta New Zealand Ltd	4/15/98
IHomeroom.com Corporation	9/17/99	US Cellular Corporation	10/6/99
Inland Revenue	8/30/99	Utah.com	1/6/99
Intermountain Health Care	9/14/99	Vignette Corporation	9/29/99
J.R. Simplot Company	6/9/99	Vilas Development Corporation	10/20/99
Liquidprice Inc.	8/13/99	Volkswagen of America	1/1/99
LWR Industries Limited	9/11/99	WebMethods, Inc.	9/16/99
McKesson Corporation	1/1/99	Work and Income NZ	11/12/99
Medical Assurance Society	11/15/99	Zuellig Pharma	7/30/99
Merrill, Scott and Associate	2/3/99	Zuellig Pharma Corporation	12/6/98

EXHIBIT E

SERANOVA LIABILITIES

The term "SERANOVA LIABILITIES" includes:

Liabilities assumed from Intelligroup, Inc. with respect to the conduct of SeraNova Business in the United States (attached hereto):

SERANOVA LIABILITIES

LIABILITIES	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		SeraNova	Intelligroup
<S> Current Liabilities:	<C>		
Current portion of long-term debt	\$ -		
Notes payable to Parent	6,880		
Accounts payable	-		
Accrued payroll and related costs	836		
Accrued expenses and other liabilities	682		

Total Current Liabilities	8,398		

Long-Term Debt, net of current portion	--		

Total Liabilities	\$ 8,398		
=====			

LIABILITIES	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		Network Publishing	Network Publishing (1)
Current Liabilities:			
Current portion of long-term debt	\$ 120		
Notes payable to Parent	45		
Accounts payable	53		
Accrued payroll and related costs	206		
Accrued expenses and other liabilities	591		

Total Current Liabilities	1,015		
Long-Term Debt, net of current portion	618		

Total Liabilities	\$ 1,633		
	=====		

(1) Intelligroup will contribute 100% of outstanding Common Stock of Network Publishing.

LIABILITIES	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		Azimuth	Azimuth (2)
Current Liabilities:			
Current portion of long-term debt	\$ -		
Notes payable to Parent	1,389		
Accounts payable	573		
Accrued payroll and related costs	505		
Accrued expenses and other liabilities	1,079		

Total Current Liabilities	3,546		
Long-Term Debt, net of current portion	--		

Total Liabilities	\$ 3,546		
	=====		

(2) Intelligroup, Inc will contribute 100% of outstanding Common Stock of Azimuth.

</TABLE>

<TABLE>
<CAPTION>

LIABILITIES	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		India	Intelligroup
<S>			
Current Liabilities:			
Current portion of long-term debt			
Notes payable to Parent			
Accounts payable	195		

Accrued payroll and related costs			
Accrued expenses and other liabilities			

Total Current Liabilities	195		
Long-Term Debt, net of current portion	--		

Total Liabilities	\$ 195		
	=====		

LIABILITIES	VALUE	RECIPIENT	CONTRIBUTING ENTITY
		UK	Intelligroup
Current Liabilities:			
Current portion of long-term debt			
Notes payable to Parent	83		
Accounts payable	51		
Accrued payroll and related costs	4		
Accrued expenses and other liabilities	--		

Total Current Liabilities	138		

Long-Term Debt, net of current portion	--
Total Liabilities	\$ 138

</TABLE>

EXHIBIT F

PERMITTED LIENS

- o Liens granted to PNC Bank N.A. pursuant to that certain Revolving Credit Loan Agreement dated January 29, 1999 and the First Amendment to Revolving Credit Loan Agreement dated January 26, 2000.

EXHIBIT G

LICENSED INTELLECTUAL PROPERTY

1. All processes and tools related to 4 Sight Methodology.
2. All documents outlining the software selection process including, Business Process Templates, Flow Process Diagrams and Organizational Chart Templates.

EXHIBIT H

INTERCOMPANY DEBT

INTERCOMPANY DEBT

SeraNova has a loan payable to Intelligroup as of December 31, 1999, in the amount of \$8,397,000. Additional amounts may become payable to Intelligroup stemming from income taxes and/or cash flow requirements for the periods subsequent to December 31, 1999 and prior to proposed spin-off. A note bearing an interest rate equal to the current prime rate will be negotiated prior to the proposed spin-off.

DISTRIBUTION AGREEMENT

This Distribution Agreement dated as of January 1, 2000 (the "Agreement") between Intelligroup, Inc., a New Jersey corporation ("Intelligroup") and SeraNova, Inc., a New Jersey corporation ("SeraNova").

W I T N E S S E T H:

WHEREAS, SeraNova is a wholly-owned Subsidiary of Intelligroup;

WHEREAS, the Board of Directors of Intelligroup has determined that it is in the best interest of Intelligroup, its shareholders and SeraNova to distribute to the holders of shares of Common Stock, par value \$.01 per share, of Intelligroup (the "Intelligroup Common Stock") all of the outstanding shares of Common Stock, par value \$.01 per share, of SeraNova (the "SeraNova Common Stock") owned by Intelligroup;

WHEREAS, the Distribution is intended to qualify as a tax-free spin-off under Section 355 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the parties hereto have determined that it is necessary and desirable to set forth the principal corporate transactions required to effect the Distribution and to set forth other agreements that will govern certain other matters prior to or following the Distribution;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and intending to be legally bound thereby, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.1. Definitions. The following terms, as used herein, have the following meanings:

"Action" means any claim, suit, action, arbitration, inquiry, investigation or other proceeding by or before any court, governmental or other regulatory or administrative agency or commission or any other tribunal.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of this

Agreement, no member of one Group shall be treated as an Affiliate of any member of either of the other Groups.

"Azimuth Companies" means, collectively, Azimuth Consulting, Azimuth Corporation, Azimuth Holdings, Braithwaite Richmond and each Subsidiary of the Azimuth Companies.

"Azimuth Consulting" means Azimuth Consulting Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup.

"Azimuth Corporation" means Azimuth Corporation Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup.

"Azimuth Holdings" means Azimuth Holdings Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup.

"Braithwaite Richmond" means Braithwaite Richmond Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup.

"Code" means the Internal Revenue Code of 1986, as amended.

"Distribution" means the distribution by Intelligroup on the Distribution Date of the SeraNova Common Stock owned by Intelligroup to the holders of Intelligroup Common Stock as of the Record Date.

"Distribution Agent" means American Stock Transfer & Trust Company.

"Distribution Date" means the business day as of which the Distribution shall be effected.

"Distribution Documents" means all of the agreements and other documents entered into in connection with the Distribution or the other transactions contemplated hereby, including, without limitation, this Agreement, the Contribution Agreement, Tax Sharing Agreement, Services Agreement and Space Sharing Agreement.

"Effective Time" means immediately prior to the close of business on the Distribution Date.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, permits, licenses and governmental restrictions, whether now or hereafter in effect, relating to the environment, the effect of the environment on human health or to emissions, discharges, releases, manufacturing, storage, processing, distribution, use, treatment,

disposal, transportation or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic, radioactive or hazardous substances or wastes or the clean-up or other remediation thereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

-2-

"Finally Determined" means, with respect to any Action or other matter, that the outcome or resolution of such Action or matter has been judicially determined by judgment or order not subject to further appeal or discretionary review (or, in the case of any matter required to be resolved by arbitration in accordance with Section 8.11, that the outcome or resolution of such matter has been determined thereunder).

"Group" means, as the context requires, the SeraNova Group or the Intelligroup Group.

"Indemnified Party" has the meaning set forth in Section 4.4.

"Indemnifying Party" has the meaning set forth in Section 4.4.

"Intelligroup Business" means the Internet solutions provider business conducted primarily by Intelligroup's Internet Solutions Group.

"Intelligroup Common Stock" has the meaning set forth in the second recital hereto.

"Intelligroup Group" means Intelligroup and its Subsidiaries (other than any member of the SeraNova Group).

"Intelligroup Indemnitees" has the meaning set forth in Section 4.1.

"Intelligroup India" means Intelligroup India Private Limited., a corporation formed pursuant to the laws of India and a wholly-owned subsidiary of Intelligroup.

"Intelligroup Liabilities" means all (i) Liabilities of the Intelligroup Group under this Agreement or the other Distribution Documents, (ii) except as otherwise specifically provided herein or in any other Distribution Document, other Liabilities, whether arising before, on or after The Distribution Date, of the parties hereto (or their respective Subsidiaries) to the extent such Liabilities arise primarily from or relate primarily to the management or conduct of the Intelligroup Business prior to the Effective Time (the Liabilities listed in clauses (i) and (ii) are collectively referred to as "True Intelligroup Liabilities") and (iii) that percentage of the Shared Liabilities that are clearly attributable, or attributable by means of a reasonable apportionment to the Intelligroup Group. The Intelligroup Liabilities 1999 included in Intelligroup's quarterly report on Form 10-Q for the quarter

ended on such date other than the SeraNova Balance Sheet Liabilities.

"Liabilities" means any and all claims, debts, liabilities and obligations, absolute or contingent, matured or not matured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses relating thereto, and including, without limitation, those debts, liabilities and obligations arising under this Agreement, any law (including Environmental Laws), rule, regulation, any action, order, injunction or consent decree of any governmental agency or entity, or any award of any arbitrator of any kind, and those arising under any agreement, commitment or undertaking.

-3-

"Losses" means, with respect to any Person, any and all damage, loss, liability and expense incurred or suffered by such Person (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any and all Actions or threatened Actions).

"Managing Party" has the meaning set forth in Section 4.6.

"Nasdaq" means the Nasdaq Stock Market.

"Netpub" means Network Publishing, Inc., a Utah corporation and wholly-owned subsidiary of Intelligroup.

"Participating Party" has the meaning set forth in Section 4.6.

"Person" means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Pre-Distribution Policy" has the meaning set forth in Section 7.4.

"Record Date" means the date determined by Intelligroup's Board of Directors (or determined by a committee of such Board of Directors or by any person pursuant to authority delegated to such committee or such person) as the record date for determining the holders of Intelligroup Common Stock entitled to receive SeraNova Common Stock pursuant to the Distribution.

"Representatives" has the meaning set forth in Section 6.6.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SeraNova Balance Sheet Liabilities" has the meaning set forth in this Section 1.1 in the definition of "SeraNova Liabilities."

"SeraNova Business" means the business of providing Internet solutions.

"SeraNova Common Stock" has the meaning set forth in the second recital hereto.

"SeraNova Form 10" means the registration statement on Form 10 filed by SeraNova with the SEC on or about January 27, 1999, to effect the registration of SeraNova Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended from time to time.

"SeraNova Group" means SeraNova and its Subsidiaries as of (and, except where the context clearly indicates otherwise, after) the Effective Time (including all predecessors to

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such Persons). The members of the SeraNova Group are SeraNova, SeraNova Limited, NetPub, the Azimuth Companies and Intelligroup India.

"SeraNova Indemnitees" has the meaning set forth in Section 4.2.

"SeraNova Information Statement" means the information statement that forms a part of the SeraNova Form 10 and is to be sent to each holder of Intelligroup Common Stock in connection with the Distribution.

"SeraNova Liabilities" means all (i) Liabilities of the SeraNova Group under this Agreement or the other Distribution Documents, (ii) except as otherwise specifically provided herein or in any other Distribution Document, other Liabilities, whether arising before, on or after the Distribution Date, of the parties hereto (or their respective Subsidiaries) to the extent such Liabilities arise primarily from or relate primarily to the management or conduct of the SeraNova Business (other than Shared Corporate Liabilities) prior to the Effective Time (the Liabilities listed in clauses (i) and (ii) are collectively referred to as "True SeraNova Liabilities") and (iii) that percentage of the Shared Liabilities that are clearly attributable, or attributable by means of a reasonable apportionment to the SeraNova Group. The SeraNova Liabilities include all Liabilities set forth on the balance sheet of SeraNova as of September 30, 1999 included in the SeraNova Information Statement (the "SeraNova Balance Sheet Liabilities").

"Services Agreement" means the Services Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

"Shared Liability" means any Liability (whether arising before, on or after the Distribution Date) of the parties hereto or their respective Subsidiaries which (i) arises from or relates to the management or conduct prior to the Effective Time of the businesses of Intelligroup and its Subsidiaries and (ii) is not a True Intelligroup Liability or a True SeraNova Liability. Shared

Liabilities include, without limitation, Liabilities listed on Schedule 1.1 hereto.

"Shared Liability Claim" has the meaning set forth in Section 4.6.

"Space Sharing Agreement" means the Space Sharing Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

"Subsidiary" means, with respect to any Person, any other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"Tax" means Tax as such term is defined in the Tax Sharing Agreement.

"Tax Sharing Agreement" means the Tax Sharing Agreement Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000.

"Third-Party Claim" has the meaning set forth in Section 4.5.

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"True Intelligroup Liabilities" has the meaning set forth in this Section 1.1 in the definition of "Intelligroup Liabilities."

"True SeraNova Liabilities" has the meaning set forth in this Section 1.1 in the definition of "SeraNova Liabilities."

ARTICLE 2. CERTAIN ACTIONS PRIOR TO THE DISTRIBUTION DATE

Section 2.1. Certificate of Incorporation; By-laws. Intelligroup and SeraNova shall take all action necessary so that, at the Distribution Date, the Amended and Restated Certificate of Incorporation and By-laws of SeraNova shall be in the forms attached hereto as Schedule 2.1(a) and Schedule 2.1(b), respectively.

Section 2.2. Issuance of Stock. Prior to or as of the Distribution Date, the parties hereto shall take all steps necessary to reclassify the outstanding shares of SeraNova Common Stock so that, except as otherwise contemplated by this Agreement, immediately prior to or as of the Distribution Date the number of shares of SeraNova Common Stock outstanding and held by Intelligroup shall be equal to one to one (1/1) the number of shares of Intelligroup Common Stock outstanding on the Record Date.

Section 2.3. Transfer of Certain Other Assets and Assumption of Liabilities. Effective prior to or as of the Distribution Date or as soon as practicable after the Distribution Date, subject to receipt of any necessary consents or approvals of third parties or of governmental or regulatory agencies or authorities and subject to Section 7.2, Intelligroup shall, or shall cause

the relevant member of the Intelligroup Group to, assign, contribute, convey, transfer and deliver to SeraNova or to one or more members of the SeraNova Group (a) all of the right, title and interest of Intelligroup or such member of the Intelligroup Group in and to all assets (including all agreements), if any, held by any member of the Intelligroup Group that relate predominantly to the SeraNova Business and (b) all of the shares of capital stock of NetPub, the Azimuth Companies, and Intelligroup India and SeraNova shall, or shall cause such member or members of the SeraNova Group to, assume and take transfer of all liabilities associated with such assets.

Section 2.4. Conduct of Business Pending the Distribution Date. Each of the parties hereto agrees that from the date hereof until the Distribution Date, except as otherwise contemplated by this Agreement, it will use its best efforts to carry on the Intelligroup Business diligently in the ordinary course and substantially in the same manner as heretofore conducted and to preserve intact the business organization and goodwill of the Intelligroup Business (including using its best efforts to cause its Subsidiaries to take such actions.

Section 2.5. Refinancing. Each of the parties hereto agrees that it will use reasonable efforts to obtain, prior to the Distribution Date, all necessary consents, waivers or amendments to each bank credit agreement, debt security or other financing facility to which it and its Subsidiaries is a party or by which it or any of its Subsidiaries is bound, or to refinance such agreement, security or facility, in each case on terms satisfactory to Intelligroup and

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SeraNova and to the extent necessary to permit the Distribution to be consummated without any material breach of the terms of such agreement, security or facility.

Section 2.6. Registration and Listing. Prior to the Distribution Date (a) Intelligroup and SeraNova shall prepare the SeraNova Information Statement and the SeraNova Form 10. SeraNova shall file the SeraNova Form 10 with the SEC. Intelligroup and SeraNova shall use reasonable efforts to cause the SeraNova Form 10 to become effective under the Exchange Act as promptly as reasonably practicable. Intelligroup and SeraNova shall prepare the SeraNova Information Statement; and after the SeraNova Form 10 becomes effective, Intelligroup shall cause the SeraNova Information Statement to be mailed to the holders of Intelligroup Common Stock as of the Record Date.

(b) The parties shall use their best efforts to take all such action as may be necessary or appropriate under state securities and "blue sky" laws in connection with the transactions contemplated by this Agreement.

(c) Intelligroup and SeraNova shall prepare, and SeraNova shall file and seek to make effective, an application for the trading of the SeraNova Common Stock on Nasdaq, subject to official notice of issuance.

(d) Intelligroup and SeraNova shall cooperate in preparing, filing with the SEC and causing to become effective any registration statements or amendments thereto that are appropriate to reflect the establishment of or amendments to any employee benefit and other plans contemplated by this Agreement.

ARTICLE 3.
THE DISTRIBUTION

Section 3.1. Intelligroup Board Action; Conditions Precedent. (a) Intelligroup's Board of Directors shall, in its discretion, establish (or delegate authority to establish) the Record Date and the Distribution Date and any appropriate procedures in connection with the Distribution. In no event shall the Distribution occur unless the following conditions shall have been and continue to be satisfied:

(i) The transactions contemplated by Sections 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6 shall have been consummated in all material respects;

(ii) the SeraNova Form 10 shall have become effective under the Exchange Act and no stop order with respect thereto shall be in effect;

(iii) the SeraNova Common Stock to be delivered in the Distribution shall have been approved for trading on Nasdaq, subject to official notice of issuance;

(iv) the Board of Directors of Intelligroup shall be satisfied that (a) at the time of the Distribution and after giving effect to the Distribution and other related transactions, Intelligroup will not be insolvent (in that, both before and immediately following the

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Distribution, (i) the fair market value of Intelligroup's assets would exceed Intelligroup's liabilities, (ii) Intelligroup would be able to pay its liabilities as they mature and become absolute and (iii) Intelligroup would not have unreasonably small capital with which to engage in its business) and (b) the Distribution shall be payable in accordance with applicable law;

(v) Intelligroup's Board of Directors shall have approved the Distribution and shall not have abandoned, deferred or modified the Distribution at any time prior to the Distribution Date;

(vi) SeraNova shall take such action as is necessary such that its Board of Directors is comprised of those individuals named as directors in the SeraNova Information Statement.

(vii) The Contribution Agreement, Tax Sharing Agreement, Space Sharing Agreement and Services Agreement shall have been duly executed and

delivered by the parties thereto;

(viii) All authorizations, consents, approvals and clearances of all federal, state, local and foreign governmental agencies required to permit the valid consummation by the parties hereto of the transactions contemplated by this Agreement shall have been obtained; and no such authorization, consent, approval or clearance shall contain any conditions which would have a material adverse effect on (a) the Intelligroup Business, (b) the assets, results of operations or financial condition of the Intelligroup Group, in each case taken as a whole, or (c) the ability of Intelligroup or SeraNova to perform its obligations under this Agreement; and all statutory requirements for such valid consummation shall have been fulfilled;

(ix) No preliminary or permanent injunction or other order, ruling or decree issued by a court of competent jurisdiction or by a government, regulatory or administrative agency or commission, and no statute, rule, regulation or executive order promulgated or enacted by governmental authority, shall be in effect preventing the payment of the Distribution;

(x) All necessary consents, amendments or waivers to each bank credit agreement, debt security or other financing facility to which any member of the Intelligroup Group is a party or by which any such member is bound shall have been obtained, or each such agreement, security or facility shall have been refinanced, in each case on terms satisfactory to Intelligroup and SeraNova and to the extent necessary to permit the Distribution to be consummated without any material breach of the terms of such agreement, security or facility; and

(xi) Intelligroup shall have received an opinion from Arthur Andersen LLP, substantially in the form attached hereto as Exhibit Schedule 3.1(xi) that the Distribution should be tax-free to Intelligroup and to U.S. stockholders of the Intelligroup Common Stock.

(b) Any determination made by the Board of Directors of Intelligroup in good faith prior to the Distribution Date concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.1 shall be conclusive.

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Section 3.2. The Distribution. Subject to the terms and conditions set forth in this Agreement, (i) prior to the Distribution Date, Intelligroup shall deliver to the Distribution Agent for the benefit of holders of record of Intelligroup Common Stock on the Record Date, stock certificates, endorsed by Intelligroup in blank, representing all of the then-outstanding shares of SeraNova Common Stock owned by Intelligroup, (ii) the Distribution shall be effective as of the close of business, New York City time, on the Distribution Date and (iii) Intelligroup shall instruct the Distribution Agent to distribute, on or as soon as practicable after the Distribution Date, to each holder of record of Intelligroup Common Stock as of the Record Date one share of SeraNova Common Stock for each one share of Intelligroup Common Stock so held. SeraNova

agrees to provide all certificates for shares of SeraNova Common Stock that Intelligroup shall require (after giving effect to Section 3.4) in order to effect the Distribution.

Section 3.3. Stock Dividends to Intelligroup. On or prior to the Distribution Date, SeraNova shall issue to Intelligroup as a stock dividend the number of shares of SeraNova Common Stock as required to effect the Distribution, as certified by the Distribution Agent. In connection therewith, Intelligroup shall deliver to SeraNova for cancellation the share certificate currently held by it representing SeraNova Common Stock.

Section 3.4. Fractional Shares. No certificates representing fractional shares of SeraNova Common Stock will be distributed in the Distribution. The Distribution Agent will be directed to determine the number of whole shares and fractional shares of SeraNova Common Stock allocable to each holder of Intelligroup Common Stock as of the Record Date. Upon the determination by the Distribution Agent of such number of fractional shares, as soon as practicable after the Distribution Date, the Distribution Agent, acting on behalf of the holders thereof, shall sell such fractional shares for cash on the open market and shall disburse the appropriate portion of the resulting cash proceeds (net of any costs of selling the fractional shares) to each holder entitled thereto.

ARTICLE 4. INDEMNIFICATION

Section 4.1. SeraNova Indemnification of the Intelligroup Group. (a) Subject to Section 4.3, on and after the Distribution Date, SeraNova shall indemnify, defend and hold harmless the Intelligroup Group and the respective directors, officers, employees and Affiliates of each Person in the Intelligroup Group (the "Intelligroup Indemnitees") from and against any and all Losses incurred or suffered by any of the Intelligroup Indemnitees (1) arising out of, or due to the failure of any Person in the SeraNova Group to pay, perform or otherwise discharge, any of the SeraNova Liabilities and (2) arising out of the breach by any member of the SeraNova Group of any obligation under this Agreement or any of the other Distribution Documents. This indemnification is not intended to, and should not be construed as, limiting or amending SeraNova's indemnification obligations defined in any of the other Distribution Documents.

(b) Subject to Section 4.3, SeraNova shall indemnify, defend and hold harmless each of the Intelligroup Indemnitees and each Person, if any, who controls any Intelligroup Indemnitee within the meaning of either Section 15 of the Securities Act or Section

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20 of the Exchange Act from and against any and all Losses caused by any untrue statement or alleged untrue statement of a material fact contained in the SeraNova Form 10 or any amendment thereof or the SeraNova Information Statement (as amended or supplemented), or caused by any omission or alleged omission to

state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such Losses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished to SeraNova in writing by Intelligroup expressly for use therein.

Section 4.2. Intelligroup Indemnification of SeraNova Group. (a) Subject to Section 4.3, on and after the Distribution Date, Intelligroup shall indemnify, defend and hold harmless the SeraNova Group and the respective directors, officers, employees and Affiliates of each Person in the SeraNova Group (the "SeraNova Indemnitees") from and against any and all Losses incurred or suffered by any of the SeraNova Indemnitees, (1) arising out of, or due to the failure of any Person in the Intelligroup Group to pay, perform or otherwise discharge, any of the Intelligroup Liabilities and (2) arising from any breach by any member of the Intelligroup Group of any obligation made under this Agreement or any of the other Distribution Documents. This indemnification is not intended to, and should not be construed as, limiting or amending Intelligroup's indemnification obligations defined in any of the other Distribution Documents.

(b) Subject to Section 4.3, Intelligroup shall indemnify, defend and hold harmless each of the SeraNova Indemnitees and each Person, if any, who controls any SeraNova Indemnitee within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by any untrue statement or alleged untrue statement of a material fact contained in the SeraNova Form 10 or any amendment thereof or in the SeraNova Information Statement (as amended or supplemented), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such Losses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished to SeraNova in writing by Intelligroup expressly for use therein.

Section 4.3. Insurance; Third-Party Obligations. Any indemnification pursuant to Section 4.1 or 4.2 shall be paid net of the amount of any insurance or other amounts that would be payable by any third party to the Indemnified Party (as defined below) in the absence of this Agreement (irrespective of time of receipt of such insurance or other amounts) and net of any Tax Benefit (as defined in the Tax Sharing Agreement) to the Indemnified Party attributable to the relevant payment or Liability. It is expressly agreed that no insurer or any other third party shall be (i) entitled to a benefit it would not be entitled to receive in the absence of the foregoing indemnification provisions, (ii) relieved of the responsibility to pay any claims to which it is obligated or (iii) entitled to any subrogation rights with respect to any obligation hereunder.

Section 4.4. Notice and Payment of Claims. If any Intelligroup Indemnitee or SeraNova Indemnitee (the "Indemnified Party") determines that it is or may be entitled to indemnification by any party (the "Indemnifying Party") under Article 4 (other than in connection with any Action subject to Section 4.5

Indemnifying Party a written notice specifying, to the extent reasonably practicable, the basis for its claim for indemnification and the amount for which the Indemnified Party reasonably believes it is entitled to be indemnified. Within 30 days after receipt of such notice, the Indemnifying Party shall pay the Indemnified Party such amount in cash or other immediately available funds unless the Indemnifying Party objects to the claim for indemnification or the amount thereof. If the Indemnifying Party does not give the Indemnified Party written notice objecting to such indemnity claim and setting forth the grounds therefor within such 30-day period, the Indemnifying Party shall be deemed to have acknowledged its liability for such claim and the Indemnified Party may exercise any and all of its rights under applicable law to collect such amount. In the event of such a timely objection by the Indemnifying Party, the amount, if any, that is Finally Determined to be required to be paid by the Indemnifying Party in respect of such indemnity claim shall be paid by the Indemnifying Party to the Indemnified Party in cash within 15 days after such indemnity claim has been so Finally Determined.

Section 4.5. Notice and Defense of Third-Party Claims Other Than Those for Shared Liabilities. Promptly following the earlier of (i) receipt of notice of the commencement by a third party of any Action against or otherwise involving any Indemnified Party or (ii) receipt of information from a third party alleging the existence of a claim against an Indemnified Party, in either case, with respect to which indemnification may be sought pursuant to this Agreement (a "Third-Party Claim"), the Indemnified Party shall give the Indemnifying Party written notice thereof. The failure of the Indemnified Party to give notice as provided in this Section 4.5 shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent that the Indemnifying Party is prejudiced by such failure to give notice. Within 30 days after receipt of such notice, the Indemnifying Party may (i) by giving written notice thereof to the Indemnified Party, acknowledge liability for such indemnification claim and at its option elect to assume the defense of such Third-Party Claim at its sole cost and expense or (ii) object to the claim for indemnification set forth in the notice delivered by the Indemnified Party pursuant to the first sentence of this Section 4.5; provided that if the Indemnifying Party does not within such 30-day period give the Indemnified Party written notice objecting to such indemnification claim and setting forth the grounds therefor, the Indemnifying Party shall be deemed to have acknowledged its liability for such indemnification claim. If the Indemnifying Party has acknowledged liability and elected to assume the defense of a Third-Party Claim, (x) the defense shall be conducted by counsel retained by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall have the right to participate in such proceedings and to be represented by counsel of its own choosing at the Indemnified Party's sole cost and expense; and (y) the Indemnifying Party may settle or compromise the Third-Party Claim without the prior written consent of the Indemnified Party so long as such settlement includes an unconditional release of the Indemnified

Party from all claims that are the subject of such Third-Party Claim, provided that the Indemnifying Party may not agree to any such settlement pursuant to which any remedy or relief, other than monetary damages for which the Indemnifying Party shall be responsible hereunder, shall be applied to or against the Indemnified Party, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld. If the Indemnifying Party does not assume the defense of a Third-Party Claim for which it has acknowledged liability for indemnification hereunder, the Indemnified Party will act in good faith with respect thereto and may require the Indemnifying Party to

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reimburse it on a current basis for its reasonable expenses of investigation, reasonable attorneys' fees and reasonable out-of-pocket expenses incurred in defending against such Third-Party Claim and the Indemnifying Party shall be bound by the result obtained with respect thereto by the Indemnified Party; provided that the Indemnifying Party shall not be liable for any settlement effected without its consent, which consent shall not be unreasonably withheld. If the Indemnifying Party objects to a claim for indemnification, (a) the Indemnifying Party shall not be entitled to assume the defense of the related Third-Party Claim, (b) the Indemnified Party shall act in good faith with respect to such Third-Party Claim, (c) the dispute as to whether the Indemnified Party is entitled to indemnification hereunder shall be resolved in accordance with Section 8.11 if it is determined that the Indemnified Party is entitled to indemnification hereunder, the Indemnifying Party will be responsible for all Losses of the Indemnified Party arising from such Third-Party Claim. The Indemnifying Party shall pay to the Indemnified Party in cash the amount, if any, for which the Indemnified Party is entitled to be indemnified hereunder within 15 days after such Third-Party Claim has been Finally Determined, in the case of a Third-Party Claim as to which the Indemnifying Party has acknowledged liability or, in the case of any Third-Party Claim as to which the Indemnifying Party has not acknowledged liability, within 15 days after such Indemnifying Party's objection to liability hereunder has been Finally Determined to be unfounded. This Section 4.5 shall govern all claims under this Article 4 for indemnification against Third-Party Claims except Third-Party Claims in respect of Shared Liabilities, as to which Section 4.6 shall govern.

