
Transforming . Innovating . Growing
ACROPETAL®
TECHNOLOGIES LIMITED
INNOVATING A BETTER WORLD
Annual Report
2011 - 2012


As a Unified Process that is available Socially, on a universal Mobile environment, On-Demand as a Cloud Platform
pm3
Delivering Quality Education

“The most dangerous strategy is to cross a chasm in two leaps”

-Benjamin Disraeli-

As the cover design indicates, the universe is changing and the earth is an element of that universe. The barrier or the wall to this new universe is crumbling slowly. We have seen the other side with the help of the ladder (Innovative Perspective) and we now want to be the leaders in crossing over to this new universe along with our Customers; breaking the barriers.

In the last few years, the world has suddenly groaned under the burden of the legacy of the past. Technology and Logistics have rendered the globe flat and raised the aspirations of the people from a socio – economic context. Organizations are faced with no alternative but to grow; discarding the old methods of maintenance and cautious advancement. The definition of Risk Assurance is to ask “The consequence of not doing something as opposed to the traditional poser on doing something”. Innovation is the key where design thinking is the foundation that is followed by an effective deployment of solutions Glocally (Globally + Locally).

The Indian software industry for long has been brewing on labor and cost arbitrage. When the most important consideration is growth for the customer, cost does not matter. Labor must be managed as carefully as Capital. The transforming business model of Acropetal not only aggregates Customer Solutions (Products) from Industry Maps & Industry Solutions (Universal Value Chain Processes) but also effectively deploys them in a Risk Assured Manner as a Platform with Dedicated Services on a Fixed Cost Annuity. The new Organization will not just be driven by seeking Instructions from Customers; but by responsively creating Value Propositions from metadata and co-creating customer solutions that can be plugged and played globally on-demand.

This is a brave new universe where social means collaboration, where Convergence of Content, Communications and Computing is provoked by a universal design that creates and manages demand in the marketplace; delivering to the aspirations of the customers and not just by their expectations. The plurality of Productivity and Profitability are mutually inclusive and not exclusive in this new global economic order.

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THE ACROPETAL STORY

GUIDING PRINCIPLES

MISSION, VISION & VALUES

MISSION

Continuously Energizing Innovation Excellence, and Concurrently driving Strategic Imperatives for Mind 2 Market (M2M) and Time 2 Market (T2M) mutually inclusively-facilitating Transformation and Growth for our Customer Universe.

VISION

Delivering Revenues that will allow Acropetal Technologies Limited (ATL) to be measured on the same scale as the GLOBAL top 10 players in the Information Technology Solutions Business by end of 2013.

VALUES

Acropetal aspires to be recognized for the Principles and Values it holds and Practices, inspiring the industry and exemplifying as a role model. We aspire to live our Values integrating the dictates of our heart, mind, and soul.

Growth: Our definition will always be mutually inclusive of Invention, Innovation, and Improvization. We are committed to participative growth of our business eco-systems. Our work will always be guided by the principles of Design Thinking. Our actions will therefore be reflected integrally through Program (Strategy), Process (Customer Focus), and Product (Business Application).

Integrity: Personal, Professional, and Intellectual Integrity will always decree our actions. We will forever be guided in our steps by the right thing to do more than the bright thing to do.

Ethics: We will be guided by our sense of moral and enforced laws in every action we undertake as part of our enterprise. We commit never to be cowered by coercion or weakened by compromise, in undertaking the right actions for ourselves and our customer universe.

Compliance: We stand committed to obtaining certifications for all applicable standards of the business and adhering to them in engaging with our customer universe in a transparent manner globally. We will welcome the Customer Universe and independent entities auditing our enterprise as a mutually risk assuring method for Commitment to Compliance.

Practice: We will practice what we preach. Experience will drive and enrich our pathway to recommending actions for our customer universe.

Respect: We are committed to respectful engagement at all times and under all circumstances with our entire customer universe.

Attraversiamo – The Crossing Over

Acropetal aspires to be the poster-child of the Knowledge and Experience economy. Like the strategic inflection point that Intel grabbed to be branded as “intel inside”, Acropetal wants to be the energizing engine powering the transformation and therefore Innovation and growth in customer organizations; continuously and concurrently.

Technology and Systems have dramatically changed the world in the last three decades. In the last three years, they themselves are undergoing radical shifts in the way they are implemented and used. The convergence of content, communications and computing is presenting major opportunities for customers to shrink the ‘distances and divides’ with universal processes that enables people and organizations to be connected and working seamlessly across the globe; collaborating in real-time. The new generations of professionals are mobile and therefore demand 24X7 availability across channels, mediums and devices being involved, personally, professionally and emotionally in everything they do. At Acropetal, we have identified our response to this trend by developing solutions that can be delivered anywhere, anytime, anyhow as a Product, Process, Service and / or Platform.

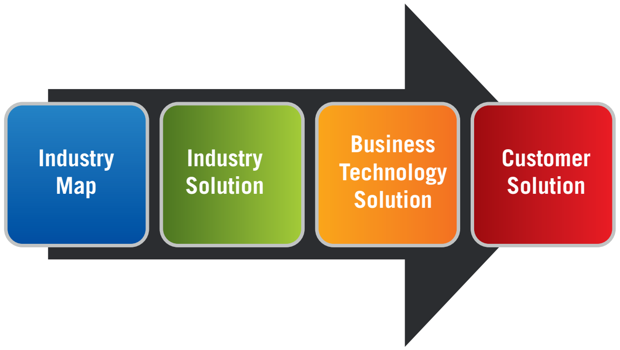
Starting as an Engineering Design Services company in 2001, we went on to add Software Services shortly and expanded our geographic footprint in Middle East, Europe and North America. We made critical investments in Product Development for Healthcare, Energy and Environment sectors and backed it up with synergistic acquisitions in India and US. With a vision to broad-base ownership, risks and rewards, we went public in 2011 with a successful listing on Indian Stock Exchanges.

In our first decade, we were focused on learning, expansion and growth. With maturity and scale at the turn of this period, we reflected upon our strengths and opportunity landscape in light of the transformational role that enterprises today expect an IT company to play in enhancing their business outcomes. This is the genesis of our holistic transformation in our approach to business, our business structure, our vision of the future and our chosen lines of focus.

We are renewing our foundations for future growth. We are transforming ourselves from a Pure Play Services Provider to a Business Technology Solutions Company. We are on course to emerge as a leading Intellectual Property (IP) led Product Development Company. During the year under review, we augmented our transformation exercise with the induction of our new CEO, Mr. Subbu Iyer, and followed it up with building a new leadership and management team. We prioritized our customer universe in order to mine our key customers better and drop the unviable ones. We successfully listed our company on the stock exchanges and announced two vital acquisitions in the last quarter of fiscal year 2010-11. We followed our listing with structured guidelines for corporate governance in the year gone by and stayed focused on integrating and aligning our recent acquisitions swiftly with the culture and ethos of the parent company.

We aim to complete the current phase of transformation and continue evolving thereafter. All these efforts are aimed at strengthening the core of the Acropetal enterprise. This will sustainably create value for all our stakeholders – Customers, Employees, Shareholders, Stakeholders, Business Partners, Vendors, and Societies in which we operate.

IP and Product Development & Deployment



The trend in the IT industry in India now is to fashion the business as Customer Solution providers rather than the traditional model of Outsourcing and offshoring service providers. A sheep in a tiger skin is still a sheep, not a tiger. In order to get to the Customer Solution, there needs to be extensive research and development of Intellectual Property (IP) that takes the form of Industry Map and Industry Solutions. These are frameworks that are consequently built upon COTS and Open Source Software to create enhanced products that respond to the changing dynamics of the market. A Customer Solution is one that addresses how such a product, depending upon the choice of technology and standards of a customer organization can be deployed globally in a plug and play manner without causing disruption to the current business and at the same time aligning the enterprise for growth through new offerings. Such solutions address the issues of enterprise architecture and integration across boundaries seamlessly to deliver value across the supply chain. Please refer to the illustration.

It is evident that mere sloganeering will not be a successful strategy for the business enterprise adapting the strategy of offering Customer Solutions. This new paradigm requires a shift in the business model, the methods of reach and distribution to the customer, the delivery of solutions at the rate of use by the customer on-demand. We have therefore created Industry Verticals focus that have been our strengths and at the same time project a global demand such as Education, Manufacturing, CPG & Retail, and Healthcare to focus on our IP development and Product Deployment. Our organization's processes, systems, and structures are being aligned to research and renewed solutions that are co-created with customers; for faster adaptability and increased rate of success in implementation. Towards this end, we are creating Customer Experience Centers that can be accessed virtually and physically by customers to co-create and build on the metadata for innovative solutions to take to marketplace.

Such an approach allows us to commercialize our IP's as well as deploy products from the developed IP's. Where, the customers for the former are Independent Software Vendors (ISV's) with an installed base globally and the latter are Customers who are desirous of leading Industry Transformation in the selected verticals. Keeping in mind the trends in technology, all our offerings are being developed for being Socially Mobile on the Cloud. More importantly, we are structured to go to the market, where the customers have a choice of selecting Product, Process, Service and / or Platform depending upon their strategic and operational context.

> *"Though within a common value chain, the Customers for IP and Products are different and so is their distinctive Distribution & Reach"*

We have consolidated our US acquisitions into a 100% subsidiary of Acropetal Technologies Limited titled as Acropetal Inc.; that will be responsible for IP development. This organization will in turn get all the product development and deployment executed in India. Acropetal Inc. will leverage the Innovation Cross Winds of the Silicon Valley combined with the availability of VC & Private Equity Funds along with design skills from Stanford, Berkeley and other universities there while India will leverage the factors of industrializing these IPs with a dedicated workforce. We are thus structuring a global operation that leverages the best of what the local environments have to offer in order to create value for the Customer Universe of Acropetal. We are also in the process of filing patents for each of our seven IP's that we plan to commercialize in the next three years.

Minding the Gap

Our focus on IP Development and Product Deployment does not mean we turn turtle on our current business model. There is a conscious movement to increase the quality of revenue with enhanced Customer Offerings that are aligned to meet the aspirations of the customer through Projects and Services. In the current geographic locations of India, North America, Europe, UK, and the Middle East, we continue to source business that is aligned to the overall business strategy. We are using this period also to educate Customer Organization and creatively get them to co-create and commit to the new world order.

We are enhancing our partnerships by creating OEM relationships to develop our IPs and Products to ride their installed base while simultaneously creating opportunities for the partner products with our installed base and new customers. We are creating new methods of Customer Distribution and Reach such as the Experience Center where we can continuously engage with all levels of a customer organization to create commitment for innovation and co-creation. Our Methodologies and Practices are being appreciated and well received by customers who consider us worthy of partnering for Product Development on a global scale.

Just as much as we are faced with the consequence of changing our business model to survive and thrive, the customers in all verticals across the globe have a similar need. Therefore, the new frameworks are relevant for them at a conceptual level that they can familiarize and test, before institutionalizing them as business solutions. This business calls for an effective means of walking through the process of Educating, Owning, and Committing to new solutions in a risk assured manner; as opposed to the traditional model of selling from the box.

Accordingly, our organization structure has been structured as represented in the Illustration to create distinction in the work we do while embracing a common customer universe globally; leveraging the global and local exchange to create and manage demand in the marketplace for continuous growth. It is to be noted that our subsidiary in Dubai will continue to work in the area of Infrastructure and Engineering, serving our oldest customer Oger, Saudi Arabia, while developing the business of Engineering Services independently.

Business Focus

It is our intent to be extremely focused in these demanding times when more needs to be produced from less. The emphasis is to optimize on Returns on Assets Deployed (R.O.A.D.) as opposed to merely seeking Returns on Investments (R.O.I.). Our geographical focus continues to be India, North America, Europe, UK, and the Middle East while our Vertical Focus is restricted to Education, Manufacturing, CPG & Retail, Healthcare, and Enterprise Innovation Management (that spans across the verticals mentioned as a horizontal offering that triggers the transformation for Innovation & Growth).

Education:

We are focusing on the lifecycle of a Student through K 12, Higher Education, Lateral Education, and Experiential Learning. It is a generally accepted principle that K12 is the foundation and one that has the need for most attention with respect to reformation and renewal in this sector globally. Accordingly, the IP that we are developing branded as PM^3 – Delivering Quality Education, focuses in the first phase on the K12 segment with North America as the primary market followed by India and then the Rest of the World. Our IP aims at unifying the Customer Universe in the Education Sector and only developing components that are not already contributing to the Quality of Education in a sector; in a market otherwise crowded by players who are pouring in for the gold rush.

Manufacturing, CPG & Retail:

We are developing IP around Consumer Experience Management (CEM) in this sector where it is acknowledged that the "Moment of Truth" has dramatically shifted from the 'chi-ching' to the life cycle of an experience of the product. Accordingly, we are focusing on building industry components across the Value Chain that enable us to respond to Consumer Demands; not just by managing them but also by Creating them. Our geographical market focus for this is primarily India followed by North America, Middle East, Europe, and UK in that order.

Healthcare:

We have had an early lead in building components such as Electronic Medical Record (EMR) and others around the ecosystem of healthcare. Now we are unifying the same across the life cycle of a patient integrating with Drug & Disease Management, Clinical Life Cycle Management, and Prescriptive & Speciality Medicine. While we continue to service existing and new customers with the available offerings, we are in the process of developing new generation offerings that will position us as an Industry Leader in the Healthcare Vertical. Our current market focus includes North America, Middle East, and India in that order of priority.

Enterprise Innovation Management:

This is a horizontal that is applicable across verticals where every business in the world today needs to innovate in order to grow. We are developing our IP branded as HREEMM – THE INNOVATION ENGINE, which energizes enterprises to operate a Networked Process of Innovation to continuously generate Mind 2 Market (M2M) and Time 2 Market (T2M) advantages. By positioning ourselves to facilitate the enterprise core and support processes in our chosen industry verticals and segments, we are in an ideal situation to collaborate and co-create with our customers in their initiatives that deliver strategic outcomes. This is a dramatic shift in the way we are preparing ourselves to be identified and differentiated.

Awards

- Recognized as the "First among the Fastest Grown SME Companies in Karnataka" by the Software Technology Parks of India (STPI) in 2006-2007 for its growth and achievements.

- Chairman and Managing Director (CMD), Mr. D. Ravi Kumar was recognized as the "CEO of an Emerging Organization" at the Asia Pacific HR Congress 2010 for his exemplary work.

- Awarded the "STPI IT Export Best Performer award" under the category of "High Growth SMB's" for the year 2009-2010 by Government of Karnataka for its exemplary work during the Bangalore IT.Biz 2010 event.

- CMD was conferred with "Indira Gandhi Sadbhavana Award" in 2007 for his excellent contribution to the industry.

- Dr. Malini Reddy, Co-founder & Ex-director of the Company, was awarded the "STPI IT Export Award" under the "High Performing Women IT Entrepreneur" category for the year 2009-2010 at the Bangalore IT.Biz 2010 event by the Government of Karnataka.

Leadership Team

We understand the role of leadership as continuously preparing ourselves and our Customer Universe for Transformation, Innovation and Growth; continuously and concurrently to business as usual.

Subbu Iyer
Chief Executive Officer (CEO)

Subbu brings the vision and expertise to lead a next generation enterprise that will focus on creating IP; leading industry through innovation rather than competing with competitor's inflections. Prior to his current avatar, he has been a serial entrepreneur and a senior leader in world leading organizations such as Coopers & Lybrand, TCS, Wipro Technologies, and Cambridge Technology Partners. He is a practicing enterprise architect and has contributed seven IP's to the pipeline of Acropetal in the quest for its future growth. His greatest strengths are design thinking and institutionalizing growth.

Sudhendu Basu
Vice President – Finance

With 16 years of experience in leadership positions in the finance domain, Sudhendu plays a key role in managing the finance function at Acropetal. He is an Associate Member of the Institute of Chartered Accountants of India, and the Institute of Cost & Works Accountants of India. Prior to joining Acropetal, Sudhendu served in various capacities in reputed organizations such as Balmer Lawrie, Omne Agate Systems, and Oriental Electric and Engg Co.

Srikanth Iyer
Chief Operating Officer (COO)

Srikanth brings over 16 years of industry experience, having worked across several industry sectors and technology platforms globally at Steria and Mahindra Satyam. In the knowledge industry that is driven by demanding customers, Srikanth believes in building energized teams who think and deliver beyond boundaries.

Pradeep Vempada
Chief Innovation Officer (CIO)

Pradeep brings over a decade of rich international experience in product development and global exposure at an organization like Intel, working with culturally diverse teams. Pradeep holds a B.Tech. in Electrical Engineering from the Indian Institute of Technology, Madras, MS from Northeastern University, US and MBA from the Indian School of Business.

Ishashis Raghava
Chief People Officer (CPO)

Ishashis holds an MBA from the Indian School of Business (ISB). He was a merchant navy officer prior to his MBA. He successfully navigated through several life threatening situations that he handled with utmost calm, maturity and efficiency. In Acropetal, he is working on developing a culture of energizing innovation excellence within the Organization.

Naveen Suryadevara
Chief Technology Officer & Head-EISS (CTO)

Naveen has hands on experience in both technical consulting and product development. Apart from an MBA from ISB, he brings with him expertise of developing customer specific solutions in communications domain for enterprise and service provider customers. He has worked with customers from various geographies including North America, Europe, and Africa.

Jamili Jalaiah
Executive Vice-President, Strategy

Jamili has more than 25 years of professional experience across multiple industries including Banking, Manufacturing, and Software industry in reputed companies such as ING VYSYA, International Instruments and Geneva Software among others. He holds educational qualifications from The Institute of Company Secretaries of India, Institute of Costs and Works Accountants of India and from the Indian Institute of Bankers apart from a Bachelor's degree in Commerce.