Section 4.6. Notice and Defense of Third-Party Claims for Shared Liabilities. Promptly following the earlier of (i) receipt of notice of the commencement of a Third-Party Claim in respect of a Shared Liability (a "Shared Liability Claim") or (ii) receipt of information from a third party alleging the existence of a Shared Liability Claim, the party receiving such notice or information shall give the other parties written notice thereof. The failure of the party receiving notice or information with respect to a Shared Liability Claim in respect to give notice as provided in this Section 4.6 shall not relieve another party of its indemnification obligations under this Agreement with respect thereto, except to the extent that such party is prejudiced by such failure to give notice.

Each party hereto shall be entitled to participate in the defense of such Shared Liability Claim if either the Shared Liability Claim has been asserted or threatened against such party or such party has acknowledged in writing its obligation to bear a portion of the potential liability in respect of such Shared Liability Claim. (Each party that is so entitled to participate in the defense of such Shared Liability Claim is referred to herein as a "Participating Party".) Without limiting the terms of Sections 4.1(a) and 4.2(a), the party against whom the Shared Liability Claim is made shall have management and administrative responsibility in respect thereof; provided that if SeraNova is a Participating Party it shall have management and administrative responsibility in respect thereof. The party responsible for the management and administration of a Shared Liability Claim is referred to herein as the "Managing Party" and such management and administrative responsibility shall entail the defense of such Shared Liability Claim, negotiation with claimants and potential claimants (subject to the limitations in the following paragraph) and other reasonably related activities. The Managing Party shall retain counsel selected by it and reasonably satisfactory to the other Participating Parties, provided that the other Participating Parties shall have the right to participate in such proceedings and to be

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represented by counsel of its or their own choosing at its or their sole cost and expense. The legal or other expenses in respect of a Shared Liability Claim incurred by or on behalf of any person other than the Managing Party shall not be Losses for purposes of this Agreement. All parties hereto shall cooperate with the Managing Party and each other in the defense or prosecution of such Shared Liability Claim.

In no event will the party against which the claim was made admit any liability with respect to, or settle, compromise or discharge, any Shared Liability Claim without the prior written consent of each other Participating Party; provided, however, that the party against which the claim was made may settle or compromise the Shared Liability Claim without the prior written consent of the other Participating Parties if such party releases each of the other Participating Parties from their respective indemnification obligations hereunder with respect to such Shared Liability Claim and such settlement, compromise or discharge would not otherwise adversely affect the other Participating Parties. The Managing Party shall act in good faith with respect to the Shared Liability Claim and may require the other parties to reimburse it on a current basis for its reasonable expenses of investigation, reasonable attorneys' fees and reasonable out-of-pocket expenses incurred in defending against such Shared Liability Claim, and the other parties shall be bound by the result obtained with respect thereto; provided that a Participating Party shall not be liable for any settlement effected without its consent, which consent shall not be unreasonably withheld. If a party objects to, or does not within 30

days of notice acknowledge in writing its indemnification obligations hereunder

in respect of a portion of the liability for a Shared Liability Claim, (a) such

party shall not be entitled to participate in the defense of such Shared Liability Claim, and (b) the dispute as to whether such party is required to provide indemnification hereunder with respect thereto shall be resolved in accordance with Section 8.11 hereof. Each Indemnifying Party in respect of a Shared Liability Claim shall pay to the Indemnified Party in cash the amount, if any, for which the Indemnified Party is entitled to be indemnified hereunder by such Indemnifying Party within 15 days after such Shared Liability Claim has been Finally Determined, in the case of a Shared Liability Claim as to which the Indemnifying Party has acknowledged liability or, in the case of any Shared Liability Claim as to which the Indemnifying Party has not acknowledged liability, within 15 days after such Indemnifying Party's objection to liability hereunder has been Finally Determined to be unfounded.

Section 4.7. Contribution. If for any reason the indemnification provided for in Section 4.1 or 4.2 is unavailable to any Indemnified Party, or insufficient to hold it harmless, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect all relevant equitable considerations.

Section 4.8. Non-Exclusivity of Remedies. The remedies provided for in this Article 4 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

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ARTICLE 5. EMPLOYEE MATTERS

Section 5.1. Employee Matters Generally. (a) Stock options outstanding under the Intelligroup Equity-Based Plans will be adjusted so that following the Distribution the exercise price of such options shall be adjusted to take into account the Distribution and to ensure that the aggregate intrinsic value of the adjusted Intelligroup options after the record date in respect of the Distribution is equal to or less than, the aggregate intrinsic value of the related Intelligroup option prior to the record date in respect of the Distribution.

(b) In partial consideration for all Services provided or to be provided (including by any member of the SeraNova Group to any member of the Intelligroup Group or by any member of the Intelligroup Group to any member of the SeraNova Group) and other consideration provided pursuant to this Agreement (including the transfers of assets and assumptions of liabilities as provided herein), SeraNova and Intelligroup shall use their best efforts to accomplish the foregoing including, but not limited to, making such grants of options and issuing such shares of Intelligroup Common Stock and SeraNova Common Stock as may be required hereunder.

(c) Intelligroup options held by SeraNova employees will cease to vest beyond those options vested as of the Distribution Date. Further, such

vested options will be caused to expire 90 days after the Distribution Date.

(d) Retained Employees (as defined in Section 5(a)(ii) of the Services Agreement executed contemporaneously with the execution of this Distribution Agreement) to whom Intelligroup options have previously been granted will be required to forfeit such options as follows, or will be ineligible for grants of SeraNova options:

(i) as of the Distribution Date, all unvested options will be forfeited immediately; and

(ii) vested options as of the Distribution Date, will be forfeited if not exercised within 90 days of such date.

ARTICLE 6. ACCESS TO INFORMATION

Section 6.1. Provision of Corporate Records. Prior to or as soon as practicable following the Distribution Date, each Group shall provide or make available to each other Group all documents, contracts, books, records and data (including but not limited to minute books, stock registers, stock certificates and documents of title) in its possession relating to such other Group or such other Group's business and affairs; provided that if any such documents, contracts, books, records or data relate to both Groups or the business and operations of both Groups, each such Group shall provide or make available to the other Group true and complete copies of such documents, contracts, books, records or data.

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Section 6.2. Access to Information. From and after the Distribution Date, each Group shall afford promptly to each other Group and its accountants, counsel and other designated representatives reasonable access during normal business hours to all documents, contracts, books, records, computer data and other data in such Group's possession relating to such other Group or the business and affairs of such other Group (other than data and information subject to an attorney/client or other privilege), insofar as such access is reasonably required by such other Group, including, without limitation, for audit, accounting, litigation and disclosure and reporting purposes.

Section 6.3. Litigation Cooperation. Each Group shall use reasonable efforts to make available, upon written request, its directors, officers, employees and representatives as witnesses to each other Group and its accountants, counsel, and other designated representatives, and shall otherwise cooperate with each other Group, to the extent reasonably required in connection with any legal, administrative or other proceedings arising out of any Group's business and operations prior to the Distribution Date in which the requesting party may from time to time be involved.

Section 6.4. Reimbursement. Each Group providing information or

witnesses to any other Group, or otherwise incurring any expense in connection with cooperating, under Sections 6.1, 6.2 or 6.3 shall be entitled to receive from the recipient thereof, upon the presentation of invoices therefor, payment for all costs and expenses as may be reasonably incurred in providing such information, witnesses or cooperation.

Section 6.5. Retention of Records. Except as otherwise required by law or agreed to in writing, each party shall, and shall cause the members of its respective Group to, retain all information relating to any other Group's business and operations in accordance with the past practice of such party. Notwithstanding the foregoing, any party may destroy or otherwise dispose of any such information at any time, provided that, prior to such destruction or disposal, (i) such party shall provide not less than 90 days' prior written notice to the other parties, specifying the information proposed to be destroyed or disposed of, and (ii) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the information proposed to be destroyed or disposed of be delivered to such requesting party, the party proposing the destruction or disposal shall promptly arrange for the delivery of such of the information as was requested at the expense of the requesting party or parties.

Section 6.6. Confidentiality. Each party shall hold and shall cause its Affiliates and its and their respective directors, officers, employees, agents, consultants and advisors ("Representatives") to hold in strict confidence all information concerning any other party or its Affiliates unless (i) such person is compelled to disclose such information by judicial or administrative process or, in the opinion of its counsel, by other requirements of law or (ii) such information can be shown to have been (A) in the public domain through no fault of such party or its Representatives or (B) lawfully acquired after the Distribution Date on a non-confidential basis from other sources. Notwithstanding the foregoing, such party may disclose such information to its Representatives so long as such Persons are informed by such party of the confidential nature of such information and are directed by such party to treat such information

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confidentially. If a party or any of its Representatives becomes legally compelled to disclose any documents or information subject to this Section 6.6, such party will promptly notify the other applicable party so that such other party may seek a protective order or other remedy or waive compliance with this Section 6.6. If no such protective order or other remedy is obtained or waiver granted, the party subject to compulsion will furnish only that portion of the information which it is advised by counsel is legally required and will exercise its reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information. Each party agrees to be responsible for any breach of this Section 6.6 by its Representatives.

Section 6.7. Inapplicability of Article 6 to Tax Matters. Notwithstanding anything to the contrary in Article 6, Article 6 shall not apply

with respect to information, records and other matters relating to Taxes, all of which shall be governed by the Tax Sharing Agreement.

ARTICLE 7.
CERTAIN OTHER AGREEMENTS

Section 7.1. Further Assurances and Consents. In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements or otherwise to consummate and make effective the transactions contemplated by this Agreement, including but not limited to using its reasonable efforts to obtain any consents and approvals and to make any filings and applications necessary or desirable in order to consummate the transactions contemplated by this Agreement; provided that no party hereto shall be obligated to pay any consideration therefor (except for filing fees and other similar charges) to any third party from whom such consents or approvals are requested or to take any action or omit to take any action if the taking of or the omission to take such action would be unreasonably burdensome to the party, its Group or its Group's business.

Section 7.2. Intellectual Property Rights and Licenses. Except as set forth in that certain Contribution Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000, none of the Groups shall have any right or license in or to any technology, software, intellectual property (including any trademark, service mark, patent or copyright), know-how or other proprietary right owned, licensed or held for use by another Group.

Section 7.3. Insurance. Notwithstanding anything contained herein or in any Distribution Document to the contrary, nothing contained herein or in any Distribution Document shall constitute an assignment or transfer of any insurance policy or the rights thereunder to the extent any such assignment or transfer would cause the coverage under such policy to be reduced. If any such assignment or transfer would result in such a reduction, the party that would have assigned or transferred such rights will enforce the rights thereunder for the benefit of the party to whom such assignment or transfer would have been made but for the effect of the preceding sentence and shall hold any payment received in respect thereof in trust for such party. Each party hereunder hereby appoints Intelligroup as its agent to administer any claim it or any

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member of its Group may have under any insurance policy held by Intelligroup or any of its Subsidiaries prior to the Distribution Date (each, a "Pre-Distribution Policy") with respect to any claim or occurrence arising prior to the Distribution Date. If, as a result of any retrospective loss adjustment, stop loss, deductible, coverage limit or other similar arrangement, any party (or any member of its Group) is required to make any payment in respect of, or is not paid the full amount it may claim under, any Pre-Distribution Policy, the

amount of any such payment or shortfall shall be allocated among the parties hereto in an equitable manner as determined in good faith by SeraNova, and each party hereto shall make such payments to the other parties hereto as shall be required in order to effect such equitable allocation.

ARTICLE 8.
MISCELLANEOUS

Section 8.1. Notices. All notices and other communications to any party hereunder shall be in writing (including telex, telecopy or similar writing) and shall be deemed given when received addressed as follows:

If to Intelligroup, to: Intelligroup, Inc.
499 Thornall Street
Edison, NJ 08837
Telecopy: 732-362-2100
Attention: Ashok Pandey,

Copy to: Buchanan Ingersoll Professional Corporation
650 College Road East
Princeton, NJ 08540
Telecopy: 609-520-0360
Attention: David J. Sorin

If to SeraNova, to: SeraNova, Inc.
c/o Intelligroup, Inc.
499 Thornall Street
Edison, NJ 08837
Telecopy: 732-362-2100
Attention: Rajkumar Koneru,

Copy to: Buchanan Ingersoll Professional Corporation
650 College Road East
Princeton, NJ 08540
Telecopy: 609-520-0360
Attention: David J. Sorin

Any party may, by written notice so delivered to the other parties, change the address to which delivery of any notice shall thereafter be made. All such notices shall be

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deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 8.2. Amendments; No Waivers. (a) Any provision of this

Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Intelligroup and SeraNova, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.3. Expenses. Except as specifically provided otherwise in this Agreement or the Tax Sharing Agreement (including, without limitation, in Article 4, Sections 6.4, 6.5, and 8.7(c) and Schedule 5.1 of this Agreement), all costs and expenses incurred after the date hereof in connection with the preparation, execution and delivery of the Distribution Documents and the consummation of the Distribution and the other transactions contemplated hereby (including the fees and expenses of all counsel, accountants and financial and other advisors of each Group in connection therewith, and all expenses in connection with preparation, filing and printing of the SeraNova Form 10 and the SeraNova Information Statement) shall be Shared Liabilities; provided (i) that Intelligroup shall be responsible for and pay the fees, expenses and other amounts payable to the lenders in respect of Intelligroup's credit facilities and all other fees and expenses incurred in connection therewith (including the fees and expenses of Intelligroup's counsel in connection with the preparation and negotiation of all documentation relating to such credit facilities) and (ii) that the SeraNova Group shall be responsible for and pay the fees, expenses and other amounts payable to the lenders under the SeraNova Group's credit facilities and all other fees and expenses incurred in connection therewith (including the fees and expenses of counsel to the SeraNova Group in connection with the preparation and negotiation of all documentation relating to such credit facilities).

Section 8.4. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

Section 8.5. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New Jersey (other than the laws regarding choice of laws and conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies.

Section 8.6. Entire Agreement. This Agreement and the other Distribution Documents constitute the entire understanding of the parties with respect to the subject matter

hereof and thereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof. No representation, inducement, promise, understanding, condition or warranty not set forth herein or in the other Distribution Documents has been made or relied upon by any party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder. To the extent that the provisions of this Agreement are inconsistent with the provisions of any other Distribution Document, the provisions of such other Distribution Document shall prevail.

Section 8.7. Tax Sharing Agreement; Setoff; Certain Transfer Taxes.

(a) Except as otherwise provided herein, this Agreement shall not govern any Tax, and any and all claims, losses, damages, demands, costs, expenses or liabilities relating to Taxes shall be exclusively governed by the Tax Sharing Agreement.

(b) If, at the time any party hereto is required to make any payment to any other party under this Agreement, the party entitled to the payment owes the obligor any amount under this Agreement or the Tax Sharing Agreement, then such amounts shall be offset and the excess shall be paid by the party liable for such excess.

(c) The party or parties that is or are required by applicable law to file any Return (as defined in the Tax Sharing Agreement) or make any payment with respect to any such Tax shall do so, and the other party or parties shall cooperate with respect thereto as necessary. The non-paying party or parties shall reimburse the paying party in accordance with this Section 8.7 within 5 business days after it or they receive notice of the payment of such Tax.

Section 8.8. Existing Arrangements. Except as otherwise contemplated hereby or as set forth on Schedule 8.8, all prior agreements and arrangements, including those relating to goods, rights or services provided or licensed, between any member of one Group and any member of another Group shall be terminated effective as of the Distribution Date, if not theretofore terminated. No such agreements or arrangements shall be in effect after the Distribution Date unless embodied in the Distribution Documents or set forth in Schedule 8.8.

Section 8.9. Termination Prior to the Distribution. The Intelligroup Board of Directors may at any time prior to the Distribution abandon the Distribution and, by notice to SeraNova, terminate this Agreement (whether or not the Intelligroup Board of Directors has theretofore approved this Agreement and/or the Distribution).

Section 8.10. Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

Section 8.11. Arbitration; Dispute Resolution. Unless otherwise provided for in this Agreement, any conflict or disagreement arising out of the

interpretation, implementation or compliance with the provisions of this Agreement shall be finally settled pursuant to the provisions of Article 6 (Arbitration; Dispute Resolution) of that certain Contribution Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000, which provisions are incorporated herein by reference.

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Section 8.12. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

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IN WITNESS WHEREOF the parties hereto have caused this Distribution Agreement to be duly executed by these respective authorized officers as of the date first above written.

INTELLIGROUP, INC.

By: /s/ Ashok Pandey

Name:

Title:

SERANOVA, INC.

By: /s/ Raj Koneru

Name: Raj Koneru

Title: CEO

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SCHEDULE 1.1
SHARED LIABILITIES

1. Shared Corporate Liabilities.
2. Liabilities under the Securities Act or the Exchange Act arising from acts or omissions of Intelligroup prior to the Distribution Date, other than Liabilities arising from the filing by Intelligroup of a Current Report on Form 8-K containing information on the Intelligroup Group.

SCHEDULE 2.1(a)
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF SERANOVA, INC.

CERTIFICATE REQUIRED TO BE FILED WITH THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
SERANOVA, INC.

Pursuant to the provisions of Section 14A:9-5(5) of the New Jersey Business Corporations Act, the undersigned corporation hereby executes the following certificate:

1. The name of the corporation is SeraNova, Inc. (the "Corporation").
2. The Amended and Restated Certificate of Incorporation was adopted by the Board of Directors of the Corporation on December 1, 1999 and by the sole shareholder of the Corporation on December 1, 1999.
3. The number of shares of the Corporation entitled to vote on the Amended and Restated Certificate of Incorporation is 1,000 shares of Common Stock. All outstanding shares of Common Stock voted for the foregoing Amended and Restated Certificate of Incorporation and no shares of Common Stock voted against the foregoing Amended and Restated Certificate of Incorporation.
4. The Amended and Restated Certificate of Incorporation restates, integrates and amends in its entirety the provisions of the Corporation's Certificate of Incorporation, as amended to date.

IN WITNESS WHEREOF, the undersigned has signed this Certificate on behalf of the Corporation this 25th day of January, 2000.

By: Rajkumar Koneru

Rajkumar Koneru, Chairman,
Chief Executive Officer and President

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

SERANOVA, INC.

Pursuant to Section 14A:9-5 of the New Jersey Business Corporation Act (the "Act"), the undersigned corporation hereby executes this Amended and Restated Certificate of Incorporation.

FIRST: The name of the Corporation is SeraNova, Inc. (the "Corporation").

SECOND: The purpose or purposes for which the Corporation is organized is to engage in any lawful activity within the purposes for which corporations may be organized under Title 14A of the Act.

THIRD: The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty five million (45,000,000) shares. The Corporation is authorized to issue two classes of stock designated "Common Stock" and "Preferred Stock," respectively. The total number of shares of Common Stock authorized to be issued by the Corporation is forty million (40,000,000), each such share of Common Stock having a par value of \$.01. The total number of shares of Preferred Stock authorized to be issued by the Corporation shall be five million (5,000,000), each such share of Preferred Stock having a par value of \$.01, all of which is undesignated.

The undesignated Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation is hereby authorized, by adopting a resolution or resolutions and filing a certificate or certificates pursuant to the applicable provisions of the Act, to establish from time to time the number of shares to be included in each such series of Preferred Stock, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, including but not limited to the fixing or alteration of the dividend rights, dividend rate or rates, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of shares of Preferred Stock, or any of them, and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then

outstanding. In the event the number of shares of any series shall be so decreased, the shares removed from such series by such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

FOURTH: The address of the registered office of the Corporation shall be 499 Thornall Street, Edison, New Jersey 08837. The registered agent of the Corporation at its registered office shall be Rajkumar Koneru.

FIFTH: The number of directors constituting the current Board of Directors is three. The names and addresses of each of such directors is as follows:

Name	Address
Rajkumar Koneru	c/o SeraNova, Inc. 499 Thornall Street Edison, New Jersey 08837
Nagarjun Valluripalli	c/o SeraNova, Inc. 499 Thornall Street Edison, New Jersey 08837
Ravi Singh	c/o SeraNova, Inc. 499 Thornall Street Edison, New Jersey 08837

SIXTH: The following provisions are included for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its Board of Directors and shareholders:

(i) The Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation, subject to any limitation thereof contained in the Bylaws. The shareholders also shall have the power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, except as set

forth below in clause (ii), in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation;

(ii) in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of ARTICLE XI of the Bylaws of the Corporation entitled "INDEMNIFICATION AND INSURANCE."

(iii) Upon the earlier of (i) the consummation of an initial public offering of securities of the Corporation under the Securities Act of 1933, as amended, or (ii) the registration of the Corporation's Common Stock under the

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Securities Exchange Act of 1934, as amended, shareholders of the Corporation may not take any action by written consent in lieu of a meeting.

(iv) Special meetings of shareholders may be called at any time only by the President, the Chairman of the Board of Directors of the Corporation (if any) or a majority of the Board of Directors of the Corporation. Business transacted at any special meeting of shareholders shall be limited to matters relating to the purpose or purposes set forth in the notice of such special meeting.

(v) The Board of Directors of the Corporation, when evaluating any offer of another party (a) to make a tender or exchange offer for any equity security of the Corporation or (b) to effect a business combination, merger, consolidation, or sale of all or substantially all of the assets of the Corporation, shall, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation as a whole, be authorized to give due consideration to any such factors as the Board of Directors of the Corporation determines to be relevant, including, without limitation:

(1) the short term and long term interests of the Corporation and the Corporation's shareholders, including the possibility that these interests might be best served by the continued independence of the Corporation;

(2) whether the proposed transaction might violate federal or state laws;

(3) not only the consideration being offered in the proposed transaction, in relation to the then current market price for the outstanding capital stock of the Corporation, but also to the market price for the capital stock of the

Corporation over a period of years, the estimated price that might be achieved in a negotiated sale of the Corporation as a whole or in part or through orderly liquidation, the premiums over market price for the securities of other corporations in similar transactions, current political, economic and other factors bearing on securities prices and the Corporation's financial condition and future prospects; and

(4) the social, legal and economic effects upon employees, suppliers, creditors, customers and others having similar relationships with the Corporation, upon the communities in which the Corporation operates its business and upon the economy of the state, region and nation.

In connection with any such evaluation, the Board of Directors of the Corporation is authorized to conduct such investigations and engage in such legal proceedings as the Board of Directors of the Corporation may determine.

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(vi) in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend any provision of Article SIXTH of this Amended and Restated Certificate of Incorporation (other than clause (ii) of Article SIXTH).

(vii) in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend any provision of clause (ii) of Article SIXTH or Article SEVENTH of this Amended and Restated Certificate of Incorporation.

SEVENTH: No director or officer shall be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders, except that this provision shall not relieve a director or officer from liability for any breach of duty based on an act or omission (a) in breach of such person's duty of loyalty to the Corporation or its shareholders, (b) not in good faith or involving a knowing violation of law, or (c) resulting in receipt by such person of an improper personal benefit. No amendment to, expiration of or repeal of this Article shall have any effect on

the liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment, expiration or repeal.

IN WITNESS WHEREOF, the undersigned has signed this Amended and Restated Certificate of Incorporation on behalf of the Corporation this 25th day of January, 2000.

SERANOVA, INC.

By: /s/ Rajkumar Koneru

Rajkumar Koneru, Chairman,
Chief Executive Officer and President

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SCHEDULE 2.1(b)
BY-LAWS OF SERANOVA, INC.

BY-LAWS

OF

SERANOVA, INC.

(FORMERLY INFINIENT, INC.)

ARTICLE I

OFFICES

1.01 Registered Office: The initial registered office of the

Corporation shall be c/o Intelligroup, Inc., 499 Thornall Street, Edison, New Jersey 08837. The Board of Directors may change the registered office from time

to time. 1.02 Other Offices: The Corporation may have such other offices either within or without the State of New Jersey as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II

SEAL

2.01 Seal: The corporate seal shall be in the form adopted by the

Board of Directors and may be altered by them from time to time.

ARTICLE III

SHAREHOLDERS' MEETINGS

3.01 Place: All meetings of the shareholders shall be held at the

registered office of the Corporation or at such other place or places, either within or without the State of New Jersey, as may from time to time be selected by the Board of Directors.

3.02 Annual Meetings: The annual meeting of shareholders shall be

held at such time as may be fixed by the Board of Directors. At that meeting the shareholders shall elect, by a plurality vote, a Board of Directors, and transact such other business as may properly come before the meeting.

3.03 Special Meetings: Special meetings of the shareholders may be

called only by the President, the Chairman of the Board of Directors of the Corporation (if any) or by order of a majority of the Board of Directors. Such written request shall state the purpose or purposes of the proposed meeting. Business transacted at a special meeting shall be confined to the purpose or purposes stated in the notice calling such meeting.

3.04 Notice of Shareholders' Meetings: Written notice of the time,

place and purpose or purposes of every meeting of shareholders shall be given not less than ten or more than sixty days before the date of the meeting, either personally or by mail (to the last address appearing on the books of the Corporation), to each shareholder of record entitled to vote at the meeting and to each shareholder otherwise entitled to notice by law, unless a greater period of notice is required by statute in a particular case.

When a meeting is adjourned to another time or place, it shall not be necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and at the adjourned meeting only such business is transacted as might

have been transacted at the original meeting. However, if after the adjournment the Board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date entitled to notice.

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3.05 Waiver of Notice: Notice of a meeting need not be given to any

shareholder who signs a waiver of such notice, in person or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by that shareholder.

Whenever shareholders are authorized to take any action after the lapse of a prescribed period of time, the action may be taken without such lapse if such requirement is waived in writing, in person or by proxy, before or after the taking of such action, by every shareholder entitled to vote thereon as of the date of the taking of such action.

3.06 Action by Shareholders Without Meeting:

(1) Any action required or permitted to be taken at a meeting of shareholders by statute or the Certificate of Incorporation or By-laws of the Corporation may be taken without a meeting if all the shareholders entitled to vote thereon consent thereto in writing, except that in the case of any action to be taken pursuant to Chapter 10 (concerning mergers, etc.) of the New Jersey Business Corporation Act (the "Act"), such action may be taken without a meeting only if all shareholders entitled to vote consent thereto in writing and the Corporation provides to all other shareholders the advance notification required by paragraph (2) (b) of this section.

(2) Except as otherwise provided in the Certificate of Incorporation and subject to the provisions of this subsection, any action required or permitted to be taken at a meeting of shareholders by the Act, the Certificate of Incorporation, or By-laws, other than the annual election of Directors, may be taken without a meeting upon the written consent of shareholders who would have been entitled to cast the minimum number of votes which would

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be necessary to authorize such action at a meeting at which all shareholders entitled to vote thereon were present and voting.

(a) If any shareholder shall have the right to dissent from a proposed action, pursuant to Chapter 11 of the Act, the Board shall fix a date on which written consents are to be tabulated; in any other case, it may

fix a date for tabulation. If no date is fixed, consents may be tabulated as they are received. No consent shall be counted which is received more than sixty days after the date of the Board action authorizing the solicitation of consents or, in a case in which consents, or proxies for consents, are solicited from all shareholders who would have been entitled to vote at a meeting called to take such action, more than sixty days after the date of mailing of solicitation of consents, or proxies for consents.

(b) Except as provided in paragraph (2) (c), the Corporation, upon receipt and tabulation of the requisite number of written consents, shall promptly notify all non-consenting shareholders, who would have been entitled to notice of a meeting to vote upon such action, of the action consented to, the proposed effective date of such action, and any conditions precedent to such action. Such notification shall be given at least twenty days in advance of the proposed effective date of such action in the case of any action taken pursuant to Chapter 10 of the Act, and at least ten days in advance in the case of any other action.

(c) The Corporation need not provide the notification required to be given by paragraph (2) (b) if it

(i) solicits written consents or proxies for consents from all shareholders who would have been entitled to vote at a meeting called to take such action,

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and at the same time gives notice of the proposed action to all other shareholders who would have been entitled to notice of a meeting called to vote upon such action;

(ii) advises all shareholders, if any, who are entitled to dissent from the proposed action, as provided in Chapter 11 of the Act, of their right to do so and to be paid the fair value of their shares; and

(iii) fixes a date for tabulation of consents not less than twenty days, in the case of any proposed action to be taken pursuant to Chapter 10 of the Act, or not less than ten days in the case of any other proposed action, and not more than sixty days after the date of mailing of solicitations of consents or proxies for consents.

(d) Any consent obtained pursuant to paragraph (2) (c) may be revoked at any time prior to the day fixed for tabulation of consents. Any other consent may be revoked at any time prior to the day on which the proposed action could be taken upon compliance with paragraph (2) (b). The revocation must be in writing and be received by the Corporation.

(3) Whenever action is taken pursuant to subsection (1) or

(2), the written consents of the shareholders consenting thereto or the written report of inspectors appointed to tabulate such consents shall be filed with the minutes or proceedings of shareholders.

(4) In case the Corporation is involved in a merger, consolidation or other type of acquisition or disposition regulated by Chapters 10 and 11 of the Act, the pertinent provisions of the statute should be referred to and strictly complied with.

(5) Notwithstanding the provisions of this Section 3.06, immediately following the consummation of an initial public offering under the Securities Act of 1933, as

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amended, or registration under the Securities Exchange Act of 1934, as amended, by the Corporation of any of its capital stock, shareholders of the Corporation may not take any action by written consent in lieu of a meeting.

3.07 Fixing Record Date:

(1) The Board may fix, in advance, a date as the record date for determining the Corporation's shareholders with regard to any corporate action or event and, in particular, for determining the shareholders who are entitled to

(a) notice of or to vote at any meeting of shareholders or any adjournment thereof;

(b) give a written consent to any action without a meeting; or

(c) receive payment of any dividend or allotment of any right.

The record date may in no case be more than sixty days prior to the shareholders' meeting or other corporate action or event to which it relates. The record date for a shareholders' meeting may not be less than ten days before the date of the meeting. The record date to determine shareholders to give a written consent may not be more than sixty days before the date fixed for tabulation of the consents or, if no date has been fixed for tabulation, more than sixty days before the last day on which consents received may be counted.

(2) If no record date is fixed,

(a) the record date for a shareholders' meeting shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day next preceding the day on which the meeting is held; and

(b) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the Board relating thereto is adopted.

(3) When a determination of shareholders of record for a shareholders' meeting has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board fixes a new record date under this section for the adjourned meeting.

3.08 Voting Lists: The officer or agent having charge of the stock

transfer books for shares of the Corporation shall make a complete list of shareholders entitled to vote at a shareholders' meeting or any adjournment thereof. A list required by this section may consist of cards arranged alphabetically or any equipment which permits the visual display of the information required. Such list shall be arranged alphabetically within each class, series or group of shareholders maintained by the Corporation for convenience of reference, with the address of, and the number of shares held by, each shareholder; be produced (or available by means of a visual display) at the time and place of the meeting; be subject to the inspection of any shareholder for reasonable periods during the meeting; and be *prima facie* evidence of the identity of the shareholders entitled to examine such list or to vote at any meeting.

If the requirements of this section have not been complied with, the meeting shall, on the demand of any shareholder in person or by proxy, be adjourned until the requirements are complied with. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting prior to the making of any such demand.

3.09 Quorum: Unless otherwise provided in the Certificate of

Incorporation or by statute, the presence of holders of shares (in person or by proxy) entitled to cast a majority of the votes at a meeting shall constitute a quorum at such meeting. The shareholders present in person or by proxy at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. Less than a quorum may adjourn.

Whenever the holders of any class or series of shares are entitled to vote separately on a specified item of business, the provisions of this section shall apply in determining the presence of a quorum of such class or series for the transaction of such specified item of business.

3.10 Voting: Each holder of shares with voting rights shall be

entitled to one vote for each such share registered in his/her name, except as otherwise provided in the Certificate of Incorporation. Whenever any action, other than the election of Directors, is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon, unless a greater plurality is required by statute or by the Certificate of Incorporation.

Every shareholder entitled to vote at a meeting of shareholders or to express consent without a meeting may authorize another person or persons to act for him/her by proxy. Every proxy shall be executed in writing by the shareholder or his/her agent, except that a proxy may be given by a shareholder or his/her agent by telegram or cable or its equivalent. No proxy shall be valid for more than eleven months unless a longer time is expressly provided therein. Unless it is coupled with an interest, a proxy shall be revocable at will. A proxy shall not be revoked by the death or incapacity of the shareholder but such proxy shall continue in force until revoked by the personal representative or guardian of the shareholder. The presence at any meeting of any

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shareholder who has given a proxy shall not revoke such proxy unless the shareholder shall file written notice of such revocation with the Secretary of the meeting prior to the voting of such proxy.

3.11 Election of Directors: At each election of Directors every

shareholder entitled to vote at such election shall have the right to vote the number of shares owned by him for as many persons as there are Directors to be elected and for whose election he has a right to vote. Directors shall be elected by a plurality of the votes cast at the election, except as otherwise provided by the Certificate of Incorporation.

Elections of Directors need not be by ballot unless a shareholder demands election by ballot at the election and before the voting begins.

3.12 Inspectors of Election: The Board may, in advance of any

shareholders' meeting, or of the tabulation of written consents of shareholders without a meeting, appoint one or more inspectors to act at the meeting or any adjournment thereof or to tabulate such consents and make a written report thereof. If inspectors to act at any meeting of shareholders are not so appointed or shall fail to qualify, the person presiding at a shareholders' meeting may, and on the request of any shareholder entitled to vote there at shall, make such appointment.

Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. No person shall be

elected a Director in an election for which he has served as an inspector.

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3.13 Conduct of Meetings:

(1) The President of the Corporation, and in the President's absence, the Vice President of the Corporation, shall preside at all meetings of shareholders. In the absence of the President and the Vice President, the shareholders present shall, by a simple majority vote, elect a chairman of the meeting.

(2) The Secretary of the Corporation shall act as Secretary of all meetings of shareholders; in the Secretary's absence, the chairman presiding at any such meeting shall appoint a person to act as secretary of the meeting.

ARTICLE IV

DIRECTORS

4.01 Number of Directors: The number of Directors constituting the

entire Board shall be one or such greater number as shall be set by the vote of a majority of the Board of Directors then authorized to hold office. A Director shall be at least eighteen years of age and need not be a United States citizen or resident of this State or a shareholder in the Corporation. Each Director shall be elected by the shareholders, at the annual meeting of shareholders of the Corporation, and shall be elected for the term of one year, and until his successor shall be elected and shall qualify.

4.02 Term of Directors: The Directors named in the Certificate of

Incorporation shall hold office until the first annual meeting of shareholders, and until their successors shall have been elected and qualified. At the first annual meeting of shareholders and at each annual meeting thereafter, the shareholders shall elect Directors to hold office until the next succeeding

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annual meeting. Each Director shall hold office for the term for which he/she is elected and until a successor shall have been elected and qualified.

4.03 Removal of Directors: Unless otherwise provided in the

Certificate of Incorporation, any or all of the Directors of the Corporation may be removed with or without cause by the shareholders by the affirmative vote of the majority of all shares then entitled to vote for the election of the Directors.

4.04 Quorum of Board of Directors and Committees; Action of Directors

Without a Meeting:

(1) The participation of Directors with a majority of the votes of the entire Board of Directors, or of any Committee thereof, shall constitute a quorum for the transaction of business.

(2) Any action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors, or any Committee thereof, may be taken without a meeting if, prior or subsequent to such action, all members of the Board or such Committee, as the case may be, consent thereto in writing and such written consents are filed with the minutes of the proceedings of the Board or Committee.

4.05 Place of Board of Directors Meeting: Meetings of the Board of

Directors may be held either within or without the State of New Jersey, at such times and places as the Board of Directors shall determine.

4.06 Annual Meeting: An annual meeting of the newly elected Board of

Directors shall be held immediately following the annual meeting of shareholders (or immediately following any adjournment thereof) at the place of such annual meeting of shareholders, for the

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organization of such Board of Directors and for the transaction of any other business as may conveniently and properly be brought before such meeting.

4.07 Meetings of the Board of Directors:

(1) Regular meetings of the Board of Directors may be held with or without notice. Special meetings of the Board of Directors shall be held upon notice to the Directors and may be called by the President upon at least one days notice to each Director either personally or by mail, wire, or telephone; special meetings shall be called by the President or Secretary in a like manner upon written request of one or more Directors. Notice of any meeting need not be given to any Director who signs a written waiver of notice, whether before or after the meeting. The attendance of any Director at a meeting, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute an effective waiver of notice by that Director. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

(2) Where appropriate communication facilities are reasonably available, any or all Directors shall have the right to participate in all or

any part of a meeting of the Board of Directors, or any Committee thereof, by means of conference telephone or any means of communication by which all persons participating in the meeting are able to hear each other.

4.08 **Adjournment:** A majority of the Directors present, whether or

not a quorum is present, may adjourn any meeting to another time and place. Notice of the adjournment shall be given to all Directors who were absent at the time of the adjournment. Notice of an adjourned meeting need not be given to any Directors who were present at the time of the adjournment only if the time and place are fixed at the meeting adjourning and if the period of adjournment does not exceed ten days in any one adjournment.

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4.09 **Powers of Directors:** The Board of Directors shall manage or

direct the management of the business and affairs of the Corporation. In addition to the powers and authorities expressly conferred upon them by these By-laws, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by these By-laws directed or required to be exercised or done by the shareholders.

4.10 **Compensation of Directors:** The Board, by the affirmative vote

of a majority of Directors in office and irrespective of any personal interest of any of them, shall have authority to establish reasonable compensation of Directors for services to the Corporation as Directors, officers or otherwise.

4.11 **Executive Committees:** The Board of Directors, by resolution

adopted by a majority of the entire Board, may appoint from among its members an executive committee and one or more other committees, each of which shall have one or more members. Each such committee shall have and may exercise all the authority delegated to it by the Board, except that no such committee shall make, alter or repeal any By-law of the Corporation; elect or appoint any Director, or remove any officer or Director; submit to shareholders any action that requires shareholders' approval; or amend or repeal any resolution theretofore adopted by the Board which by its terms is amendable or repealable only by the Board.

Actions taken at a meeting of any such committee shall be reported to the Board at its next meeting following such committee meeting; except that, when the meeting of the Board is held within two days after the committee meeting, such report shall, if not made at the first meeting, be made to the Board at its second meeting following such committee meeting.

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ARTICLE V

OFFICERS

5.01 Officers: The officers of the Corporation shall consist of a

President, a Secretary, a Treasurer, and, if desired, a Chairman of the Board, one or more Vice Presidents, and such other officers as the Board deems appropriate. The officers shall be elected by the Board of Directors at its annual meeting and shall hold office for one year and until their successors are elected and have qualified, subject to earlier termination by removal or resignation. The Board may also choose such employees and agents as it shall deem necessary, who shall hold their offices for such terms and shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board.

Unless otherwise provided by law, the Certificate of Incorporation or these By-laws, any two or more offices may be held by the same person but no officer shall execute, acknowledge, or verify any instrument in more than one capacity if such instrument is required by law or by these By-laws to be executed, acknowledged, or verified by two or more officers.

5.02 Salaries: The salaries of all officers, employees and agents of

the Corporation shall be fixed by the Board of Directors.

5.03 Removal: Any officer elected or appointed by the Board of

Directors may be removed by the Board with or without cause. An officer elected by the shareholders may be removed, with or without cause, only by vote of the shareholders but his authority to act as an officer may be suspended by the Board for cause.

5.04 President: The President shall be the chief executive officer of

the Corporation; he/she shall preside at all meetings of the shareholders and Directors; he/she shall have general

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and active management of the business of the Corporation, shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the Directors to delegate any specific powers, except such as may be by statute exclusively conferred on the President, or to any other officer or officers of the Corporation. He/she shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation. He/she shall be EX-OFFICIO a member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of President of the Corporation. He/she shall present a report of the condition of the business of the Corporation at each annual meeting of the shareholders and the Board of Directors.

5.05 Vice President: The Vice President, if one has been appointed,

shall be vested with all the powers and be required to perform all the duties of the President in his/her absence or refusal to act. He/she shall also exercise such powers and perform such duties as may be properly delegated by the President or the Board of Directors.

5.06 Chairman of the Board: The Chairman of the Board, if one has been

appointed, shall exercise such powers and perform such duties as shall be provided in the resolution proposing that a Chairman of the Board be elected.

5.07 Secretary: The Secretary shall keep full minutes of all meetings

of the shareholders and Directors; he/she shall be EX-OFFICIO Secretary of the Board of Directors; he/she shall attend all sessions of the Board, shall act as clerk thereof, and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required. He/she shall give or cause to be given, notices of all meetings of the shareholders of the Corporation and the Board of Directors, and shall perform

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such other duties as may be prescribed by the Board of Directors or President, under whose supervision he/she shall be.

5.08 Chief Financial Officer: The Chief Financial Officer shall keep,

or cause to be kept, the books and records of account of the Corporation. The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated from time to time by resolution of the Board of Directors. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and the Board, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board or as the President may from time to time delegate.

5.09 Treasurer: The Treasurer shall keep full and accurate accounts

of receipts and disbursements in books belonging to the Corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Directors. He/she shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his/her transactions as Treasurer and of

the financial condition of the Corporation, and shall submit a full financial report at the annual meeting of the shareholders.

5.10 Assistant Secretary or Assistant Treasurer: Any Assistant

Secretary or Assistant Treasurer, if one has been appointed, shall be vested with all the powers and be required to perform all the duties of the Secretary or Treasurer, respectively, in his/her absence or refusal to

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act. He/she shall also exercise such powers and perform such duties as may be properly delegated by the President or the Board of Directors.

ARTICLE VI

VACANCIES

6.01 Directors: Any directorship not filled at the annual meeting,

any vacancy, however caused, occurring in the Board, and newly created directorships resulting from an increase in the authorized number of Directors, may be filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum of the Board, or by a sole remaining Director. A Director so elected by the Board shall hold office until his successor shall have been elected and qualified. If, for any reason, the Corporation shall at any time have no Directors then in office, any shareholder may call a special meeting of shareholders for the election of Directors and, over his/her signature, shall give notice of such meeting in accordance with these By-laws.

6.02 Officers: Any vacancy occurring among the officers, however

caused, shall be filled by the Board of Directors.

6.03 Resignations: Any Director or other officer may resign by written

notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as shall be specified in the notice of resignation.

ARTICLE VII

SHARE CERTIFICATES

7.01 Certificates: The share certificates of the Corporation shall be

in such form as the Board of Directors may from time to time prescribe and shall be numbered consecutively and

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registered in the transfer records of the Corporation as they are issued. When issued, they shall bear the holder's name, the number of shares, the date of issue, and shall be signed by the President of the Corporation. The Share certificates may also be countersigned by the Secretary of the Corporation and may be sealed with the corporate seal or a facsimile thereof. Any or all signatures upon a certificate may be a facsimile.

7.02 Uncertificated Shares: The Board of Directors may provide that

some or all of the shares of any class or series shall be represented by uncertificated shares. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates as provided in Chapter 7 of the Act.

7.03 Transfer of Shares: Upon surrender to the Corporation or the

transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer shall be entered on the transfer book of the Corporation which shall be kept at its principal office. No transfer shall be made within fifteen days next preceding the annual meeting of shareholders.

7.04 Fractional Shares. The Corporation may, but shall not be required

to, issue certificates for fractions of a share where necessary to effect authorized transactions, or the Corporation may pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or it may issue scrip in registered or bearer form over the manual or facsimile signature of an officer of the Corporation or of its agent, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a shareholder except as therein provided.

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7.05 Loss of Certificates: In the event that a share certificate shall

be lost, destroyed or mutilated, a new certificate may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

ARTICLE VIII

BOOKS AND ACCOUNTS

8.01 Records: The Corporation shall keep books and records of account

and minutes of the proceedings of the shareholders, Board of Directors and executive committee, if any. Such books, records and minutes may be kept outside this State. The Corporation shall keep at its principal office, its registered office, or at the office of its transfer agent, a record or records containing the names and addresses of all shareholders, the number, class and series of shares held by each and the dates when they respectively became the owners of record thereof. Any of the foregoing books, minutes or records may be in written form or in any other form capable of being converted into readable form within a reasonable time.

8.02 Inspection: Any person who shall have been a shareholder of

record of the Corporation for at least six months immediately preceding his demand, or any person holding, or so authorized in writing by the holders of, at least five percent of the outstanding shares of any class or series, upon at least five days written demand shall have the right for any proper purpose to examine in person or by agent or attorney, during usual business hours, the minutes of the proceedings of the shareholders and record of shareholders and to make extracts therefrom at the places where the same are kept.

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ARTICLE IX

MISCELLANEOUS PROVISIONS

9.01 Monetary Disbursements: All checks or demands for money and notes

of the Corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

9.02 Fiscal Year: The Board of Directors shall be authorized to choose

the initial fiscal year of the Corporation, and to change that fiscal year from time to time.

9.03 Dividends: The Board of Directors may declare and pay dividends

upon the outstanding shares of the Corporation from time to time and to such extent as they deem advisable, in the manner and upon the terms and conditions provided by statute and the Certificate of Incorporation.

9.04 Reserve: Before payment of any dividend there may be set aside

such sum or sums as the Directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interests of the Corporation, and the Directors may abolish any such reserve

in the manner in which it was created.

9.05 Giving Notice: Whenever written notice is required to be given to

any person, it may be given to such person, either personally or by sending a copy thereof through the mail. If notice is given by mail, the notice shall be deemed to be given when deposited in the mail addressed to the person to whom it is directed at his last address as it appears on the records of the Corporation, with postage pre-paid thereon. Such notice shall specify the place, day and hour

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of the meeting and, in the case of a shareholders' meeting, the general nature of the business to be transacted.

In computing the period of time for the giving of any notice required or permitted by statute, or by the Certificate of Incorporation or these By-laws or any resolution of Directors or shareholders, the day on which the notice is given shall be excluded, and the day on which the matter noticed is to occur shall be included.

9.06 Loans to Directors, Officers or Employees: The Corporation may

lend money to, or guarantee any obligation of, or otherwise assist, any Director, officer or employee of the Corporation or of any subsidiary, whenever it may reasonably be expected to benefit the Corporation.

9.07 Disallowed Compensation: Any payments made to an officer or

employee of the Corporation as salary, commission, bonus, interest or rent, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such officer or employee to the Corporation to the full extent of such disallowance. It shall be the duty of the Directors, as a Board, to enforce payment of each such amount disallowed. In lieu of payment by the officer or employee, subject to the determination of the Directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the Corporation has been recovered.

ARTICLE X

AMENDMENTS

10.01 Amendments: The Board of Directors shall have power to adopt,

amend or repeal these By-laws. By-laws adopted by the Board of Directors may be repealed or changed, and new

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By-laws made, by the shareholders, and the shareholders may prescribe that any

By-law made by them shall not be altered, amended or repealed by the Board of Directors. The Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the By-laws of the Corporation, subject, however, to any limitation thereof contained in these By-laws. The shareholders also shall have the power to adopt, amend or repeal the By-laws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the By-laws of the Corporation; and provided further that in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of ARTICLE XI of the By-laws of the Corporation entitled "INDEMNIFICATION AND INSURANCE."

ARTICLE XI

INDEMNIFICATION AND INSURANCE

11.01 Indemnification: The Corporation shall indemnify and hold

harmless, to the fullest extent permitted by law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action or

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suit, whether or not by or in the right of the Corporation, or proceeding, whether civil, criminal, administrative or investigative (collectively, a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss, including judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement, incurred, suffered or paid by or on behalf of such person, and expenses (including attorneys' fees) reasonably incurred by such person.

11.02 Payment of Expenses: The Corporation shall pay the expenses

(including attorneys' fees) incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director or officer in advance of the final disposition of the proceeding

shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

11.03 Claims: The right to indemnification and payment of expenses

under the Certificate of Incorporation, these By-laws or otherwise shall be a contract right. If a claim for indemnification or payment of expenses under this Article is not paid in full within sixty days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

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11.04 Non-Exclusivity of Rights: The rights conferred on any person by

this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-laws, agreement, vote of shareholders or disinterested Directors or otherwise.

11.05 Other Indemnification: The Corporation's obligation, if any, to

indemnify any person who was or is serving at its request as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit enterprise.

11.06 Insurance: The Board of Directors may cause the Corporation to

purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Corporation or is or was serving at the request of the Corporation as a Director or officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

11.07 Amendment or Repeal: Any repeal or modification of the foregoing

provisions of this Article XI shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

SCHEDULE 3.1(xi)
OPINION OF ARTHUR ANDERSEN LLP
RELATING TO TAX-FREE DISTRIBUTION

March 3, 2000

Board of Directors
IntelliGroup, Inc.
499 Thornall Street
Edison, New Jersey 08837

Dear Ladies and Gentlemen:

You have requested our opinion as to certain U.S. federal income tax consequences under the Internal Revenue Code of 1986, as amended ("the Code"), resulting from the proposed contribution (the "Contribution") of the "Internet Solutions Group Division" by IntelliGroup, Inc. ("ITIG") to SeraNova, Inc. ("SeraNova") followed by the distribution by ITIG of SeraNova stock pro rata to the shareholders of ITIG (the "Distribution") under Sections 368(a)(1)(D) and 3551 pursuant to a plan described in the Contribution Agreement and the Distribution Agreement dated January 1, 2000 (the "Principal Agreements").² All other terms used herein and not otherwise defined have the meanings ascribed to them in the Principal Agreements.

In rendering our opinion, we have assumed that the Contribution and the Distribution will occur in accordance with the Principal Agreements, and that there are no other formal or informal arrangements between ITIG, any parties to the Distribution, any parties to the Principal Agreements, or any shareholders thereof. In addition, we have assumed the due authorization, execution and delivery by each party thereto of all documents, the genuineness of all signatures, the authority of all persons signing such documents on behalf of each party thereto, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals and the conformity to the original document of any document submitted to us as a certified, conformed, or photostat copy. Further, we have relied on and assumed to be accurate, as of the date hereof and as of the date of the Distribution, and without further inquiry (and

without limitation as to knowledge and belief), the certifications and representations made by, and on behalf of, ITIG, SeraNova, and the stockholders, and all other parties contained in the representation letter addressed to us. We have not audited or otherwise attempted to verify the accuracy or completeness of any of the foregoing.

(a) Premise of Opinion

Our opinion is limited to the federal income tax matters addressed herein, and no other opinions are rendered with respect to other federal tax matters or to any issues arising under the tax laws of any

1 Unless otherwise indicated, all section references are to the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

2 The term Principal Agreements refers to the Contribution Agreement dated January 1, 2000 and the Distribution Agreement dated January 1, 2000. Any reference to the "Principal Agreements" also includes Registration Statement filed on Form 10 by SeraNova with the Securities and Exchange Commission on January 27, 2000.

foreign country, state, or locality. The opinion expressed herein is based on our interpretation of the Code, income tax regulations thereunder, court decisions, rulings and procedures issued by the Internal Revenue Service (the "Service") as of the date of this letter, and other authorities that we deemed relevant. Should there be any change, including any change having retroactive effect, in the Code, the regulations and rulings issued thereunder, judicial interpretations thereof, or in current understanding and interpretation of tax accounting practices, the opinion expressed herein would necessarily have to be reevaluated in light of any such changes. Additionally, should any of the representations or facts set forth herein prove to be either incomplete or inaccurate, as of the date hereof, our opinion may change. We have no responsibility to update our opinion for changes in facts, assumptions, representations, or technical authorities that arise after the date of our tax opinion.

We have not considered any non-income tax or any state, local, foreign, or other income tax consequences, and therefore we express no opinion regarding the treatment that would be accorded the Distribution for such purposes. We also express no opinion on non-tax issues, such as corporate or securities law matters, including whether any tax disclosures included in documents made available to the shareholders of ITIG or the public are adequate within the requirements of the securities or corporate laws that govern the issuance of such documents and disclosures. Further, our opinion does not address the potential tax ramifications to the parties named herein or the stockholders of any transaction other than the Distribution and Contribution described herein.

Our opinion does not address the tax consequences of the Distribution to a ITIG stockholder that has a special status, including insurance companies; tax-exempt entities; financial institutions or broker-dealers; foreign corporations; estates and trusts not subject to U.S. federal income tax on their income regardless of source; persons who are not citizens or residents of the United States; and persons who acquired their ITIG common stock as a result of the exercise of an employee stock option, pursuant to an employee stock purchase plan, or otherwise as compensation.

Opinion

We are of the opinion, based upon our interpretation of the Code, the Treasury regulations, existing administrative and judicial interpretations thereof and the foregoing facts, information, assumptions and representations, all assumed to be accurate as of the date hereof, that for U.S. federal income tax purposes:

1. The transfer by ITIG to SeraNova of the assets of the Internet Solutions Group Division in exchange for all the stock of SeraNova, plus the assumption by SeraNova of liabilities associated with the Internet Solutions Group Division, followed by the pro rata distribution of all of the stock of SeraNova to ITIG's shareholders should qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code. ITIG and SeraNova should each be a "party to the reorganization" within the meaning of Section 368(b).
2. ITIG should recognize no gain or loss on the transfer of assets to, and the assumption of the liabilities referred to above by, SeraNova in exchange for the stock of SeraNova. Sections 361(a) and 357(a) of the Code.
3. SeraNova should recognize no gain or loss on the receipt of the assets from ITIG in exchange for SeraNova stock. Section 1032(a) of the Code.
4. SeraNova's basis in the assets received from ITIG should be equal to the basis of such assets in the hands of ITIG immediately before such transfer. Section 362(b) of the Code.

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5. SeraNova's holding period of each asset received from ITIG should include the period during which ITIG held such asset. Section 1223(2) of the Code.
6. ITIG should recognize no gain or loss upon its distribution of all the SeraNova stock to the ITIG shareholders. Section 361(c)(1) of the Code.
7. The ITIG shareholders should recognize no gain or loss (and no amount should be included in the income of the ITIG shareholders) upon the receipt of SeraNova stock in the Distribution. Section 355(a)(1) of the Code.
8. The aggregate basis of the ITIG stock and the SeraNova stock in the hands

of each ITIG shareholder after the Distribution should be the same as the aggregate basis of the ITIG stock held by each ITIG shareholder immediately before the Distribution, allocated between the ITIG stock and the SeraNova stock in proportion to the fair market value of each in accordance with Treas. Reg. ss.1.358-2(a)(2). Section 358(a)(1), (b)(2), and (c) of the Code.

9. The holding period of the SeraNova stock received by each ITIG shareholder should include the period that the ITIG shareholder has held the ITIG stock as of the date of the Distribution, provided that the ITIG stock is held as a capital by such shareholder on the date of the Distribution. Section 1223(1) of the Code.
10. As provided in section 312(h), proper allocation of earnings and profits between ITIG and SeraNova should be made in accordance with Treas. Reg. ss. 1.312-10(a).

This opinion is not binding on the Service, and there can be no assurance that the Service will not take positions contrary to the opinion expressed herein. However, if the Service challenges the tax treatment of the Distribution, the opinion expressed herein reflects our assessment of the probable outcome of litigation based solely on an analysis of the existing tax authorities relating to the issues that are the subject of this opinion.

This opinion is solely for the benefit of ITIG, SeraNova, and their stockholders and is not intended to be relied upon by any other party. Except to the extent expressly permitted hereby, and without the prior written consent of this firm, our opinion may not be quoted in whole or in part, or otherwise referred to in any documents or delivered to any person or entity. Any such authorized other party receiving a copy of our opinion must consult and rely upon the advice of their own counsel, accountant, or other advisor.

Very truly yours,

ARTHUR ANDERSEN LLP

By

Richard D. Moriarty

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SCHEDULE 8.8

SURVIVING AGREEMENTS

1. Distribution Documents

SERVICES AGREEMENT

This Services Agreement ("Agreement") is made and entered into as of the 1st day of January, 2000, by and between INTELLIGROUP, INC., a New Jersey corporation ("ITIG") and SERANOVA, INC., a New Jersey corporation ("SERANOVA"). The parties agree to be legally bound as follows:

1. SERVICES. ITIG will provide SERANOVA with various types of services

("Services") listed in Exhibit A, which is attached hereto and incorporated by

reference. Such Exhibit A may be amended from time to time by written agreement

between the parties. The Retained Employees (as defined in Section 5(a)(ii)) shall exclusively provide Services to SERANOVA and/or SERANOVA's clients as directed by SERANOVA and pursuant to Exhibit A.

2. TERMS OF AGREEMENT. This Agreement shall become effective on January 1,

2000 (the "Effective Date"), and shall remain in full force and effect for a period of one (1) year thereafter, unless earlier terminated pursuant to the provisions of this Agreement. This Agreement shall automatically renew for additional consecutive renewal terms of one (1) year unless either ITIG or SERANOVA gives written notice of its intent not to renew the terms of this Agreement sixty (60) days prior to the expiration of the then expiring term. The initial one year term and any renewal period(s) thereafter shall collectively be referred to as the "Term."

3. TERMINATION OF AGREEMENT.

(a) This Agreement or any portion thereof may be terminated by either party, for any reason, with thirty (30) days prior written notice to the other party.

(b) This Agreement or any portion thereof may be terminated by either party (the "non-defaulting party") if any of the following events occur by or with respect to the other party (the "defaulting party"): (i) the defaulting party commits a material breach of any of its obligations hereunder and fails to cure such breach within thirty (30) days of receipt of written notice from non-defaulting party; or (ii) any insolvency of the defaulting party, any filing of a petition in bankruptcy by or against the defaulting party, any appointment of a receiver for the defaulting party, or any assignment for the benefit of the defaulting party's creditors; provided, however, that in the case of any involuntary bankruptcy proceeding such right to terminate shall only become effective if the proceeding is not dismissed within sixty (60) days after the filing thereof.

Termination under this Section 3 or otherwise shall have no effect on the respective obligations to make any payment required to be made pursuant to the terms of this Agreement or any other obligation hereunder that survives the termination of this Agreement. Neither party shall have any liability to the other party for terminating the Agreement pursuant to this Section 3.

4. TRANSITION ASSISTANCE. Other than for termination by SERANOVA pursuant

to Section 3(a) or by ITIG under Section 3(b)(ii), ITIG agrees to provide SERANOVA with transition

assistance for up to 180 days (or such shorter period as SERANOVA may elect) after the expiration of the Term, or upon the termination of this Agreement by either ITIG or SERANOVA. Transition assistance shall include the following: (i) ITIG shall reasonably cooperate with SERANOVA or any relevant third party for transferring of the Services to SERANOVA or any such third party that SERANOVA selects; (ii) ITIG shall perform any new types of services, at a fee agreed upon in writing by the parties, that are reasonably required to assist in transferring of the Services to SERANOVA or any such third party that SERANOVA selects; (iii) ITIG shall provide to SERANOVA, upon SERANOVA's reasonable request, any records or other information relating to said Services; and (iv) comply with SERANOVA's reasonable requests for assistance in engaging or training another person or persons to provide the Services rendered by ITIG. So long as ITIG is providing SERANOVA with transition assistance, SERANOVA shall be obligated to provide compensation to ITIG pursuant to Exhibit A.