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

61% Revenue

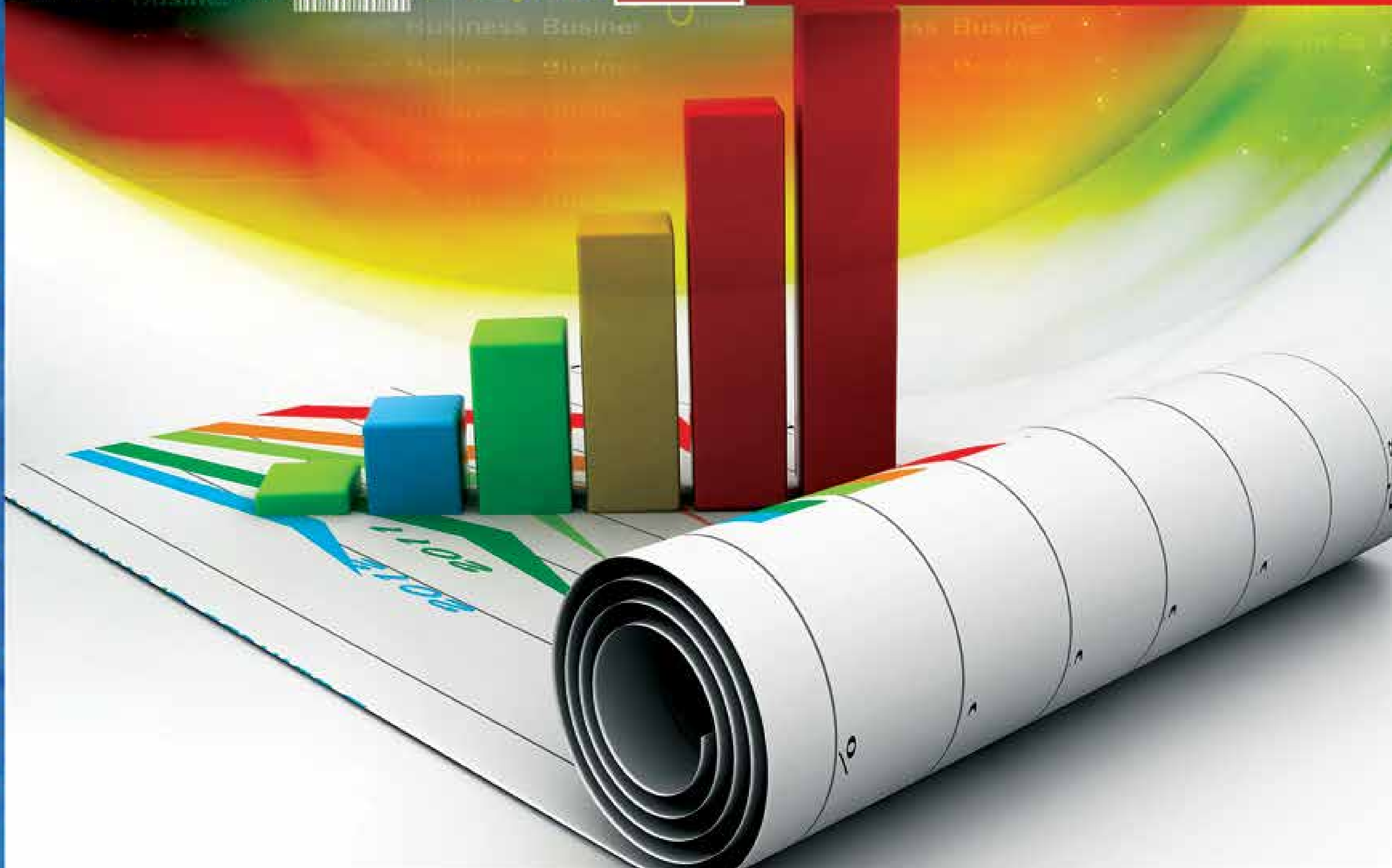
Up 61% Y-o-Y @ ₹ 323.79 crores

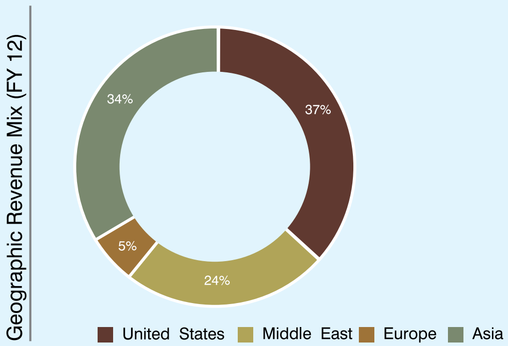
10% EBITDA

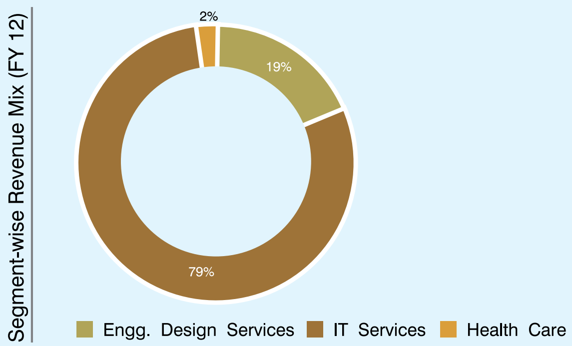
Up 10% Y-o-Y @ ₹ 85.81 crores

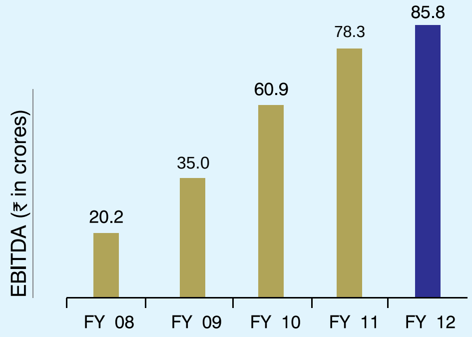
34% Net Profit

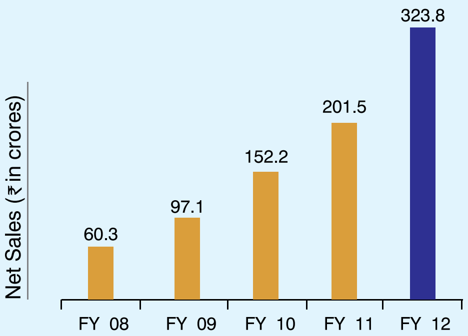
Up 34% Y-o-Y @ ₹ 44.88 crores

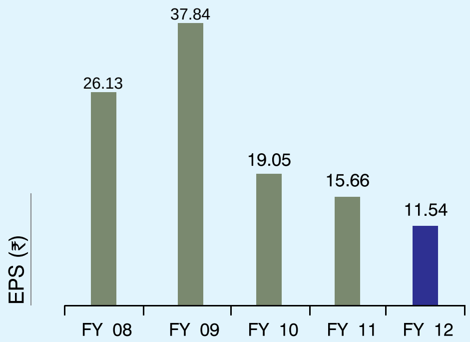


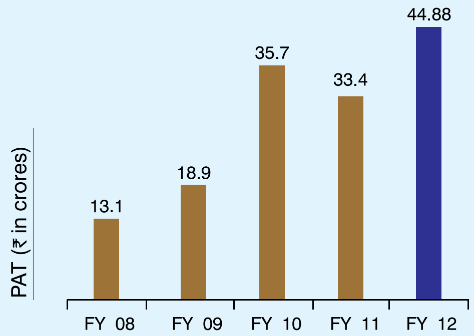








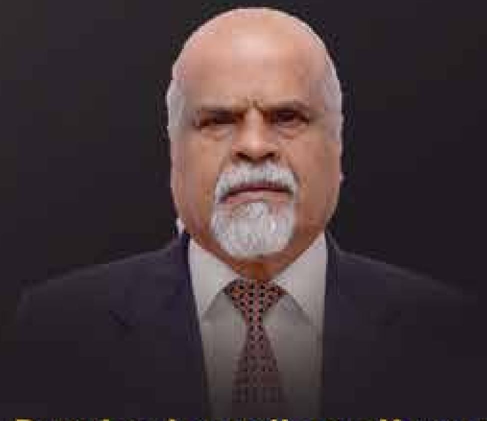




“Our growth over the years has been consistently matching that of the industry. Our renewed business model and strategy will now create a new scale and a paradigm shift for growth in the coming years as a leader in the IT industry.”

BOARD OF DIRECTORS


D Ravi Kumar


Ramdas Janardhana Kamath


Dr. Mathew J Manimala


Mohan H Ramakrishna


Dr. D K Subramanya Reddy

Mr. D Ravi Kumar

Ravi Kumar founded Acropetal Technologies in 2001 and has single handedly steered the business to its current status. With over 20 years of rich experience, he has demonstrated sharp financial acumen in managing businesses and spearheading several acquisitions. He takes an active interest in the financial management of the organization. His contribution, direction, and orientation towards excellence were recognized at the Global HR Excellence Awards as "CEO of an Emerging Organization" in 2010. He is a mechanical engineer from the University of Bangalore and a Harvard Alumni, having attended an advanced executive management program.

Mr. Ramdas Janardhana Kamath

Ramdas Janardhana Kamath is the former Chairman and Managing Director of Andhra Bank and Canara Bank. He is a commerce graduate and a Certified Associate of Indian Institute of Bankers (CAIIB) by professional qualification. He was in charge of the Treasury and International Operations Wings, the Credit Wing, and the Personnel wing at Head Office of Canara Bank before becoming their Executive Director. Besides the aforementioned, he has held numerous other prestigious positions in recognized banking bodies like National Institute of Bank Management, Governing Board of Institute of Banking Personnel Selection, etc. He serves as an independent director of Acropetal Technologies Limited.

Dr. Mathew J Manimala

Mathew J Manimala is a Professor of Organizational Behavior at the Indian Institute of Management Bangalore. He is also a Senior Enterprise Fellow of the School of Entrepreneurship and Business, University of Essex, UK. Professor Manimala obtained the doctoral degree from Indian Institute of Management Ahmedabad. He has been awarded many academic honors and research fellowships by prestigious international agencies such as the European Foundation for Management Development and the Shastri Indo-Canadian Institute. He has published more than 50 research papers and articles in international journals and presented papers mostly in international conferences. He serves as an independent director of Acropetal Technologies Limited.

Mr. Mohan H Ramakrishna

Mohan H Ramakrishna holds a Bachelor of Management degree from Mangalore University. He has over 10 years of substantial experience in the field of Finance and Institutional Financing. He has structured various finance products and has been successfully engaged in institutional sales of various financial products. His areas of expertise are in leading sales teams, solutioning, and institutional sales engagements in the domain of finance. He serves as an independent director of Acropetal Technologies Limited.

Dr. D K Subramanya Reddy

Dr. D K Subramanya Reddy holds a doctorate in Nuclear Medicine. He has more than 35 years of experience in the field of medicine. He holds a Master's degree in Physics from Andhra University. He has to his credit pioneering efforts like setting up a Cancer Hospital which he has nurtured for close to 20 years. Dr Reddy has been an examiner for doctorate programs and has guided doctoral candidates to successful completion of their PhD.

CHAIRMAN'S COMMUNICATION

Dear Shareholders,

It gives me great pleasure to discuss the performance of your Company and its growth outlook in the second year since we listed. Your company consolidated and is building on the position at a time when the IT industry in India is at a point of strategic inflection and the global economy is trying to emerge from recession with a stronger focus on growth more than maintenance.

First, let us take a look back and enjoy the progress your Company has made in the first decade of its journey.

We started off as an Engineering Services design company with a large order from Saudi Oger, who continue to be our valued customer. The success in the engineering services space gave us the confidence to start the IT services business unit that proved successful in a relatively short time. Along the way, the Company was certified for key quality standards including ISO 9001-2008 and also notched up several awards and accolades in recognition of its exponential growth. The 100% EOU under the STPI scheme was set up in 2008 and two new verticals in the form of Healthcare and Energy were added to the portfolio. Keeping in mind the need to acquire companies which complement our existing portfolio in terms of technology and also enable us to offer end-to-end solutions, we acquired LineBeyond Inc. and Optech Consulting Inc. in North America.

We believe that the basic building blocks of a successful Company were put in place with the above strategic actions that set us on a path to list on the bourses and became a listed Company with your active support. As a Company, we have positioned ourselves to large global corporations as a credible alternate service provider to Tier-I companies with Service Quality being a differentiating factor. The substantial growth in our revenue and our margins has been brought about by our tenets of offering the right size, right commitment, right expertise and the right focus while partnering with global clients.

On consolidated basis, we recorded our total income this year at ₹343.2 crores compared to ₹201.6 crores in FY 11 which corresponds to a growth of 70%. EBITDA for the year was ₹85.8 crores while the net profit after tax was ₹44.9 crores. This was in comparison to an EBITDA of ₹78.3 crores and a net profit of ₹33.4 crores for FY 11. The Company has thus demonstrated a robust improvement in both the top line and bottom line and we foresee the momentum continuing into the future.

From a geographical perspective, US continued to be the main stay of our revenues with almost 37% contribution followed by 34% from Asia Pacific, 24% from Middle East and 5% from Europe on consolidated basis. Information Technology services with 79% of our revenues was the dominant business unit while Engineering Design services contributed 19% and the balance came from Healthcare.

As we move into the second decade of our existence, the Company has taken a long and hard look at its strategy and would like to reinvent itself to be ready to capture the opportunities that the changing market place has to offer. While cost and talent still remain essential considerations for global sourcing, industry expertise and innovation is expected to drive future requirement. Rate of technology introduction is much faster now and the future will only see an increase in the pace and variety. We believe that the future of IT services industry is beyond pure-play services – it will be a Business Solution offered as a choice to the Customer in the form of a Product, Process, Service and / or Platform.

With this in mind, Acropetal is transforming itself as an IP & Product Development Company with an aspiration to be the poster child of the knowledge and experience economy. The immediate current focus areas of Acropetal include:

- *Education where on the scope includes K-12, Higher Education, Lateral Education, and Experiential Learning globally; led by PM^3 our flagship IP and Product.*
- *Healthcare focusing on Patient Life Cycle Management, integrating the ecosystem of Health in each of the participating geographies.*
- *Manufacturing, CPG and Retail driving Consumer Experience Management (CEM) as the theme for our IP and Products in the Vertical globally.*
- *Enterprise Innovation Management using HREEMM as the IP and Product to support Innovation Management globally*

With the global environment becoming more selective and sharpened by the experience of what to expect after having experienced the cycles of outsourcing and offshoring, Innovation becomes a significant lever to design and deliver business solutions to Customers responsively; Creating and Managing Demand. This is only possible by the process of Co-Creation with our Customer Universe. Your company is establishing Customer Experience Centers in the markets it participates to be able to collaborate and deliver business solutions on-demand in real-time.

We embarked on a process of internal transformation called "Attraversiamo" meaning "The Crossing Over" to realize our stated intentions of transformation from a Pure Play Services into a Business Technology Solutions company. We have therefore brought in a strong leadership and management team led by Subbu Iyer as the CEO, who comes with decades of experience globally. In addition, we are in the process of building processes and systems that will facilitate a World Class Operation.

We believe our ability to grow on a sustained basis and maintain the differentiation in the market place is to a large extent dependent on our strength to attract, train, motivate and retain our people. We intend to further develop our position as a preferred employer in our industry and place special emphasis on Human Capital Management. We have created a unique method of Rewarding, Recognizing and Celebrating Potential rather than Performance; thus not limiting the contribution of our people and actively encouraging them to be Intrapreneurs contributing to the growth of the Acropetal enterprise.

I believe that the strategies and the action plans that we put in place and the investments made in people, processes, and systems over the last couple of years will yield significant return on investments in the immediate future. I would like to place on-record my heartfelt gratitude to our customers, shareholders and our employees who have supported us at every stage of our journey and I do hope that their support and goodwill will continue as we grow together; from strength to strength.

Best regards,

D Ravi Kumar


LEADERSHIP
BY
DESIGN

CEO'S COMMUNICATION

Dear Shareholders & Stakeholders,

I came on board your company on November 11, 2011 with the specific mandate to address the growth of the organization. As a Practicing Business Transformation Architect, I bring the vision of an Indian Company that can impact globally as role models such as Google, Apple, Amazon and Intel. All these companies continue to lead the industry innovatively with their IP and Products that have shaped our lives and societies around the world.

One of the first initiatives I launched was Attraversiamo (The Crossing Over) – A Program for the organization to transform from Pure Play Services orientation to IP & Products Development & Deployment orientation. Such a strategy is prudent because the customers globally are looking for solutions that can be plugged and played with; as opposed to long cycles of implementation. With trends such as Cloud Computing, Virtualization, Software as a Service (SaaS), Infrastructure as a Service (IaaS), the global customers are demanding Innovation in serving them and not Differentiation. This transformation program is therefore aimed at leveraging the existing assets of the enterprise intelligently while shifting to a new operating model that addresses the Productivity and Profitability of the enterprise concurrently.

We have also ushered in young dynamic talent that shares a common aspiration and vision for the Acropetal enterprise. During this financial year, we will be completing the building of three IP led Products in our focused verticals of Education – ***PM³****, Enterprise Innovation Management –* ***HREEMM*** *and Manufacturing, CPG & Retail –* ***CEM*** *(Consumer Experience Management) that have a potential to generate exponential revenue and profits in the following financial year. In the meantime, we continue to serve our existing and new customers with newer solutions facilitated by better methods, tools, and talent. A key area of our Leadership and Management thrust has been to Reward, Recognize, and Celebrate Potential more than Performance; while we prepare our enterprise to meet the emerging demands of a global market for innovatively designed and delivered business technology solutions on-demand.*

We have streamlined the operations of the organization, worldwide with the acquisitions in the US being unified into a single unit as a 100% subsidiary. We continue to be true to the mandate you have entrusted upon us and continue to build a pipeline of Intellectual Property (IP) in the Healthcare, Energy & Environment, and Government & Public Services Verticals that will catalyze the growth of the business even more exponentially than you have come to expect and witness in the past.

I am grateful and privileged to be in your service as the CEO of our company. At all times, I will keep our relationship sacrosanct in creating and managing demand; assuring your loyalty with smart work, perseverance, and integrity. I thank you for your continuing support and goodwill.

Sincerely,

Subbu Iyer

MANAGEMENT EXECUTIVE COUNCIL

The Management Council headed by the Chief Executive Officer (CEO) will operate the strategic management of the Company's businesses having established a clear mandate with the board through a business case; renewing annually and on a quarterly basis. The appointments to the Executive Management Board are made by the CEO in consultation with the CMD and validated by the board.

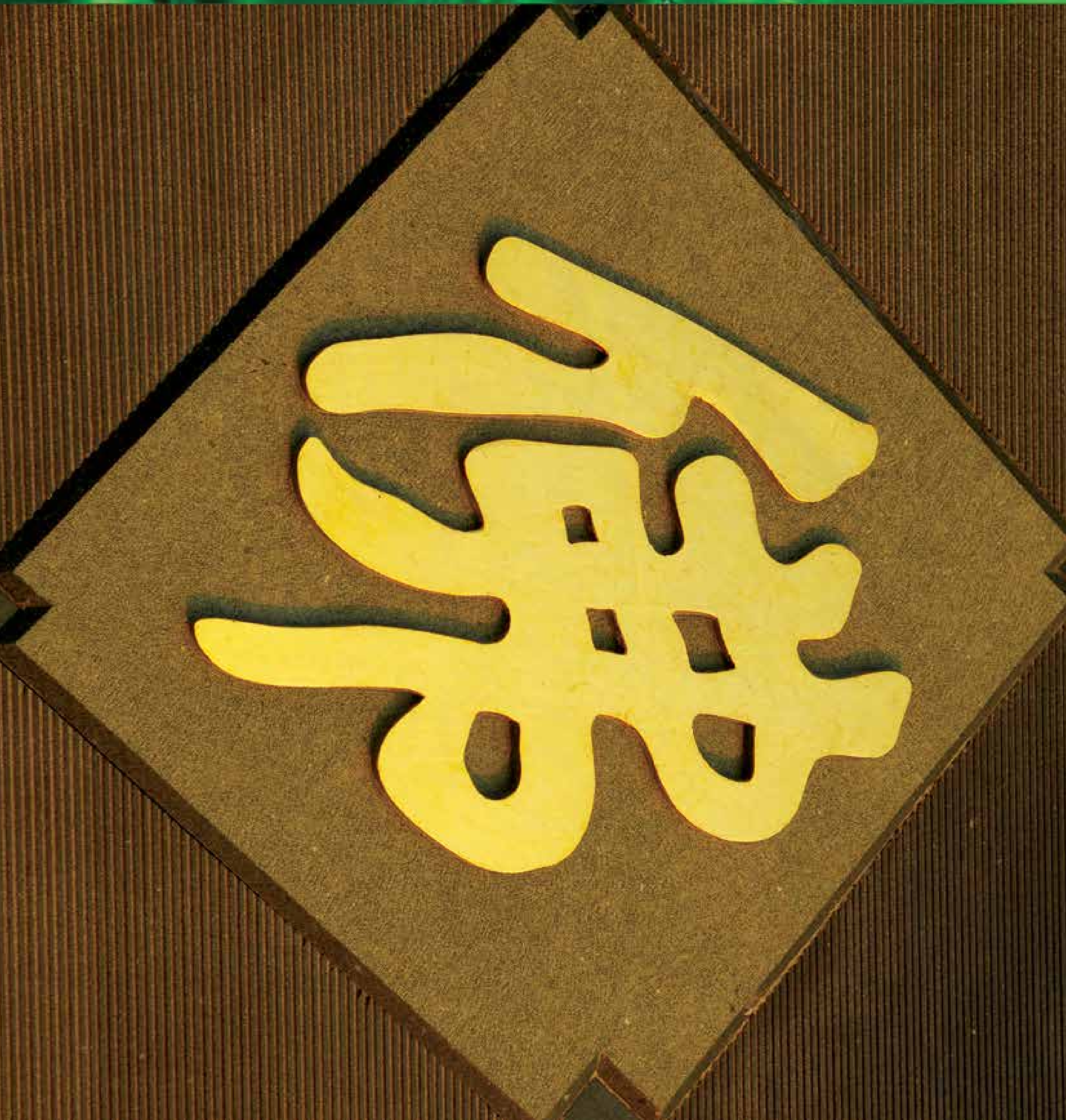
The Management Council will view business from the five dimensions of Business Innovation (Branding, Positioning & Marketing) and therefore operationalize Learning and Growth, Business Operations, Customer Loyalty & Satisfaction that will produce the desired Revenues and Profitability.