5. INVOICING AND PAYMENTS.

(a) (i) SERANOVA shall remit payment of the monthly fee set forth on Exhibit A to ITIG on or before the first day of each month for -----
the preceding month's Services. The first such payment shall commence on the first day of the first month following the Effective Date. Payment for any Services provided for a partial month period preceding or following the initial payment shall be prorated accordingly based on the number of days in a given month. Notwithstanding any other provision of this Section 5, ITIG shall make all payments to third parties as necessary to ensure continued Services of the types contemplated in this Agreement.

(ii) ITIG shall pay wages, provide benefits and make employer contributions on behalf of the ITIG employees listed on Exhibit -----
B, which is attached hereto and incorporated by reference -
("Retained Employees") until each Retained Employee resigns his/her employment with ITIG or is transferred and becomes an employee of SERANOVA (the "Transfer Date") and SERANOVA shall reimburse ITIG for all such wages, benefits and employer contributions paid by ITIG from the Effective Date until the Transfer Date. ITIG's obligations to continue to pay wages, provide benefits and make employer's contributions shall terminate on each individual Retained Employee's Transfer Date or upon termination or resignation of employment of such Retained Employee. In light of SERANOVA's total control over the terms and conditions of such Retained Employees, SERANOVA retains the right to request the termination of any Retained Employee when necessary and appropriate. All amounts payable to any Retained Employee terminates under this Section 5(a)(ii) by virtue of such termination, including but not limited to severance pay, accrued wages, accrued vacation or leave pay, shall be reimbursed to ITIG by SERANOVA. Such Exhibit B may be amended from time to time.

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(b) SERANOVA agrees to pay amounts equal to any Federal, state or local sales, use, excise, privilege or other taxes or assessments, however designated or levied, relating to any amounts payable by SERANOVA to ITIG hereunder, this Agreement or any Services provided by ITIG to SERANOVA pursuant hereto and any taxes or amounts in lieu thereof paid or payable by ITIG, exclusive of taxes based on ITIG's net income for the Services or for any employees, agents or subcontractor of ITIG. ITIG will invoice SERANOVA for any taxes payable by SERANOVA that are required to be collected by ITIG pursuant to any applicable law, rule, regulation or other requirement of law.

6.

OBLIGATIONS.

(a) Certain Information. SERANOVA shall provide to ITIG any information needed by ITIG to perform the Services. If the failure to provide such information renders the performance of any requested Services impossible or unreasonably difficult, ITIG may upon reasonable prior written notice to SERANOVA and without incurring any liability refuse to provide such Services until such time as SERANOVA has provided ITIG with the requisite information.

(b) Further Assurances. During the term of this Agreement, ITIG and SERANOVA shall use commercially reasonable efforts to: (i) preserve their respective and mutual reputations and market positions in strategic markets; (ii) promote their mutual businesses and cause the retention and expansion of their customers; (iii) refrain from taking any action which may jeopardize any such customer relationship without the prior written consent of the other party; and (iv) execute and deliver any further legal instruments which may become necessary to effect the purposes of this Agreement.

(c) Scope of Services. If ITIG and SERANOVA agree that it is functionally impossible to continue to provide a Service under this Agreement, or otherwise agree to eliminate or reduce one or more Services provided hereunder, then ITIG shall discontinue said Service at the time and in the manner agreed to by the parties. In the event ITIG discontinues a Service provided hereunder, SERANOVA's Service fee shall be prorated based on a reasonable allocation of the costs as mutually agreed by the parties. In the event that SERANOVA requires a reasonable

increase of the Services, ITIG shall increase the amount of Services accordingly. The parties agree to negotiate in good faith relating to ITIG's rendering of increased services to SERANOVA and if the parties cannot agree on a price, ITIG has no obligation to perform such increased services.

7. OWNERSHIP. All deliverables generated pursuant to the Services as set forth in Exhibit A ("Work Product") shall be deemed works made for hire under the applicable copyright laws, and that all Work Product shall be the sole and exclusive property of SERANOVA. To the extent that any Work Product is not considered a work for hire under the applicable copyright laws, ITIG hereby assigns all of its rights, title or interest in the Work Product and in all related

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patents, copyrights, trademarks, trade secrets, rights of priority and other proprietary rights to SERANOVA. ITIG shall make full disclosure to SERANOVA of all such Work Product, and reasonably assist and cooperate with SERANOVA, at SERANOVA's expense, in all respects and will execute documents, give testimony, and take all further acts requested by SERANOVA to obtain, maintain, perfect and enforce for SERANOVA patent, copyright, trademark, trade secret or other legal protection for the Work Product, as well as all reissues, renewals and extensions thereof.

8. SUBCONTRACTING SERVICES. ITIG may, with the consent or approval of SERANOVA, subcontract certain Services, in whole or in part, provided to SERANOVA pursuant to this Agreement. To the extent that ITIG subcontracts certain or all Services, ITIG shall remain solely responsible to SERANOVA for the execution and quality of said Services.

9. RECORD KEEPING.

(a) Processing. Upon ten (10) days prior written notice from SERANOVA, ITIG shall provide SERANOVA and/or its representatives or any regulatory agency having jurisdiction reasonable access during normal business hours to ITIG's facilities for the purpose of performing audits or inspections of the business of ITIG relating to the Services. ITIG shall provide any reasonable assistance as may be required by SERANOVA and/or its representatives or any regulatory agency having jurisdiction. ITIG shall not be required to provide SERANOVA and/or its representatives or any regulatory agency having jurisdiction access to ITIG's data of ITIG's customer's data other than SERANOVA. If any audit by an auditor designated by SERANOVA or any regulatory agency having jurisdiction finds ITIG not in compliance with any audit requirement relating to the Services, ITIG shall meet with SERANOVA and the parties will agree on what actions ITIG must take to be in compliance with the audit requirements. SERANOVA shall be responsible for the cost of such audit.

(b) Charges. Upon ten (10) days prior written notice from SERANOVA, ITIG shall provide SERANOVA and/or its representatives reasonable access during normal business hours to ITIG's facilities for the purpose of performing audits or inspections to verify the accuracy of the amounts charged by ITIG to SERANOVA for the Services. If, as a result of such audit, it is determined that ITIG has overcharged SERANOVA, SERANOVA shall notify ITIG of the amount of such overcharge and ITIG shall promptly pay to SERANOVA the amount of the overcharge, plus interest of one percent (1%) per month, but in no event to exceed the highest lawful rate of interest, calculated from the date of receipt by ITIG of the overcharged amount until the date of payment to SERANOVA. In addition, in the event any such audit reveals an overcharge to SERANOVA by ITIG of five percent (5%) or more, ITIG shall reimburse SERANOVA for cost of such audit.

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10. WARRANTY.

(a) ITIG represents and warrants that during the performance of and for a period of sixty (60) days after performance, the Services

will be provided in a professional and workmanlike manner in accordance with industry standards and the Services will materially conform to Exhibit A. In the event the Service fails

to conform to the foregoing warranties in any material respect, the sole and exclusive remedy of SERANOVA, and ITIG's liability, as a result thereof will be for ITIG, at its expense, to use its commercially reasonable efforts to cure or correct such failure as soon as reasonably practical or refund any monies paid by SERANOVA to ITIG for the nonconforming portion of the Services.

- (b) ITIG represents and warrants that to its knowledge, the rendering of Services will not infringe on any US patents, copyrights or trademarks.
- (c) Each party represents and warrants that it shall comply with all applicable federal, state and local laws and regulations applicable to the Services and shall obtain all applicable permits, registrations and licenses required of it in connection with its obligations under this Agreement.
- (d) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ITIG DOES NOT MAKE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH WARRANTY BE EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTY FROM COURSE OF DEALING OR USAGE OF TRADE.

11. LIMITATION OF LIABILITY. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND OR NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LOST REVENUES, PROFITS, SAVINGS OR BUSINESS), WHETHER IN AN ACTION BASED ON CONTRACT, WARRANTY, STRICT LIABILITY, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE) OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES OR SUCH DAMAGES COULD HAVE BEEN REASONABLY FORESEEN BY SUCH PARTY. In no event shall either party's aggregate liability to the other party exceed the total fees paid by SERANOVA to ITIG for the twelve (12) month period immediately preceding the event that gave rise to the liability, whether such liability is based on an action in contract, warranty, strict liability or tort (including, without limitation, negligence) or otherwise. Each party's entire liability under this Agreement shall be as set out in this Section 11. The parties have agreed that the limitations specified in this Section 11 will survive and apply even if any limited remedy specified in this Agreement is found to have failed of its essential purpose.

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12. INDEMNIFICATION.

(a) Indemnity by SERANOVA. SERANOVA shall indemnify ITIG from and defend ITIG against, any liability or expenses (including reasonable attorneys' fees) arising out of or relating to any claim, loss, damage, cost, liability, or expense ("Claim"):

- 1. Relating to the employment or termination thereof of any Retained Employee;
- 2. Relating to (a) a violation of Federal, state, or other laws (including common law) or regulations, including but not limited to a violation of Federal, state, or other laws (including common law) or regulations for the protection of persons or members of a protected class or category of persons by SERANOVA, its employees, or agents, (b) sexual discrimination or harassment by SERANOVA, its employees, or agents, and (c) work-related injury except as maybe covered by SERANOVA's worker's compensation or death caused by SERANOVA, its employees, or agents;
- 3. Relating to amounts, including taxes, interest, and penalties, assessed against ITIG which are the obligations of SERANOVA pursuant to Section 5(b); and
- 4. To the extent directly related to personal injury or tangible personal property, damage resulting from any Retained Employee's (prior to such Retained Employee's Transfer Date but after SERANOVA becomes a publicly held entity) and SERANOVA's negligent acts or omissions.

(b) Indemnity by ITIG. ITIG shall indemnify SERANOVA from and defend SERANOVA against, any liability or expenses (including reasonable attorneys' fees) arising out of or relating to any Claim:

1. Relating to (a) a violation of Federal, state, or other laws (including common law) or regulations, including but not limited to a violation of Federal, state, or other laws or regulations for the protection of persons or members of a protected class or category of persons by ITIG, its employees, or agents, (b) sexual discrimination or harassment by ITIG, its employees, or agents, and (c) work-related injury except as may be covered by ITIG's worker's compensation or death caused by ITIG, its employees, or agents;
2. Relating to amounts, including taxes, interest, and penalties, assessed against SERANOVA which are the obligations of ITIG pursuant to Section 5(b);
3. Relating to ITIG's non-compliance with legal or regulatory requirements applicable to ITIG; and
4. To the extent directly related to personal injury or tangible personal property damage resulting from ITIG's negligent acts or omissions excluding the acts or omissions of any Retained Employee (prior to such Retained Employee's Transfer Date but after SERANOVA becomes a publicly held entity).

(c) The party seeking indemnification under any provision of this Agreement shall promptly notify the party against whom the indemnification is sought in writing of any claim for indemnification, specifying in detail the basis of such claim, the

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facts pertaining thereto and, if known, the amount, or an estimate of the amount, of the liability arising therefrom; provided however, that failure to give such notice shall not affect the indemnification provided hereunder except to the extent that the indemnifying party can demonstrate actual monetary prejudice as a direct result of such failure. The indemnified party shall provide to the indemnifying party as promptly as practicable thereafter all information and documentation necessary to support and verify the claim asserted and the indemnifying party shall be given reasonable access to all books and records in the possession or control of the indemnified party or any of its affiliates which the indemnifying party reasonably determines to be related to such claim.

(d) The indemnifying party shall have sole control over the defense and/or settlement of any claim and the indemnified party will, at the indemnifying party's sole expense, provide reasonable assistance to the indemnifying party. If the indemnified party takes any overt action that unreasonably compromises the indemnifying party's defense or settlement of any claim, the indemnifying party shall be relieved of its indemnification obligations for such particular claim.

13. PARTIES' RELATIONSHIP.

(a) Independent. The parties are independent entities with each having sole authority and control of the manner of, and is responsible for, its performance of this Agreement. This Agreement does not create or evidence a partnership or joint venture between the parties. Neither party has the right or authority to enter into any contract, warranty, guaranty or other undertaking in the name or for the account of the other party, or to assume or create any obligation or liability of any kind, express or implied, on behalf of the other party, or to bind the other party in any manner whatsoever, or to hold itself out as having any right, power or authority to create any such obligation or liability on behalf of the other or to bind the other party in any manner whatsoever (except as otherwise provided by this Agreement or as to any other actions taken by either party at the express written request and direction of the other party).

(b) Employees. Except as otherwise described herein, for the purposes of this Agreement each party is solely responsible for its own employees or agents, including the actions or omissions and the payment of compensation, taxes and benefits of those employees and agents.

(c) Access. To the extent reasonably required for SERANOVA's

personnel to perform their job functions, ITIG shall provide SERANOVA's personnel with reasonable access to its equipment, office facilities and any other areas and equipment for which SERANOVA has provided compensation to ITIG under the terms of this Agreement. In addition, the employees of SERANOVA shall have reasonable access to those employees of ITIG who perform any of the Services.

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(d) Non Solicitation. During the Term hereof and for a period of twelve (12) months thereafter, neither party shall, directly or indirectly, solicit for employment or employ, or accept services provided by, any employee, officer or independent contractor of the other party who performed any work in connection with or related to the Services without the prior written consent of the other party and such consent shall not be unreasonably withheld.

14. DISPUTE RESOLUTION PROCEDURE. Except as otherwise stated in this

Agreement, the parties shall resolve all disputes in accordance with the following procedure:

(a) Each party shall promptly negotiate in good faith to resolve all disputes, controversies or claims arising out of or relating to this Agreement or the performance hereunder (a "Dispute"). In the event that the parties cannot resolve the Dispute in such manner, they shall immediately refer the Dispute to each party's CFO or such other senior executives as may be mutually agreed upon by the parties from time to time. If such executives do not agree upon a decision within a reasonable amount of time after referral of the Dispute to them (but in no event more than thirty (30) days from the date the party that determines there is a Dispute becomes aware of such dispute) they shall submit the Dispute to the following binding arbitration procedures:

1. Any Dispute shall be submitted to binding arbitration, in accordance with the dispute resolution procedures specified in this Section 14. If any of these procedures are determined to be invalid or unenforceable, the remaining procedures shall remain in effect and binding on the parties to the fullest extent permitted by law.

2. The arbitration shall be conducted in accordance with the procedures specified in this Section 14 and the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA ("AAA Rules"). In the event of a conflict, the provisions of this Section 14 shall control. The arbitration shall be conducted before a panel of three arbitrators, regardless of the size of the Dispute, to be selected as provided in the AAA Rules.

3. Any issue concerning the extent to which any Dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may serve on the panel unless first agreeing in writing to abide and be bound by these procedures. The arbitrators may not award non-monetary or equitable relief of any sort. They shall have no power to award damages inconsistent with the Agreement or punitive damages or any other damages not measured by the prevailing party's actual damages, and the parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these procedures is adjudged invalid or unenforceable, shall the arbitrators have power

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to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

4. No discovery shall be permitted in connection with the arbitration unless expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery. All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrators may disclose the existence, content or results of the arbitration,

except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interest. The result of the arbitration shall be a final decision that is binding on the parties, and judgment on the arbitrators' award may be entered in any court having jurisdiction.

15. CONFIDENTIALITY.

- (a) SERANOVA and ITIG shall each (i) hold the Confidential Information (as defined below) of the other in trust and confidence and avoid the disclosure or release thereof to any other person or entity by using the same degree of care as it uses to avoid unauthorized use, disclosure, or dissemination of its own Confidential Information of a similar nature, but not less than reasonable care, and (ii) not use the Confidential Information of the other party for any purpose whatsoever except as expressly contemplated under this Agreement. Each party shall disclose the Confidential Information of the other only to those of its employees having a need to know such Confidential Information and shall take all reasonable precautions to ensure that its employees comply with the provisions of this Section 15.
- (b) The term "Confidential Information" shall mean any and all information or proprietary materials (in every form and media) not generally known in the relevant trade or industry and which has been or is hereafter disclosed or made available by either party (the "disclosing party") to the other (the "receiving party") in connection with the efforts contemplated hereunder, including (i) all trade secrets, (ii) existing or contemplated products, services, designs, technology, processes, technical data, engineering, techniques, methodologies and concepts and any information related thereto, and (iii) information relating to business plans, sales or marketing methods and customer lists or requirements.
- (c) The obligations of either party under this Section 15 will not apply to information that the receiving party can demonstrate (i) was in its possession at the time of disclosure and without restriction as to confidentiality, (ii) at the time of disclosure is generally available to the public or after disclosure becomes generally available to the public through no breach of agreement or other wrongful act by the receiving party, (iii) has been received from a third party without restriction on disclosure and without breach of agreement or other

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wrongful act by the receiving party, (iv) is independently developed by the receiving party without regard to the Confidential Information of the other party, or (v) is required to be disclosed by law or order of a court of competent jurisdiction or regulatory authority, provided that the receiving party shall furnish prompt written notice of such required disclosure and reasonably cooperate with the disclosing party, at the disclosing party's cost and expense, in any effort made by the disclosing party to seek a protective order or other appropriate protection of its Confidential Information.

16. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall

inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either party hereto without the prior written consent of the other party except ITIG may, upon prior written notice to SERANOVA (but without any obligation to obtain the consent of SERANOVA), assign this Agreement or any of its rights hereunder to any affiliate of ITIG, or to any entity who succeeds (by purchase, merger, operation of law or otherwise) to all or substantially all of the capital stock, assets or business of ITIG, if such entity agrees in writing to assume and be bound by all of the obligations of ITIG under this Agreement.

17. NO THIRD-PARTY BENEFICIARIES. Nothing expressed or implied in this

Agreement shall be construed to give any person or entity other than the parties any legal or equitable rights under this Agreement.

18. WAIVERS. No term or provision hereof shall be deemed waived and no

breach excused unless such waiver or consent shall be in writing and signed by an authorized representative of the party claiming to have waived or consented. No consent by either party to, or waiver of, a breach by the other, whether express or implied, shall constitute a consent to, waiver of, or excuse for any

different or subsequent breach.

19. NOTICES. All notices given in connection with this Agreement shall be in

writing and transmitted by (i) hand delivery; (ii) courier delivery; (iii) U.S. certified mail, return receipt requested, postage prepaid; or (iv) telecopier to the addressed listed below. Delivery of said notices shall be deemed given upon the date of (a) receipt of courier delivery; (b) certified mail return receipt is signed or delivery is rejected; or (c) receipt of written confirmation of telecopier transmittal.

If to ITIG: Intelligroup, Inc.
499 Thornall Street
Edison, New Jersey 08837
Attn: President
Fax No.: (732) 362-2100

If to SERANOVA: SeraNova, Inc.
499 Thornall Street
Edison, New Jersey 08837
Attn: President
Fax No.: (732) 362-2100

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20. FORCE MAJEURE. No delay or failure of a party to perform any of

its obligations, other than payment obligations, under this Agreement due to causes beyond its reasonable control shall constitute a breach of this Agreement or render that party liable for that delay or failure. Causes beyond a party's reasonable control include, but are not limited to: (i) events or circumstances that the party, even though using all, reasonable efforts, is unable to prevent or overcome; or (ii) labor disputes, strikes, or other similar disturbances, acts of God, utilities or communications failures, acts of the public enemy, riots, insurrections, sabotage or vandalism.

21. SEVERABILITY. The invalidity, illegality or unenforceability of any

provision in this Agreement shall not in any way affect the validity, legality or enforceability of any other provision of this Agreement. This Agreement shall be reformed and construed in all respects as if such invalid or unenforceable provision had never been in the Agreement and such provision shall be reformed so that it will be valid, legal and enforceable to the extent possible.

22. GOVERNING LAW, VENUE AND JURISDICTION. This Agreement shall be

construed in accordance with and governed by the laws of the State of New Jersey, without regard to its conflict of laws principles. Subject to Section 14, the parties consent to jurisdiction and venue in the state courts of Middlesex County, New Jersey, or if there is exclusive federal jurisdiction, the U.S. District Court for the District of New Jersey, shall have exclusive jurisdiction and venue over any dispute arising out of this Agreement.

23. HEADINGS. Headings in this Agreement are included for convenience of reference only and do not constitute a part of this Agreement for any other purpose.

24. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding

between the parties with respect to the subject matter contained herein and
supersedes all prior communications, representations and agreements. It shall
not be varied except by a modification in writing which is duly executed by
authorized representatives of the parties subsequent to the date first appearing
herein.

25. COUNTERPARTS. This Agreement may be executed in counterparts, each of
which shall be deemed an original and of equal force and effect.

26. INSURANCE. ITIG and SERANOVA (after SERANOVA becomes a publicly held

entity) agree to maintain insurance in accordance with the following:

- o Workers Compensation & Employer's Liability:
As required under the law of the state in which the work is performed with each party's liability limit not less than \$500,000 per occurrence/annual aggregate.
- o Commercial General Liability:
Covering all operations of each party including product and completed operations and contractual liability against claims for personal bodily injury and property damage with a liability limit not less than \$1,000,000 per occurrence/annual aggregate.

o Errors & Omission Insurance:

Covering loss or damage arising out of negligent acts or errors or omissions which arise from professional Services provided by ITIG under this Agreement and any services provided by SERANOVA (using the Retained Employees after SERANOVA becomes a publicly held entity but prior to such employee's Transfer Date) with limits no less than \$1,000,000 per occurrence.

Such insurance coverage as is required under this Agreement shall be in form and with insurance carriers licensed to do business in the state where the services are provided, unless otherwise provided herein. As evidence of said coverage, ITIG shall forward Certificates of Insurance, or copies of insurance policies, to SERANOVA, which shall contain a provision to endeavor to notify SERANOVA in writing of a cancellation or nonrenewal of said coverages not less than thirty (30) days before its effective date. The foregoing statements as to the types and limits of insurance coverage to be maintained by ITIG, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by ITIG pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

27. PUBLICITY. Neither party shall use the name of the other party in any

materials, statements or press releases without the prior written consent of the other party.

IN WITNESS WHEREOF, this Agreement has been executed effective as of the date first above written.

WITNESSES

INTELLIGROUP, INC.

BY: /s/ Ashok Pandey

Ashok Pandey
Co-Chief Executive Officer

SERANOVA, INC.

BY: /s/ Raj Koneru

Raj Koneru
Chairman, Chief Executive Officer
and President

EXHIBIT A
DESCRIPTION OF SUPPORT SERVICES AND APPLICABLE FEES

INFORMATION SYSTEMS & SUPPORT

Monthly Access and Support Fee for SAP system:

- o Fixed charge of \$4,000 per month;
- o Includes application support and consultation;
- o Does not include enhancement or modification of the underlying software or configuration, except as needed to correct for system malfunction or programming "bugs".

PC Applications and Hardware Support Services/Procurement:

- o Fixed monthly charge of \$10,000 for January; \$8,000 per month thereafter;
- o Support for desktop systems and network management applications for Edison, N.J. location
- o Ordering, receiving and configuring of new PC's and Laptops as needed (exclusive of actual cost of hardware and software components).
- o Continued access and support for Lotus Notes e-mail system currently installed;
- o Additional charges may be invoiced for the actual cost incurred to extend or add user licenses should these be required (based upon increases in

registered users over baseline number, determined as of December 31, 1999).

The parties acknowledge that Intelligroup has entered into contractual relationships with various software vendors for use of the software. Intelligroup will permit SeraNova a right to use the software or provide services to SeraNova to the extent Intelligroup is permitted under its applicable agreements with the software vendors. SeraNova will take all reasonable actions requested by Intelligroup, so that SeraNova may use the software or receive services from Intelligroup. Upon SeraNova becoming a publicly held entity, SeraNova, at its sole cost and expense, may have to enter into separate agreements with such software vendors and may no longer have the right to use the software or receive services from Intelligroup.

GENERAL ADMINISTRATIVE SUPPORT

Mail Delivery & Facilities Management

- o Fixed charge of \$3,000 per month, adjustable upon mutual agreement to reflect changes in usage or underlying costs to Intelligroup;
- o Monthly charge includes handling and distribution of mail and other deliveries, incidental office supplies, copy machine usage, and general facilities management;
- o Additional charges will be invoiced for actual costs of "expressmails" (including but not limited to Federal Express, U.S. Postal Service Exerts Mail, Airborne Express);
- o Additional charge of \$1,000 per month for postage, adjustable upon mutual agreement to reflect changes in usage or underlying costs to Intelligroup;

Receptionist

- o Fixed charge of \$1,700 per month.

Human Resources

- o Fixed charge of \$2,500 per month, adjustable upon mutual agreement to reflect changes in underlying employee mix;
- o Administrative support related to 401(k) Plans, applicable medical benefit plans, employee manual;
- o Employee orientation and hiring support will be invoiced at a rate of \$100 per new "in-house" employee hired (covers such incidentals as key cards, name plates, etc

Billing Support

- o Fixed monthly charge of \$1,000;
- o Provides assistance with setting up and transferring A/R, and Billing functions from Intelligroup;
- o Covers the cost of continued invoice processing by Intelligroup required to clear historical amounts.

Payroll Support

- o Fixed charge of \$1,500 per month for the months of January through March, 2000; then at a rate of \$500 per month thereafter;
- o Provides administrative and processing assistance for the months of January through March, 2000, including assistance with quarterly tax reporting;
- o Also provides for on-going advisory support in connection with payroll processing;
- o External charges (such as Ceridian Payroll Service) are to be directly billed to SeraNova.

Immigration

- o Per case charge of \$100 to cover administrative costs and access to Immigration Staff;
- o All external charges, including but not limited to legal (Fragomen) and I.N.S. fees are to be directly billed to SeraNova.

Other Support and Administrative Costs

The above assumes that certain external costs will be directly invoiced to SeraNova. In the event that any such costs, directly attributable to SeraNova, are invoiced by a third party to Intelligroup, these will be recoverable by Intelligroup upon presentation of such costs to SeraNova in the form of an invoice or other written request for payment (which will detail the costs and purposes for such costs).

Certain other costs may be incurred by Intelligroup on behalf of both parties, which may include but are not be limited to (i) cost of general liability,

property and casualty, and other business insurance coverages (prior to SeraNova becoming a publicly held entity); and (ii) costs of outside retained recruiting firms. Intelligroup may recover a proportionate share of such costs from SeraNova upon presentation to SeraNova in the form of an invoice or other written request for payment (which will detail the costs and purposes for such costs). Such proportion will be determined by mutual agreement of the parties.

INTELLIGROUP MONTHLY BILLING SCHEDULE FOR 2000
FOR CHARGES UNDER EXHIBIT A OF THE SERVICES

AGREEMENT
<TABLE>
<CAPTION>

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00
	-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>							
Monthly Fixed Charges								
Information Systems and Support								
SAP systems access and support	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
PC applications and H/W support	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
General Administrative Support								
Mail room and facilities	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Postage	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Receptionist	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700
H/R support	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Billing support	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Payroll support	\$ 1,500	\$ 1,500	\$ 1,500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Total Fixed Charges for Services	\$28,200	\$28,200	\$28,200	\$27,200	\$27,200	\$27,200	\$27,200	\$27,200
	-----	-----	-----	-----	-----	-----	-----	-----
	Sep-00	Oct-00	Nov-00	Dec-00				
Monthly Fixed Charges								
Information Systems and Support								
SAP systems access and support	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500				
PC applications and H/W support	\$11,000	\$11,000	\$11,000	\$11,000				
General Administrative Support								
Mail room and facilities	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000				
Postage	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000				
Receptionist	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700				
H/R support	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500				
Billing support	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000				
Payroll support	\$ 500	\$ 500	\$ 500	\$ 500				
Total Fixed Charges for Services	\$27,200	\$27,200	\$27,200	\$27,200				
	-----	-----	-----	-----	-----	-----	-----	-----

</TABLE>

Variable ("Per drink") charges

H/R support - \$100 per new in-house hire

Immigration support - \$100 per case

INTELLIGROUP MONTHLY BILLING SCHEDULE
FOR RENT AND UTILITIES CHARGES UNDER THE SPACE SHARING AGREEMENT

<TABLE>
<CAPTION>

Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

<S> <C> <C> <C> <C> <C> <C> <C> <C> <C> <C>

</TABLE>

EXHIBIT B
RETAINED EMPLOYEES

NAME	ID#	NAME	ID#
<S>	---	---	---
Badola, Anil	# 2280	Natarajan, Sambamoorthy	# 228
Balakrishnan, Sridhar	# 2036	Nath, Mohan	# 706
Boghra, Arunkumar	# 479	Padmala, Srinivas Rao	# 1816
Chandran, Karthikeyan	# 2010	Palvai, Sreedhar	# 1898
Dasari, Nageswararao	# 2251	Parekh, Hitesh	# 1683
Desai, Sheetal	# 2221	Pavuluri, Kiran	# 1509
Errangutla, Mahesh	# 606	Prasani, Vineet Rayroth	# 159
Gadre, Veerdhaval	# 761	Rajagopal, Raghu	# 326
Gaur, Harish	# 1970	Ramachandran, Aravind	# 1554
Gorde, Ajay	# 285	Ramaswamy, Prakash	# 2300
Guduru, Vidyasaagar	# 2298	Rao, Shashikant	# 1859
Kalapatapu, Rama Sastry	# 827	Ray, Pragnesh	# 1813
Kalvit, Hemant	# 910	Reddy, Venugopal	# 97
Kanyan, Mathew	# 1847	Roche, Conrad	# 2290
Kelwalkar, Anil Balakrishna	# 1931	Roy, Ashok	# 1596
Keswani, Haresh	# 1635	Sahoo, Rabi Narayan	# 1877
Kolukuluri, Trivikram	# 808	Sahu, Gajendra Kumar	# 2163
Koneru, Padma	# 628	Sawant, Sudhir	# 535
Krishnan, Vilayyanur P.	# 2155	Sheth, Tushar	# 1592
Kumar, Manish	# 2128	Sindhwan, Manesh	# 1846
Kumar, Raj	# 629	Soman, Kshitish	# 708
Kuttalingam, Vannamuthu	# 1524	Srinivasan, Girish	# 1958
Lanka , Kutumba	# 413	Srinivasan, Sridhar	# 562
Madhavi, Nandyala	# 767	Suki, Geetanjali	# 2023
Madhinineni, Madhukar	# 684	Sunkam, Sreehari	# 638
Mathur, Praveen	# 1932	Susarla, Bharat	# 1710
Mohammad, Asif	# 348	Thirugnanam, Gomathi	# 1963
Mopati, Krishna	# 369	Vedavyas, Balram	# 725
Morarji, Dhirendra	# 1522	Wahi, Saurabh	# 181
Mysore, Prashanth	# 1924	Zentelis , Nicolas	# 1927
Nagwekar, Suraj	# 1508	Kanthi, Hanumanth	not assigned
Nair, Rajan	# 732	Guntupalli, Bharat	not assigned
Nallapaneni, Netaji	# 831	Aruminathan, William S	not assigned
Narne, Aravind	# 2327	Sharan, Jaya	not assigned

SPACE SHARING AGREEMENT

This Space Sharing Agreement (the "Agreement") is made as of January 1, 2000, by and between Intelligroup, Inc., a New Jersey corporation ("Intelligroup") and SeraNova, Inc., a New Jersey corporation ("SeraNova").

RECITALS

A. Intelligroup is a party to a lease agreement (the "Edison, NJ Lease") pursuant to which Intelligroup leases certain office space for its corporate headquarters (the "Premises").

B. Intelligroup is a party to leases and/or subleases (the "Intelligroup Leases") for other facilities (such facilities, together with the Premises, are collectively referred to herein as the "Intelligroup Facilities") as listed on Exhibit A hereto.

C. SeraNova desires to use a portion of the Premises and portions of the other Intelligroup Facilities and, subject to the terms and provisions herein, Intelligroup agrees that SeraNova shall be permitted to use a portion of the Premises and portions of the Intelligroup Facilities.

NOW, THEREFORE, in consideration of the agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Premises. Intelligroup agrees that SeraNova shall be permitted to use

a portion of the Premises for the purposes permitted under the Edison, NJ Lease subject to the terms and conditions set forth in this Agreement. SeraNova's right to use a portion of the Premises (and its obligation to pay consideration therefore as required pursuant to Section 3 hereof) shall terminate upon termination of the lease for the Premises.

2. Intelligroup Facilities. Intelligroup and SeraNova acknowledge that as

of the date hereof SeraNova is using space at the Intelligroup Facilities. Intelligroup agrees that SeraNova shall be permitted to continue to use the portion of the other Intelligroup Facilities described on Exhibit A for the

purposes permitted under the applicable Intelligroup Leases, subject to the terms and conditions of this Agreement. SeraNova's right to use any Intelligroup Facilities (and its obligation to pay consideration therefore as required pursuant to Section 3 hereof) shall terminate upon termination of the applicable Intelligroup Leases.

3. Consideration. So long as SeraNova uses the Premises or any

Intelligroup Facility, SeraNova shall pay to Intelligroup on the first day of each calendar month the amount shown on Exhibit A with respect to the Premises

or such Intelligroup Facility as the "Monthly Allocable Rent." The Monthly Allocable Rent set forth on Exhibit A is based upon the ratio of the number of

square feet occupied by SeraNova to the total number of square feet of the Premises or such Intelligroup Facility. In addition to the Monthly Allocable Rent, SeraNova shall pay to Intelligroup its proportionate share of any operational costs, common area maintenance charges,

utilities and similar items not included in the Monthly Allocable Rent ("Additional Rent"). During the term of this Agreement, such Monthly Allocable Rent shall be adjusted, as to the Premises or any Intelligroup Facility, by the same percentage as any rent adjustment (including without limitation, for rent adjustments based on increases in operating expenses, common area maintenance charges and similar items) provided under the terms of the applicable Intelligroup Leases and/or Edison, NJ Lease, such increase to be effective on the date such increase becomes effective under the applicable Intelligroup Leases and/or Edison, NJ Lease. Payments for any partial calendar month shall be prorated on a per diem basis.

4. Modification and Termination.

(a) Modification. If a party desires to increase or decrease the

portion of the Premises or any Intelligroup Facility used pursuant to this Agreement, then SeraNova and Intelligroup will negotiate in good faith with respect to such increase and decrease and the adjustment to the Monthly Allocable Rent and Additional Rent resulting therefrom. Intelligroup covenants and agrees to offer to SeraNova the opportunity to use a portion of any new or expanded facilities leased by Intelligroup.

(b) Term; Termination Rights. This Agreement shall become effective

on the effective date of that certain Contribution Agreement dated the date hereof, by and among the parties hereto, and shall terminate as to any of the Intelligroup Facilities (including the Premises) on the effective date of the termination contemplated by Section 1 or 2 hereof.

5. Compliance with Leases. Intelligroup has provided to SeraNova a copy

of the Edison, NJ Lease and each other Intelligroup Leases and SeraNova acknowledges receipt thereof. Intelligroup and SeraNova hereby agrees not to take any action or fail to take any action in connection with its use of a portion of the Premises and the other Intelligroup Facilities a result of which would be Intelligroup's violation of any of the terms and conditions of the Edison, NJ Lease or such other Intelligroup Leases, the provisions of which are

hereby incorporated by reference. SeraNova agrees to comply with the terms and provisions (other than with respect to payment of monies) of the Edison, NJ Lease and any other Intelligroup Leases with respect to its use of a portion of the applicable Intelligroup Facilities or Premises, it being understood, acknowledged and agreed that SeraNova's obligations to make payments on account of rent, additional rent, or operating expense or common area maintenance surcharges with respect to any and all Intelligroup Facilities or the Premises shall be governed the terms of this Agreement. Intelligroup represents and warrants to SeraNova that Intelligroup shall use its best reasonable efforts to obtain all landlord consents required to be obtained for Intelligroup to allow SeraNova to use portions of the Premises and Intelligroup Facilities, as provided herein, except where the failure to obtain such a consent would not be material.

6. Modification of Leases. SeraNova acknowledges and agrees that

Intelligroup has the right to modify or otherwise amend the Edison, NJ Lease and each other Intelligroup Leases without the consent of SeraNova; provided, however, that in the event such modification results in an increase in the rent or other amounts payable thereunder or a decrease or diminution of the services or space provided therein, SeraNova's rights and obligations with respect to the Premises

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or such Intelligroup Facility shall nonetheless remain as they were prior to such modification unless SeraNova consents, in writing, to any such modifications. Intelligroup will provide SeraNova with prior notice of, and a copy of, any such amendment.

7. Indemnity.

(a) By SeraNova. SeraNova will indemnify and hold harmless

Intelligroup and their respective directors, shareholders, members, managers, officers, employees and agents (collectively, the "Intelligroup Indemnitees") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against any one or more of the Intelligroup Indemnitees by reason of (a) any accident, injury to or death of persons, (b) any failure on the part of SeraNova to perform or comply with any of the terms of this Agreement, the Edison, NJ Lease or the Intelligroup Leases, (c) any liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses) due to SeraNova's use and occupancy of the Premises or any Intelligroup Facility or (d) Intelligroup being held in default under the terms and provisions of the Edison, NJ Lease or the Intelligroup Leases, in any such case as a result of any act or omission on the

part of SeraNova.

(b) By Intelligroup. Intelligroup will indemnify and hold harmless

SeraNova and SeraNova's directors, officers, employees and agents (collectively, the "SeraNova Indemnitees") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against any one or more of the SeraNova Indemnitees by reason of (a) any accident, injury to or death of persons, (b) any failure on the part of any of Intelligroup to perform or comply with any of the terms of this Agreement, the Edison, NJ Lease or any SeraNova leases or (c) SeraNova being held in default under the terms and provisions of the Edison, NJ Lease or any SeraNova leases, in any such case as a result of any act or omission on the part of Intelligroup.

8. Insurance. The parties acknowledge that Intelligroup presently

maintains and will continue to maintain, pursuant to the terms of that certain Services Agreement, of even date herewith, entered into by and between Intelligroup and SeraNova (the "Services Agreement"), insurance coverage with respect to Intelligroup's respective leasehold interests (and following the effective date of this Agreement, SeraNova's interests) in any and all of the Intelligroup Facilities and the contents (whether owned by Intelligroup or SeraNova) of such Intelligroup Facilities until the earlier to occur of (i) the termination of this Agreement; or (ii) notification in writing by SeraNova that such coverage is no longer required. Intelligroup shall continue to maintain in full force and effect (including, without limitation, the timely payment of premiums therefor) such insurance coverage in amounts no less than, and for coverages at least as comprehensive as, those maintained as of the date hereof. Notwithstanding the foregoing, SeraNova shall reimburse Intelligroup with respect to SeraNova's allocable share of the premiums for such insurance coverage in accordance with the terms of the Services Agreement. In the event that Intelligroup, using reasonable efforts, is unable to provide such insurance coverage for SeraNova, as an

additional insured or otherwise, through the insurance policies that Intelligroup presently maintains, then SeraNova shall immediately obtain its own insurance coverage in amounts no less than, and coverages at least as comprehensive as, those maintained by Intelligroup as of the date hereof.

9. Notices. All notices given in connection with this Agreement shall be

in writing. Service of such notices shall be deemed complete (i) if hand delivered, on the date of delivery, (ii) if by mail, on the fourth business day following the day of deposit in the United States mail, by certified or registered mail, first-class postage prepaid, (iii) if sent by FedEx or equivalent courier service, on the next business day, or (iv) if by telecopier,

upon receipt by the sender of written confirmation of successful transmission. Such notices shall be addressed to the parties at the following addresses or at such other address for a party as shall be specified by like notice (except that notices of change of address shall be effective upon receipt):

If to Intelligroup:

499 Thornall Street
Edison, New Jersey 08837
Attention: Ashok Pandey, Co-Chief Executive Officer
Telecopy: (732) 362-2100

If to SeraNova:

c/o Intelligroup
499 Thornall Street
Edison, New Jersey 08837
Attention: Rajkumar Koneru, President and Chairman
Telecopy: (732) 362-2100

10. Governing Law. This Agreement shall be governed by, and be construed

in accordance with, the substantive laws of the State of New Jersey.

11. Amendment. This Agreement may be amended or supplemented at any time

provided that any such amendment or supplement shall be made in writing and signed by each of the parties hereto.

12. Assignment. This Agreement shall be binding upon, and shall inure to

the benefit of, the parties hereto and their respective successors and permitted assigns. This Agreement and the rights, duties, obligations and privileges hereunder may not be assigned by either party without the prior written consent of the other party.

13. Entire Agreement. This Agreement constitutes the entire agreement

between parties relating to the subject matter hereof.

14. Counterparts. This Agreement may be executed in any number of

counterparts, each of which shall be deemed to be an original but all which together will constitute but one agreement.

15. Section Headings. The section headings contained herein are for

convenience only and shall not affect in any way the interpretation of any of

the provisions contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Space Sharing Agreement as of the date first above written.

INTELLIGROUP, INC.

By: /s/ Ashok Pandey

Ashok Pandey
Co-Chief Executive Officer

SERANOVA, INC.

By: /s/ Raj Koneru

Rajkumar Koneru
President and Chairman

EXHIBIT A

LOCATION AND/OR BRANCH PERCENTAGE OF PREMISES
ALLOCATED TO SERANOVA

499 Thornall Street 33.65%
Edison, New Jersey

10210 North 25th Avenue 100.0%
Phoenix, Arizona

9013 North 25th Avenue 100.0%
Suite 6
Phoenix, Arizona

9014 North 23rd Avenue
Suite 1
Phoenix, Arizona

100.0%

950 Tower Lane
Suite 300
Foster City, California

70.0%

9399 West Higgins Building
Suite 810, 8th Floor
Rosemont, Illinois

50.0%

691 North Squirrel Road
Suite 175
Auburn Hills, Michigan

100.0%

TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT, dated as of January 1, 2000, is by and between Intelligroup, Inc., a New Jersey corporation ("Intelligroup") and SeraNova, Inc., a New Jersey corporation ("SeraNova").

WHEREAS, Intelligroup and SeraNova have executed that certain Distribution Agreement dated as of January 1, 2000, pursuant to which Intelligroup's existing business of providing internet solutions will be separated into an independent public company; and

WHEREAS, it is appropriate and desirable to set forth the principles and responsibilities of the parties to this Agreement regarding future Adjustments with respect to Taxes, Tax Contests and other related Tax matters; and

WHEREAS, the business operations of SeraNova were previously conducted within Intelligroup as a division and, for purposes of this Tax Sharing Agreement, the business operations of SeraNova shall include all past, present and future SeraNova Subsidiaries (as hereinafter defined) regardless of whether any such subsidiary was owned by the SeraNova Group at the time a tax benefit or detriment may arise.

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

ARTICLE I DEFINITIONS

For the purpose of this Agreement the following terms shall have the following meanings:

1.1. "Adjustment" means the deemed increase or decrease in a Tax, determined on an issue-by-issue or transaction-by-transaction basis, as appropriate, and using the assumptions set forth in the next sentence, resulting from an adjustment made or proposed by a Taxing Authority with respect to any amount reflected or required to be reflected on any Return relating to such Tax. For purposes of determining such deemed increase or decrease in a Tax, the following assumptions will be used: (a) in the case of any income Tax, the highest marginal Tax rate or, in the case of any other Tax, the highest applicable Tax rate, in each case in effect with respect to that Tax for the Taxable period or any portion of the Taxable period to which the adjustment relates; and (b) such determination shall be made without regard to whether any actual increase or decrease in such Tax will in fact be realized with respect to the Return to which such adjustment relates.

1.2. "Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other

Person. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have

meanings correlative to the foregoing. For purposes of this Agreement, no member of one Group shall be treated as an Affiliate of any member of the other Group.

1.3. "Agreement" means this Tax Sharing Agreement, including any schedules, exhibits and appendices attached hereto.

1.4. "Code" means the Internal Revenue Code of 1986, as amended.

1.5. "Consolidated Return" means, as appropriate, for any Taxable period or any portion of a Taxable period ending or deemed to end on or prior to the Distribution Date, any consolidated or combined Return that includes one or more members of the Intelligroup Group and/or one or more members of the SeraNova Group.

1.6. "Consolidation" means, as appropriate, any Taxable period or any portion of a Taxable period during which one or more members of the SeraNova Group are members of a Intelligroup Consolidated Return.

1.7. "Controlling Party" means Intelligroup or any other member of the Intelligroup Group, SeraNova or any other member of the SeraNova Group, as the case may be, that filed or, if no such Return has been filed, was required to file, a Return that is the subject of any Tax Contest, or any successor and/or assign of any of the foregoing; provided, however, that in the case of any Consolidated Return, the Person that actually filed such Consolidated Return (or any successor and/or assign of such Person) will be the Controlling Party, unless such Tax Contest arises from the business activities of only SeraNova or any other member of the SeraNova Group, in which case SeraNova will be the Controlling Party.

1.8. "Correlative Adjustment" means, in the case of an Adjustment comprising a Non-Line of Business Adjustment, the net present value of any future increases or decreases in a Tax that would be realized, using the assumptions set forth in the next sentence, by either Intelligroup or any other member of the Intelligroup Group or SeraNova or any other member of the SeraNova Group, as the case may be, in one or more Taxable periods (or any portion of a Taxable period) but only if such increases or decreases (a) are a direct result of the Non-Line of Business Adjustment and (b) will take effect or begin to take effect in the Taxable period or portion of a Taxable period of or immediately following the Taxable period or portion of a Taxable period in which the Non-Line of Business Adjustment to such Tax is made. For purposes of determining the net present value of any such future increases or decreases in a tax, the following assumptions will be used: (i) a discount rate equal to the sum of the

Federal Short-Term Rate as of the date of the Final Determination relating to such Non-Line of Business Adjustment plus 3.5%; (ii) in the case of any income Tax, the highest marginal Tax rate or, in the case of any other Tax, the highest applicable Tax rate, in each case in effect with respect to that Tax for the Taxable period, or portion of the Taxable period, in which the Non-Line of Business Adjustment was made; (iii) the depreciation, amortization or credit rate or lives, if applicable, in effect for the Taxable period, or portion of the Taxable period, in which the Non-Line of Business Adjustment was made; and (iv) such determination shall be made without regard to whether any actual increases or decreases in such Tax will in fact be realized with respect to the future Returns to which such Correlative Adjustment relates.

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1.9. "Disputed Adjustment" has the meaning set forth in Section 3.4(b) hereof.

1.10. "Distribution" means the distribution by Intelligroup on the Distribution Date of the SeraNova Common Stock, par value \$.01 per share, owned by Intelligroup to the shareholders of Intelligroup as of the Record Date.

1.11. "Distribution Date" means the business day as of which the Distribution shall be effected.

1.12. "Distribution Documents" means all of the agreements and other documents entered into in connection with the restructuring, the Distribution or the other transactions contemplated hereby, including without limitation, this Agreement and the Distribution Agreement.

1.13. "Federal Short-Term Rate" means the applicable federal short-term rate as determined under Section 1274(d) of the Code.

1.14. "Final Determination" means (a) a decision, judgment, decree or other order by any court of competent jurisdiction, which has become final and is either no longer subject to appeal or for which a determination not to appeal has been made; (b) a closing agreement made under Section 7121 of the Code or any comparable foreign, state, local, municipal or other Taxing statute; (c) a final disposition by any Tax Authority of a claim for refund; or (d) any other written agreement relating to an Adjustment between any Taxing Authority and any Controlling Party the execution of which is formal and prohibits such Taxing Authority or the Controlling Party from seeking any further legal or administrative remedies with respect to such Adjustment.

1.15. "Group" means, as the context requires, the Intelligroup Group or the SeraNova Group.

1.16. "Indemnified Party" has the meaning set forth in Section 4.1(c) hereof.

1.17. "Indemnifying Party" has the meaning set forth in Section 4.1(c) hereof.

1.18. "Independent Third Party" means a nationally recognized law firm or any of the following accounting firms or their successors: Arthur Andersen LLP; Ernst & Young; KPMG Peat Marwick; Deloitte & Touche; PricewaterhouseCoopers LLP.

1.19. "Intelligroup Group" means Intelligroup and its Subsidiaries (other than any member of the SeraNova Group). The members of the Intelligroup Group, as of the date of this Agreement, are set forth on Schedule A attached hereto.

1.20. "Intelligroup Tax Benefit" means, with respect to any Taxable period or portion of a Taxable period, and as computed separately with respect to each Tax, the net decrease in each such Tax equal to the sum of all Adjustments made pursuant to a Final Determination with respect to each such Tax for each such Taxable period or portion of a Taxable period that are clearly attributable, or attributable by means of a reasonable apportionment, to the Intelligroup Group.

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1.21. "Intelligroup Tax Detriment" means, with respect to any Taxable period or portion of a Taxable period, and as computed separately with respect to each Tax, the net increase in each such Tax equal to the sum of all Adjustments made pursuant to a Final Determination with respect to each such Tax for each such Taxable period or portion of a Taxable period that are clearly attributable, or attributable by means of a reasonable apportionment, to the Intelligroup Group.

1.22. "Interested Party" means Intelligroup or any other member of the Intelligroup Group or SeraNova or any other member of the SeraNova Group (including any successor and/or assign of any of each of the foregoing), as the case may be, to the extent (a) such Person is not the Controlling Party with respect to a Tax Contest; and (b) such Person (i) may be liable for, or required to make, any indemnity payment, reimbursement or other payment pursuant to the provisions of this Agreement with respect to such Tax Contest; or (ii) may be entitled to receive any indemnity payment, reimbursement or other payment pursuant to the provisions of this Agreement with respect to such Tax Contest.

1.23. "Interested Party Notice" has the meaning set forth in Section 3.4(b) hereof.

1.24. "Non-Line of Business Adjustment" means, with respect to any Taxable period or portion of a Taxable period, and as computed separately with respect to each Tax, the net increase or decrease in each such Tax, as the case may be, equal to the sum of all Adjustments made pursuant to a Final Determination with respect to each such Tax for each such Taxable period or portion of a Taxable period other than (a) any Tax Detriments or (b) any Tax Benefits. Notwithstanding any other provisions of this Agreement (except Section 2.3(e)) or the Distribution Agreement to the contrary, Non-Line of Business Adjustments

shall include, but not be limited to, Restructuring Adjustments.

1.25. "Person" means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

1.26. "Record Date" means the date determined by Intelligroup's Board of Directors (or determined by a committee of such Board of Directors or by any person pursuant to authority delegated to such committee or such person) as the record date for determining the shareholders of Intelligroup Common Stock entitled to receive SeraNova Common Stock pursuant to the Distribution

1.27. "Restructuring Adjustment" means, with respect to any Taxable period or portion of a Taxable period, and as computed separately with respect to each Tax, the net increase or decrease in each such Tax, as the case may be, equal to the sum of all Adjustments made pursuant to a Final Determination with respect to each such Tax for each Taxable period or portion of a Taxable period that are attributable to, or as a result of, any transactions undertaken to effectuate the separation of Intelligroup's existing business of providing internet solutions into one independent business as contemplated under the Distribution Agreement including, but not limited to, any transactions undertaken pursuant to or relating to the Distribution, the SeraNova Stock Plan, and any offering of equity or equity-linked instruments by Intelligroup within one year of the Distribution Date.

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1.28. "Return" means any return, report, form or similar statement or document (including, without limitation, any related or supporting information or schedule attached thereto and any information return, claim for refund, amended return and declaration of estimated tax) that has been or is required to be filed with any Taxing Authority or that has been or is required to be furnished to any Taxing Authority in connection with the determination, assessment or collection of any Taxes or the administration of any laws, regulations or administrative requirements relating to any Taxes.

1.29. "Separate Return" means any Return other than a Consolidated Return.

1.30. "SeraNova Group" means SeraNova and the SeraNova Subsidiaries (other than any member of the Intelligroup Group) including the predecessor operations of SeraNova which were formerly a division of Intelligroup and which were contributed to SeraNova and all SeraNova Subsidiaries for any historical periods prior to the contribution of such subsidiaries to SeraNova. "SeraNova Subsidiaries" means all past, present and future subsidiaries of SeraNova, regardless of whether such subsidiary was directly owned by the SeraNova Group at such time. As of the date of this Tax Sharing Agreement, such subsidiaries include the SeraNova Limited, Azimuth Companies, NetPub, and Intelligroup India, all as defined in the Distribution Agreement between SeraNova and Intelligroup, executed contemporaneously with the execution of this Tax Sharing Agreement.

1.31. "SeraNova Stock Plan" means the SeraNova 1999 Stock Plan.

1.32. "SeraNova Tax Detriment" means, with respect to any Taxable period or portion of a Taxable period, and as computed separately with respect to each Tax, the net increase in each such Tax equal to the sum of all Adjustments made pursuant to a Final Determination with respect to each such Tax for each such Taxable period or portion of a Taxable period that are clearly attributable, or attributable by means of a reasonable apportionment, to the SeraNova Group.

1.33. "SeraNova Tax Benefit" means, with respect to any Taxable period or portion of a Taxable period, and as computed separately with respect to each Tax, the net decrease in each such Tax equal to the sum of all Adjustments made pursuant to a Final Determination with respect to each such Tax for each such Taxable period or portion of a Taxable period that are clearly attributable, or attributable by means of a reasonable apportionment, to the SeraNova Group.

1.34. The "Shared Intelligroup Percentage" shall be such percentage as is reasonably apportionable to Intelligroup based on the actual Tax at issue, or if no such percentage is reasonably apportionable, then such percentage shall be 70%.

1.35. The "Shared SeraNova Percentage" shall be such percentage as is reasonably apportionable to SeraNova based on the actual Tax at issue, or if no such percentage is reasonably apportionable, then such percentage shall be 30%.

1.36. "Significant Obligation" means, in the case of an Interested Party, and with respect to any Adjustment, an obligation to make or right to receive any indemnity payment, reimbursement or other payment with respect to any such Adjustment (including the effect of

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any Correlative Adjustment relating thereto) pursuant to the terms of this Agreement that is greater than \$10,000.

1.37. "Subsidiary" means, with respect to any Person, any other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

1.38. "Tax" (and, with correlative meanings, "Taxes" and "Taxable") means, without limitation, and as determined on a jurisdiction-by-jurisdiction basis, each foreign or U.S. federal, state, local or municipal income, alternative or add-on minimum, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property or any other tax, custom, tariff, impost, levy, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, addition to tax or additional amount related thereto, imposed by any Taxing Authority.

1.39. "Tax Benefits" means any Intelligroup Tax Benefit or any SeraNova Tax Benefit, as the case may be.

1.40. "Tax Contest" means, without limitation, any audit, examination, claim, suit, action or other proceeding relating to Taxes in which an Adjustment may be proposed, collected or assessed and in respect of which an indemnity payment, reimbursement or other payment may be sought under this Agreement.

1.41. "Tax Detriments" means any Intelligroup Tax Detriment or any SeraNova Tax Detriment, as the case may be.

1.42. "Taxing Authority" means any governmental authority or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

1.43. "Ultimate Determination" has the meaning set forth in Section 3.5(b) (i) hereof.

ARTICLE II ADJUSTMENTS

2.1. IN GENERAL. In determining any liability and/or obligation to make, or right to receive, any indemnity payment, reimbursement or other payment to or from any party to this Agreement pursuant to this Agreement, any Taxable period or portion of a Taxable period that includes the Distribution Date shall be deemed to include and end on such Distribution Date and no party to this Agreement shall have any liability and/or obligation to make, or right to receive, any such indemnity payment, reimbursement or other payment with respect to any Taxable period or portion of a Taxable period that begins or is deemed to begin after the Distribution Date.

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2.2. TAX DETERIMENTS AND BENEFITS. (a) SeraNova shall be liable for, and shall indemnify and hold harmless, subject to Section 3.4 and Section 3.5 hereof, any member of the Intelligroup Group against any and all SeraNova Tax Detriments for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the SeraNova Group or the Intelligroup Group. SeraNova shall be entitled to receive, and shall be paid, subject to Section 3.4 and Section 3.5 hereof, by Intelligroup, the amount of any SeraNova Tax Benefits for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the Intelligroup Group.

(b) Intelligroup shall be liable for, and shall indemnify and hold harmless, as appropriate, and subject to Section 3.4 and Section 3.5 hereof, any

member of the SeraNova Group against any and all Intelligroup Tax Detriments for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the SeraNova Group or the Intelligroup Group. Intelligroup shall be entitled to receive, and shall be paid, subject to Section 3.4 and Section 3.5 hereof, by SeraNova, the amount of any Intelligroup Tax Benefits for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the SeraNova Group.

2.3. NON-LINE OF BUSINESS ADJUSTMENTS. (a) SeraNova shall be liable for, and shall indemnify and hold harmless, as appropriate, any member of the Intelligroup Group against SeraNova's share, as determined in Section 2.3(c) below, of any Non-Line of Business Adjustment the amount of which increases a Tax for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the SeraNova Group or the Intelligroup Group. SeraNova shall be entitled to receive, and shall be paid by Intelligroup, SeraNova's share, as determined in Section 2.3(c) below, of any Non-Line of Business Adjustment the amount of which decreases a Tax for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the Intelligroup Group.

(b) Intelligroup shall be liable for, and shall indemnify and hold harmless, as appropriate, any member of the SeraNova Group against Intelligroup's share, as determined in Section 2.3(c) below, of any Non-Line of Business Adjustment the amount of which increases a Tax for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the SeraNova Group or the Intelligroup Group. Intelligroup shall be entitled to receive, and shall be paid by SeraNova, Intelligroup's share, as determined in Section 2.3(c) below, of any Non-Line of Business Adjustment the amount of which decreases a Tax for any Taxable period or portion of a Taxable period ending or deemed to end on or before the Distribution Date with respect to any Return which properly includes any member of the SeraNova Group.

(c) Intelligroup and SeraNova shall share the amount of any Non-Line of Business Adjustment to the extent each such party is liable for and/or has an obligation to make, or has the right to receive, as the case may be, any indemnity payment, reimbursement or other

payment with respect to such Non-Line of Business Adjustment under this Agreement, in proportion to the Shared Intelligroup Percentage and the Shared SeraNova Percentage, respectively; provided, however, that in the event that there is any Correlative Adjustment with respect to any such Non-Line of Business Adjustment, then Intelligroup and SeraNova shall share such Non-Line of

Business Adjustment in the following manner in order to ensure that the party or parties that will bear the burden or inure to the benefit of the Correlative Adjustment in the future will share the Non-Line of Business Adjustment in proportion to each of their respective Shared Percentages after giving effect to such Correlative Adjustment:

(i) first, the amount of any such Non-Line of Business Adjustment shall be increased or decreased, as appropriate, by the amount of the Correlative Adjustment, the net amount resulting from such increase or decrease being hereinafter referred to as the "Net Non-Line of Business Adjustment" for purposes of this Section 2.3(c);

(ii) second, the Net Non-Line of Business Adjustment shall be allocated among Intelligroup and SeraNova in proportion to the Shared Intelligroup Percentage and the Shared SeraNova Percentage, respectively, to the extent each such party is liable for and/or has an obligation to make, or has the right to receive, as the case may be, any indemnity payment, reimbursement or other payment with respect to such Non-Line Of Business Adjustment under this Agreement; and

(iii) finally, with respect to a party to which a Correlative Adjustment is attributable, that party's share of the Net Non-Line of Business Adjustment as allocated pursuant to paragraph (ii) of this Section 2.3(c) will be increased or decreased, as appropriate, by the amount, if any, of the Correlative Adjustment that is attributable to such party in order to arrive at such party's share of the Non-Line of Business Adjustment.