The Current members on this Council include Subbu Iyer (Chief Executive Officer), Sudhendu Basu (Vice President – Finance), Srikanth Iyer (Chief Operating Officer), Pradeep Vempada (Chief Innovation Officer), Naveen Suryadevara (Chief Technology Officer), Ishashis Raghava (Chief People Officer) and Vijayendra R (Company Secretary).

Responsibilities of the Management Council include:

- Facilitating the effective functioning of the Board by reporting on the Balanced Scorecard.
- Formulating and presenting annual business plans including Business Strategic Road Map and the aligned Financial Planning.
- Assuring implementation of approved Business Plans and other objectives set by the board from time to time.
- Being responsible for the day-to-day operations of the respective businesses and monitoring its efficiency and effectiveness.
- Formulating organizational and / or business Processes, Principles, Policies and Procedures and align them to enterprise systems.
- Formulating human resources plans and policies, including recruitment, compensation, career and succession planning and human resource development plans – at all levels.
- Setting the culture of the organization and periodically assessing the same to be aligned with emerging business challenges.

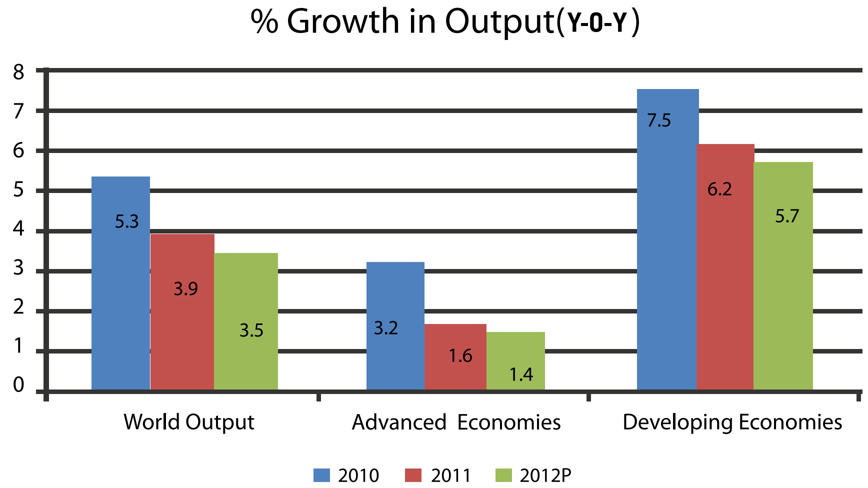
MANAGEMENT DISCUSSION AND ANALYSIS



1. ECONOMIC OVERVIEW

During the year, the global economic growth slowed down considerably. The global output in 2011 grew at a much lower rate of 3.9% against 5.3% in 2010. While the slow growth was mainly due to sharp slowdown of developed economies to 1.6% from 3.2% in 2010, the emerging and developing economies also could not help much as they grew at a lower rate of 6.2% against 7.5% in 2010. The global growth continues to remain fragile and as per an IMF release, global growth is projected to slow further to 3.5% in 2012 before recovering to 4.1% in 2013.

On the positive side, unlike the 2008 downturn, where corporates had a highly leveraged balance sheet, the current slowdown is mainly driven by increasing leverage in government's balance sheet. The business sentiments across US and Europe are relatively better as the companies have been performing well, which in turn has improved their balance sheets. While there are uncertainties relating to an election year in the US and changing of guard in Europe, resulting in slow decision-making process, there has not been across the board cut in IT budgets.



Source: IBEF

Economic conditions of all our four targeted markets of India, Middle East, North America, and Europe create conducive opportunities for conducting business. Demand for more innovative solutions that add value to these societies is increasing at a rapid pace and multiple multi-billion dollar investments are in the pipeline in our areas of targeted business sectors in these verticals. It can also be inferred that the GDP of these markets and per capita income is in favor of supporting business and business related activities.

Economic outlook of these four markets have shown that the political, currency and economic policies are expected to stabilize and improve for next 4-5 years.

India holds the promise of an emerging market dominant economy and holds the potential to sustain per-capita GDP growth in the range of 6-8% over the next decade. It is a democracy and has predicted political economy over the next 4-5 years. There is strong demand for Business Technology solutions to drive the country to an economic super-power status.

	United States	European Union	Middle East and North Africa	India
Gross domestic product, current prices	$15.61 trillion	$17.07 trillion	$4.23 trillion	$1.78 trillion
Gross domestic product per capita, current prices	$49,601.41	$31,959.42	$10,188.35	$1,454.65

Source: IMF April 2012

North America and **Europe** are both highly developed markets. Over the past 4-5 years, these markets were strongly affected due to the financial crisis. This creates a prerogative of these economies to re-start growth and invest in technologies that are innovative in nature and add to the long-term benefit of their societies.

Middle Eastern markets also hold the promise of growth. Governments in these regions are actively investing in training and growth and we can see an opportunity to contribute to that growth by conducting business in these region.

Political and Governmental Initiatives

The key initiatives that governments have taken in the market that we focus on are listed below.

North America

- Opening New Markets
- Expanding Trade
- Supporting Entrepreneurs and Innovators
- Investing in Infrastructure, Training and Opportunity
- Supporting conditions for Business Investment
- Investing and supporting business in creating Jobs

Europe

- Supporting companies in Building competitive advantage by investing in Innovation, Skills and Infrastructure
- Encouraging and assisting start-ups
- Attracting inward entrepreneurial start-ups
- Supporting FDI
- Creating jobs and employment opportunities

Middle East

- Investing in activities which helps in opening up of the economy
- Creating jobs by investment in business
- Investing in Education and Training to support the economy

India

- Supporting Infrastructure and Education by allocating budget
- Creating policies to attract and support FDI
- Investing in Infrastructure and Retail sector

Each of the governments of these markets and the private commerce are finding ways of beating recessionary trends and embarking on a new way of life that is pervaded by the convergence of Content, Computing and Communications.

Socio-cultural Environment

Changes in social trends in buying pattern of products in these four target markets have shown that, irrespective of difference in the tradition, custom, social attitude, nature, willingness to work and religion among them, their purchasing pattern is shifting from traditional to modern era of internet. Even though, the rate of change of buying pattern is different in each market, still all of them are moving towards cloud based applications and services. B2B, B2C, and C2C Commerce are flourishing with an increased emphasis on device, channel, and medium independent solutions. Customers are not willing to pay and assemble various items and look for paying what they consume at the rate they choose.

Natural Environment

Environmental factors does not hamper cloud based services which means these factors are not negatively affected by the business model where cloud based applications are used.

Demographic Environment

The Generation Y expects to be connected anytime, anywhere and anyhow to diminish the distinction between personal and professional environments and be available to do work as per the demands of a global economy. Their impatience with the status quo is reflected in the unrests in the different parts of the world. In the social and mobile context, it has become imperative for businesses to renew the technology to make it possible for breaking the conventional barriers of hierarchy and class; just focusing on productivity and profitability concurrently.

Technological Environment

As technology is improving, the level of competitiveness is also increasing, forcing it to change and improve further. New era of cloud-based services has changed the buying pattern of consumers and made these Technical trends come into market:

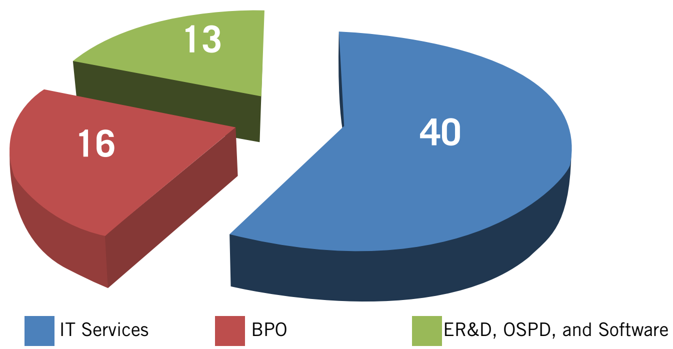
- Cloud storage became the priority of the consumer segment
- Mobile cloud now becomes a significant component of the IT strategy
- Hybrid clouds become practical
- Evolution of the Cloud Services Brokers
- Data centres have now primarily become cloud-based

2. INDUSTRY STRUCTURE & DEVELOPMENT

IT Software Services

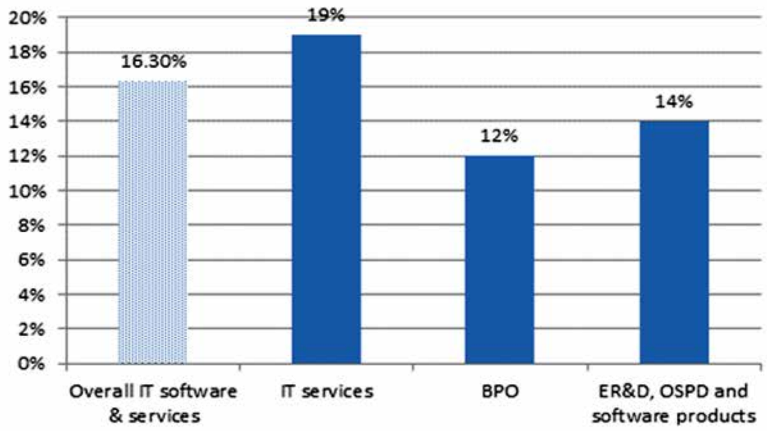
2011 was a mixed year for Indian IT industry. Due to global weakness and uncertain demand outlook, the technology and related services sector grew by 5.4% to over USD 1.7 trillion. Of this, software products, IT and BPO services accounted for over USD 1 trillion while IT-hardware spends accounted for the balance USD 645 billion.

IT software & services export revenue (USD bn)



Despite weak industry growth, the global outsourcing grew by an impressive 12% due to stronger growth from the EMEA region and industry's shift towards smaller contract deals. The Total Contract Value of IT outsourcing deals in 2011 grew by a modest 3% to USD 95 billion and was highest since 2005 with a record total number of deals at 870. Within the global sourcing industry, India was able to increase its market share from 51% in 2009 to 58% in 2011, highlighting the country's continued competitiveness and the effectiveness of India-based providers in enhancing their value-appeal to clients.

During the financial year 2011-12, the Indian IT industry completed its maiden century by clocking USD 100 billion in revenues, an annual growth of 14%. Excluding hardware, the IT software and services revenues during the year were at USD 88 billion and grew by 15%.



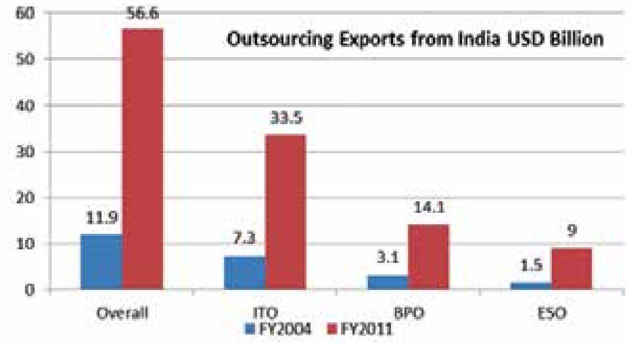
Source: IBEF

The IT software and services contribution to export revenue grew by an impressive 16.3% and reached USD 69 billion, almost a quarter of the overall Indian exports. This growth was led by IT services, which grew by 19% to USD 40 billion and accounted for 58%, while the BPO segment grew by 12% to USD 16 billion and accounted for 23% during the financial year. The ER&D, OSPD and software products segments grew by nearly 14% and contributed USD 13 billion to export revenues and accounted for the remaining 19%.

IT services was also the fastest growing segment in the Indian domestic market, growing by around 18% to reach ₹589 billion. The domestic BPO segment is expected to have grown by 17% in FY 2012, to reach ₹149 billion while the domestic software products segment is expected to have grown to ₹180 billion in FY 2012, a growth of about 13% over FY 2011.

Engineering Services

The Engineering services outsourcing market is 16% of total outsourcing market and has grown much faster than ITO and BPO between the financial year 2003-04 and the financial year 2010-11. Hi-tech and automotive industry form 75% of the industry; the aerospace is expected to grow much more rapidly in the years to come. The Global engineering service market is expected to grow to USD 1100 billion by 2020 from USD 850 billion in 2009. Due to technology advancement and increasing



Source: IBEF

acceptance of outsourcing globally and across industries, the share of engineering services outsourcing market is expected to grow to over 15% from a current 4.5%. Of this, India's share is expected to grow to 25-30% from the current share of 20%. The revenues for the industry are expected to cross USD 40 billion from USD 13 billion in the financial year 2010-11.

International Environment

Markets across the globe are becoming more inter connected and are becoming more open by the day. International environment is a fast emerging force to reckon that can define the new balance in the new world.

Some Key Implications of global or international environment are:

(i) India is on the verge of the next wave of liberalization and is also opening up its economy for participation in global trade and commerce. As a result, Indian companies are forced to view business issues from the global perspective.

(ii) The concept of a Safe and Protected market now exists as a myth. The world is becoming small in size due to advanced means of transport and communication facilities.

(iii) Business leaders and managers at all levels of the organization are more and more increasingly learning foreign languages to participate and conduct business across the globe.

(iv) As a result acquiring familiarity and a working knowledge with foreign currencies is also must.

(v) There are still parts of the world that are facing political and legal uncertainties. The results of these developments hold the potential to disrupt the global business and needs to be taken care of while taking long – term business investments.

Competitive Analysis

Competitors are investing in innovation and technologies which target to cater modern generation with the help of improved technology. The industry players are focusing on the following areas of investments.

- Innovation through R&D & Global Integration
- Repeatable Asset based solutions
- Vertical Competency solutions
- Strategic Acquisition growth- Targeting acquisitions for skills in business analytics and optimization
- Alliance Partnership
- Next-generation data centre/cloud services, platform services, mobile, and enterprise analytics
- Global Expansion
- Development of Intellectual Assets
- Productized Solutions
- New Business Models
- Human Capital Management focusing on all the three dimensions of Professional, Personal, and Emotional Growth.

3. OPPORTUNITIES & THREATS

Shift in Business Models

Most of the competitors are now shifting their positioning in the market as a Leader in providing On-Demand business solutions. They are using various acquisitions and alliances to sustain their leadership in the market while at the same time investing in upcoming technologies like cloud platform to sustain their positions. Innovation and Intellectual property has now become a key component of the business models and a primary source of differentiation with other industry players. To sustain this competitive advantage, most of them are investing heavily on R&D to remain competitive in the marketplace. Businesses need to create and manage demand and this is reflected in the successful business models of Apple, Google, Intel and Amazon who have studiously constructed a globalized business model; one that will continue to sustain growth over the next decade with a pipeline of Intellectual Property which essentially becomes their core focus; rather than merely selling products and services in the marketplace.

We learn from our extensive research that there are opportunities only when the business model is aligned to the growing aspirations of the businesses and societies of the future. There is a clear departure from the past demanding significant innovation. We are therefore focusing on our and our Customers to use this path to create growth and wealth in societies.

IP & Product Development

The Company has been making consistent investments in developing intellectual properties and products that can help the Company to grow non-linearly. Acropetal Inc. (HQ in CA, USA) will drive the IP development efforts while Acropetal Technologies will develop and deploy solutions to consumers globally. The Company has a strong pipeline of 7 IPs which will be developed and rolled out over the next 3 years. The first IP, in the field of education named as PM^3, has been developed to deliver quality education across the world. Using this as a leading IP and Product, the Company plans to focus on K-12 education, higher education, lateral education, and experiential learning starting from North America.

IP	Description
Patient Life Cycle Management (Healthcare)	Integrating the universe of customers across Clinical Life Cycle Management, Disease Management, Drug Discovery & Management, Hospital Administration Management, and Revenue Life Cycle Management integrated with Electronic Medical Record (EMR).
PM^3 (Education)	Connecting the universe of customers that facilitate a student to derive quality education.
Hreemm (Enterprise Innovation Management)	Energizing innovation excellence through Value, Intellectual and Human Capital Management
U & I (Universal Intentionalism)	A docu-vision platform to learn, share and collaborate globally and innovate in a networked environment
Extending the Moment of Truth (Consumer Experience Management)	Responding to the new experience oriented consumer loyalty management
Cradle to Grave (Government & Citizen Interaction)	Creating an interactive real-time experience between the government and citizens at all levels.
Green Environment (Energy & Environment)	Recommending optimization on consumption of energy and recommending alternate sources of energy

Acquisitions

Acropetal Technologies Limited completed acquisitions of two US based companies, LineBeyond Inc., USA and Optech Consulting Inc., USA, in the financial year 2011-12. The Company acquired 100% stake in LineBeyond and 70% in Optech Consulting Inc. Subsequent to the year under review, the company has acquired the remaining 30% in Optech Consulting Inc., thus making it a wholly owned subsidiary of the company.

The name of LineBeyond Inc., a US subsidiary of the Company, was later changed to Acropetal Inc. The two overseas Wholly Owned Subsidiaries of the Company in the US, Optech Consulting Inc. and Acropetal Inc. have been merged in compliance with the laws of the US and the merged entity is now named as Acropetal Inc., USA.

Acropetal Inc. will get into IP development by exploring the expertise and design skills available in the Silicon Valley. The funds requirements are proposed to be sourced from Venture Capitalists and the Private Equity Funds available there. Leading universities of the US are proposed to be partnered in these ventures. Acropetal Inc. will get its product development and deployment executed in India. With this structure we propose to optimize the utilization of resources and opportunities available both in India and overseas.The Company also made two domestic acquisitions by acquiring 100% stake in MindRiver Information Technologies Ltd. and 51% stake in Kinfotech Pvt. Ltd. during the year under review.

4. FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATIONAL PERFORMANCE

The following analysis reflects the Company's performance on **standalone basis.**

A. Revenues

Revenue increased by 43.66% to ₹20367.66 lakhs for the year ended 31st March, 2012 as compared to ₹14178.04 lakhs for the previous year. The Company's strategy of building strong delivery capability with its multi-pronged emphasis on technology, people, and processes has resulted not only in increased business from existing customers but also in new customer acquisition.

B. Operating Expenses

The ratio of operating Expenses to total income has increased to 69.8% from 60.1% over the previous year.

C. EBITDA

EBITDA was ₹4524.83 lakhs for the year ended 31st March, 2012 as compared to ₹5638.34 lakhs for the last year. In percentage terms, the EBITDA stood at 22.22% for the year ended 31st March, 2012 as compared to 39.77% the last year.

D. Profit after Tax

PAT stood at ₹2903.99 lakhs for the year ended 31st March, 2012 as compared to ₹2066.54 lakhs for the last year. In percentage terms, PAT was at 14.26% for the year ended 31st March, 2012 as compared to 14.58% for the last year.

E. Interest and Borrowings

The Company had term loan of ₹3044.92 lakhs, working capital loan (short term) of ₹3663.47 lakhs and vehicle loan of ₹38.41 lakhs as on 31st March, 2012 as compared to ₹4142.92 lakhs of term loan, ₹3703.72 lakhs of working capital loan and ₹30.12 lakhs of vehicle loan for the same period last year.

The Company had incurred interest expenses of ₹881.43 lakhs towards bank borrowings and ₹121.61 lakhs for financial charges and other interest as on 31st March 2012 as compared to ₹1058.86 lakhs for bank borrowings and ₹129.40 lakhs for financial charges and other interest for the same period last year.

F. Return on Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2012 was 8.04% as compared to 10.20% for the same period last year.

G. Return on Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March, 2012 was 13.33% as compared to 13.50% for the same period last year.

H. Fixed Assets

The Company added fixed assets to the extent of ₹657.09 lakhs for Tangible Assets and ₹10.22 lakhs for Intangible Assets, Additions were mainly incurred for Computers and Computer Accessories.

I. Receivables

Debtors as number of days sales stood at 240 days for the year ended 31st March, 2012 as compared to 100 days for the last year.

J. Cash Generation

Cash generated from operations was ₹1666.17 lakhs for the year ended 31st March, 2012.

5. SEGMENT WISE PERFORMANCE

From a geographical perspective, US continues to be the mainstay of our revenues with almost 40.08% contribution followed by 30.98% from Middle East, 19.66% from Asia and 9.29% from Europe on standalone basis.

Information technology services with 64.42% of our revenues was the dominant business while engineering design services contributed 32.17% and the balance came from healthcare on a standalone basis.

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company has added 371 employees during the financial year 2012. Out of these, 97 are fresh engineers from various Engineering Colleges/ Campuses and 274 are laterals. The total strength of the Company as on 31st March, 2012 is 990. To capitalize on the opportunities in the market place and to add value to the clients, the Company intends to induct a net addition of about 250 personnel during 2013.

One of the biggest assets of the Company is its skilled and knowledgeable human capital. Our innovative human capital management strategy has supported us to grow in a challenging environment. The Company creates several opportunities for the employees to contribute to global knowledge economy by hiring, grooming, training, and nurturing them over time. The focus has been to create an environment where performance is rewarded, individuals are respected and associates get opportunities to realize their potential. Hence, the Company expends serious thought behind the hiring programs so that addition of the right personnel happens at the right time.

7. RISKS AND CONCERNS

Uncertain economic environment can impact demand for IT services

The overall business environment is uncertain given the macro economic issues in the US and Europe. The slowdown in the global economic environment and corporate IT spending budget could affect the Company's business. Eurozone crises are a cause of concern and any major upheaval can affect our short-term performance. As 40.08% of revenue is from US on standalone basis, any downturn in US economy can adversely affect our business. The NASSCOM has projected lowered growth expectation of 11-14% in FY13 for the Indian IT services industry. Acropetal attempts to minimize the risk through diversification across geographies and also in its services offerings.

Legislation

We have a global business model with presence in four geographies. Our business and operations could be impacted by local regulatory, economic, and political conditions. Any restrictions will impact our free flow in key markets and could disrupt operations and slowdown growth in those markets.

Pricing pressure

Due to increase in competitive environment, customers are emphasizing on low cost pricing. We are focusing on providing higher value and differentiated services to beat the pricing pressures. Our strategy in the past 12 months and going forward is centered on achieving more with less resources and building deep domain expertise in our chosen areas. This approach should help us limit pressures on pricing.

Competition

We operate in a highly competitive and rapidly changing market and have our presence in USA, Middle East, Europe, and the Asia Pacific regions. We have maintained the balance of engineering design services and information technology services while consciously making investments in the IP & Product Development. Our global business model, range of services offered and talented pool of people and our culture help differentiate us from some of our competitors.

We understand that the price alone cannot constitute a sustainable competitive advantage. We believe that the key competitive factors in our business are the ability to attract and retain our employees and articulate and demonstrate long-term value to potential clients.

Talent acquisition

Our success depends largely on our highly skilled employees and our ability to attract and retain such personnel. Due to the limited pool of available skilled personnel, we face strong competition to recruit and retain skilled and professionally qualified staff. Our talent acquisition philosophy is to recruit for attitude, train for skill, and develop for leadership roles. We follow a role-based selection process and place high emphasis on cultural fit of the prospective staff members with our organizational values. We have a robust process to evaluate needs and acquire talent in tune with our business needs.

Foreign currency rate fluctuations

The exchange rate between the Rupee and the U.S. Dollar as well as other currencies has been very volatile in the recent past and may continue to be so in the future. This could affect our ability to compete in current market scenario. The fluctuation in the exchange rate between the Indian Rupee and the U.S. Dollar and other foreign currencies could also result in fluctuation in our operating margins and have short-term impact on profitability. Judiciously hedging against adverse foreign exchange exposures help in minimizing the impact of exchange fluctuations. We continue to maintain a prudent and balanced policy, which we expect to help us manage this risk appropriately.

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. The internal control system is designed to prevent operational risks through a framework of internal controls and processes. The internal control system procedures ensure that all business transactions are recorded in a timely manner and the financial records are complete. A mix of automated and manual controls is used to ensure proper preparation and reliability of accounting records. The Information Security Management Group foresees all security related activities for Information and Asset protection. All information security related activities are monitored, reviewed, and assessed on regular basis for continuous adherence to various regulatory, statutory, and contractual requirements. The Company has implemented various policies and procedures on Asset Management, Change Management, Incident Management, Security Awareness, Risk Management, and Information Technology Governance. ISO 27001 implementation process is currently in progress.

The Company has an audit committee that oversees the financial and operating reporting processes and disclosure of financial information to ensure that the financial statements are correct, sufficient, and credible. The audit committee also reviews with management and statutory auditors the adequacy of internal control systems, compliance, etc. Further, our periodic internal audit covers all critical business processes including statutory compliance. We continue to implement their suggestions and recommendations to improve the control environment. Their scope of work includes safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. The internal audit process is designed to review the adequacy of internal control checks in the system by in-house auditors and covers all significant areas of the Company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, and IT processes in the Company, including significant subsidiaries and selected foreign branches.

9. OUTLOOK

Education, Healthcare and Manufacturing, CPG & Retail are three vertical segments where the globe is seeing recession proof progress and combined with the Enterprise Innovation Management horizontal offering across the verticals, Acropetal is on the anvil of leading an industry transformation in the Information Technology Sector from India, globally. The company is positioned to compete with the business concepts such as "Smarter Planet" from IBM and "High performance. Delivered." from Accenture. As a Business Technology Solutions company, we aim to fuse together the diffused and disparate solutions in the marketplace while filling in the critical gaps arising from the dynamic strategic shifts in the respective industry verticals. Critically, we choose to innovate and contribute to the core processes of our customer organizations collaborating and co-creating with the customers' business and IT organizations.

Healthcare Sector

Healthcare is among the top agenda items for every society and nation in this world. With all the advances made by science and medicine, it still remains a concern to make it affordable and accessible to all.

Market-US

The Healthcare market in the United States is expected to grow as spending in the sector is expected to increase over the next decade. Today, the annual spending on Healthcare in the US exceeds $2 trillion, roughly accounting for 17% of the US GDP. By 2020, experts estimate that Healthcare spending will grow to account for about 21% of GDP.

Today, as per OECD estimates, the per capita healthcare expenditure in the United States is 2-3 times higher than compared to other developed countries of the world. US healthcare expenditures are forecasted to increase from US $2.26 trillion in 2007, to US$4.14 trillion in 2016.

Market-Europe

Despite the crisis in the European continent, the spending on Healthcare is expected to go up. A World Bank finding estimates an increase in public expenditure in EU from 8% of GDP in 2000 to 14% of GDP in 2030 and continue to grow beyond that date.

With the rising costs of health care due to an ageing population and expensive treatment choices available, many societies are looking at the role of technology in this sector to make healthcare accessible for all. The governments are also testing the waters with a range of policies focusing on improving the efficiency and quality of care provided. Examples of such policies include developing guidelines, regulating and minimizing the variation in the quality of care delivered; developing and deploying primary and integrated care channels.

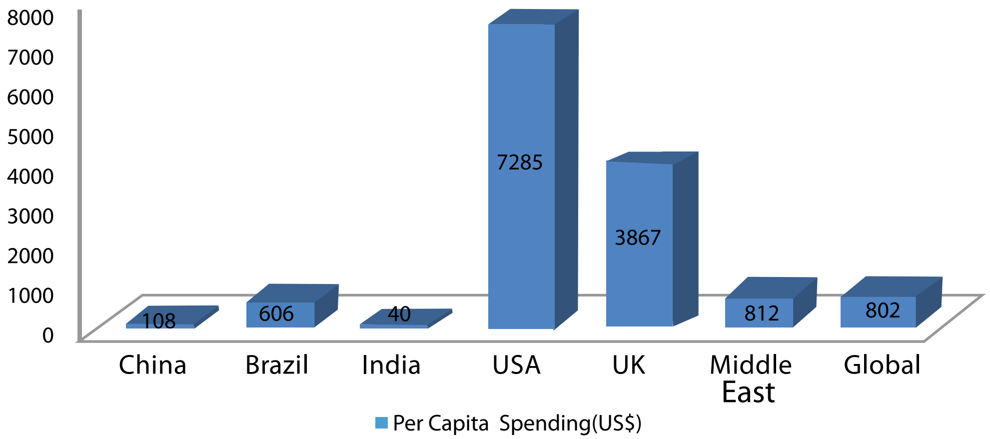
Market-Middle East

The current market size of Healthcare Industry in Middle East is estimated to be around 30 billion and is expected to grow at an annual rate of 11% to around 44 billion by 2015. GCC (Gulf Cooperation Council) governments started taking important steps to promote a healthy way of life. Authorities have increased focus on technological advancements by adopting e-health services. These advancements automate processes and enhance quality of the process. Healthcare costs in GCC are expected to rise because of the increasing use of new and advanced technologies.

Market-India

The FICCI (The Federation of Indian Chambers of Commerce and Industry) estimated that the Indian Healthcare Industry today is estimated to be about USD 75 Billion industry. The Industry is expected to grow to USD 90 Billion by 2013 and USD 280 Billion by 2020. The average CAGR for the next 10 years has been estimated at 21%.

Comparison of per capita spending on Healthcare:



Source: WHO World Health Statistics 2010

"Healthcare is a leading industry vertical to embrace cutting edge technology and yet its business ecosystem is not unified by IT"

Trends in Healthcare Sector

The following trends have been observed in general in the healthcare sector

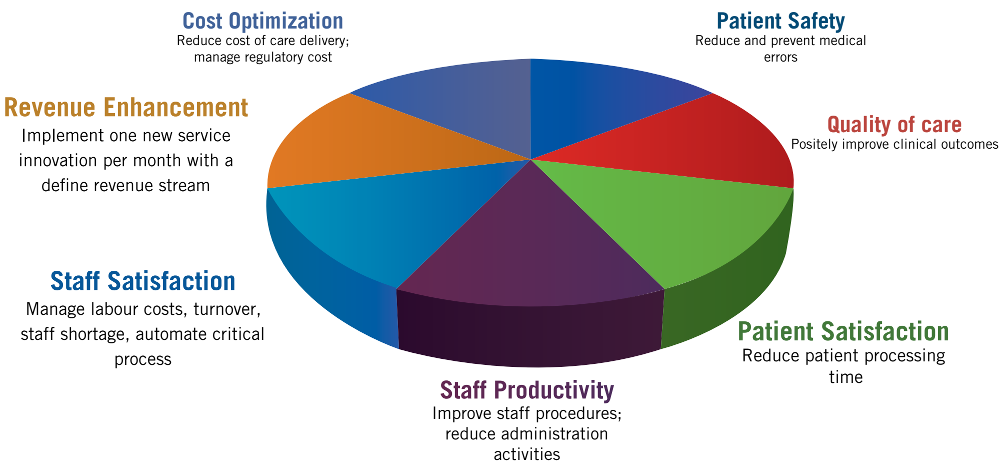
- Structural changes in the healthcare segment focusing reduction of costs borne by end consumers.

- New opportunities to collaborate and innovate in their business model that help players in the sector to capitalize on multiple areas of expertise while sharing risks and rewarding new ways of delivering care.

- Introduction of new accountability concepts addressing delivery models and increased accountability of providers.

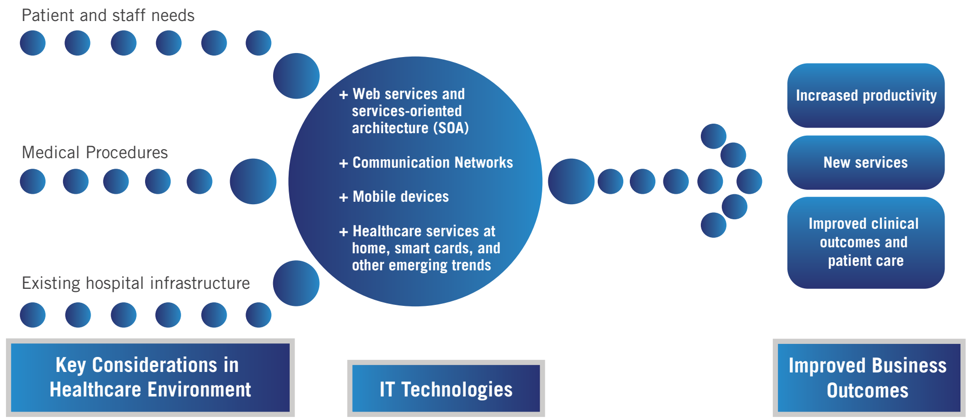
- Removal of structural barriers to data access and sharing will motivate and incentivize industry to unleash tremendous value for the end users. Artificial intelligence, next-generation health analytics and business intelligence based on mobile and cloud platforms will help in this transition.

IT can address these Healthcare business priorities



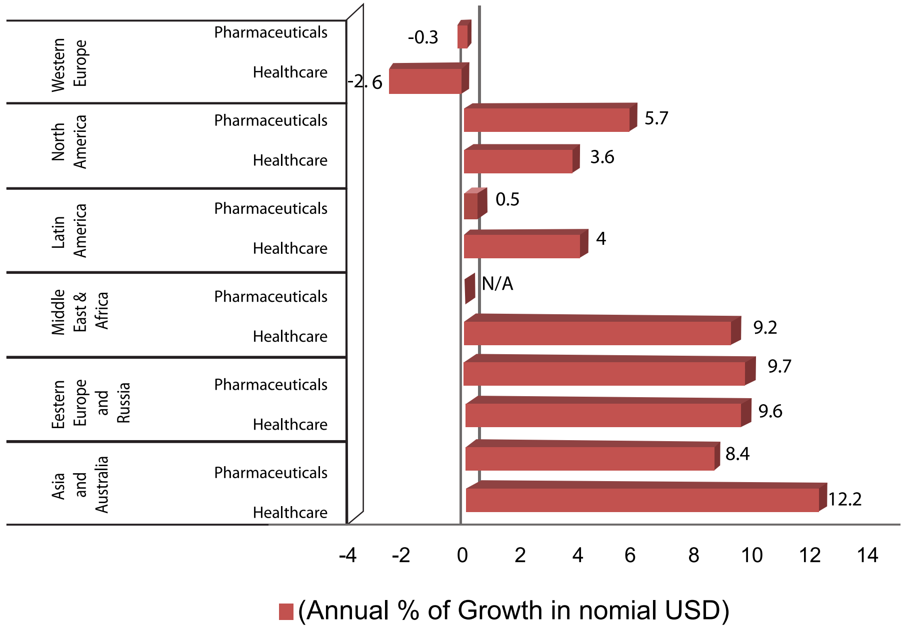
Source: Intel Research

IT Technologies are now delivering improvement across all healthcare environments:



Source: Acropetal Internal Research

Estimated Healthcare and Pharmaceutical Spending in 2013



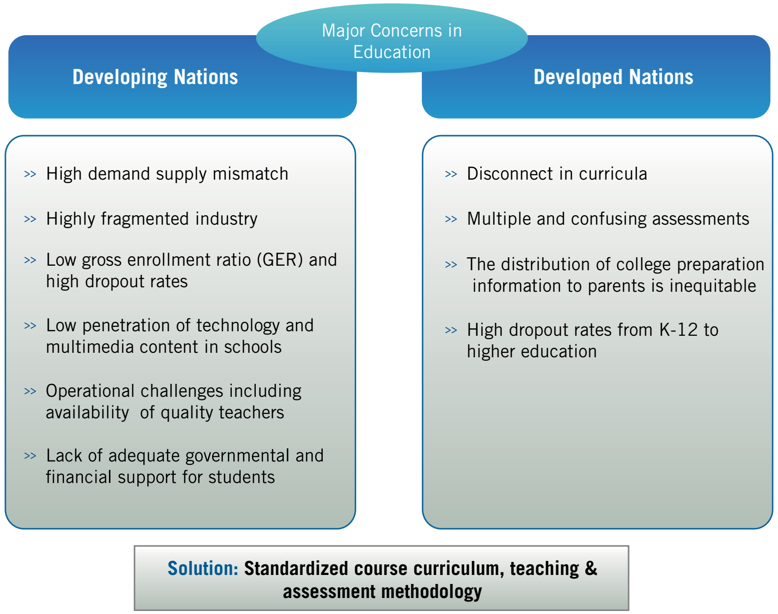
Source: Economic Intelligence Unit, July 2011

Our target markets have positive percentage of growth spending even in these demanding times.

Education Sector

The view we take of Education at Acropetal is a lifelong engagement with enlightenment and learning being the Yin and the Yang.

Today both the developed and developing nations are facing challenges in delivery of quality education necessitating innovation in this sector. Our focus of delivery will remain in the K-12 segment, which is also on the key agenda of governments across our target markets of North America, Europe, Middle East and India.