(d) Following the determination of a party's share of a Non-Line of Business Adjustment pursuant to Section 2.3(c) above, and subject to Section 3.4 and 3.5 hereof, the Controlling Party that controls the Tax Contest to which such Non-Line of Business Adjustment relates shall (i) be entitled to reimbursement from Intelligroup or SeraNova, as the case may be, for each of their respective shares, if any, of any Non-Line of Business Adjustment the amount of which increases a Tax; and (ii) reimburse Intelligroup or SeraNova, as the case may be, for each of their respective shares, if any, of any Non-Line of Business Adjustment the amount of which decreases a Tax.

(e) Notwithstanding any other provision of this Agreement or the Distribution Agreement to the contrary, if after the Distribution Date, Intelligroup or SeraNova takes any action or fails to take any action that directly or indirectly results in the Distribution not qualifying as a tax-free distribution under Section 355 of the Code, then Intelligroup or SeraNova, as the case may be, will be liable for any increased tax liability of Intelligroup and SeraNova arising therefrom. For purposes of this subparagraph (e), in the event the shareholders of either Intelligroup or SeraNova engage in a transaction which results in the Distribution not qualifying as a tax-free distribution under Section 355 of the Code, then the corporation which such shareholders own (that is, either Intelligroup or SeraNova, as the case may be) shall be liable for any increased tax liability arising therefrom.

(f) Notwithstanding any other provision of this Agreement or the Distribution Agreement to the contrary, if the Distribution does not qualify as a tax-free distribution under Section 355 of the Code for reasons other than those described within subparagraph (e) above, including an Internal Revenue Service challenge or other third-party action, then any tax liability arising therefrom (including any settlement of liability) shall be allocated among Intelligroup and SeraNova in proportion to the Shared Intelligroup Percentage and the Shared SeraNova Percentage, respectively.

ARTICLE III TAX CONTESTS

3.1. NOTIFICATION OF TAX CONTESTS. The Controlling Party shall promptly notify all Interested Parties of (a) the commencement of any Tax Contest pursuant to which such Interested Parties may be required to make or entitled to receive an indemnity payment, reimbursement or other payment under this Agreement; and (b) as required and specified in Section 3.4 hereof, any Final Determination made with respect to any Tax Contest pursuant to which such Interested Parties may be required to make or entitled to receive any indemnity payment, reimbursement or other payment under this Agreement. The failure of a Controlling Party to promptly notify any Interested Party as specified in the preceding sentence shall not relieve any such Interested Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Interested Party was prejudiced by such failure, and in no event shall such failure relieve the Interested Party from any other liability or obligation which it may have to such Controlling Party.

3.2. TAX CONTEST SETTLEMENT RIGHTS. The Controlling Party shall have the sole right to contest, litigate, compromise and settle any Adjustment that is made or proposed in a Tax Contest without obtaining the prior consent of any Interested Party; provided, however, that, unless the parties provide notice of the waiver of such right, the Controlling Party shall, in connection with any proposed or assessed Adjustment in a Tax Contest for which an Interested Party may be required to make or entitled to receive an indemnity payment, reimbursement or other payment under this Agreement (a) keep all such Interested Parties informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party; and (b) provide all such Interested Parties with copies of any correspondence or filings submitted to any Taxing Authority or judicial authority, in each case in connection with any contest, litigation, compromise or settlement relating to any such Adjustment in a Tax Contest. The failure of a Controlling Party to take any action as specified in the preceding sentence with respect to an Interested Party shall not relieve any such Interested Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Interested Party was prejudiced by such failure, and in no event shall such failure relieve the Interested Party from any other liability or obligation which it may have to such Controlling Party. The Controlling Party may, in its sole discretion, take

into account any suggestions made by an Interested Party with respect to any such contest, litigation, compromise or settlement of any Adjustment in a Tax Contest. All costs of any Tax Contest are to be borne by the Controlling Party and all Interested Parties in proportion to their respective liability to make indemnity payments, reimbursements or other payments under this Agreement with respect to an Adjustment made in such Tax Contest; provided, however, that (x) any costs related to an

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Interested Party's attendance at any meeting with a Taxing Authority or hearing or proceeding before any judicial authority pursuant to Section 3.3 hereof, and (y) the costs of any legal or other representatives retained by an Interested Party in connection with any Tax Contest that is subject to the provisions of this Agreement, shall be borne by such Interested Party.

3.3. TAX CONTEST PARTICIPATION. Unless waived by the parties in writing, the Controlling Party shall provide an Interested Party with notice reasonably in advance of, and such Interested Party shall have the right to attend, any formally scheduled meetings with Taxing Authorities or hearings or proceedings before any judicial authorities in connection with any contest, litigation, compromise or settlement of any proposed or assessed Adjustment that is the subject of any Tax Contest pursuant to which such Interested Party may be required to make or entitled to receive an indemnity payment, reimbursement or other payment under this Agreement, but only if the Interested Party bears, or in the good faith judgment of the Controlling Party, may bear, a Significant Obligation with respect to such Adjustment; provided, however, that the Controlling Party may, in its sole discretion, permit an Interested Party that does not bear, or potentially bear, such a Significant Obligation with respect to such an Adjustment, to attend any such meetings, hearings or proceedings that relate to such Adjustment. In addition, unless waived by the parties in writing, the Controlling Party shall provide each Interested Party with draft copies of any correspondence or filings to be submitted to any Taxing Authority or judicial authority with respect to such Adjustments for such Interested Party's review and comment. The Controlling Party shall provide such draft copies reasonably in advance of the date that they are to be submitted to the Taxing Authority or judicial authority and the Interested Party shall provide its comments, if any, with respect thereto within a reasonable time before such submission. The failure of a Controlling Party to provide any notice, correspondence or filing as specified in this Section 3.3 to an Interested Party shall not relieve any such Interested Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Interested Party was prejudiced by such failure, and in no event shall such failure relieve the Interested Party from any other liability or obligation which it may have to such Controlling Party.

3.4. TAX CONTEST WAIVER. (a) The Controlling Party shall promptly provide notice to all Interested Parties in a Tax Contest (i) that a Final Determination has been made with respect to such Tax Contest; and (ii) enumerating the amount

of the Interested Party's share of each Adjustment reflected in such Final Determination of the Tax Contest for which such Interested Party may be required to make or entitled to receive an indemnity payment, reimbursement or other payment under this Agreement.

(b) Within thirty (30) days after an Interested Party receives the notice described in Section 3.4(a) hereof from the Controlling Party, such Interested Party shall give notice to the Controlling Party (i) that the Interested Party agrees with each Adjustment (and its share thereof) enumerated in the notice described in Section 3.4(a) hereof except with respect to those Adjustments (and/or its shares thereof) that, in the good faith judgment of the Interested Party, it disagrees with and has specifically enumerated its disagreement with, including the amount of such disagreement, in the statement (each such disagreed Adjustment (and/or share thereof) hereinafter referred to as a "Disputed Adjustment"); and (ii) that the Interested Party thereby waives its right to a determination by an Independent Third Party pursuant to the provisions of Section 3.5 hereof with respect to all Adjustments to which it agrees with its share

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(this statement hereinafter referred to as the "Interested Party Notice"). The failure of an Interested Party to provide the Interested Party Notice to the Controlling Party within the thirty (30) day period specified in the preceding sentence shall be deemed to indicate that such Interested Party agrees with its share of all Adjustments enumerated in the notice described in Section 3.4(a) hereof and that such Interested Party waives its right to a determination by an Independent Third Party with respect to all such Adjustments (and its shares thereof) pursuant to Section 3.5 hereof.

(c) During the thirty (30) day period immediately following the Controlling Party's receipt of the Interested Party Notice described in Section 3.4(b) above, the Controlling Party and the Interested Party shall in good faith confer with each other to resolve any disagreement over each Disputed Adjustment that was specifically enumerated in such Interested Party Notice. At the end of the thirty (30) day period specified in the preceding sentence, unless notice is provided of the mutual consent of the parties to the extension of such time period, the Interested Party shall be deemed to agree with all Disputed Adjustments that were specifically enumerated in the Interested Party Notice and waive its right to a determination by an Independent Third Party pursuant to Section 3.5 hereof with respect to all such Disputed Adjustments unless, and to the extent, that at any time during such thirty (30) day (or extended) period, the Interested Party has given the Controlling Party notice that it is seeking a determination by an Independent Third Party pursuant to Section 3.5 hereof regarding the propriety of any such Disputed Adjustment.

(d) Notwithstanding anything in this Agreement to the contrary, an Interested Party that does not have a Significant Obligation with respect to an Adjustment has no right to a determination by an Independent Third Party under

Section 3.5 hereof with respect to any such Adjustment.

3.5. TAX CONTEST DISPUTE RESOLUTION. (a) In the event that an Interested Party has given the Controlling Party notice as required in Section 3.4(c) hereof that it is seeking a determination by an Independent Third Party pursuant to this Section 3.5 with respect to any Disputed Adjustment that was enumerated in an Interested Party Notice, then the parties shall, within ten (10) days after the Controlling Party has received such notice, jointly select an Independent Third Party to make such determination. In the event that the parties cannot jointly agree on an Independent Third Party to make such determination within such ten (10) day period, then the Controlling Party and the Interested Party shall each immediately select an Independent Third Party and the Independent Third Parties so selected by the parties shall jointly select, within ten (10) days of their selection, another Independent Third Party to make such determination.

(b) In making its determination as to the propriety of any Disputed Adjustment, the Independent Third Party selected pursuant to Section 3.5(a) above shall assume that the Interested Party is not required or entitled under applicable law to be a member of any Consolidated Return. In addition, the Independent Third Party shall make its determination according to the following procedure:

(i) The Independent Third Party shall analyze each Disputed Adjustment for which a determination is sought pursuant to this Section 3.5 to determine what is

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a fair and appropriate outcome (hereinafter referred to as the "Ultimate Determination") with respect to any such Disputed Amount, taking into account the following exclusive criteria: (A) the facts relating to such Adjustment; (B) the applicable law, if any, with respect to such Adjustment; (C) the position of the applicable Taxing Authority with respect to compromise, settlement or litigation of such Adjustment; (D) the strength of the factual and legal arguments made by the Controlling Party in reaching the outcome with respect to such Adjustment as reflected in the Final Determination of the Tax Contest; (E) the strength of the factual and legal arguments being made by the Interested Party for the alternative outcome being asserted by such Interested Party (including the availability of facts, information and documentation to support such alternative outcome); (F) the strength of the legal and factual support for other potential, non-frivolous Adjustments with respect to matters that were actually raised and contested by the applicable Taxing Authority in the Tax Contest for which the Interested Party could have been liable under this Agreement but which were eliminated or reduced as a result of the Controlling Party agreeing to the Disputed Adjustment as reflected in the Final Determination of the Tax Contest; (G) the effect of the actual outcome reached with respect to the Disputed Adjustment on other Taxable periods and on other positions taken or proposed to be taken in Returns filed or proposed to be filed

by the Interested Party; (H) the realistic possibility of avoiding examination of potential, non-frivolous issues for which the Interested Party could be liable under this Agreement and that were contemporaneously identified in writings by the party or parties during the course of the Tax Contest but which had not been raised and contested by the applicable Taxing Authority in the Tax Contest; and (I) the benefits to the Interested Party in reaching a Final Determination, and the strategy and rationale with respect to the Interested Party's Disputed Adjustment that the Controlling Party had for agreeing to such Disputed Adjustment in reaching the Final Determination, in each case that were contemporaneously identified in writings by the party or parties during the course of the Tax Contest.

(ii) The Interested Party shall only be entitled to modification of its share of a Disputed Adjustment under this Section 3.5 if, as the case may be, either (A) the amount that would be paid by the Interested Party under the Ultimate Determination with respect to such Disputed Adjustment is less than 80% of the amount that would be paid by the Interested Party with respect to such Disputed Adjustment under the actual outcome reached with respect to such Disputed Adjustment; or (B) the amount that would be received by the Interested Party under the Ultimate Determination with respect to such Disputed Adjustment is more than 120% of the amount that the Interested Party would receive with respect to such Disputed Adjustment under the actual outcome reached with respect to such Disputed Adjustment. If an Interested Party is entitled to modification of its share of any Disputed Adjustment under the preceding sentence, the amount the Interested Party is entitled to receive, or is required to pay, as the case may be, with respect to such Disputed Adjustment shall be equal to the amount of the Ultimate Determination of such Disputed Adjustment. The Independent Third Party will provide notice to the Controlling Party and the Interested Party stating whether the Interested Party is entitled to modification of its share of the Disputed Adjustment pursuant to this paragraph (ii) and, if the Interested Party is entitled to such modification, the amount as determined in the preceding sentence that the Interested Party is entitled to receive from, or required to pay to, the Controlling Party with respect to such Disputed Adjustment.

(c) Any determination made or notice given by an Independent Third Party pursuant to this Section 3.5 shall be (i) in writing; (ii) made within thirty (30) days following the

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selection of the Independent Third Party as set forth in Section 3.5(a) of this Agreement unless such period is otherwise extended by the mutual consent of the parties; and (iii) final and binding upon the parties. The costs of any Independent Third Party retained pursuant to this Section 3.5 shall be shared equally by the parties. The Controlling Party and the Interested Party shall provide the Independent Third Party jointly selected pursuant to Section 3.5(a) hereof with such information or documentation as may be appropriate or necessary in order for such Independent Third Party to make the determination requested of it. Upon issuance of an Independent Third Party's notice under Section

3.5(b) (ii) hereof, the Controlling Party or the Interested Party, as the case may be, shall pay as specified in Article IV of this Agreement, the amount, if any, of the Disputed Adjustment to the appropriate party.

ARTICLE IV PROCEDURE AND PAYMENT

4.1. PROCEDURE. (a) If an Interested Party has any liability and/or obligation to make, or the right to receive, any indemnity payment, reimbursement or other payment with respect to an Adjustment under this Agreement for which it does not have a right to a determination by an Independent Third Party under Section 3.5 hereof, then the amount of such Adjustment shall be immediately due and payable upon receipt by the Interested Party of a notice of Final Determination of a Tax Contest as required and specified in Section 3.4(a) hereof.

(b) If after (i) notice of a Final Determination of a Tax Contest as required and specified in Section 3.4(a) hereof has been given by a Controlling Party to an Interested Party; and (ii) the Interested Party receiving such notice has either:

(A) failed to provide the Interested Party Notice specified in Section 3.4(b) hereof within the thirty (30) day period set forth in Section 3.4(b);

(B) provided the Interested Party Notice specified in Section 3.4(b) hereof within the thirty (30) day period specified in Section 3.4(b) agreeing to all Adjustments (and the Interested Party's share of all such Adjustments) and waiving the right to an Independent Third Party determination pursuant to Section 3.5 hereof with respect to all such Adjustments (and the Interested Party's share of such Adjustments);

(C) provided the Interested Party Notice specified in Section 3.4(b) hereof within the thirty (30) day period specified in Section 3.4(b) agreeing with some, but not all, Adjustments (and the Interested Party's share of such agreed Adjustments) and waiving the right to an Independent Third Party Determination pursuant to Section 3.5 hereof with respect to all such agreed Adjustments (and the Interested Party's share of such Adjustments); or

(D) provided the Interested Party Notice specified in Section 3.4(b) hereof within the thirty (30) day period specified in Section 3.4(b) specifically enumerating the Disputed Adjustments to which it does not agree and for which the notice specified in either Section 3.5(b)(ii) hereof relating to any such Disputed Adjustment has been given by an Independent Third Party,

then the amount of any Adjustment agreed to or deemed to be agreed to by the Interested Party, or for which an Independent Third Party notice has been given

pursuant to either Section 3.5(b)(ii) hereof, as set forth in each of clauses (A), (B), (C) or (D) above, shall be immediately due and payable.

(c) Any Person entitled to any indemnification, reimbursement or other payment under this Agreement with respect to the amount of any Adjustment that has become immediately due and payable under Section 4.1(b) (the "Indemnified Party") shall notify the Person against whom such indemnification, reimbursement or other payment is sought (the "Indemnifying Party") of its right to and the amount of such indemnification, reimbursement or other payment; provided, however, that the failure to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability and/or obligation which it may have to an Indemnified Party on account of the provisions contained in this Agreement except to the extent that the Indemnifying Party was prejudiced by such failure, and in no event shall such failure relieve the Indemnifying Party from any other liability or obligation which it may have to such Indemnified Party. The Indemnifying Party shall make such indemnity payment, reimbursement or other payment to the Indemnified Party within thirty (30) days of the receipt of the notice specified in the preceding sentence; provided, however, that, in the case of any Final Determination of a Tax Contest involving a state, local or municipal Tax in which the Indemnifying Party is also the Controlling Party with respect to such Tax Contest and, as Controlling Party, is entitled to receive an overall net refund from the applicable state, local or municipal Taxing Authority with respect to such state, local or municipal Tax, then the Indemnifying Party shall make such indemnity payment, reimbursement or other payment to the Indemnified Party within thirty (30) days from the date the Indemnifying Party actually receives payment of or obtains the benefit of the net refund due from the applicable state, local or municipal Taxing Authority.

4.2. PAYMENT. Any indemnity payment, reimbursement or other payment required to be made pursuant to this Agreement by an Indemnifying Party to an Indemnified Party shall be made, at the option of the Indemnifying Party, by (a) certified check payable to the order of the Indemnified Party; or (b) wire transfer of immediately available funds to such bank and/or other account of the Indemnified Party as from time to time the Indemnified Party shall have directed the Indemnifying Party, in writing. Any indemnity payment, reimbursement or other payment required to be made by an Interested Party pursuant to this Agreement shall bear interest at the Federal Short-Term Rate plus 2%, per annum, from the date such Interested Party receives the notice of Final Determination made with respect to a Tax Contest as provided in Section 3.4(a) hereof. Any indemnity payment, reimbursement or other payment required to be made by a Controlling Party to an Interested Party pursuant to this Agreement shall bear interest at the Federal Short-Term Rate plus 2%, per annum, from a date thirty (30) days after the date of a Final Determination made with respect to a Tax Contest; provided, however, that, in the case of any Final Determination of a Tax Contest involving a state, local or municipal Tax in which the Controlling Party is entitled to receive an overall net refund from the applicable state, local or municipal Taxing Authority with respect to such state, local or municipal Tax, such indemnity payment, reimbursement or other payment to be made by the Controlling Party shall bear interest at the Federal Short-Term Rate plus 2%, per annum, from the date the Controlling Party actually receives payment of or obtains the benefit of the net refund due from the applicable state, local or

ARTICLE V
OTHER TAX MATTERS

5.1. TAX POLICIES AND PROCEDURES DURING CONSOLIDATION. It is understood and agreed that during Consolidation:

(b) Members of the SeraNova Group shall adopt and follow the Tax policies and procedures that have been established by Intelligroup, unless Intelligroup shall otherwise consent as provided herein.

(c) Intelligroup shall establish all Return positions and make all Tax elections relating to a Consolidated Return. Members of the SeraNova Group shall take such Consolidated Return positions and make such Tax elections relating to a Consolidated Return as may be taken or made by Intelligroup, or as reasonably requested by Intelligroup to be taken or made by any member of the SeraNova Group, unless Intelligroup shall otherwise consent, as provided herein.

(d) With respect to the Consolidated Return for the taxable period including the Distribution Date, the parties of this Agreement shall indemnify each other in a manner consistent with Article II for the amount of any difference between (i) the Tax liability of such party (including all of the members of its respective Group) as calculated on a separate basis for purposes of determining the final tax accrual provision for the period ending on the Distribution Date and (ii) the Tax liability of such party (including all the members of its respective Group) as calculated on a separate basis for purposes of determining the total Tax liability as reported on the Consolidated Return filed with respect to the taxable period including the Distribution Date. Any payments to be made pursuant to this Section 5.1(c) shall be made within forty-five (45) days of the filing of such Consolidated Return.

5.2. COOPERATION. Except as otherwise provided in this Agreement, each member of the Intelligroup Group and the SeraNova Group, as the case may be, shall, at their own expense, cooperate with each other in the filing of, or any Tax Contest relating to, any Return and any other matters relating to Taxes and, in connection therewith, shall (i) maintain appropriate books and records for any and all Taxable periods or any portion of a Taxable period that may be required by Intelligroup's record retention policies; (ii) provide to each other such information as may be necessary or useful in the filing of, or any Tax Contest relating to, any such Return; (iii) execute and deliver such consents, elections, powers of attorney and other documents as may be required or appropriate for the proper filing of any such Return or in conjunction with any Tax Contest relating to any such Return; and (iv) make available for responding to inquiries of any other party or any Taxing Authority, appropriate employees and officers of and advisors retained by any member of the Intelligroup Group or the SeraNova Group, as the case may be.

5.3. FILING OF RETURNS. The Person that would be the Controlling Party with respect to any Tax Contest relating to a Return for which any indemnity payment, reimbursement or other payment may be sought under this Agreement shall (a) prepare and file, or cause to be prepared and filed, any such Return within the time prescribed for filing such Return (including all extensions of time for filing); and (b) shall timely pay, or cause to be timely paid, the amount

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of any Tax shown to be due and owing on any such Return. Such Person shall bear all costs associated with preparing and filing, or causing to be prepared and filed, any such Return. Except as provided in Section 5.1(b) hereof (relating to Consolidated Returns), such Person shall establish all Return positions and make all Tax elections relating to such Returns.

ARTICLE VI MISCELLANEOUS

6.1. GOVERNING LAW. To the extent not preempted by any applicable foreign or U.S. federal, state, or local Tax law, this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New Jersey, irrespective of the choice of laws principles of the State of New Jersey, as to all matters, including matters of validity, construction, effect, performance and remedies.

6.2. AFFILIATES. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Affiliate of such party; provided, however, that for purposes of the foregoing, no Person shall be considered an Affiliate of a party if such Person is a member of another party's Group.

6.3. AMENDMENTS; NO WAIVERS. (a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Intelligroup and SeraNova, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

6.4. NOTICES. On behalf of Intelligroup and SeraNova, the individuals set forth below (or any other individuals delegated in writing by each of the foregoing) shall serve as the single point of contact to receive or give any notice or other communication required or permitted to be given to any member of each of their respective Groups under this Agreement. Unless the individual

designated to receive any notice or other communication is the same individual designated to give such notice or other communication, all notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person; or (b) sent by facsimile; or (c) deposited in the United States mail, postage prepaid and sent certified mail, return receipt requested; or (d) deposited in private express mail, postage prepaid, addressed as follows:

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If to any member of the Intelligroup Group, to:

Intelligroup, Inc.
499 Thornall Street
Edison, NJ 08837
Attn: Ashok Pandey, Co-Chief Executive Officer
Facsimile: 732-362-2100

If to any member of the SeraNova Group, to:

SeraNova, Inc.
c/o Intelligroup, Inc.
499 Thornall Street
Edison, NJ 08837
Attn: Rajkumar Koneru, President and Chairman
Facsimile: 732-362-2100

Copies of any and all notices shall be (a) delivered in person; or (b) sent by facsimile; or (c) deposited in the United States mail, postage prepaid and sent certified mail, return receipt requested; or (d) deposited in private express mail, postage prepaid, addressed as follows:

David J. Sorin
Buchanan Ingersoll Professional Corporation
650 College Road East
Princeton, NJ 08540
Facsimile: (609) 520-0360

Any party may, by written notice to the other parties, change the address to which such notices (or copies of notices) are to be given.

6.5. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

6.6. ENTIRE AGREEMENT; CONFLICTING OR INCONSISTENT PROVISIONS. This Agreement is intended to provide rights, obligations and covenants in respect of

Taxes and shall supercede all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and thereof. In the event that any provision or term of this Agreement conflicts or is inconsistent with any provision or term of any other agreement between or among Intelligroup or any other member of the Intelligroup Group and/or SeraNova or any other member of the SeraNova Group, as the case may be, which is in effect on or prior to the date hereof, the provision or term of this Agreement shall control and apply and the provision or term of any other agreement shall, to the extent of such conflict or inconsistency, be inoperative and inapplicable.

6.7. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when

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executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6.8. HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

6.9. ARBITRATION. Unless otherwise provided for in this Agreement, any conflict or disagreement arising out of the interpretation, implementation or compliance with the provisions of this Agreement shall be finally settled pursuant to the provisions of Article 6 (Arbitration; Dispute Resolution) of that certain Contribution Agreement by and between Intelligroup, Inc. and SeraNova, Inc. dated as of January 1, 2000, which provisions are incorporated herein by reference.

6.10. SEVERABILITY. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

6.11. DURATION. Notwithstanding anything in this Agreement or the Distribution Agreement to the contrary, the provisions of this Agreement shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof).

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IN WITNESS WHEREOF, the parties hereto have caused this Tax Sharing Agreement to be executed by their duly authorized representatives as of date hereof.

INTELLIGROUP, INC.

By: /s/ Ashok Pandey

Ashok Pandey, Co-Chief Executive Officer

SERANOVA, INC.

By: /s/ Raj Koneru

Rajkumar Koneru, President and Chairman

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SCHEDULE A
List of Intelligroup Subsidiaries

United States

Intelligroup Inc. Empower Solutions Inc.
499 Thornall Street 3343 Peachtree Road, NE
Edison, NJ 08837 Suite 270
Atlanta, GA 30326

United Kingdom

Intelligroup Europe Ltd. CPI Resources Ltd
Del Monte House The Manor House
Staines TW18 4JD Mount Street
England Diss
Norfolk IP22 3QQ
England

CPI Consulting Ltd
The Manor House
Mount Street
Diss
Norfolk IP22 3QQ

New Zealand

Intelligroup New Zealand Ltd.
11th Floor, Morrison Kent House
105 The Terrace
Wellington New Zealand

Australia

Intelligroup Australia Pty, Ltd.
Suite 103, 90 Mount Street
North Sydney NSW 2060
Australia

Denmark

Intelligroup Nordic A/S
Slotsgade 18
DK-5000 Odense C

Japan

Intelligroup Japan Ltd.
Office - Masuyama Bldg. 5F
Kiba-5-1-1, Koto-Ku,
Tokyo - 135-0042

India

Intelligroup Asia Pvt. Ltd.
Plot #s 883 & 884, Road #45,
Jubilee Hills,
Hyderabad 500 033, India.

Singapore

Intelligroup Singapore Pvt. Ltd.
10 Hoe Chiang Road
#17-02
Keppel Towers
Singapore 089315

MASTER CONSULTING SERVICES AGREEMENT

THIS MASTER CONSULTING SERVICES AGREEMENT (this "Agreement"), made and entered into this 4th day of February, 2000 ("Effective Date"), by and between Intelligroup, Inc. (hereinafter "Intelligroup"), a New Jersey corporation, and Mueller/Shields (hereinafter "Consultant"), a California corporation:

Recitals:

Consultant represents that it has expertise in the area of sales, marketing, training, and strategic planning, and is ready, willing, and able to provide consulting assistance to Intelligroup on the terms and conditions set forth herein; and

Intelligroup, in reliance on Consultant's representations, is willing to engage Consultant as an independent contractor, and not as an employee, on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the obligations herein made and undertaken, the parties, intending to be legally bound, hereby agree as follows:

SECTION 1. SCOPE OF SERVICES

1.1 Consultant shall provide consulting services (the "Services") as set forth in the Intelligroup, Inc. Integrated Sales and Marketing Program Proposal - ESG Revision 2.4 dated October 12, 1999 (the "Proposal") and submitted by Consultant to Intelligroup. Consultant shall render such services and deliver the required reports and other deliverables ("Deliverables") in accordance with the timetable and milestones set forth in Exhibit A and the Proposal. In the event Consultant anticipates at any time that it will not reach one or more milestones or complete one or more assignments within the prescribed timetable, Consultant shall immediately so inform Intelligroup by written notice, submit proposed revisions to the timetable and milestones that reflect Consultant's best estimates of what can realistically be achieved, and continue to work under the original timetable and milestones until otherwise directed by Intelligroup. Consultant shall also prepare and submit such further reports of its performance and its progress as set forth in the Proposal and as Intelligroup may reasonably request from time to time.

1.2 Consultant shall provide and make available to Intelligroup such resources as shall be necessary to perform the Services called for by this Agreement. Such resources shall include the key employees (Key employees) named by the parties and listed in Exhibit B, as amended in writing by the parties from time to time. If any such Key Employee leaves the employ of Consultant during the term of this Agreement for any reason or is unavailable to continue work at the specified level of commitment

(full-time, X number of hours/week, etc.) called for herein, and if substitute individuals acceptable to Intelligroup are not available to continue the work within 5 business days, Intelligroup shall have the right to terminate this Agreement pursuant to Section 2.2 hereof.

- 1.3 Intelligroup shall, within 10 business days of receipt of each Deliverable submitted to Intelligroup, advise Consultant of Intelligroup's acceptance or rejection of such Deliverable. Any rejection shall specify the nature and scope of the deficiencies in such Deliverable. Consultant shall, upon receipt of such rejection, act diligently, but in no event later than 10 business days to correct such deficiencies.
- 1.4 All work shall be performed in a workmanlike and professional manner by employees of Consultant having a level of skill and experience in the area commensurate with the requirements of the scope of work to be performed. Consultant shall make sure its employees at all times observe security and safety policies of Intelligroup while on Intelligroup's site.
- 1.5 Intelligroup and Consultant shall develop appropriate administrative procedures to apply to Consultant's personnel. Intelligroup shall periodically prepare an evaluation of the performance of Consultant's personnel.
- 1.6 Intelligroup may interview the Consultant's personnel assigned to Intelligroup's work. Consultant shall have the right, at any time, to request removal of any employee(s) of Consultant whom Intelligroup deems to be unsatisfactory. Upon such request, Consultant shall use its best efforts to promptly replace such employee(s) with substitute employee(s) having appropriate skills and training within two business days.
- 1.7 Anything herein to the contrary notwithstanding, the parties hereby acknowledge and agree that Intelligroup shall have no right to control the manner, means, or method by which Consultant performs the Services called for by this Agreement. Rather, Intelligroup shall be entitled only to direct Consultant with respect to the elements of Services to be performed by Consultant and the results to be derived by Intelligroup, to inform Consultant as to where and when such Services shall be performed, and to review and assess the performance of such Services by Consultant for the limited purposes of assuring that such Services have been performed and confirming that such results were satisfactory.

SECTION 2. TERM OF AGREEMENT

- 2.1 This Agreement shall commence on the Effective Date, and unless modified by mutual agreement of the parties or terminated earlier pursuant to the terms of this Agreement, shall continue until the satisfactory completion of the Services.
- 2.2 This Agreement may be terminated by either party upon sixty (60) business

days' prior written notice, if the other party breaches any term hereof and the breaching party fails to cure such breach within such sixty (60) business day period.

- 2.3 This Agreement may be terminated by Intelligroup at its discretion upon thirty (30) business days' prior written notice.
- 2.4 Upon termination of this Agreement for any reason, Intelligroup shall pay the Consultant for all services performed in accordance with the Milestone Payment Schedule specified in Exhibit A. Consultant shall promptly return to Intelligroup all copies of any Intelligroup data, records, or materials of whatever nature or kind, including all materials incorporating the proprietary information of Intelligroup and all work for hire pursuant to this Agreement. Consultant shall furnish to Intelligroup all works in progress or portions thereof, including all incomplete work.
- 2.5 In the event of termination, Consultant will assist Intelligroup in the orderly termination of the Services and/or any applicable attachments hereto, and the transfer of all items and Work Product (defined below), tangible and intangible, as may be necessary for the orderly, non-disrupted business continuation of Consultant; and shall promptly deliver to Intelligroup, upon the expiration or termination of all or part of the Services, complete and correct copies of all Work Product (including any related source code) in the form and on the media in use as of the date of such expiration or termination.
- 2.6 Upon termination by Intelligroup, Intelligroup shall have no liability for any payments accruing for Services performed after the termination date.

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SECTION 3. FEES, EXPENSES AND PAYMENT

- 3.1 In consideration of the Services to be performed by Consultant, Intelligroup shall, within thirty (30) days of receipt of an invoice for each milestone, as set forth in the Milestone Payment Schedule in Exhibit A attached hereto, pay Consultant the fees due pursuant to such Milestone Payment Schedule, as well as provide the Shared Risk/Shared Reward Compensation and Stock Options in Exhibit A.
- 3.2 In the event Consultant terminates this Agreement because of a material breach by Intelligroup, Consultant shall be entitled to a pro rata payment for work in progress based on the percentage of work then completed. No such pro rata payment shall be made if Intelligroup terminates this Agreement because of a breach of Consultant.
- 3.3 Consultant agrees that the fees and charges for any follow-on or additional work not included in the Proposal attached hereto shall be performed at the lesser of (1) Consultant's then-current rates for such

work as charged to Consultant's most favored customer receiving similar services, or (2) the rates applicable to the scope of work fixed by this Agreement, including any discount previously applied to the work set forth in the proposal. In the event any payment is delinquent under this Agreement, all amounts due and owing shall accrue interest at eight percent per annum.

SECTION 4. CONSULTANT PERSONNEL

- 4.1 Consultant shall bear sole responsibility for payment of compensation to its personnel. Consultant shall pay and report, for all personnel assigned to Intelligroup's work, federal and state income tax withholding, social security taxes, and unemployment insurance applicable to such personnel as employees of Consultant. Consultant shall bear sole responsibility for any health or disability insurance, retirement benefits, or other welfare or pension benefits (if any) to which such personnel may be entitled. Consultant agrees to defend, indemnify and hold harmless Intelligroup, Intelligroup's officers, directors, employees and agents, and the administrators of Intelligroup's benefit plans from and against any claims, liabilities or expenses relating to such compensation, tax, insurance or benefit matters; provided that Intelligroup shall promptly notify Consultant of each such claim when and as it comes to Intelligroup's attention. Intelligroup shall cooperate with Consultant in the defense and resolution of such claims, and Intelligroup shall not settle or otherwise dispose of such claims without Consultant's prior written consent; such consent not to be unreasonably withheld.
- 4.2 Notwithstanding any other workers' compensation or insurance policies maintained by Intelligroup, Consultant shall procure and maintain workers' compensation coverage sufficient to meet the statutory requirements of every state where Consultant's personnel assigned to Intelligroup's work are located.
- 4.3 Consultant shall obtain and maintain in effect written agreements with each of its personnel who participate in any of Intelligroup's work hereunder. Such agreements shall contain terms sufficient for Consultant to comply with all provisions of this Agreement.
- 4.4 As neither Consultant nor its personnel are Intelligroup's employees, Intelligroup shall not take any action or provide Consultant's personnel with any benefits or commitments inconsistent with any of such undertakings by Consultant. In particular, Intelligroup will not withhold FICA (Social Security) from Consultant's payments; make state or federal unemployment insurance contributions on behalf of Consultant or its personnel; withhold state and federal income tax from payment to Consultant; make disability insurance contributions on behalf of Consultant; and obtain workers' compensation insurance on behalf of Consultant or its personnel.

SECTION 5. INTELLECTUAL PROPERTY RIGHTS

- 5.1 All rights, titles and interests in and to the programs, systems, data, reports, audio and video materials, databases, or other materials used or produced by Consultant in the performance of the Services called for in this Agreement, including any modifications, enhancements, or derivative works thereof, shall remain or become the property of Consultant.
- 5.2 All rights, titles and interests in and to all Deliverables and other materials provided pursuant to this Agreement, including all rights in copyrights, research, databases created specifically for Intelligroup, domain names and internet addresses, or other intellectual property rights pertaining thereto ("Work Product"), shall be held by Intelligroup, and all Work Product shall, to the extent possible, be considered works made by Consultant for hire for the benefit of Intelligroup. Consultant shall mark all Work Product with Intelligroup's copyright or other proprietary notices as directed by Intelligroup and shall take all actions deemed necessary by Intelligroup to protect Intelligroup's rights therein. In the event that the Work Product does not constitute work made by Consultant for hire for the benefit of Intelligroup under applicable law, or in the event that Consultant otherwise retains any rights to any Work Product, Consultant agrees to assign, and upon creation thereof hereby automatically assigns, all rights, titles, and interests in and to such Work Product to Intelligroup, without further consideration. Consultant agrees to execute any documents of assignment or registration of copyright requested by Intelligroup respecting any and all Work Product.
- 5.3 All rights, titles and interests in and to any programs, systems, data, and materials furnished to Consultant by Intelligroup are and shall remain the property of Intelligroup.
- 5.4 Notwithstanding the above, neither party shall be prevented from making use of know-how and principles learned or experience gained of a non-proprietary and non-confidential nature.

SECTION 6. CONFIDENTIAL INFORMATION

- 6.1 Consultant acknowledges that in order to perform the Services called for in this Agreement, it shall be necessary for Intelligroup to disclose to Consultant certain trade secret(s) or other confidential and proprietary information that has been developed by Intelligroup at great expense and that required considerable effort of skilled professionals ("Confidential Information"). As used herein, the term Confidential Information shall mean any scientific or technical data, marketing or strategic business information, design, process, procedure, formula, methodology, or improvement that is commercially valuable to Intelligroup and not generally known in the industry. Confidential Information shall not include information which is:
 - a. independently developed by Consultant or already known by Consultant

prior to Consultant's receipt of Confidential Information and without violating its obligations hereunder or any of Intelligroup's proprietary rights;

- b. publicly known (other than through unauthorized disclosure by Consultant);
- c. disclosed by Intelligroup to a third party without any obligation of confidentiality; or
- d. required to be disclosed by Consultant pursuant to any applicable law or order of court (provided that consultant shall provide reasonable prior written notice to Intelligroup of such disclosure).

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Consultant agrees that it shall not disclose, transfer, use, copy, or allow access to any such Confidential Information to any employees or to any third parties, except for those who have a need to know such Confidential Information in order to accomplish the requirements of this Agreement and who are bound by contractual obligations of confidentiality and limitation of use sufficient to give effect to this Section 6. Consultant further acknowledges that the Work Product will of necessity incorporate such Confidential Information. In no event shall Consultant disclose any such Confidential Information to any competitors of Intelligroup or to third parties generally.

- 6.2 The parties agree to hold the nature and terms of this Agreement as Confidential Information and Consultant shall not disclose the nature of the effort undertaken for Intelligroup or the terms of this Agreement to any other person or entity, except as may be necessary to fulfill Consultant's obligations hereunder, or as required by law.
- 6.3 Consultant shall not at any time use Intelligroup's name or any Intelligroup trademark(s) or trade name(s) in any advertising or publicity without the prior written consent of Intelligroup.
- 6.4 The obligations set forth in this Section shall survive termination of this Agreement and continue for so long as the relevant information remains proprietary or Confidential Information.

SECTION 7. WARRANTIES

- 7.1 Consultant warrants that:

- a. Consultant's performance of the Services called for by this Agreement do not and shall not violate any applicable law, rule, or regulation; any contracts with third parties; or any third-party rights in any patent, trademark, copyright, trade secret, or similar right; and

- b. Consultant is the lawful owner or licensee of any software programs or other materials used by Consultant in the performance of the Services called for in this Agreement and has all rights necessary to convey to Intelligroup the unencumbered ownership of Work Product.

- b. Consultant warrants that all Intelligroup data and information in Consultant's possession or accessible by Consultant are and shall remain the property of Intelligroup. The Intelligroup data and information shall not be: (i) used by Consultant other than in connection with providing the Services; (ii) disclosed, sold, assigned, leased or otherwise provided to third parties by Consultant; or (iii) commercially exploited by or on behalf of Consultant or any other third party.

- d. Consultant warrants that it shall establish and maintain safeguards against the destruction, loss, alteration or unauthorized disclosure of the Intelligroup data and information in Consultant's possession in accordance with Intelligroup's security standards as notified by Intelligroup to Consultant from time to time, including use of secure passwords and login IDs.

SECTION 8. INDEMNIFICATION AND EXCLUSION OF DAMAGES

8.1 Consultant hereby indemnifies and agrees to hold harmless Intelligroup from and against any and all claims, demands, and actions, and any liabilities, damages, or expenses resulting therefrom, including court costs and reasonable attorney fees, arising out of or relating to the Services performed by Consultant hereunder or any breach of the warranties made by Consultant pursuant to Section 8 hereof. Consultant's obligations under this Section 9.1 shall survive the termination of this Agreement for any reason. Intelligroup agrees to give Consultant prompt notice of any such claim, demand, or action and

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shall, to the extent Intelligroup is not adversely affected, cooperate fully with Consultant in defense and settlement thereof.

8.2 EXCEPT IN THE EVENT OF BREACH OF SECTIONS 5, 7, 8, OR 9.1, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES WHETHER ARISING UNDER CONTRACT, WARRANTY, OR TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR ANY OTHER THEORY OF LIABILITY, REGARDLESS OF WHETHER SUCH PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

SECTION 9. NON-COMPETITION

9.1 Consultant hereby agrees that during the term of this Agreement and for a period of twelve (12) months thereafter it will not directly or indirectly offer substantially similar services to another entity that develops, offers, or provides Internet or Enterprise Information Portal ("EIP") services to substantially the same or similar markets as Intelligroup, as described in the Proposal, without Intelligroup's prior written consent.

SECTION 10. MISCELLANEOUS

10.1 Consultant shall not assign, transfer, or subcontract this Agreement or any of its obligations hereunder without the prior written consent of Intelligroup; provided, however, that Consultant may assign its right to receive payments hereunder to such third parties as Consultant may designate by written notice to Intelligroup.

10.2 This Agreement shall be governed and construed in all respects in accordance with the laws of the State of New Jersey as they apply to a contract executed, delivered and performed solely in such State.

10.3 The parties are and shall be independent contractors to one another, and nothing herein shall be deemed to cause this Agreement to create an agency, partnership, or joint venture between the parties. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between Intelligroup and either Consultant or any employee or agent of Consultant.

10.4 Consultant shall, at its sole expense, obtain and carry in full force and effect, during the term of this Agreement, insurance coverage of the types and in the amounts listed in Exhibit A. Upon the request of Intelligroup, Consultant shall provide Intelligroup with evidence satisfactory to Intelligroup of such insurance.

10.5 All remedies available to either party for one or more breaches by the other party are and shall be deemed cumulative and may be exercised separately or concurrently without waiver of any other remedies. The failure of either party to act in a breach of this Agreement by the other shall not be deemed a waiver of such breach or a waiver of future breaches, unless such waiver shall be in writing and signed by the party against whom enforcement is sought.

10.6 All notices required or permitted hereunder shall be in writing addressed to the respective parties as set forth below, unless another address shall have been designated, and shall be delivered by hand or by registered or certified mail, postage prepaid.

10.7 This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior representations, proposals, discussions, and communications, whether oral or in writing. This Agreement may be modified only in writing and shall be enforceable in accordance with its terms when signed by the party sought to be bound.

10.8 The parties covenant and agree that, subsequent to the Effective Date and without any additional consideration, each of the parties shall execute and deliver any further legal instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement.

10.9 In the event of a conflict or an inconsistency between this Agreement, the Proposal, and any Exhibit attached hereto, the Exhibit shall govern this Agreement and this Agreement shall govern the Proposal.

10.10 Any dispute or controversy arising under or relating to this Agreement or the relationship between the parties created by this Agreement shall be resolved by final and binding arbitration under the auspices of the American Arbitration Association. The parties shall have the right to conduct reasonable discovery and the hearing shall be held as promptly as possible. In the event any legal action is necessary to enforce or interpret this Agreement, the prevailing party shall recover all costs and attorneys' fees.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, on the date and year first above written.

[Intelligroup]

[Mueller/Shields]

/s/ Arjun Valluri

/s/ Stephen Hansmire

By:

Arjun Valluri

By:

Stephen Hansmire

Title:

Chairman and Co-CEO

Title:

Executive Vice President

Address for correspondence:

499 Thornall Street
Edison, NJ 08837

Address for correspondence:

15225 Alton Parkway
Building 100
Irvine, CA 92618

EXHIBIT A

October 1999

- Kick off meeting
- Assign M/S team members
- Develop and finalize the research strategy and questionnaire
- Start research interviews
- Develop class "A" lead definition, lead distribution protocol, lead form, and lead generation questionnaire
- IT set-up for marketing database
- List purchase and prospect database build
- Weekly reporting

November 1999

- Continue with research questionnaire interviews
- Data entry of research interviews
- Begin the development of the sales training program
- Interim market research analysis and report
- Begin development on corporate brochure
- Begin creative development for marketing programs (direct mail and advertising)
- Begin the telecontact demand generation program
- Monthly review meeting
- Develop lead tracking/pipeline report and system

December 1999

- Complete research questionnaire interviews and data entry
- Code, tabulate, and analysis market data
- Develop market research report and recommendations
- Present market research findings
- Finalize copy for corporate brochure
- Begin development of planning guide
- Develop initial creatives for the marketing programs and begin the market testing
- Begin the prospect database build for the seminar and direct marketing programs
- Final selection of seminar sites
- Continue development of the sales training program
- Continue the telecontact demand generation program
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

January 2000

- Finalize planning guide
- Print corporate brochure
- Develop the collateral carrier and envelope
- Begin development of data sheets
- Begin development of proposal template program
- Continue development of the sales training program
- Complete market testing of creatives and finalize the creatives
- Review creatives for the marketing programs (direct

- o mail and advertising programs)
- o Finalize the prospect database build for seminar and direct mail programs

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MONTH	SCHEDULE OF WORK
	<ul style="list-style-type: none">o Continue the telecontact demand generation programo Continue lead tracking/pipeline reporto Program managemento Weekly reportingo Monthly status review meeting
February 2000	<ul style="list-style-type: none">o Print the planning guideo Print the collateral carrier and envelopeo Finalize copy and creative for data sheetso Complete development of the white paperso Complete development of proposal template programo Develop and finalize telecontact scripts for the direct marketing programso Continue development of the sales training programo Finalize all creatives for marketing programso Trade show consultingo Implement wave 1A of direct marketing programo Begin telecontact program in support of the direct marketing programo Develop and implement collateral fulfillment programo Begin lead qualification, distribution, and reportingo Continue lead tracking/pipeline reporto Program managemento Weekly reportingo Monthly status review meeting
March 2000	<ul style="list-style-type: none">o Continue telecontact program in support of the direct marketing programo Continue collateral fulfillment programo Continue lead qualification, distribution, and reportingo Continue lead tracking/pipeline reporto Delivery first sales training classo Program managemento Weekly reportingo Monthly status review meeting
April 2000	<ul style="list-style-type: none">o Implement wave 1B of direct marketing programo Continue telecontact program in support of the direct marketing program

- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

May 2000

- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

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MONTH

SCHEDULE OF WORK

June 2000

- Implement wave 2A of direct marketing program
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Conduct sales training course
- Program management
- Weekly reporting
- Monthly status review meeting

July 2000

- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

August 2000

- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting

- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

September 2000

- Implement wave 2B of direct marketing program
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Conduct sales training course
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Conduct sales training course
- Program management
- Weekly reporting
- Monthly status review meeting

October 2000

- Conduct sales training course
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

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MONTH	SCHEDULE OF WORK
November 2000	<ul style="list-style-type: none">○ Continue telecontact program in support of the direct marketing program○ Continue collateral fulfillment program○ Conduct sales training course○ Continue lead qualification, distribution, and reporting○ Continue lead tracking/pipeline report○ Program management○ Weekly reporting○ Monthly status review meeting
December 2000	<ul style="list-style-type: none">○ Continue telecontact program in support of the direct marketing program○ Continue collateral fulfillment program○ Conduct sales training course

- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

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INTELLIGROUP MILESTONE PAYMENT SCHEDULE

MONTH MILESTONE PAYMENT SCHEDULE

INVOICE DATE	PAYMENT DUE	MONTHLY MILESTONE PAYMENT SCHEDULE
October 1, 1999	Deposit Due Upon Receipt	\$141,403
November 1, 1999	November 30, 1999	\$241,483
December 1, 1999	December 31, 1999	\$192,495
January 1, 2000	January 31, 2000	\$150,000
February 1, 2000	February 29, 2000	\$150,000
March 1, 2000	March 31, 2000	\$100,000
April 1, 2000	April 30, 2000	\$200,000
May 1, 2000	May 31, 2000	\$200,000
June 1, 2000	June 30, 2000	\$200,000
July 1, 2000	July 31, 2000	\$214,490
August 1, 2000	August 31, 2000	\$214,490
September 1, 2000	September 30, 2000	\$272,240
October 1, 2000	October 31, 2000	\$245,290
November 1, 2000	November 30, 2000	\$214,490

December 1, 2000	December 31, 2000	\$214,490
TOTAL PROGRAM INVESTMENT		\$2,950,871

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SHARED RISK/SHARED REWARD COMPENSATION

Mueller/Shields will receive additional compensation based on the actual quarterly revenues achieved by Intelligroup according to the scheduled below.

The quarterly revenue goals that this compensation will be based are:

Q1 2000	\$27,793,000
Q2 2000	\$37,758,000
Q3 2000	\$47,993,000
Q4 2000	\$55,276,000

The compensation that Mueller/Shields will receive for each quarter is:

- o If the actual quarterly revenue is less than 80% of the quarterly revenue goal, Mueller/Shields will receive no compensation for that quarter.
- o The compensation for the quarter will be 1.0% of the actual incremental revenue over 80% of the quarterly revenue goal.
- o If the actual revenue achieved is over 100%, Mueller/Shields will receive an additional 2.0% of the actual incremental revenue over 100% of the quarterly revenue goal.
- o The compensation will not exceed \$150,000 for each quarter.

Examples of how the compensation would be calculated are included in the following table

Quarter	Actual Revenue Achieved	Total Compensation
Q1 2000	\$28,000,000	\$60,000
Q2 2000	\$38,000,000	\$80,000

Q3 2000	\$48,000,000	\$96,000
Q4 2000	\$55,000,000	\$100,000

The calculated compensation will be paid within the 30 days after a quarter is completed. Example, the Q1 2000 payment would be due on April 30, 2000.

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A. Stock Options

Within ten (10) business days after SeraNova becomes publicly traded, Intelligroup shall grant Mueller/Shields fully vested options to buy Intelligroup common stock at Twenty Dollars (\$20) per share. The number of shares covered by these options shall be 290,000 divided by the price of a June 2000 call option to buy Intelligroup stock at \$20 per share on the Philadelphia Stock Exchange.

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EXHIBIT B: KEY EMPLOYEES:

B. Key Employees:

Intelligroup shall have ready and unencumbered access during regular business hours to the following Consultant personnel:

1. Phyllis Mueller
2. Craig Shields
3. Bill Thompson
4. Stephen Hansmire

The following employees shall be deemed Key Employees pursuant to the terms of the Agreement:

Name	Minimum Hours /week/month on SeraNova Project
Willie Bloomstein	15 per week/60 per month
Chris Breakfield	40 per week/175 per month

Paula Davey	10 per week/45 per month
Scot Hansen	5 per week/20 per month
Alain Jamar	10 per week/45 per month
Jordan Maliwanag	40 per week/175 per month
Sally Mikhail	10 per week/85 per month
Jennifer Murray	10 per week/85 per month
Robin O'Hanlon	40 per week/175 per month
Gary Patrick	10 per week/45 per month
Fred Roeschke	40 per week/175 per month
Allen Stanfield	40 per week/175 per month
Glenn Warren	5 per week/20 per month
Robin Young	5 per week/20 per month

MASTER CONSULTING SERVICES AGREEMENT

THIS MASTER CONSULTING SERVICES AGREEMENT (this "Agreement"), made and entered into this 21 day of December, 1999 ("Effective Date"), by and between SeraNova, Inc. and Intelligroup, Inc. collectively (hereinafter "SeraNova"), New Jersey corporations, and Mueller/Shields (hereinafter "Consultant"), a California corporation:

Recitals:

Consultant represents that it has expertise in the area of sales, marketing, training, and strategic planning, and is ready, willing, and able to provide consulting assistance to SeraNova on the terms and conditions set forth herein; and

SeraNova, in reliance on Consultant's representations, is willing to engage Consultant as an independent contractor, and not as an employee, on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the obligations herein made and undertaken, the parties, intending to be legally bound, hereby agree as follows:

SECTION 1. SCOPE OF SERVICES

1.1 Consultant shall provide consulting services (the "Services") as set forth in the Intelligroup, Inc. Integrated Sales and Marketing Program for NewCo Proposal Version 2.4 dated October 12, 1999 (the "Proposal") and submitted by Consultant to SeraNova. Consultant shall render such services and deliver the required reports and other deliverables ("Deliverables") in accordance with the timetable and milestones set forth in Exhibit A and the Proposal. In the event Consultant anticipates at any time that it will not reach one or more milestones or complete one or more assignments within the prescribed timetable, Consultant shall immediately so inform SeraNova by written notice, submit proposed revisions to the timetable and milestones that reflect Consultant's best estimates of what can realistically be achieved, and continue to work under the original timetable and milestones until otherwise directed by SeraNova. Consultant shall also prepare and submit such further reports of its performance and its progress as set forth in the Proposal and as SeraNova may reasonably request from time to time.

1.2 Consultant shall provide and make available to SeraNova such resources as shall be necessary to perform the Services called for by this Agreement. Such resources shall include the key employees (Key employees) named by the parties and listed in Exhibit B, as amended in writing by the parties from time to time. If any such Key Employee leaves the employ of Consultant during the term of this Agreement for any reason or is unavailable to continue work at the specified level of commitment

(full-time, X number of hours/week, etc.) called for herein, and if substitute individuals acceptable to SeraNova are not available to continue the work within 5 business days, SeraNova shall have the right to terminate this Agreement pursuant to Section 2.2 hereof.

1.3 SeraNova shall, within 10 business days of receipt of each Deliverable submitted to SeraNova, advise Consultant of SeraNova's acceptance or rejection of such Deliverable. Any rejection shall specify the nature and scope of the deficiencies in such Deliverable. Consultant shall, upon receipt of such rejection, act diligently, but in no event later than 10 business days to correct such deficiencies.

1.4 All work shall be performed in a workmanlike and professional manner by employees of Consultant having a level of skill and experience in the area commensurate with the requirements of the scope of

work to be performed. Consultant shall make sure its employees at all times observe security and safety policies of SeraNova while on SeraNova's site.

1.5 SeraNova and Consultant shall develop appropriate administrative procedures to apply to Consultant's personnel. SeraNova shall periodically prepare an evaluation of the performance of Consultant's personnel.

1.6 SeraNova may interview the Consultant's personnel assigned to SeraNova's work. Consultant shall have the right, at any time, to request removal of any employee(s) of Consultant whom SeraNova deems to be unsatisfactory. Upon such request, Consultant shall use its best efforts to promptly replace such employee(s) with substitute employee(s) having appropriate skills and training within two business days.

1.7 Anything herein to the contrary notwithstanding, the parties hereby acknowledge and agree that SeraNova shall have no right to control the manner, means, or method by which Consultant performs the Services called for by this Agreement. Rather, SeraNova shall be entitled only to direct Consultant with respect to the elements of Services to be performed by Consultant and the results to be derived by SeraNova, to inform Consultant as to where and when such Services shall be performed, and to review and assess the performance of such Services by Consultant for the limited purposes of assuring that such Services have been performed and confirming that such results were satisfactory.

SECTION 2. TERM OF AGREEMENT

2.1 This Agreement shall commence on the Effective Date, and unless modified by mutual agreement of the parties or terminated earlier pursuant to the terms of this Agreement, shall continue until the satisfactory completion of the Services.

2.2 This Agreement may be terminated by either party upon sixty (60) business days' prior written notice, if the other party breaches any term hereof and the breaching party fails to cure such breach within such sixty (60) business day period.

2.3 This Agreement may be terminated by SeraNova at its discretion upon thirty (30) business days' prior written notice.

2.4 Upon termination of this Agreement for any reason, SeraNova shall pay the Consultant for all services performed in accordance with the Milestone Payment Schedule as well as the Cancellation Fee specified in Exhibit A. Consultant shall promptly return to SeraNova all copies of any SeraNova data, records, or materials of whatever nature or kind, including all materials incorporating the proprietary information of SeraNova and all work for hire pursuant to this Agreement. Consultant shall furnish to SeraNova all works in progress or portions thereof, including all incomplete work.

2.5 In the event of termination, Consultant will assist SeraNova in the orderly termination of the Services and/or any applicable attachments hereto, and the transfer of all items and Work Product (defined below), tangible and intangible, as may be necessary for the orderly, non-disrupted business continuation of Consultant; and shall promptly deliver to SeraNova, upon the expiration or termination of all or part of the Services, complete and correct copies of all Work Product (including any related source code) in the form and on the media in use as of the date of such expiration or termination.

2.6 Upon termination by SeraNova, SeraNova shall have no liability for any payments accruing for Services performed after the termination date.

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SECTION 3. FEES, EXPENSES AND PAYMENT

3.1 In consideration of the Services to be performed by Consultant, SeraNova shall, within thirty (30) days of receipt of an invoice for each milestone, as set forth in the Milestone Payment Schedule in Exhibit A attached hereto, pay Consultant the fees due pursuant to such Milestone Payment Schedule, as well as provide the Shared Risk/Shared Reward Compensation and Stock Options in Exhibit A.

3.2 In the event Consultant terminates this Agreement because of a material breach by SeraNova, Consultant shall be entitled to a pro rata payment for work in progress based on the percentage of work then completed as well as the Cancellation Fees in Exhibit A. No such pro rata payment shall be made if SeraNova terminates this Agreement because of a breach of Consultant.

3.3 Consultant agrees that the fees and charges for any follow-on or additional work not included in the Proposal attached hereto shall be performed at the lesser of (1) Consultant's then-current rates for such work as charged to Consultant's most favored customer receiving similar services, or (2) the rates applicable to the scope of work fixed by this Agreement, including any discount previously applied to the work set forth in the proposal. In the event any payment is delinquent under this Agreement, all amounts due and owing shall accrue interest at eight percent per annum.