Trends in Education Sector:

The following trends are observed in this sector across multiple markets.

- Many governments like the Obama Administration in United States have laid down extensive planning and efforts to improve the quality of education delivered to the students and increase the transparency in the whole education system.
- Technology is playing a key role how education is delivered in these markets. Students across the globe are becoming more digital savvy and expect customized, technology-based modes of Learning.
- K-12 e-Learning sector has a very high CAGR rate as compared to other sectors and it's expected to grow further in near future.

Market Size Estimates of Global Education Market

	Market Size 2012	Market Size 2015	2012-17 Growth	Market Size 2017
Global Market Size	(In USD billion)	(In USD billion)	(CAGR)	(In USD billion)
Global Education Expenditure	4450.9	5508.7	7%	6372.5
K-12	2227	2625.6	6%	2930.3
Postsecondary	1495.2	1883.5	8%	2196.9
Corporate & Govt. Learning	356.6	449.3	8%	524
E-Learning	90.9	166.5	23%	255.5
K-12 E-Learning	16.6	39	33%	69
Higher Ed E-Learning	48.8	95.4	25%	149
Corporate E-Learning	25.5	32.1	8%	37.5
For-Profit Postsecondary	96.1	146.1	15%	193.2
Social Learning/Communities	1	2.9	40%	5.6
Child Care	200	266.2	10%	322.1
Edu Gaming	2	4.4	30%	7.4
Global Language Learning	115	198.7	20%	286.2
Global English Language Learning	63.3	123.6	25%	193.2
Test Preparation/Tutoring Market/Counseling	54	78.2	13%	100
For Profit	590.9	952.2	17%	1311

Source: GSV Estimates

Market Size Estimates for United States

	Market Size 2012	Market Size 2015	2012-17 Growth	Market Size 2017
US Education Expenditure	1432.1	1651.3	5%	1805.5
Government Spending on Education	941	1085.4	5%	1184.5
K-12	687.6	788.7	4%	853.1
Postsecondary	535.2	622.1	5%	688.5
International Students	18.2	20.5	6%	24.1
Executive MBA	18.9	19.8	2%	20.4
Corporate & Govt. Learning	133.3	149.9	4%	162.2
E-Learning	32.5	49.1	15%	65.6
K-12 E-Learning	5.4	9.3	20%	13.4
Higher Ed E-Learning	17.4	28.6	18%	39.8
Corporate E-Learning	9.6	11.2	5%	12.3
For-Profit Postsecondary	30.8	40.9	10%	49.5
Child Care	65	77.4	6%	87
Test Preparation/Tutoring Market/Counseling	11	13.1	6%	14.7
Instructional Materials Market (K-12)	20.1	23.9	6%	26.9
Higher Education Instruction Materials	4.8	5.7	6%	6.3

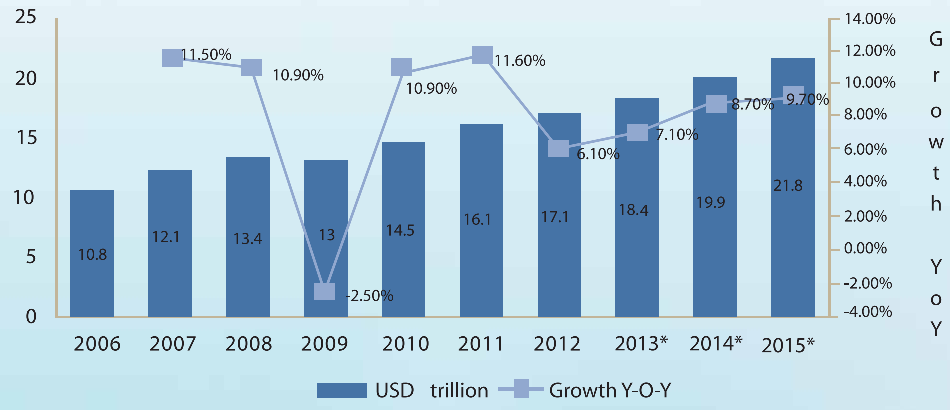
Source: GSV Estimates

Retail Sector

Mastering digital technology disruption, emerging market opportunities and changing customer trends are the new mantras for the retail world. Retailers across the globe are developing and integrating multiple channels for shopping to create a unique mix of both digital and physical experiences. According to the research conducted by Bain & Co, almost every mobile phone in the United States will be an internet connected smartphone driving consumer spending using mobile and cloud based applications by 2014.

Global Retail Industry Size

It is estimated that the Y-o-Y growth in the sector will cross 9% in the year 2015.The market for the same is estimated as $21.8 trillion by 2015.



Source: EIU, July 2012

• Consumer demand for luxury and discretionary goods is set to increase at a faster pace in the near future.

• Retail sector is expected to experience a high growth rate with significant development plans in place for Middle East, US and European markets.

• Changing lifestyles, evolving shopping patterns, emerging technologies and wide product choices have fuelled the proliferation of shopping malls and other modern supermarket formats (online shopping).

• Growth of Private Labels: The number of retailers (involving private labels) has increased in all the markets (only in US the number has increased from 42% in 2008 to 60% in 2012).

• New Retail Channels Gaining Traction from traditional to online; where today's lifestyle and ability of technology to deliver similar or superior experience at various customer touch points, creates value across a Consumer's Lifespan.

Summary

Some of the key areas contributing to the progressive growth story of Acropetal include:

- Transformation from a Services Orientation to an IP Development Enterprise.
- Structure for IP – Development and Product Development & Deployment being put into place.
- Acropetal is bringing together the best of talent at the leadership, management and associate level to make this transformation a successful one.
- The first IP will be commercialized in the vertical of education; through the launch of PM^3 – Delivering Quality Education; as a beta release in Dec '12 and an alpha release in Aug '13.
- In addition, two other IP's will also be commercialized in the fourth quarter of 2013; HREEMM – An Enterprise Innovation Engine across Verticals and CEM – Consumer Experience Management; An enterprise platform for next generation Customer Loyalty Management in the Manufacturing, CPG & Retail Vertical.
- The Strategic Management at Acropetal forecasts a healthy Y – on – Y growth rate including a higher quality of revenue and returns; both on investments and assets.
- Acropetal is bringing together a concerted Branding, Positioning, Marketing and Sales Strategy to support the blockbuster IP that will be unleashed in the marketplace.

It is targeted that Acropetal will foresee a healthy annual sales record; even growing exponentially rather than incrementally with a robust EBIDTA because of the transition from the Pure Play Services model to an IP & Product Development & Deployment model. The niche blockbuster applications we are developing to be deployed in global markets meet Customer Aspirations and Global Demand as demonstrated earlier. It is important to mention here that while the enterprise of Acropetal builds for the organization of the future, the current business Customers will see an improved offering with respect to Business Technology Solutions.

For and on behalf of the Board of Directors,

Place: Bangalore
Date: 14th August, 2012

D. Ravi Kumar
Chairman and Managing Director

R.J. Kamath
Director


U&I
Universal Intetionalism
Learn, Share & Collaborate

DIRECTORS' REPORT

DIRECTORS' REPORT

To,

The Members of Acropetal Technologies Limited,

Your Directors take pleasure in presenting the 11th Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2012 along with the Report of Auditors thereon.

PERFORMANCE AT A GLANCE

(₹ in crores)

Particulars	31st March, 2012	31st March, 2011
Revenue from operations	187.49	141.65
Other Income	16.19	0.13
Total Income	203.68	141.78
Total Expenses	176.04	118.68
Profit before tax	27.64	23.10
Provisions for taxation		
Deferred Tax	(5.73)	2.18
Current Tax	4.33	0.25
Profit after tax	29.04	20.67
Proposed Dividend	4.67	4.67
Provision for Dividend Tax	0.78	0.79
Amount transferred to General Reserve	2.90	2.07
Profit transferred to Balance Sheet	20.69	13.14

Your Company has achieved total income of ₹203.68 crores for the year ended 31st March, 2012 recording a growth of 43.66% over previous year on standalone basis. After providing a sum of ₹176.04 crores for expenditure, and making provision for taxes, the company made a net profit of ₹29.04 crores recording a growth of 40.49% over the previous year. An amount of ₹2.90 crores is proposed to be transferred to General Reserves.

MATERIAL CHANGES SUBSEQUENT TO THE YEAR UNDER REVIEW

Acquisition of Companies

In consonance with the management philosophy of growth with the blend of organic and inorganic, we have acquired the following companies.

Serial No.	Name of the Company acquired	% of holding acquired
1	LineBeyond Inc. USA*	100%
2	Optech Consulting Inc. USA	70%
3	Kinfotech Private Limited	51%
4	MindRiver Information Technologies Private Limited	100%

*Name has been changed to Acropetal Inc., USA.

Subsequent to the year under review, we have acquired the remaining 30% in Optech Consulting Inc., (hitherto held by Vision Info Inc. UAE) thus making it a wholly owned subsidiary of the company. Name of the company LineBeyond Inc. has been changed to Acropetal Inc.

At a later date both the overseas wholly owned subsidiaries i.e. LineBeyond Inc., (Acropetal Inc.) and Optech Consulting Inc. have been merged according to the rules and regulations of the laws of the United States of America and the merged entity is now called Acropetal Inc., USA.

Approval for the Scheme of Amalgamation of Kinfotech Private Limited and MindRiver Information Technologies Private Limited with Acropetal Technologies Limited is pending with the Honorable High Court of Karnataka. As per the directions of the

Honorable High Court of Karnataka the meetings of Shareholders, Secured Creditors and Unsecured Creditors of the company were convened and held on 28th July 2012 and approvals obtained for the said Scheme.

The appointed date for the Scheme of Amalgamation, on approval from the Honorable High Court of Karnataka, will be 1st October 2011. Pending approval, the impact of the merger/ amalgamation of Kinfotech Private Limited and MindRiver Information Technologies Private Limited with the Company is not taken into account in the financial statements of the Company.

Other than the above, there are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of the report.

POST IPO (INITIAL PUBLIC OFFERING)

As you are aware, the company made its maiden Public Offer in the month of February 2011 and received a total sum of ₹170.13 crores and allotted 1,88,90,358 shares. Your Company started its journey as an Engineering Design Services company in 2001 and later branched into Software Services in 2004. A Key shift now is the Attraversiamo Transformation Program, which is transforming the company from a Pure Play Services provider into a Business Technology Solutions Company. This is a unique positioning for the Company entering into developing IP and deploying customer contextual business technology solutions.

In view of this shift in the focus and other prudent financial considerations, the Company utilized IPO proceeds more for working capital purposes by reducing the utilization for other purposes mentioned in the prospectus. Details are furnished in the Corporate Governance Report.

The details of the utilizations of issue proceeds have been intimated to the Stock Exchanges along with the unaudited/audited financial results and also published in Newspapers.

Also Resolution seeking the approval of the shareholders of the Company is being placed at the ensuing Annual General Meeting of the Company for revision in the utilization of the IPO proceeds in terms of the applicable provisions of the Companies Act, 1956 and other Rules and Regulations.

DIVIDEND

Your Directors recommend a dividend of ₹1.20/- per share of ₹10/- each for the year ended March 31st, 2012. The outflow for the payment of dividend would be ₹5.45 crores, including tax on dividend ₹ 0.78 crores.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report has been provided separately in this annual report and forms a part of Directors' Report.

DIRECTORS

Dr. Mathew James Manimala and Mr. Mohan H Ramakrishna are retiring as directors by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointments.

Mr. Ashok Kumar Jultha has resigned and ceased to be a director effective from 13th August, 2012. The Board places on record its appreciation for services of Mr. Ashok Kumar Jultha during his tenure as a director on the Board.

SUBSIDIARIES

The Company as on 31st March, 2012, had the following subsidiary companies:

1. Vision Info Inc., UAE
2. LineBeyond Inc., USA
3. Optech Consulting Inc., USA
4. Kinfotech Private Limited, India
5. MindRiver Information Technologies Private Limited, India

Taking into account the performance of these subsidiary companies, the performance of the Company on consolidated basis is summarized as under.

(₹ in crores)

Particulars	31st March, 2012	31st March, 2011
Revenue from operations	323.79	201.47
Other Income	19.36	0.13
Total Income	343.15	201.60
Total Expenses	294.57	165.74
Profit before tax	48.57	35.86
Provisions for taxation		
Deferred Tax	(3.17)	2.18
Current Tax	6.86	0.25
Profit after tax (including minority interest)	44.88	33.43
Proposed Dividend	4.67	4.67
Provision for Dividend Tax	0.78	0.79
Amount transferred to General Reserve	2.90	2.07
Profit transferred to Balance Sheet	36.53	25.90

The company has been able to achieve a better turnover and a higher profit compared to the previous year.

Your Company has decided to utilize the general exemption granted by The Ministry of Corporate Affairs, Government of India vide its General Circular No.2/2011 dated 8th February, 2011 from attaching the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors Report and other related documents of subsidiary companies and accordingly, the said documents of subsidiaries of your Company are not attached to the Financial statements of your Company.

Your Company undertakes that the annual accounts and the related detailed information of your Company's subsidiary companies, will be made available to the shareholders of the Company and its subsidiaries, who seek such information at any point of time. The annual accounts of subsidiary companies, will also be kept for inspection by any shareholders at the Registered office of your Company and of the subsidiaries. The Company shall furnish a hard copy of the accounts of the subsidiaries to any shareholder on demand.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public during the year.

AUDITORS

M/s. K. Gopalakrishnan & Co, Chartered Accountants, # 120, Infantry Road, Next to Balaji Plywood, Bangalore - 560 001, who were appointed as Statutory Auditors of the Company shall retire at the forthcoming Annual General Meeting of the Company. The auditors have confirmed that the re-appointment, if made, will be in accordance with the provisions of Sec.224 (1B) of the Companies Act 1956. Your Directors recommend their reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm

i. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 31st March, 2012 and of the profit of the company for that period.

iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv. That the directors have prepared the Annual Accounts on a going-concern basis.

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

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 as amended is as follows.

Conservation of Energy

The Company is well-equipped with appliances and devices that consume less power. The Company's Electricity power requirement is almost negligible. As on the date of this report, the board has no proposal to make any additional investment for reduction of consumption of energy.

Technology absorption, adaption and innovation

In an endeavour to stay abreast of the most recent advancements across the technology spectrum, your Company has entered into partnerships, alliances and tie-ups with major global players in the I.T. Industry. This helps the Company to harness the latest and the best of technologies in its field, upgrade itself in line with the latest technologies in the world and absorb technology wherever feasible, relevant and appropriate. The Company continues to use the latest technologies for improving the productivity and quality of its services and products. We have a strong pipeline of 7 IPs. These steps will lead us to greater innovation and adaption of new technologies.

Foreign Exchange Earnings & Outgo

a) **Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and Export Plans**

The Company is mainly into the business of exporting software services. While continuing our focus to grow the existing line of business, we are presently concentrating on Intellectual Property development which has huge potential, especially in the USA. The Company has plans to initially tap the potential business opportunities in the education sector of USA and then penetrate to other sectors and other markets.

b) **Net Foreign Exchange earnings and outgo:**

Foreign Exchange earnings : ₹1,58,65,04,524/-
Foreign Exchange Outgo : ₹65,09,13,898/-

RESEARCH AND DEVELOPMENT

Research and Development is the key driver of our business operations. The prime focus of research team is on delivering key insights and outcomes to be used by various teams in the Company to develop and deliver on intelligent, on-demand business technology solution across the lines of innovation and lines of intelligence we operate in. The company is continuously investing on innovation by supporting and providing infrastructure to new products and ideas. The research team employs all three types of methodolgies - Empirical, Analytical and Experiential – to conduct its research. This approach helps us in finding the gaps in the industry by analyzing the current voice of the customers. This gap analysis is then used to understand the type of needs, wants and demands which exist in the market and which can be fulfilled.

As explained above the R&D is carried on by the Company as a part of ongoing business activity of the Company and expenditure thereof is considered as part of operating expenditure and hence expenditure on R&D cannot be shown separately.

PARTICULARS OF EMPLOYEES

The particulars of the employees in receipt of remuneration above the limit mentioned under Section 217 (2A) of the Companies Act 1956 are given in the annexure A of the Directors' Report.

CORPORATE GOVERNANCE

Your Company continues to commit itself to good Corporate Governance practices and has implemented all the stipulations of corporate governance prescribed under the listing agreements. Corporate Governance report and Corporate Governance compliance certificate for the year ended 31st March, 2012, in line with Clause 49 of the Stock Exchange Listing Agreement have been provided separately in this Annual Report, and forms a part of Directors' Report.

ACKNOWLEDGEMENTS

Your directors would like to place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities.

Your directors also take this opportunity to thank all its shareholders and stakeholders for their continued support and all the employees of the company for their valuable contribution and dedicated service.

For and on behalf of the Board of Directors,

Place: Bangalore	D. Ravi Kumar	R.J. Kamath
Date: 14th August, 2012	Chairman and Managing Director	Director

ANNEXURE A TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules 1975, as amended and forming part of the Directors' Report for the year ended March 31, 2012.

(i) Employed throughout the financial year, was in receipt of remuneration for that year which, in aggregate, was not less than ₹ Sixty Lakh for the year: **NIL**

(ii) Employed for a part of the financial year, was in receipt of remuneration for any part, of that year, at a rate which, in the aggregate was not less than ₹ Five Lakh per month.

Name of the Employee	Designation / Nature of Duties	Remuneration (₹)	Qualification / Experience	Date of commencement of employment	Age of the Employee	Last employment held
Mr. Subramanian Iyer	Chief Executive Officer	38,88,887/-	Masters in Management Studies, Marketing and Systems; Fellowship – Manufacturing Management from the University of Michigan. 25 years	11.11.2011	48	European IT Consulting & services Company.
Mr. Srikanth Iyer	Chief Operating Officer	12,60,752/-	BE (Electronics Engineering). 15 years	27.01.2012	38	Steria (India) Limited.

Notes:

1. Remuneration includes Salary, Commission, House Rent Allowance, and contribution to Provident Fund, Superannuation Fund and all other perquisites evaluated in accordance with the Income-tax Rules as applicable.
2. None of the employees are related to any director of the Company.
3. None of the employees own more than 2% of the outstanding shares of the Company as at March 31, 2012.
4. The nature of employment is non-contractual.
5. Other terms and conditions are as per rules of the Company.

For and on behalf of the Board of Directors,

Place: Bangalore
Date: 14th August, 2012

D. Ravi Kumar
Chairman and Managing Director

R.J. Kamath
Director

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is committed towards transparency, integrity, professionalism and accountability. It is based on the concept that good governance practices will ensure efficient and prudent conduct of the affairs of the company. The company strives to increase the Corporate Governance practices to meet the expectations of all the stakeholders. This will also help in achieving its goal of wealth maximization.

2. COMPOSITION OF BOARD OF DIRECTORS

In Acropetal Technologies Limited, the composition of the Board of Directors meets the requirements of Corporate Governance Code prescribed in the Listing Agreement. As on March 31st, 2012, the Company had 6 (Six) Directors including an Executive Chairman. Mr. D. Ravi Kumar is the Chairman and Managing Director and a Promoter Director. Mr. Ashok Kumar Jultha# is Non-Executive and Non-Independent Director. The remaining four directors are Independent and Non-Executive Directors.

The composition and category of directors as of March 31st, 2012 with the number of Directorships and Committee memberships held by them in domestic public companies as on the same date along with the attendance of the directors are given below:

Name of Director	Category	Attendance		Other Directorships/Committee Memberships/Chairmanships		
		No. of Meetings Attended out of 5 (Five) Board Meetings	Last AGM attended (Yes/No)	Directorship in other Companies *	Committee Memberships **	Committee Chairmanships **
Mr. D. Ravi Kumar (Chairman and Managing Director)	Promoter and Executive	5	Yes	-	1	--
Mr. Ramdas Janardhana Kamath	Non-Executive & Independent	5	Yes	5	1	4
Dr. D.K. Subramanya Reddy	Non-Executive & Independent	2	Yes	--	1	1
Dr. Mathew J. Manimala	Non-Executive & Independent	5	Yes	--	--	--
Mr. Mohan H. Ramakrishna	Non-Executive & Independent	4	Yes	--	2	--
Mr. Ashok Kumar Jultha #	Non-Executive	1	No	--	--	--

Resigned with effect from 13th August, 2012

* Excludes Directorships held in private limited companies, foreign companies, membership of management committees of various chambers/bodies/Section 25 Companies, if any.

** Includes only Audit and Shareholders' Grievance Committees.

None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 Committees across all the companies in which he is a Director.

The Directors of the Company are not related to each other.

BOARD MEETINGS

During the financial year 2011-12, 5 (five) Board Meetings have been held viz. on 29th April, 2011, 27th May, 2011, 12th August, 2011, 11th November, 2011 and 10th February, 2012.

3. AUDIT COMMITTEE

The constitution of the Audit Committee is in conformity with the requirements of Section 292A of the Companies Act, 1956 and also as per the requirements of Clause 49 (II) (A) of the Listing Agreement.

Powers of the Audit Committee

a) to investigate any activity within its terms of reference;
b) to seek information from any employee;
c) to obtain outside legal or other professional advice; and
d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee are broadly as under:

1. To review Company's financial reporting process and the disclosure of its financial information to ensure its correctness.
2. To recommend the appointment and removal of Statutory Auditors, fixation of audit fee and also approval for payment to the external auditors for any other services.
3. To review the quarterly, half yearly and annual financial statements before submission to the Board.
4. To look into the adequacy and compliance of internal control systems, disclosures in financial statements and the authenticity of information contained therein.
5. To undertake periodical review of Internal Audit functions and appraise and update the range and scope of Internal Audit programme from time to time.
6. To interact with the Statutory Auditors from time to time and discuss about finalization of annual financial statements.
7. To review Management Discussion and Analysis of financial conditions and results of operations.
8. To review related party transactions
9. Reviewing of Company's financial and risk management policies.
10. Management letters/letters of internal control weakness issued by the statutory auditors
11. Internal audit reports relating to internal control weaknesses
12. The appointment of, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.
13. To look into any other matter which may be referred to it by the Board
14. Such other as are included in the listing Agreement and as may be necessitated by amendments to the listing agreement or the Companies Act, 1956 or as may be entrusted by the Board from time to time.

The Composition of the Audit Committee as on 31st March, 2012 and the attendance during the year 2011-2012 are as follows.

Name of Director	No. of Meetings attended Out of (4) meetings
Mr. Ramdas Janardhana Kamath - Chairman	4
Dr. D.K. Subramanya Reddy	2
Mr. Mohan Hosahalli Ramakrishna	3

During the financial year 2011-12, 4 (four) Audit Committee Meetings have been held viz. on 27th May, 2011, 12th August, 2011, 11th November, 2011 and 10th February, 2012. The Company Secretary acts as the Secretary of the Audit Committee.

4. REMUNERATION COMMITTEE

The broad terms of reference of the Remuneration Committee of the Company is to recommend to the Board the compensation package for executive directors and Managerial Personnel including pension rights and payment of compensation subject to approvals from shareholders and Central Government, as and when necessary. No financial/commercial transactions have been made by the Board Members and the Senior Management Personnel with the Company.

The following Directors are the members of the Remuneration Committee:

Dr. Mathew J. Manimala (Chairman) (Non Executive) (Independent)
Mr. Ramdas Janardhana Kamath (Non Executive) (Independent)
Mr. Mohan Hosahalli Ramakrishna (Non Executive) (Independent)

No remuneration committee meeting was held during the period.

REMUNERATION POLICY

The committee recommends the remuneration payable to Executive Directors based on their contribution to the growth and development of the Company and is subject to the approval of the Board, Shareholders and the provisions of the Companies Act, 1956.

REMUNERATION TO DIRECTORS

The remuneration of Managerial Personnel is recommended by the Remuneration Committee and approved by the Board of Directors. Non-executive directors are not paid any remuneration except sitting fees of ₹ 20,000/- for every Meeting of the Board/Committee attended.

The remuneration paid during the period from 1st April, 2011 to 31st March, 2012 to the Managing Director and the number of shares held in the Company as on 31st March, 2012 are furnished as under:

Name of the Director	Salary (₹)	Perquisites & allowance (₹)	Statutory Payments (₹)	Total Remuneration (₹)	Service Contract	Notice Period	Severance Fee	Number of Equity Shares held in the Company
Mr. D. Ravi Kumar	48,00,000/-	--	2,88,000/-	50,88,000/-	As approved by the shareholders in the General Meeting of the company	As per Company's Rule	As per Company's Rule	1,36,55,300
Mr. Ramdas Janardhana Kamath	--	--	--	NIL	--	--	--	NIL
Dr. D.K. Subramanya Reddy	--	--	--	NIL	--	--	--	NIL
Dr. Mathew J. Manimala	--	--	--	NIL	--	--	--	NIL
Mr. Mohan H. Ramakrishna	--	--	--	NIL	--	--	--	NIL
Mr. Ashok Kumar Jultha*	--	--	--	NIL	--	--	--	NIL

* Resigned with effect from 13th August, 2012

PROCEEDS OF PUBLIC ISSUE

Utilization of proceeds of IPO:

(₹ in Lakhs)

Particulars	Projected as per Prospectus	Actual utilization as on 31.03.2012*	Actual utilization as on 14.08.2012
Amount received from IPO	**17,000.00**	**17,001.32**	**17,001.32**
Proposed Acquisition	5,500.00	5,196.33	6,367.27
Setting up of Software Development Centre and Corporate Office	2,618.67	574.00	574.00
Expansion and Establishment of Overseas offices	1,944.96	1,928.91	1,928.91
Part Payment of Term Loan	2,500.00	1,934.99	2,500.00
Additional Working Capital requirements	2,500.00	5,825.93	4,089.98
Public Issue Expenses	1,500.00	1,112.01	1,112.01
General Corporate Purposes	436.37	429.15	429.15
TOTAL	**17,000.00**	**17,001.32**	**17,001.32**

* Surplus funds pending utilization has been temporarily used for working capital

The Audit Committee plays a vital role in monitoring the utilization of the Issue proceeds. Pursuant to Clause 49 of the listing agreement, the Company has disclosed to the Audit Committee the uses and application of the Issue Proceeds, and Proceeds that have not been utilized also indicating investments, if any, of such unutilized Issue Proceeds. No part of the Issue Proceeds of this issue has been paid as consideration to our Promoter, Directors, key managerial employees or Group Concerns/Companies promoted by our Promoters. There are no unclaimed shares of the IPO lying in Escrow Account.

5. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee was constituted to specifically look into the redressal of Investors' complaints relating to the transfer of shares, non-receipt of Annual Reports, non-receipt of Dividend, etc.,

The members of the Shareholders' Grievance Committee are as follows.

Dr D.K. Subramanya Reddy (Chairman) (Non Executive) (Independent)
Mr. Mohan Hosahalli Ramakrishna (Non Executive) (Independent)
Mr. D. Ravi Kumar (Executive)(Non-Independent)

Mr. Vijayendra R, Company Secretary is the secretary of shareholders grievance committee.

Number of Shareholders' Complaints received were 9 (Nine), Complaints not solved to the satisfaction of the shareholders were Nil and Number of Pending Complaints were Nil.

During the period 1 (one) meeting of the Shareholders' Grievance Committee was held viz. on 10th February, 2012, attended by Mr. Mohan Hosahalli Ramakrishna and Mr. D. Ravi Kumar.

SHARE TRANSFER SYSTEM

In order to expedite the process of Share Transfers, Dematerialization, issue of duplicate certificates and certificates after Splits/Consolidation/Renewal, Dematerialization etc., the Board has delegated the power of approval of share transfer etc., to Mr. Vijayendra R, the Company Secretary.

The Company Secretary will approve the share transfer, etc., once in 15 days as required under Clause 49(IVG) of the Listing Agreement or as and when required.

6. PARTICULARS OF THE PAST THREE ANNUAL GENERAL MEETINGS

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Time	Special resolutions passed in the AGM
2008-2009	**Registered Office** # 2/10, 3rd Floor, Ajay Plaza, 1st Main, N.S. Palya, Bannerghatta Road Bangalore- 560076	29.09.2009	10.00 A.M.	Alteration of Articles of Association
2009-2010	**Registered Office** # 2/10, 3rd Floor, Ajay Plaza, 1st Main, N.S. Palya, Bannerghatta Road Bangalore- 560076	27.09.2010	4.00 P.M.	NIL
2010-2011	Kutchi Bhavan, #44B, 1st Main Road, J.P. Nagar, 3rd Phase, Opp. Mini Forest, (Near Shopper's Stop, Bannerghatta Road), Bangalore – 560078	28.09.2011	11.00 A.M.	Alteration of Articles of Association of the Company. Making investments by the Company Approval for further issue of Equity Shares under Employee Stock Option Scheme.

Special Resolution put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise:- Nil

Special Resolution to be passed through Postal Ballot will be conducted as and when required by following the prescribed procedure.

7. DISCLOSURES

1. Disclosures on materially significant related party transactions that may have potential conflicts with the interest of the company at large:

   During the year, the Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company.

   All transactions with the Related Parties were in the ordinary course of business and at arms length.
2. While preparing Financial Statements, applicable accounting standards have been followed.
3. Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years: NIL
4. The Company at present does not have Whistle Blower policy.
5. The Company has duly complied with the applicable mandatory requirements of Clause 49 and has constituted a Remuneration Committee, which is non-mandatory under Clause 49.

8. MEANS OF COMMUNICATION

- Newspapers wherein financial results normally published :
  1. The Hindu - Business line (All India Editions)
  2. The Financial Express (All India Editions)
  3. Samyuktha Karnataka (Regional language paper)
- Management Discussions and Analysis forms part of this Annual Report, which is also being posted to all the shareholders of the Company.
- A separate e-mail id viz. ir@acropetal.com has been designated exclusively for registering complaints by the investors of the Company.
- Company's Website address: www.acropetal.com. The same is being updated as and when necessary.

No Presentations were made to Institutional Investors /Analysts during the year.

9. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting:

Date and Time: 28th September 2012, 10 A.M.

Venue : Kutchi Bhavan, #44B,1st Main Road, J.P Nagar,3rd Phase, Opp. Mini Forest, Near Shopper's stop, Bannerghatta Road, Bangalore - 560 078.

ii. Financial Year of the Company commences from 1st April and ends on 31st March of the next year.

iii. Book closure: 21st September, 2012 to 28th September, 2012 (both days inclusive).

iv. Dividend Payment date: Within the prescribed time limit.

v. Listing on the Stock Exchanges

Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Annual Listing fees for the year 2012-13 have been paid to BSE and NSE.

vi. Stock Code

NSE : ACROPETAL

BSE : 533330

vii. Stock Market data: High, Low and Closing price during the period 1st April, 2011 to 31st March, 2012.

Month	Acropetal Technologies Limited on BSE			BSE Sensex		Acropetal Technologies Limited on NSE			NSE Nifty	
	High (₹)	Low (₹)	Volume (Nos.)	High	Low	High (₹)	Low (₹)	Volume (Nos.)	High	Low
April, 11	63.00	41.20	11132266	19811	18976	62.70	41.10	16130429	5944	5693
May, 11	42.60	21.95	6980854	19254	17786	42.75	21.50	10410782	5775	5328
June, 11	23.15	17.00	8289500	18873	17314	23.15	17.00	9195042	5608	5195
July, 11	17.65	16.30	3885992	19132	18132	17.65	16.20	5243281	5704	5453
Aug, 11	17.80	13.25	3770259	18440	15766	17.85	13.20	5990830	5551	4720
Sep, 11	20.48	13.95	4331468	17212	15801	20.50	13.80	6985693	5169	4758
Oct, 11	15.48	13.70	1522052	17908	15745	15.45	13.70	2321107	5399	4728
Nov, 11	17.84	13.12	2952123	17702	15479	17.85	13.00	5248846	5317	4639
Dec.11	14.75	10.75	606185	17004	15136	14.75	10.55	1198262	5099	4531
Jan, 12	15.90	10.95	2370438	17259	15358	15.90	10.95	1827578	5214	4588
Feb, 12	17.50	12.91	4451035	18524	17062	17.60	12.80	6661234	5629	5159
Mar, 12	15.40	13.10	674410	18041	16921	15.25	12.75	1349658	5499	5135

viii. Registrar and Transfer Agents:

Sharex Dynamic (India) Pvt. Ltd.,
Unit No 1, Luthra Ind. Premises,
Safed Pool, Andheri Kurla Road,
Andheri (East), Mumbai 400 072.

Tel : 91- 22 2851 5606/5644
Fax No: +91 22 28512885
Contact Person: Mr. B.S Baliga
E-mail:sharexindia@vsnl.com
www.sharexindia.com

ix. Share Transfer System

The Company's Shares are transferable through the depository system and the shares in the physical form are processed by the Registrar and Transfer Agent of the Company and approved by the Company Secretary as may be required.

Shareholding Pattern

Sl. No.	Category	As on 31.03.2012		As on 31.03.2011	
		No. of shares held	% of share-holding	No. of shares held	% of share-holding
1	Promoter Group	1,84,97,500	47.56	1,71,45,000	44.09
2	Resident Individuals	1,34,04,275	34.47	46,86,445	12.05
3	Bodies Corporate	45,02,766	11.58	84,50,713	21.73
4	Non Resident Indians	3,85,282	0.99	40,038	0.10
5	Clearing Members	7,94,922	2.04	50,18,880	12.90
6	Foreign Institutional Investors	13,05,613	3.36	35,49,282	9.13
	Total	**3,88,90,358**	**100**	**3,88,90,358**	**100**

10. Distribution of Shareholding as on 31st March, 2012

Shares of Nominal Value (₹)	No. of shareholders	% of shareholders	Total Amount (₹)	% of Amount
1 – 5,000	12,268	75.63	2,04,06,460	5.24
5,001 – 10,000	1,829	11.28	1,51,63,650	3.90
10,001 – 20,000	911	5.62	1,41,48,290	3.64
20,001 – 30,000	372	2.29	96,69,030	2.48
30,001 – 40,000	135	0.83	48,13,060	1.24
40,001 – 50,000	116	0.72	55,49,060	1.43
50,001 – 1,00,000	288	1.78	2,08,79,030	5.37
1,00,001 & above	300	1.85	29,82,75,000	76.70
Total	**16,219**	**100**	**38,89,03,580**	**100**

11. Dematerialization of shares and liquidity

As on 31st March, 2012, 92.66% of the company's total shares representing 3,60,35,355 shares were held in dematerialized form and the balance 7.34% representing 28,55,003 shares were in physical form. The Company shares are traded regularly on the Bombay stock Exchange Limited and the National Stock Exchange of India Limited.

Demat ISIN Number: INE055L01013

12. The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

13. DEVELOPMENT CENTRES

The Company's development centers are located at the following places:

- Registered Office: # 2/10, 3rd Floor, Ajay Plaza, 1st Main, N.S. Palya, Bannerghatta Road, Bangalore - 560 076.
- Corporate office: 74/75, 3rd Cross, 1st Main, N. S. Palya, Bannerghatta Road, Bangalore – 560 076
- No. 5, 1st Main, N S Palya, Bannerghatta Road, Bangalore - 560 076

14. Address for correspondence:

Shareholders may correspond with the company at its Registered Office Address or at the office of Registrars and Transfer Agent of the company.

Registered Office	Registrars and Transfer Agents
#2/10, 3rd Floor, Ajay Plaza, 1st Main, N.S.Palya, Bannerghatta Road, Bangalore - 560 076. Tel: +91-80-4908 4000 Email: ir@acropetal.com	Sharex Dynamic (India) Pvt. Ltd., Unit no 1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072. Tel: 91- 22 2851 5606/5644 Fax No: +91 22 28512885 Email: sharexindia@vsnl.com

CEO / CFO Certification

The Board of Directors has received a certificate for the period ended 31st March, 2012 from the CEO/CFO as per the requirements of Para V of Clause 49 of the Listing Agreement.

CODE OF CONDUCT

The Board has formulated and adopted a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct has been posted on the Company's website www.acropetal.com. Affirmation Report on Compliance of Code of Conduct has been received from the Board Members and Senior Management Personnel of the Company. The declaration by the Managing Director to this effect is given below

For and on behalf of the Board of Directors,

Place: Bangalore	D. Ravi Kumar	R.J. Kamath
Date: 14.08.2012	Chairman & Managing Director	Director

Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

Based on the affirmation report received from the Board Members and Senior Management Personnel on compliance of Code of Conduct, I hereby declare that all the Board Members and Senior Management Personnel of the Company have duly complied with the Code of Conduct of the Company for the year 2011-2012.

Place: Bangalore	D. Ravi Kumar
Date: 14.08.2012	Chairman & Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. of the Company: 08/028944
Nominal Capital: ₹40.00 Crores

To
The Members
Acropetal Technologies Limited
2/10, 3rd Floor, Ajay Plaza, 1st Main
N S Palya, Bannerghatta Road
Bangalore – 560 076

I have examined the relevant records of Acropetal Technologies Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the financial year ended 31st March 2012. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

On the basis of my examination of the records produced, explanations and information furnished; I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

I state that in respect of investor grievances received during the financial year ended 31st March 2012, no investor grievances are pending for a period exceeding one month against the Company, as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

I further state that the compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company. Further, this certificate is neither an audit nor an expression on the financial statements of the Company.

Sd/-
C. Dwarakanath
Company Secretary in Practice
Membership No (ACS): 8417
CP No: 4847

Date: 14/08/2012
Place: Bangalore

Consumer Experience Management

Extending the understanding of the "Moment of Truth" beyond the Chi-Ching; across the Value Chain

STANDALONE FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members of Acropetal Technologies Limited

1. We have audited the attached balance sheet of ACROPETAL TECHNOLOGIES LIMITED as at 31st March 2012 the profit and loss account and the cash flow statement for year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. 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 supporti ng 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 audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub – section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:
   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (ii) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those Books of Accounts.
   (iii) The balance sheet, profit and loss account dealt with by this report are in agreement with the books of account.
   (iv) In our opinion, the balance sheet, profit and loss account dealt with by this report comply with the accounting standards referred to in sub – section (3C) of section 211 of the Companies Act, 1956;
   (v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub – section (1) of section 274 of the Companies Act, 1956;
   (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India:
      A. In the case of the balance sheet, of the state of affairs of the company as at 31st March 2012.
      B. In the case of the profit and loss account, of the profit for the year ended on that date;
      C. In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For K. Gopalakrishnan & Co.,
Chartered Accountants
Firm Regn. No 009600S.