SECTION 4. CONSULTANT PERSONNEL

4.1 Consultant shall bear sole responsibility for payment of compensation to its personnel. Consultant shall pay and report, for all personnel assigned to SeraNova's work, federal and state income tax withholding, social security taxes, and unemployment insurance applicable to such personnel as employees of Consultant. Consultant shall bear sole responsibility for any health or disability insurance, retirement benefits, or other welfare or pension benefits (if any) to which such personnel may be entitled. Consultant agrees to defend, indemnify and hold harmless SeraNova, SeraNova's officers, directors, employees and agents, and the administrators of SeraNova's benefit plans from and against any claims, liabilities or expenses relating to such compensation, tax, insurance or benefit matters; provided that SeraNova shall promptly notify Consultant of each such claim when and as it comes to SeraNova's attention. SeraNova shall cooperate with Consultant in the defense and resolution of such claims, and SeraNova shall not settle or otherwise dispose of such claims without Consultant's prior written consent; such consent not to be unreasonably withheld.

4.2 Notwithstanding any other workers' compensation or insurance policies maintained by SeraNova, Consultant shall procure and maintain workers' compensation coverage sufficient to meet the statutory requirements of every state where Consultant's personnel assigned to SeraNova's work are located.

4.3 Consultant shall obtain and maintain in effect written agreements with each of its personnel who participate in any of SeraNova's work hereunder. Such agreements shall contain terms sufficient for Consultant to comply with all provisions of this Agreement.

4.4 As neither Consultant nor its personnel are SeraNova's employees, SeraNova shall not take any action or provide Consultant's personnel with any benefits or commitments inconsistent with any of such undertakings by Consultant. In particular, SeraNova will not withhold FICA (Social Security) from Consultant's payments; make state or federal unemployment insurance contributions on behalf of Consultant or its personnel; withhold state and federal income tax from payment to Consultant; make disability insurance contributions on behalf of Consultant; and obtain workers' compensation insurance on behalf of Consultant or its personnel.

SECTION 5. INTELLECTUAL PROPERTY RIGHTS

- 5.1 All rights, titles and interests in and to the programs, systems, data, reports, audio and video materials, databases, or other materials used or produced by Consultant in the performance of the Services called for in this Agreement, including any modifications, enhancements, or derivative works thereof, shall remain or become the property of Consultant.
- 5.2 All rights, titles and interests in and to all Deliverables and other materials provided pursuant to this Agreement, including all rights in copyrights, research, databases created specifically for SeraNova, domain names and internet addresses, or other intellectual property rights pertaining thereto ("Work Product"), shall be held by SeraNova, and all Work Product shall, to the extent possible, be considered works made by Consultant for hire for the benefit of SeraNova. Consultant shall mark all Work Product with SeraNova's copyright or other proprietary notices as directed by SeraNova and shall take all actions deemed necessary by SeraNova to protect SeraNova's rights therein. In the event that the Work Product does not constitute work made by Consultant for hire for the benefit of SeraNova under applicable law, or in the event that Consultant otherwise retains any rights to any Work Product, Consultant agrees to assign, and upon creation thereof hereby automatically assigns, all rights, titles, and interests in and to such Work Product to SeraNova, without further consideration. Consultant agrees to execute any documents of assignment or registration of copyright requested by SeraNova respecting any and all Work Product.
- 5.3 All rights, titles and interests in and to any programs, systems, data, and materials furnished to Consultant by SeraNova are and shall remain the property of SeraNova.
- 5.4 Notwithstanding the above, neither party shall be prevented from making use of know-how and principles learned or experience gained of a non-proprietary and non-confidential nature.

SECTION 6. CONFIDENTIAL INFORMATION

- 6.1 Consultant acknowledges that in order to perform the Services called for in this Agreement, it shall be necessary for SeraNova to disclose to Consultant certain trade secret(s) or other confidential and proprietary information that has been developed by SeraNova at great expense and that required considerable effort of skilled professionals ("Confidential Information"). As used herein, the term Confidential Information shall mean any scientific or technical data, marketing or strategic business information, design, process, procedure, formula, methodology, or improvement that is commercially valuable to SeraNova and not generally known in the industry. Confidential Information shall not include

information which is:

- a. independently developed by Consultant or already known by Consultant prior to Consultant's receipt of Confidential Information and without violating its obligations hereunder or any of SeraNova's proprietary rights;
- b. publicly known (other than through unauthorized disclosure by Consultant);
- c. disclosed by SeraNova to a third party without any obligation of confidentiality; or
- d. required to be disclosed by Consultant pursuant to any applicable law or order of court (provided that consultant shall provide reasonable prior written notice to SeraNova of such disclosure).

Consultant agrees that it shall not disclose, transfer, use, copy, or allow access to any such Confidential Information to any employees or to any third parties, except for those who have a need to know such

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Confidential Information in order to accomplish the requirements of this Agreement and who are bound by contractual obligations of confidentiality and limitation of use sufficient to give effect to this Section 6. Consultant further acknowledges that the Work Product will of necessity incorporate such Confidential Information. In no event shall Consultant disclose any such Confidential Information to any competitors of SeraNova or to third parties generally.

- 6.2 The parties agree to hold the nature and terms of this Agreement as Confidential Information and Consultant shall not disclose the nature of the effort undertaken for SeraNova or the terms of this Agreement to any other person or entity, except as may be necessary to fulfill Consultant's obligations hereunder, or as required by law.
- 6.3 Consultant shall not at any time use SeraNova's name or any SeraNova trademark(s) or trade name(s) in any advertising or publicity without the prior written consent of SeraNova.
- 6.4 The obligations set forth in this Section shall survive termination of this Agreement and continue for so long as the relevant information remains proprietary or Confidential Information.

SECTION 7. WARRANTIES

- 7.1 Consultant warrants that:

- a. Consultant's performance of the Services called for by this Agreement do not and shall not violate any applicable law, rule, or regulation; any contracts with third parties; or any third-party rights in any patent, trademark, copyright, trade secret, or similar right; and
- b. Consultant is the lawful owner or licensee of any software programs or other materials used by Consultant in the performance of the Services called for in this Agreement and has all rights necessary to convey to SeraNova the unencumbered ownership of Work Product.
- b. Consultant warrants that all SeraNova data and information in Consultant's possession or accessible by Consultant are and shall remain the property of SeraNova. The SeraNova data and information shall not be: (i) used by Consultant other than in connection with providing the Services; (ii) disclosed, sold, assigned, leased or otherwise provided to third parties by Consultant; or (iii) commercially exploited by or on behalf of Consultant or any other third party.
- d. Consultant warrants that it shall establish and maintain safeguards against the destruction, loss, alteration or unauthorized disclosure of the SeraNova data and information in Consultant's possession in accordance with SeraNova's security standards as notified by SeraNova to Consultant from time to time, including use of secure passwords and login IDs.

SECTION 8. INDEMNIFICATION AND EXCLUSION OF DAMAGES

8.1 Consultant hereby indemnifies and agrees to hold harmless SeraNova from and against any and all claims, demands, and actions, and any liabilities, damages, or expenses resulting therefrom, including court costs and reasonable attorney fees, arising out of or relating to the Services performed by Consultant hereunder or any breach of the warranties made by Consultant pursuant to Section 8 hereof. Consultant's obligations under this Section 9.1 shall survive the termination of this Agreement for any reason. SeraNova agrees to give Consultant prompt notice of any such claim, demand, or action and shall, to the extent SeraNova is not adversely affected, cooperate fully with Consultant in defense and settlement thereof.

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8.2 EXCEPT IN THE EVENT OF BREACH OF SECTIONS 5, 7, 8, OR 9.1, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES WHETHER ARISING UNDER CONTRACT, WARRANTY, OR TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR ANY OTHER THEORY OF LIABILITY, REGARDLESS OF WHETHER SUCH PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

SECTION 9. NON-COMPETITION

9.1 Consultant hereby agrees that during the term of this Agreement and for a period of twelve (12) months thereafter it will not directly or indirectly offer substantially similar services to another entity that develops, offers, or provides Internet or Enterprise Information Portal ("EIP") services to substantially the same or similar markets as SeraNova, as described in the Proposal, without SeraNova's prior written consent.

SECTION 10. MISCELLANEOUS

10.1 Consultant shall not assign, transfer, or subcontract this Agreement or any of its obligations hereunder without the prior written consent of SeraNova; provided, however, that Consultant may assign its right to receive payments hereunder to such third parties as Consultant may designate by written notice to SeraNova.

10.2 This Agreement shall be governed and construed in all respects in accordance with the laws of the State of New Jersey as they apply to a contract executed, delivered and performed solely in such State.

10.3 The parties are and shall be independent contractors to one another, and nothing herein shall be deemed to cause this Agreement to create an agency, partnership, or joint venture between the parties. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between SeraNova and either Consultant or any employee or agent of Consultant.

10.4 Consultant shall, at its sole expense, obtain and carry in full force and effect, during the term of this Agreement, insurance coverage of the types and in the amounts listed in Exhibit A. Upon the request of SeraNova, Consultant shall provide SeraNova with evidence satisfactory to SeraNova of such insurance.

10.5 All remedies available to either party for one or more breaches by the other party are and shall be deemed cumulative and may be exercised separately or concurrently without waiver of any other remedies. The failure of either party to act in a breach of this Agreement by the other shall not be deemed a waiver of such breach or a waiver of future breaches, unless such waiver shall be in writing and signed by the party against whom enforcement is sought.

10.6 All notices required or permitted hereunder shall be in writing addressed to the respective parties as set forth below, unless another address shall have been designated, and shall be delivered by hand or by registered or certified mail, postage prepaid.

10.7 This Agreement constitutes the entire agreement of the parties hereto and supersedes all prior representations, proposals, discussions, and communications, whether oral or in writing. This Agreement may be modified

only in writing and shall be enforceable in accordance with its terms when signed by the party sought to be bound.

10.8 The parties covenant and agree that, subsequent to the Effective Date and without any additional consideration, each of the parties shall execute and deliver any further legal instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement.

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10.9 In the event of a conflict or an inconsistency between this Agreement, the Proposal, and any Exhibit attached hereto, the Exhibit shall govern this Agreement and this Agreement shall govern the Proposal.

10.10 Any dispute or controversy arising under or relating to this Agreement or the relationship between the parties created by this Agreement shall be resolved by final and binding arbitration under the auspices of the American Arbitration Association. The parties shall have the right to conduct reasonable discovery and the hearing shall be held as promptly as possible. In the event any legal action is necessary to enforce or interpret this Agreement, the prevailing party shall recover all costs and attorneys' fees.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, on the date and year first above written.

[SeraNova]

[Mueller/Shields]

/s/ Raj Koneru

/s/ Phyllis L. Mueller

By:

Raj Koneru

By:

Phyllis L. Mueller

Title:

CEO, SeraNova, Inc.

Title:

CEO, Mueller/Shields

Address for correspondence:

499 Thornall Street

Edison, NJ 08837

Address for correspondence:

15225 Alton Parkway

Building 100

Irvine, CA 92618

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EXHIBIT A - DELIVERABLES

MONTH

SCHEDULE OF WORK

October 1999

- o Kickoff meeting
- o Assign M/S team members
- o Develop and finalize the research strategy and questionnaire
- o Start research interviews
- o Develop Class "A" lead definition, lead distribution protocol, lead form, and lead generation questionnaire
- o IT setup for marketing database
- o List purchase and prospect database build
- o Weekly reporting

November 1999

- o Continue with research questionnaire interviews
- o Data entry of research interviews
- o Begin the development of the sales training program
- o Interim market research analysis and report
- o Begin development on corporate brochure
- o Begin creative development for corporate identity program
- o Begin creative development for marketing programs (direct mail, seminar program, and advertising)
- o Begin the telecontact demand generation program
- o Monthly review meeting
- o Develop lead tracking/pipeline report and system

December 1999

- o Complete research questionnaire interviews and data entry
- o Code, tabulate, and analysis market data
- o Develop market research report and recommendations
- o Present market research findings
- o Complete creative development of corporate identity program
- o Finalize copy for corporate brochure
- o Begin development of planning guide
- o Develop initial creatives for the marketing programs and begin the market testing
- o Begin the prospect database build for the seminar and direct marketing programs
- o Final selection of seminar sites
- o Continue development of the sales training program
- o Continue the telecontact demand generation program
- o Continue lead tracking/pipeline report
- o Program management
- o Weekly reporting
- o Monthly status review meeting

January 2000

- Finalize planning guide
- Print corporate brochure
- Develop the collateral carrier and envelope
- Begin development of data sheets
- Begin development of proposal template program
- Complete the sales training materials
- Continue development of the sales training program
- Complete market testing of creatives and finalize the creatives
- Review creatives for the marketing programs (direct mail, advertising, and seminar programs)
- Finalize the prospect database build for seminar and direct mail programs
- Continue the telecontact demand generation program
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

February 2000

- Print the planning guide
- Print the collateral carrier and envelope
- Finalize copy and creative for data sheets
- Complete development of the white papers
- Complete development of proposal template program
- Develop and finalize telecontact scripts for the direct marketing and seminar programs
- Continue development of the sales training program
- Finalize all creatives for marketing programs
- Mail invitations for the first seminar
- Begin telecontact program in support of the seminar program
- Begin seminar confirmation and reminder programs
- Trade show consulting
- Implement wave 1A of direct marketing program
- Begin telecontact program in support of the direct marketing program
- Develop and implement collateral fulfillment program
- Begin lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

March 2000

- On-site management and setup of first seminar
- First seminar held
- Qualify and distribute all leads from the seminar
- Mail invitations for the second seminar
- Continue telecontact program in support of the seminar program
- Continue seminar confirmation and reminder programs
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Deliver first sales training class
- Program management
- Weekly reporting
- Monthly status review meeting

April 2000

- On-site management and setup of second seminar
- Second seminar held
- Qualify and distribute all leads from the seminar
- Mail invitations for the third seminar
- Continue telecontact program in support of the seminar program
- Continue seminar confirmation and reminder programs
- Implement wave 1B of direct marketing program
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

May 2000

- On-site management and setup of third seminar
- Third seminar held
- Qualify and distribute all leads from the seminar
- Mail invitations for the fourth seminar
- Continue telecontact program in support of the seminar program
- Continue seminar confirmation and reminder programs
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report

- Program management
- Weekly reporting
- Monthly status review meeting

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MONTH

SCHEDULE OF WORK

June 2000	<ul style="list-style-type: none">○ Implement wave 2A of direct marketing program○ On-site management and setup of fourth seminar○ Fourth seminar held○ Qualify and distribute all leads from the seminar○ Continue seminar confirmation and reminder programs○ Continue telecontact program in support of the direct marketing program○ Continue collateral fulfillment program○ Continue lead qualification, distribution, and reporting○ Conduct sales training course○ Program management○ Weekly reporting○ Monthly status review meeting
July 2000	<ul style="list-style-type: none">○ Continue telecontact program in support of the direct marketing program○ Continue collateral fulfillment program○ Continue lead qualification, distribution, and reporting○ Continue lead tracking/pipeline report○ Program management○ Weekly reporting○ Monthly status review meeting
August 2000	<ul style="list-style-type: none">○ Continue telecontact program in support of the direct marketing program○ Continue collateral fulfillment program○ Continue lead qualification, distribution, and reporting○ Continue lead tracking/pipeline report○ Program management○ Weekly reporting○ Monthly status review meeting
September 2000	<ul style="list-style-type: none">○ Implement wave 2B of direct marketing program○ Continue telecontact program in support of the direct marketing program○ Continue collateral fulfillment program

- Conduct sales training course
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Conduct sales training course
- Program management
- Weekly reporting
- Monthly status review meeting

October 2000

- Conduct sales training course
- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

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MONTH	SCHEDULE OF WORK
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November 2000

- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Conduct sales training course
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

December 2000

- Continue telecontact program in support of the direct marketing program
- Continue collateral fulfillment program
- Conduct sales training course
- Continue lead qualification, distribution, and reporting
- Continue lead tracking/pipeline report
- Program management
- Weekly reporting
- Monthly status review meeting

SERANOVA MILESTONE PAYMENT SCHEDULE

MILESTONE PAYMENT SCHEDULE

INVOICE DATE	PAYMENT DUE	MONTHLY MILESTONE PAYMENT SCHEDULE
October 1, 1999	Deposit Due Upon Receipt	\$294,905
November 1, 1999	November 30, 1999	\$503,630
December 1, 1999	December 31, 1999	\$401,465
January 15, 2000	February 15, 2000	\$520,000
February 1, 2000	February 29, 2000	\$520,000
March 1, 2000	March 31, 2000	\$560,000
April 15, 2000	May 15, 2000	\$644,714
May 1, 2000	May 31, 2000	\$573,915
June 1, 2000	June 30, 2000	\$232,041
July 1, 2000	July 31, 2000	--
August 1, 2000	August 31, 2000	--
September 1, 2000	September 30, 2000	--
October 1, 2000	October 31, 2000	--
November 1, 2000	November 30, 2000	--
December 1, 2000	December 31, 2000	--
TOTAL PROGRAM INVESTMENT		\$4,250,670

SHARED RISK/SHARED REWARD COMPENSATION

Mueller/Shields will receive additional compensation based on the actual quarterly revenues generated in the United States by SeraNova according to the schedule below.

The quarterly revenue goals (generated in the United States) on which this compensation will be based:

Q1 2000	\$12,070,000
Q2 2000	\$15,964,000
Q3 2000	\$19,345,000
Q4 2000	\$23,821,000

The compensation that Mueller/Shields will receive for each quarter is:

- If the actual quarterly revenue is less than 80% of the goal of that quarter, Mueller/Shields will receive no compensation for that quarter.
- The compensation for the quarter will be 3.1% of the actual incremental revenue over 80% of the quarterly revenue goal.
- If the actual revenue achieved is over 100%, Mueller/Shields will receive an additional 5% of the actual incremental revenue over 100% of the quarterly revenue goal.
- The compensation will not exceed \$150,000 for each quarter.

Examples of how the compensation would be calculated are included in the following table

Quarter	Actual Revenue Achieved	Total Compensation
Q1 2000	\$12,000,000	\$73,000
Q2 2000	\$16,000,000	\$101,000
Q3 2000	\$20,000,000	\$150,000
Q4 2000	\$24,000,000	\$150,000

The calculated compensation will be paid within the 30 days after a quarter is

completed. Example, the Q1 2000 payment would be due on April 30, 2000.

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A. Stock Options

Mueller/Shields is hereby granted options to buy 15,000 shares of SeraNova common stock, at a strike price of \$6.66 per share exercisable after January 1, 2000. The rights to exercise these options will expire on December 31, 2000.

In addition, Mueller/Shields will be granted options to buy 5,000 additional shares of SeraNova common stock on July 15, 2000 if SeraNova meets 80% of its cumulative Q1 2000 and Q2 2000 revenue targets or \$22,427,000. The strike price of these 5,000 shares will be the market price on July 1, 2000 exercisable until June 30, 20001.

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CANCELLATION FEES

If the contract is terminated for any reason, Muller/Shields will be paid a cancellation fee as detailed in the following table. These cancellation fees are in addition to the fees specified in the Milestone Payment Schedule.

Month of Notice of Contract Termination	Cancellation Fee
October 1999 to January 1999	\$0
February 2000	\$267,000
March 2000	\$534,000
April 2000	\$800,000
May 2000	\$400,000
June 2000 to December 2000	\$0

EXHIBIT B: KEY EMPLOYEES

SeraNova shall have ready and unencumbered access during regular business hours to the following Consultant personnel:

1. Phyllis Mueller
2. Craig Shields
3. Bill Thompson
4. Stephen Hansmire

The following employees shall be deemed Key Employees pursuant to the terms of the Agreement:

Name	Minimum Hours per Week/Month on SeraNova Project
Willie Bloomstein	15 per week/60 per month
Paula Davey	10 per week/45 per month
Scot Hansen	5 per week/20 per month
Alain Jamar	10 per week/45 per month
Bill Kline	40 per week/175 per month
Sally Mikhail	10 per week/45 per month
John Moriarty	40 per week/175 per month
Jennifer Murray	10 per week/45 per month
Gary Patrick	10 per week/45 per month
Kalee Przybylak	40 per week/175 per month
John Simmons	40 per week/175 per month
Glenn Warren	5 per week/20 per month
Robin Young	5 per week/20 per month

SECOND AMENDMENT TO REVOLVING CREDIT LOAN AGREEMENT

THIS SECOND AMENDMENT TO REVOLVING CREDIT LOAN AGREEMENT (the "Amendment") is made as of this 1st day of January, 2000, by and between INTELLIGROUP, INC., a New Jersey corporation and SERANOVA, INC., a New Jersey corporation (collectively, the "Borrower") and PNC BANK, NATIONAL ASSOCIATION, a national banking association (the "Lender").

WHEREAS, Intelligroup, Inc. and the Lender are parties to a certain Revolving Credit Loan Agreement dated January 29, 1999 as amended (the "Loan Agreement"), relating to financing by the Lender to the Borrower (all capitalized terms used, but not specifically defined herein, shall have the meaning provided for such terms in the Loan Agreement); and

WHEREAS, SeraNova, Inc. is a corporation affiliated to and with common interests with Intelligroup, Inc. and wishes to avail itself of certain of the financial accommodations available to Intelligroup, Inc. pursuant to the Loan Agreement and to become a co-borrower under the Loan Agreement with Intelligroup, Inc.; and

WHEREAS, to induce the Lender to amend certain terms and conditions of the Loan Agreement, the Borrower has offered to execute and deliver the Amendment.

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrower agree as follows:

1. (a) Assumption of Loan Agreement. SeraNova, Inc. hereby assumes and

accepts as a joint and several obligor, all of the Obligations, covenants, terms and conditions of the Loan Agreement in the same manner and to the same extent as Intelligroup, Inc. and agrees to pay all sums due pursuant to the Loan Agreement in the manner and at the times set forth therein.

(b) No Release of Intelligroup, Inc. It is hereby agreed and

understood that SeraNova, Inc.'s acceptance of the Obligations as herein set forth does not diminish or release and shall not in any way affect any of the Obligations, duties or liabilities of Intelligroup, Inc. to the Lender.

2. As used in any Loan Document, the term "Borrower" is hereby amended and changed to include SeraNova, Inc., a New Jersey corporation, with offices located at 499 Thornall Street, Edison, New Jersey 08837 as a co-borrower. "Borrower" shall mean individually and collectively SeraNova, Inc. and Intelligroup, Inc., jointly and severally, as the context shall require.

3. The term "Revolving Credit Facility" in the first recital of the Loan Agreement is hereby amended and changed from "up to Fifteen Million (\$15,000,000.00) Dollars" to "up to Fifteen Million (\$15,000,000.00) Dollars in the aggregate with a sublimit of up to Ten Million (\$10,000,000.00) Dollars available to SeraNova, Inc."

4. Article I of the Loan Agreement, the term "Commitment" is hereby amended and changed to read as follows:

"Commitment" shall mean, at any particular time during the term of

the Revolving Credit Facility, the principal amount of the Revolving Credit Facility which the Lender has committed to make available to the Borrower, as said principal amount may be permanently reduced by the Borrower pursuant to Section 2.01(v) of this Loan Agreement. As of the date of the Amendment, the

initial amount committed is \$15,000,000.00 with a sublimit of up to Ten Million (\$10,000,000.00) Dollars to be made available to SeraNova, Inc.

5. Article II of the Loan Agreement, Section 2.01(i) is hereby amended and changed by adding the following to the end of said Section 2.01(i):

"It is agreed and understood that notwithstanding anything to the contrary contained in this Section, SeraNova, Inc. shall at no time have aggregate outstanding Revolving Credit Loans in excess of Ten Million (\$10,000,000.00) Dollars."

6. Article VI of the Loan Agreement, Section 6.10 is hereby amended to read as follows:

"Section 6.10 Additional Corporate Guarantors. Excluding SeraNova,

Inc., the Borrower shall cause each domestic and foreign operating (i) Majority Owned Subsidiary or (ii) Affiliate in which the Borrower is the owner (whether legal or beneficial and whether direct or indirect) of at least fifty percent (50%) or more of the authorized, issued and outstanding common stock of said Affiliate, or other form of ownership interest in the event the Affiliate is not a corporation, which is acquired or formed after the Closing Date, to enter into and execute the Agreement of Guaranty, thereby becoming a Corporate Guarantor. Schedule

6.10 contains a current list of Corporate Guarantors as of January 29,

1999."

7. Article VI of the Loan Agreement is hereby amended and changed by adding new Section 6.13 as follows:

"Section 6.13 SeraNova Inc. Spinoff. It is agreed and

understood that as of the date of the Amendment, Intelligroup, Inc. owns one hundred (100%) percent of the

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issued and outstanding capital stock of SeraNova, Inc. In the event Intelligroup, Inc. requests and the Lender approves of a Change in Control of the ownership of SeraNova, Inc., all Obligations due hereunder shall, at the option of the Lender, become immediately due and payable."

8. Article VII of the Loan Agreement, Section 7.04 is hereby amended by deleting subsection (viii) in its entirety with no material to be placed in its stead.

9. The Borrower shall pay on demand all reasonable legal fees, recording expenses and other reasonable and necessary disbursements of the Lender incident to the preparation, execution and delivery of this Amendment.

10. The Borrower acknowledges that its obligations to the Lender pursuant to the Loan Agreement, as amended herein, are due and owing by the Borrower to the Lender without any defenses, set-offs, recoupments, claims or counterclaims of any kind as of the date hereof.

11. The Borrower hereby agrees with, reaffirms and acknowledges the representations and warranties contained in the Loan Agreement. Furthermore, the Borrower represents that the representations and warranties contained in the Loan Agreement continue to be true and in full force and effect.

12. All other terms and conditions of the Loan Agreement, and any and all Exhibits annexed thereto and all other writings submitted by the Borrower to the Lender pursuant thereto, shall remain unchanged and in full force and effect.

13. This Amendment shall not constitute a waiver or modification of any of the Lender's rights and remedies or of any of the terms, conditions, warranties, representations, or covenants contained in the Loan Agreement, except as specifically set forth above, and the Lender hereby reserves all of its rights and remedies pursuant to the Loan Agreement and applicable law.

14. Each "Borrower" shall be jointly and severally liable hereunder without regard to which receives the proceeds of the Revolving Credit Loans. Each Borrower expects to derive economic advantage from each Revolving Credit Loan made hereunder.

15. The failure of the Borrower to satisfy any of the terms and conditions of this Amendment shall constitute an Event of Default under the Loan Agreement, and the Lender shall be entitled to all of its rights and remedies

under the Loan Agreement and applicable law.

16. This Amendment may be executed in counterparts, each of which, when taken together, shall be deemed to be one and the same instrument. Delivery of an executed counterpart of a

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signature page of this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

Effective as of the 1st day of January, 2000.

WITNESS:

INTELLIGROUP, INC.

/s/ Edward S. Carr

By: /s/ Nicholas Visco

Edward S. Carr

VP Finance & CFO

SERANOVA, INC.

/s/ Edward S. Carr

By: /s/ Raj Koneru

Edward S. Carr

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Gary Wessels

Gary Wessels,
Vice President

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Subsidiaries:

Intelligroup New Zealand Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Intelligroup, Inc.

Intelligroup Europe Limited, a corporation formed pursuant to the laws of the United Kingdom and a wholly-owned subsidiary of Intelligroup, Inc.

CPI Resources, a corporation formed pursuant to the laws of the United Kingdom and a wholly-owned subsidiary of Intelligroup Europe Limited.

CPI Consulting Limited, a corporation formed pursuant to the laws of the United Kingdom and 70% owned by CPI Resources and 30% owned by Intelligroup Europe Limited.

Intelligroup Singapore Private Ltd., a corporation formed pursuant to the laws of Singapore and 50% owned by each of Intelligroup, Inc., and Rajkumar Koneru, Chief Executive Officer, President of U.S. Operations and Director of Intelligroup, Inc.

Intelligroup Nordic A/S, a corporation formed pursuant to the laws of Denmark and a wholly-owned subsidiary of Intelligroup, Inc.

Intelligroup Australia Pty Limited, a corporation formed pursuant to the laws of Australia and a wholly-owned subsidiary of Intelligroup, Inc.

Intelligroup Asia Private, Ltd., a corporation formed pursuant to the laws of India, and 99.8% owned and wholly-controlled subsidiary of Intelligroup, Inc.

Empower, Inc., a Michigan corporation and a wholly-owned subsidiary of Intelligroup, Inc.

SeraNova, Inc., a New Jersey corporation and a 95.2% owned and wholly-controlled subsidiary of Intelligroup, Inc. (as of March 30, 2000).

Azimuth Consulting Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of SeraNova, Inc.

Azimuth Consulting Philippines, Inc., a corporation formed pursuant to the laws of the Philippines and a wholly-owned subsidiary of Azimuth Consulting Limited.

Azimuth Holdings Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of SeraNova, Inc.

Azimuth Holdings Pty Limited, a corporation formed pursuant to the laws of Australia and a wholly-owned subsidiary of Azimuth Holdings Limited.

Azimuth Consulting Australia Pty Limited, a corporation formed pursuant to the laws of Australia and a wholly-owned subsidiary of Azimuth Holdings Limited.

Braithwaite Richmond Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of SeraNova, Inc.

Azimuth Corporation Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of SeraNova, Inc.

New Zealand Public Information Management Limited, a corporation formed pursuant to the laws of New Zealand and a wholly-owned subsidiary of Azimuth Corporation Limited.

Network Publishing, Inc., a Utah corporation and a wholly-owned subsidiary of SeraNova, Inc.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Intelligroup, Inc.:

As independent public accountants, we hereby consent to the incorporation by reference of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 333-11486, 333-31809, 333-56143, 333-67583, 333-73051 and 333-94285.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Roseland, New Jersey

March 29, 2000

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