Place: Bangalore
Date: 29.05.2012

K. Gopalakrishnan
Proprietor. M. No.:025421

Annexure to our report of even date:

(1) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(2) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to information and explanation given to us no material discrepancies were noticed on such verification.

(3) During the year the company has not disposed off any fixed asset. Hence, in our opinion the going concern status is not affected.

(4) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.

(5) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.

(6) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(7)

(a) According to the information and explanations given to us, the company has not granted any loans to companies other than wholly owned subsidiary company during the year, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956. Accordingly Paragraph iii (b), (c) and(d) of the order are not applicable.

The company has extended an interest free loan for its wholly owned subsidiary for a period of two years.

(8) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal controls system.

(9) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies act,1956, to the best of our knowledge and belief and according to the information and explanation given to us:

(a) The particulars of contracts or arrangements referred to section 301 that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

(10) The company has not taken any public deposits during the year.

(11) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(12) As explained to us, the Central Government has not prescribed maintenance of Cost records to the Company.

(13)

(a) The Company is generally regular in depositing the undisputed statutory dues ESI,PF, Service Tax, Income Tax, etc. excepting some delay in such remittances of the dues to the appropriate authorities. The Extent of arrears of the statutory dues outstanding as at March 31,2012 for the period of more than six months from the date of become payable towards Income Tax was ₹ 3.10 Crores and service Tax was ₹ 0.14 Crores of which ₹ 1.47 Crores of Income Tax and ₹ 0.14 Crores of service Tax were paid subsequently.

(b) The company does not have any disputed statutory liability as on the date of Balance Sheet.

(c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

(14) The company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(15) The company has taken term loans from banks & the company is generally regular in repayment of such loans within the stipulated time.

(16) The company has not granted any loan against security by way of pledge of shares, debentures or other securities.

(17) The company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(18) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

(19) The company has given a corporate guarantee in favor of UPS Capital Inc for the loan availed by wholly owned subsidiary Vision Info Inc, UAE as under :

Term Loan 1: ₹ 6,27,93,477/-

Term Loan 2: ₹ 11,63,63,075/-

Term Loan 3: ₹ 22,02,20,318/-

(20) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.

(21) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds are raised on short – term basis have been used for long – term investment.

(22) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act, and the price at which the shares are not prejudicial to the interest of the company.

(23) According to the information and explanations given to us, during the period the company has not issued any debenture during the period and hence the question of creation of charge or and use are not applicable to the Company.

(24) The Company has not raised money by Public Issue during the year and hence we do not have any comments under this clause.

(25) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For K. Gopalakrishnan & Co.,

Chartered Accountants
Firm Regn. No 009600S

K. Gopalakrishnan

Proprietor. M. No.: 025421.

Place: Bangalore

Date : 29.05.2012

BALANCE SHEET AS AT MARCH 31, 2012

(Amount in ₹)

Particulars		Note No.	As at 31 March, 2012	As at 31 March, 2011
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	B.1	38,89,03,580	38,89,03,580
	(b) Reserves and surplus	B.2	2,43,83,35,274	2,20,23,55,830
			2,82,72,38,854	**2,59,12,59,410**
2	**Non-current liabilities**			
	(a) Long-term borrowings	B.3	30,83,32,498	41,73,04,104
	(b) Deferred tax liabilities (net)		-	5,09,33,742
	(c) Other long-term liabilities			
	(d) Long-term provisions	B.4	1,36,73,476	80,27,240
			32,20,05,974	**47,62,65,086**
3	**Current liabilities**			
	(a) Short-term borrowings	B.5	36,63,47,092	37,03,72,315
	(b) Trade payables	B.6	44,48,88,842	20,42,65,022
	(c) Other current liabilities	B.7	6,53,37,953	2,42,08,080
	(d) Short-term provisions	B.8	16,08,83,285	5,71,01,126
			1,03,74,57,171	65,59,46,543
	TOTAL		**4,18,67,01,999**	**3,72,34,71,040**
B	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	B.9	48,92,36,276	45,57,97,592
	(ii) Intangible assets	B.10	19,05,05,222	39,48,64,807
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		21,74,84,215	19,87,65,238
			89,72,25,713	**1,04,94,27,637**
	(b) Non-current investments	B.11	64,23,20,350	5,11,35,979
	(c) Deferred tax assets (net)		63,39,960	-
	(d) Long-term loans and advances	B.12	1,13,29,07,448	1,18,28,57,594

BALANCE SHEET AS AT MARCH 31, 2012 (contd...)

(Amount in ₹)

Particulars		Note No.	As at 31 March, 2012	As at 31 March, 2011
2	**Current assets**			
	(a) Current investments		-	-
	(b) Inventories	B.13	21,01,502	-
	(c) Trade receivables	B.14	1,24,91,82,491	39,14,10,261
	(d) Cash and cash equivalents	B.15	22,15,73,730	97,01,00,569
	(e) Short-term loans and advances	B.16	1,90,125	-
	(f) Other current assets	B.17	3,48,60,680	7,85,39,000
			1,50,79,08,528	**1,44,00,49,830**
	TOTAL		**4,18,67,01,999**	**3,72,34,71,040**
	See accompanying notes forming part of the financial statements	B.24		

In terms of our report attached.

For K. Gopalakrishnan & Co.,
Chartered Accountants.
Firm Reg No: 009600S

For and on behalf of the Board of Directors

K.Gopalakrishnan.
Proprietor.
Membership No. 025421

D. Ravi Kumar
Managing Director

R. J. Kamath
Director

Place: Bangalore
Date: 29-May-12

Sudhendu Kumar Basu
Vice President - Finance

Subramanian Iyer
Chief Executive Officer

Vijayendra R
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2012

(Amount in ₹)

Particulars		Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A	**CONTINUING OPERATIONS**			
1	Revenue from operations (gross)	B.18	1,87,48,53,018	1,41,65,28,936
	Less: Excise duty		-	-
	Revenue from operations (net)		**1,87,48,53,018**	**1,41,65,28,936**
2	**Expenses**			
	(a) Purchases of stock-in-trade	B.19a	13,94,30,391	10,36,118
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	B.19b	4,15,76,818	-4,48,11,500
	(c) Employee benefits expense	B.20	96,00,45,478	76,56,19,405
	(d) Other expenses	B.21	28,13,17,367	13,08,50,684
	Total		**1,42,23,70,054**	**85,26,94,707**
3	**Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)**		45,24,82,963	56,38,34,229
4	Finance costs	B.22	10,03,04,385	11,88,25,909
5	Depreciation and amortisation expense	B.9 & B.10	23,76,51,122	21,52,88,393
6	Other income	B.23	16,19,12,795	12,75,052
7	**Profit / (Loss) before exceptional and extraordinary items and tax (3 + 4 + 5 + 6)**		27,64,40,251	23,09,94,979
8	Exceptional items		-	-
9	**Profit / (Loss) before extraordinary items and tax (7 - 8)**		27,64,40,251	23,09,94,979
10	Extraordinary items		-	-
11	**Profit / (Loss) before tax (9 - 10)**		27,64,40,251	23,09,94,979

Statement of Profit and Loss for the year ended 31 March, 2012 (Contd...)

(Amount in ₹)

Particulars		Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
12	**Tax expense:**			
	(a) Current tax expense for current year		9,60,31,000	24,99,063
	(b) (Less): MAT credit (where applicable)		-5,27,16,080	-
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		4,33,14,920	-
	(e) Deferred tax		-5,72,73,702	2,18,42,256
			-1,39,58,782	2,43,41,319
13	**Profit / (Loss) from continuing operations (11 - 12)**		**29,03,99,033**	**20,66,53,660**
B	**DISCONTINUING OPERATIONS**			
14. i	Profit / (Loss) from discontinuing operations (before tax)		-	-
14. ii	Add / (Less): Tax expense of discontinuing operations		-	-
15	**Profit / (Loss) from discontinuing operations (14.i - 14.ii)**		-	-
C	**TOTAL OPERATIONS**			
16	**Profit / (Loss) for the year (13 + 15)**		**29,03,99,033**	**20,66,53,660**
17. i	**Earnings per share (of ₹ 10/- each):**			
	(a) Basic	B.24		
	(i) Continuing operations		7.47	9.68
	(ii) Total operations		7.47	9.68
	(b) Diluted	B.24		
	(i) Continuing operations		7.47	9.68
	(ii) Total operations		7.47	9.68

Statement of Profit and Loss for the year ended 31 March, 2012 (Contd...)

(Amount in ₹)

Particulars		Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
17. ii	**Earnings per share (excluding extraordinary items) (of ₹ 10/- each):**			
	(a) Basic	B.24		
	(i) Continuing operations		7.47	9.68
	(ii) Total operations		7.47	9.68
	(b) Diluted	B.24		
	(i) Continuing operations		7.47	9.68
	(ii) Total operations		7.47	9.68
	See accompanying notes forming part of the financial statements	B.24		

In terms of our report attached.

For K. Gopalakrishnan & Co.,
Chartered Accountants.
Firm Reg No: 009600S

K.Gopalakrishnan.
Proprietor.
Membership No. 025421

Place: Bangalore
Date: 29-May-12

Sudhendu Kumar Basu
Vice President - Finance

For and on behalf of the Board of Directors

D. Ravi Kumar
Managing Director

R. J. Kamath
Director

Subramanian Iyer
Chief Executive Officer

Vijayendra R
Company Secretary

Cash Flow Statement for the year ended 31 March, 2012

(Amount in ₹)

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		27,64,40,251		23,09,94,979
Adjustments for:				
Depreciation and amortisation	15,59,25,022		21,52,88,393	
Provision for impairment of fixed assets and intangibles	8,17,26,100			
Finance costs	10,03,04,385		11,88,25,909	
Interest income	-2,14,59,739		-10,59,708	
Dividend income	-		-1,11,457	
Net unrealised exchange (gain) / loss	-5,10,66,080			
		26,54,29,688		33,29,43,137
Operating profit / (loss) before working capital changes		54,18,69,939		56,39,38,116
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	-21,01,502		-4,48,11,500	
Trade receivables	-85,77,72,231		5,82,21,172	
Short-term loans and advances	-1,90,125		-31,36,90,567	
Long-term loans and advances	4,99,50,145			
Other current assets	4,36,78,320			
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	24,06,23,820		11,26,94,101	
Other current liabilities	4,11,29,873		2,06,06,971	
Short-term provisions	13,06,33,635		4,11,62,397	
Long-term provisions	56,46,236			
		-34,84,01,829		-12,58,17,426
		19,34,68,110		43,81,20,690
Cash flow from extraordinary items		-		-
Cash generated from operations		19,34,68,110		43,81,20,690
Net income tax (paid) / refunds		-2,68,51,475		-26,82,839
Net cash flow from / (used in) operating activities (A)		**16,66,16,635**		**43,54,37,851**

Cash Flow Statement for the year ended 31 March, 2012 (Contd...)

(Amount in ₹)

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-8,54,49,198		-41,20,15,957	
Purchase of long-term investments				
- Subsidiaries	-59,11,84,371		-22,63,64,000	
- Others - Advance for acquisition	-		-37,35,89,730	
Proceeds from sale of long-term investments				
- Others - Mutual funds			1,00,00,000	
Interest received				
- Others	2,14,59,739		10,59,708	
Dividend received				
- Others	-		1,11,457	
		-65,51,73,830		-1,00,07,98,522
Cash flow from extraordinary items				
		-65,51,73,830		-1,00,07,98,522
Net cash flow from / (used in) investing activities (B)		**-65,51,73,830**		**-1,00,07,98,522**

Cash Flow Statement for the year ended 31 March, 2012 (Contd...)

(Amount in ₹)

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	-		1,70,01,32,220	
Repayment of long-term borrowings	-10,89,71,606		-	
Net increase / (decrease) in working capital borrowings	-1,63,33,879		1,44,66,564	
Proceeds from other short-term borrowings	1,23,08,656		-	
Repayment of other short-term borrowings	-		-28,12,951	
Share issue expenses	-		-11,12,01,596	
Dividends paid	-4,66,68,430		-1,32,55,890	
Interest paid	-10,03,04,385		-11,88,25,909	
		-25,99,69,644		1,46,85,02,438
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		-25,99,69,644		1,46,85,02,438
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**-74,85,26,839**		90,31,41,767
Cash and cash equivalents at the beginning of the year		97,01,00,569		6,69,58,802
Cash and cash equivalents at the end of the year		22,15,73,730		97,01,00,569
Cash and cash equivalents at the end of the year *				
* Comprises:				
(a) Cash on hand	82,224		81,026	
(b) Balances with banks				
(i) In current accounts	2,51,73,719		38,21,48,589	
(ii) In EEFC accounts	10,93,65,420		16,74,25,368	
(iii) In deposit accounts with original maturity of less than 3 months	8,66,96,577		42,04,45,586	
(iv) In earmarked accounts	2,55,790		-	
		22,15,73,730		**97,01,00,569**

Notes:
(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

In terms of our report attached.

For K. Gopalakrishnan & Co.,
Chartered Accountants.
Firm Reg No: 009600S

K.Gopalakrishnan.
Proprietor.
Membership No. 025421

Place: Bangalore
Date: 29th May 2012

Sudhendu Kumar Basu
Vice President - Finance

For and on behalf of the Board of Directors

D. Ravi Kumar
Managing Director

R. J. Kamath
Director

Subramanian Iyer
Chief Executive Officer

Vijayendra R
Company Secretary

B Notes forming part of the financial statements

1a. Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	No. of shares	Amt (₹)	No. of shares	Amt (₹)
(a) Authorised Equity shares of ₹ 10 each	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
(b) Issued, Subscribed and Paid up Equity shares of ₹ 10 each	3,88,90,358	38,89,03,580	3,88,90,358	38,89,03,580
Total	**3,88,90,358**	**38,89,03,580**	**3,88,90,358**	**38,89,03,580**

1b. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	3,88,90,358	-	-	-	-	-	-	3,88,90,358
- Amount in Rupees	38,89,03,580	-	-	-	-	-	-	38,89,03,580
Year ended 31 March, 2011								
- Number of shares	2,00,00,000	1,88,90,358	-					3,88,90,358
- Amount in Rupees	20,00,00,000	18,89,03,580	-	-	-	-	-	38,89,03,580

Of the above, 1,60,00,000 (1,60,00,000) equity shares of ₹ 10 each, fully paid up have been issued as bonus shares by capitalization of the retained profits.

1c. Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Ravi Kumar D	1,36,55,300	35.11%	1,23,02,800	31.635%
Malini Reddy T	36,12,200	9.29%	28,85,000	7.418%

B.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account		
Opening balance	1,58,00,27,044	18,00,00,000
Add : Premium on shares issued during the year	-	1,51,12,28,640
	1,58,00,27,044	1,69,12,28,640
Less : Utilised during the year for:		
Share issue expenses (IPO related)	-	11,12,01,596
Closing balance	**1,58,00,27,044**	**1,58,00,27,044**
(b) General reserve		
Opening balance	8,06,93,086	6,00,27,719
Add: Transferred from surplus in Statement of Profit and Loss	2,90,39,903	2,06,65,367
Closing balance	**10,97,32,989**	**8,06,93,086**
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	54,16,35,700	41,02,49,470
Add: Profit / (Loss) for the year	29,03,99,033	20,66,53,660
	83,20,34,733	61,69,03,130
Less: Dividends proposed to be distributed to equity shareholders (₹ 1.40 per share)	4,66,68,430	4,66,68,430
Tax on dividend	77,51,159	79,33,633
Transferred to: General reserve	2,90,39,903	2,06,65,367
Closing balance	**74,85,75,241**	**54,16,35,700**
Total	**2,43,83,35,274**	**2,20,23,55,830**

B.3 Long-term borrowings

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Term loans		
From banks		
Secured	27,35,68,022	37,86,67,231
Unsecured	-	-
	27,35,68,022	37,86,67,231
(b) Long-term maturities of finance lease obligations (Refer Note 30.8.c)		
Secured	38,40,924	30,12,462
Unsecured	-	-
	38,40,924	30,12,462
(c) Term loans guaranteed by directors		
Secured	3,09,23,551	3,56,24,411
Unsecured	-	-
	3,09,23,551	3,56,24,411
Total	**30,83,32,498**	**41,73,04,104**

B.3a Long-term borrowings (contd...)

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

(Amount in ₹)

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Secured	Unsecured	Secured	Unsecured
Term loans from banks:				
South Indian Bank	10,44,16,589	-	12,01,64,639	-
United Bank of India	14,64,84,492	-	17,21,85,238	-
Axis Bank Ltd.	1,70,31,765	-	4,69,37,740	-
Axis Bank Ltd.	56,35,176	-	3,93,79,614	-
Total - Term loans from banks	**27,35,68,022**	**-**	**37,86,67,231**	**-**
Long-term maturities of finance lease obligations:				
Axis Bank Ltd. - 1	11,02,094	-	20,35,723	-
Axis Bank Ltd. - 2	6,15,177	-	9,76,739	-
HDFC	21,23,653	-	-	-
Total - Long-term maturities of finance lease obligations	**38,40,924**	**-**	**30,12,462**	**-**
Total	**27,74,08,946**	**-**	**38,16,79,693**	**-**

(ii) Details of long-term borrowings guaranteed by some of the directors:

(Amount in ₹)

	As at 31 March, 2012		As at 31 March, 2011	
Particulars	Secured	Unsecured	Secured	Unsecured
Term loans from banks				
Axis Bank Ltd.	3,09,23,551	-	3,56,24,411	-
	3,09,23,551	-	**3,56,24,411**	-

B.4 Long-term provisions

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision for employee benefits:		
(i) Provision for compensated absences	63,75,031	31,09,869
(ii) Provision for gratuity (net)	72,98,445	49,17,371
Total	**1,36,73,476**	**80,27,240**

B.5 Short-term borrowings

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans repayable on demand		
From banks		
Secured	36,29,83,954	37,03,72,315
Unsecured	-	-
	36,29,83,954	37,03,72,315
(b) Loans and advances from related parties		
Secured	-	-
Unsecured - Kinfotech Private Limited	33,63,138	-
	33,63,138	-
Total	**36,63,47,092**	**37,03,72,315**

Notes:

(i) Details of security for the secured short-term borrowings:

(Amount in ₹)

Particulars	Nature of security	As at 31 March, 2012	As at 31 March, 2011
Loans repayable on demand from banks:			
AXIS Bank-CC	Working capital loans are secured by the currents assets of the company with interest rates ranging from 12% to 15%	10,12,70,981	10,06,26,412
Axis Bank - LC A/c		-	1,73,50,632
Loan on FD		55,00,000	-
OD limit		34,45,518	-
Packing Credit-SBT		25,27,67,455	25,23,95,271
Total - from banks		**36,29,83,954**	**37,03,72,315**

B.6 Trade payables

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade payables:		
Acceptances	30,53,97,657	11,57,59,095
Other than Acceptances	13,94,91,185	9,65,33,167
Total	**44,48,88,842**	**21,22,92,262**

B.7 Other current liabilities

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(e) Income received in advance (Unearned revenue)	1,50,00,000	3,15,000
(j) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	5,03,37,953	2,38,93,080
Total	**6,53,37,953**	**2,42,08,080**

B.8 Short-term provisions

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision - Others:		
(i) Provision for tax	10,64,63,696	24,99,063
(ii) Provision for proposed equity dividend	4,66,68,430	4,66,68,430
(iii) Provision for tax on proposed dividends	77,51,159	79,33,633
	16,08,83,285	5,71,01,126
Total	**16,08,83,285**	**5,71,01,126**

B.9 Fixed Assets

(Amount in ₹)

A. Tangible assets	Gross block									
	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
(a) Land										
Freehold	2,22,05,000	-								2,22,05,000
(b) Buildings										
Own use	46,69,22,386	-								46,69,22,386
(c) Plant and Equipment										
Owned										
Computers and Computer Accessories	5,30,08,504	5,85,51,304								11,15,59,808
(d) Furniture and Fixtures										
Owned										
Furniture & Fittings	91,87,318	62,906								92,50,224
Electrical and Networking	49,00,958	9,90,902								58,91,860
Office Interiors	15,26,505	-								15,26,505
(e) Vehicles										
Owned	4,44,468	-								4,44,468
Taken under finance lease	73,02,631	29,56,057								1,02,58,688
(f) Office equipment										
Owned										
Office Equipments	24,28,895	31,47,760								55,76,655
Air Conditioners	31,38,851	-								31,38,851
UPS and Generators	52,03,050	-								52,03,050
Total	**57,62,68,566**	**6,57,08,929**								**64,19,77,495**
Previous year	**57,19,81,398**	**42,87,166**								**57,62,68,564**

Fixed assets (contd...)

(Amount in ₹)

A. Tangible assets	Accumulated depreciation and impairment								Net block	
	Balance as at 1 April, 2011	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Land										
Freehold	-	-						-	2,22,05,000	2,22,05,000
(b) Buildings										
Own use	5,69,44,461	2,02,18,089						7,71,62,550	38,97,59,836	40,99,77,925
(c) Plant and Equipment										
Owned										
Computers and Computer Accessories	4,61,90,761	85,82,842						5,47,73,603	5,67,86,205	68,17,743
(d) Furniture and Fixtures										
Owned										
Furniture & Fittings	51,12,848	7,31,249						58,44,097	34,06,127	40,74,470
Electrical and Networking	24,16,906	5,32,724						29,49,630	29,42,230	24,84,052
Office Interiors	9,80,662	97,444						10,78,106	4,48,399	5,45,843
(e) Vehicles										
Owned	3,32,466	17,298						3,49,763	94,704	1,12,002
Taken under finance lease	41,15,778	9,73,130						50,88,909	51,69,779	31,86,853
(f) Office equipment										
Owned										
Office Equipments	5,93,053	4,92,155						10,85,208	44,91,447	18,35,842
Air Conditioners	13,96,320	2,39,066						16,35,386	15,03,465	17,42,531
UPS and Generators	23,87,719	3,86,248						27,73,967	24,29,083	28,15,331
Total	**12,04,70,974**	**3,22,70,245**						**15,27,41,219**	**48,92,36,276**	**45,57,97,592**
Previous year	**9,17,85,496**	**2,86,85,478**						**12,04,70,974**	**45,57,97,590**	**48,01,95,902**

B.10 Fixed Assets

(Amount in ₹)

Intangible assets	Gross block								
	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments - Assets impaired	Balance as at 31 March, 2012
(a) Goodwill	-	-						-	-
(b) Brands / trademarks	-	-						-	-
(c) Computer software	76,39,61,693	10,21,292						-30,70,52,230	45,79,30,755
Total	**76,39,61,693**	**10,21,292**						**-30,70,52,230**	**45,79,30,755**
Previous year	**64,99,98,140**	**11,39,63,553**						**-**	**76,39,61,693**

B.10 Fixed Assets (contd...)

(Amount in ₹)

Intangible assets	Accumulated depreciation and impairment							Net block	
	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised / (reversed) in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Goodwill	-	-			-	-	-	-	-
(b) Brands / trademarks	-	-			-	-	-	-	-
(c) Computer software	36,90,96,886	12,36,54,777			8,17,26,100	-22,53,26,130	26,74,25,533	19,05,05,222	39,48,64,807
Total	**36,90,96,886**	**12,36,54,777**			**8,17,26,100**	**-22,53,26,130**	**26,74,25,533**	**19,05,05,222**	**39,48,64,807**
Previous year	**18,24,93,971**	**18,66,02,915**					**36,90,96,886**	**39,48,64,807**	**46,75,04,169**

B.10 Fixed assets (contd...)

C. Depreciation and amortisation relating to continuing operations:

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Depreciation and amortisation for the year on tangible assets	3,22,70,245	2,86,85,478
Depreciation and amortisation for the year on intangible assets	20,53,80,877	18,66,02,915
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to discontinuing operations	-	-
Depreciation and amortisation relating to continuing operations	**23,76,51,122**	**21,52,88,393**

Notes:

(i) Details of amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years:

(ii) Details of assets acquired under hire purchase agreements:

(Amount in ₹)

Particulars	Gross block		Net block	
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
Computers and Computer Accessories	4,88,85,267	-	4,40,63,706	-

B.11 Non-current Investments

(Amount in ₹)

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade						
(a) Investment in equity instruments						
(i) of subsidiaries						
Visioninfo Inc.		1,35,979	1,35,979		1,35,979	1,35,979
[10 Shares of 1000 Arab Emarates Dhirams each fully paid]						
(previous year: 10 Shares of 1000 Arab Emarates Dhirams each fully paid)						
Kinfotech Pvt. Ltd		5,10,00,000	5,10,00,000		-	-
Line Beyond Inc		22,34,98,800	22,34,98,800		-	-
Mindriver Information Tec. Pvt. Ltd		9,50,42,641	9,50,42,641		-	-
Optech Consulting Inc		22,16,42,930	22,16,42,930		-	-
(ii) of associates						
Binary Spectrum Softech P Limited.		5,10,00,000	5,10,00,000		5,10,00,000	5,10,00,000
[4080 Equity Shares of ₹ 10/- each fully Paid valued at ₹ 12500/- each]						
(Previous year: 4080 Shares of ₹ 10/- each fully Paid valued at ₹ 12500/- each)						
Total	-	**64,23,20,350**	**64,23,20,350**	-	**5,11,35,979**	**5,11,35,979**

B.12 Long-term loans and advances

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Capital advances		
Secured, considered good	-	-
Unsecured, considered good	-	46,85,89,730
Doubtful	-	-
	-	46,85,89,730
Less: Provision for doubtful advances	-	-
	-	46,85,89,730
(b) Security deposits		
Secured, considered good		
Unsecured, considered good	47,85,713	4,31,28,928
Doubtful	-	-
	47,85,713	4,31,28,928
Less: Provision for doubtful deposits	-	-
	47,85,713	4,31,28,928
(c) Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	17,97,34,116	25,85,33,085
Doubtful	-	-
	17,97,34,116	25,85,33,085
Less: Provision for doubtful loans and advances	-	-
	17,97,34,116	25,85,33,085
(d) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	44,21,432	34,24,802
Doubtful	-	-
	44,21,432	34,24,802
Less: Provision for doubtful loans and advances	-	-
	44,21,432	34,24,802

B.12 Long-term loans and advances (contd...)

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(e) MAT credit entitlement - Unsecured, considered good	7,07,66,746	12,53,33,448
(f) Other loans and advances		
Secured, considered good	-	-
Unsecured, considered good	87,31,99,443	28,38,47,601
Doubtful	-	-
	87,31,99,443	28,38,47,601
Less: Provision for other doubtful loans and advances	-	-
	87,31,99,443	28,38,47,601
Total	**1,13,29,07,448**	**1,18,28,57,594**

B.13 Inventories

(At lower of cost and net realisable value)

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Stock-in-trade (acquired for trading)	21,01,502	-
Total	**21,01,502**	**-**

B.14 Trade receivables

(Amount in ₹)

Particulars		As at 31 March, 2012	As at 31 March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Secured, considered good		-	-
Unsecured, considered good		-	-
Doubtful		21,02,844	21,02,844
		21,02,844	21,02,844
Less: Provision for doubtful trade receivables		21,02,844	21,02,844
Other Trade receivables		-	-
Secured, considered good			
Unsecured, considered good		1,24,91,82,491	39,14,10,261
Doubtful		-	-
		1,24,91,82,491	39,14,10,261
Less: Provision for doubtful trade receivables		-	-
		1,24,91,82,491	39,14,10,261
	Total	**1,24,91,82,491**	**39,14,10,261**

B.15 Cash and cash equivalents

(Amount in ₹)

Particulars		As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand		82,224	81,026
(b) Cheques, drafts on hand		-	-
(c) Balances with banks			
(i) In current accounts		2,51,73,719	38,21,48,589
(ii) In EEFC accounts		10,93,65,420	16,74,25,368
(iii) In deposit accounts		8,66,96,577	42,04,45,586
(iv) In earmarked accounts			
- Unpaid dividend accounts		2,55,790	-
	Total	**22,15,73,730**	**97,01,00,569**

B.16 Short-term loans and advances

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Security deposits		
Secured, considered good		
Unsecured, considered good	1,90,125	-
Doubtful	-	-
	1,90,125	-
Less: Provision for doubtful deposits	-	-
Total	**1,90,125**	**-**

B.17 Other current assets

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Unbilled revenue	3,48,60,680	7,85,39,000
Total	**3,48,60,680**	**7,85,39,000**

B.18 Revenue from operations

(Amount in ₹)

	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a)	Sale of products	14,91,19,242	10,99,754
(b)	Sale of services	1,72,57,33,776	1,41,54,29,182
	Less:		
	Excise duty	-	-
	Total	**1,87,48,53,018**	**1,41,65,28,936**

(Amount in ₹)

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i)	Sale of products comprises:		
	Traded goods		
	Product HARDWARES	6,46,48,727	10,99,754
	Product SOFTWARES	8,44,70,515	-
	Total - Sale of products	**14,91,19,242**	**10,99,754**
(ii)	Sale of services comprises:		
	Technical Services Outsourcing	13,92,29,252	99,05,592
	Technical Export Services	1,58,65,04,524	1,40,55,23,590
	Total - Sale of services	**1,72,57,33,776**	**1,41,54,29,182**

B.19a Purchase of traded goods

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Traded goods Softwares Licenses & updates	7,78,15,488	-
Traded goods Hardwares & Perhiperals	6,16,14,903	10,36,118
Total	**13,94,30,391**	**10,36,118**

B.19b Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Inventories at the end of the year:		
Un Billed Revenue	3,48,60,680	7,85,39,000
Traded goods Hardwares & Peripherals	21,01,502	-
	3,69,62,182	**7,85,39,000**
Inventories at the beginning of the year:		
Un Billed Revenue	7,85,39,000	3,37,27,500
Traded goods Hardwares & Perhiperals	-	-
	7,85,39,000	**3,37,27,500**
Net (increase) / decrease	**4,15,76,818**	**-4,48,11,500**

B. 20 Employee benefits expense

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Salaries and wages	94,63,75,037	75,87,72,367
Contributions to provident and other funds	88,41,108	52,94,102
Staff welfare expense	48,29,333	15,52,936
Total	**96,00,45,478**	**76,56,19,405**

B.21 Other expenses

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Subcontracting	1,89,35,537	-
Power and fuel	25,52,299	30,03,808
Water	21,856	5,260
Rent including lease rentals	46,66,759	47,97,242
Repairs and maintenance - Buildings	50,24,877	26,80,678
Repairs and maintenance - Machinery	22,50,803	10,08,611
Repairs and maintenance - Others	2,94,157	51,030
Insurance	18,11,975	12,39,648
Rates and taxes	9,12,620	8,96,690
Communication	25,46,514	14,23,379
Travelling and conveyance	1,18,20,169	82,71,621
Printing and stationery	52,36,909	34,20,312
Freight and forwarding	4,15,772	-
Business promotion	21,80,89,723	9,51,71,465
Other Administration Expenses	54,37,398	34,85,757
Legal and professional	1,00,000	-
Payments to auditors [Refer note (i) below]	12,00,000	10,05,968
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	22,86,372
Provision for doubtful trade and other receivables, loans and advances (net)	-	21,02,844
Total	**28,13,17,367**	**13,08,50,684**

Note (i) - Payment to Auditors

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Payments to the auditors comprises (net of service tax input credit):		
As auditors - statutory audit	10,00,000	7,50,000
For taxation matters	-	-
For other services	2,00,000	2,55,968
Total	**12,00,000**	**10,05,968**

B.22 Finance costs

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Interest expense on:		
(i) Borrowings	8,81,43,335	10,58,86,129
(b) Other borrowing costs	1,21,61,049	1,29,39,780
Total	**10,03,04,385**	**11,88,25,909**

B.23 Other income

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Interest income (Refer Note (i) below)	2,14,59,739	10,59,708
(b) Dividend income:		
from current investments		
subsidiaries	-	-
others	-	1,11,457
(c) Net gain on foreign currency transactions and translation (other than considered as finance cost)	14,01,67,972	-
(d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	2,85,084	1,03,887
Total	**16,19,12,795**	**12,75,052**

(Amount in ₹)

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i)	Interest income comprises:		
	Interest from banks on:		
	deposits	2,14,59,739	10,59,708
	Total - Interest income	**2,14,59,739**	**10,59,708**

(Amount in ₹)

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(ii)	Other non-operating income comprises:		
	Miscellaneous income	2,85,084	1,03,887
	Total - Other non-operating income	**2,85,084**	**1,03,887**

B.24 Notes forming part of the financial statements

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Details of Forex inward & outwards for the FY 2011-12

Particulars	USD	AUD	INR	INR
Inwards from Export of software services	1,11,69,266	77,028	57,14,19,660	38,51,400
Outward				
For Onsite development exp.	92,49,495		47,32,04,164	
For Overseas office expansion & Exp.	34,73,607		17,77,09,734	

Managerial Remuneration	
D. Ravi Kumar	₹ 50,88,000

The company has filed an application for the amalgamation of MindRiver Information Technologies (P) Limited and Kinfotech (P) Limited and the same is pending for the directives from the Honorable High Court of Karnataka. The said company being the holding Company, the consolidated financial results will include the financial results of these two companies also as per the Indian Accounting Standards. On obtaining approval from the Honble Court, the effect of changes due to the amalgamation effective from 1st October 2011 will be disclosed to the Stock Exchanges and the approval of the share holders will be obtained for the same in the next immediate Annual General Meeting of the company.

The software Application packages have been tested for impairment and ₹ 8.17 crores has been recognized in the statement of Profit and Loss towards impairment loss on packages whose economic / useful life is expired.

Contingent Liabilities

a) Corporate Guarantee in favor of UPS capital Business Credit main office situated at 425 Dat Hill Road, Windsor, Connecticut, U.S.A. 06095 for loan availed by Vision Info Inc.

Particulars	Term Loan 1	Term Loan 2	Term Loan 3
Guarantee amount (USD)	30,68,451	30,32,471	43,04,541
Expiry Date	25-Feb-14	31-Dec-15	25-Jan-15
Current Outstanding (USD)	12,27,394	22,74,493	43,04,541
Current Outstanding (INR)	6,27,93,477	11,63,63,075	22,02,20,318
Previous year Guarantee amount (USD)	30,68,415	30,32,471	-
Previous year Outstanding (USD)	24,54,760	28,80,875	-
Previous year Outstanding (INR)	11,05,37,843	12,86,31,069	-

b) Bills discounted with SBI Global Factors Limited ₹ 4,76,72, 313 (Previous year : ₹ 11,86,83,147)

c) Outstanding Guarantees and Counter Guarantees ₹ 1,05,00,000 (Previous year : ₹ 97,55,000)

B.24 Disclosures under Accounting Standards

Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 88,41,108 (Year ended 31 March, 2011, ₹ 52,94,102) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

i. Gratuity : An amount of ₹ 23,81,074 has been recognised in the Statement of Profit and Loss for the year ended March 31, 2012 towards Gratuity based on Actuarial Valuation. (Net liability recognised is Balance Sheet : ₹ 72,98,445)

ii. Compensated absences : An amount of ₹ 35,03,074 has been recognised in the Statement of Profit and Loss for the year ended March 31, 2012 towards compensated absences based on Actuarial valuation (Net liability recognised in Balance Sheet : ₹ 63,75,031)

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Actuarial assumptions	
Discount rate	8.50%
Salary escalation	6.00%
Attrition	5.00%
Mortality tables	LIC (94-96) Ultimate Mortality Table

B.24 Disclosures under Accounting Standards (contd...)

Details of borrowing costs capitalised

(Amount in ₹)

Particulars	**For the year ended 31 March, 2012**	**For the year ended 31 March, 2011**
Borrowing costs capitalised during the year		
- Intangible assets under development	1,87,18,978	1,39,01,009
	1,87,18,978	**1,39,01,009**

B.24 Disclosures under Accounting Standards (contd...)

Details of related parties:

Description of relationship	Names of related parties
Subsidiaries	Vision Info Inc.
	LineBeyond Inc.
	Kinfotech Private Limited
	MindRiver Information Technologies Private Limited
	Optech Consulting Inc.
Associates	Binary Spectrum Softech Pvt. Ltd.
Key Management Personnel (KMP)	Mr. D. Ravi Kumar
Relatives of KMP	Mrs. Malini Reddy (w/o Mr. D. Ravi Kumar)

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

(Amount in ₹)

Particulars	Subsidiaries	KMP	Relatives of KMP	Total
Purchase of goods				
Kinfotech Private Limited	64,575	-	-	**64,575**
Purchase of fixed assets				
Kinfotech Private Limited	1,69,007	-	-	**1,69,007**
Receiving of services				
Rent Office - Malini Reddy	-	-	33,12,000	**33,12,000**
Loans and advances				
Binary (net)	4,58,12,666	-	-	**4,58,12,666**
Kinfotech Private Limited	33,63,138	-	-	**33,63,138**
Vision Info (net)	12,46,11,635	-	-	**12,46,11,635**
<u>Balances outstanding at the end of the year</u>				
Loans and advances				
Kinfotech Private Limited	33,63,138	-	-	**33,63,138**
Binary	4,58,12,666	-	-	**4,58,12,666**
Vision Info	13,39,21,450	-	-	**13,39,21,450**

B.24 Disclosures under Accounting Standards (contd...)

Details of leasing arrangements

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
As Lessee		
The Company has entered into operating lease arrangements for office premises. These lease arrangements are non-cancel-lable for a period ranging from 6 months to 18 months from March 31, 2012 and may be renewed for a further period of 11 months to 7 years based on mutual agreement of the parties.		
Rent recognised in Statement of Profit and Loss	46,66,759	47,97,242
Future minimum lease payments		
not later than one year	47,30,749	37,98,000
later than one year and not later than five years	14,84,250	33,12,000
later than five years	-	-
	62,14,999	**71,10,000**
The Company has entered into finance lease arrangements for vehicles.		
Future minimum lease payments and reconciliation of gross investment in the lease and present value of minimum lease payments		
Future minimum lease payments		
not later than one year	17,67,992	12,45,058
later than one year and not later than five years	19,96,204	37,64,196
later than five years	-	-
	37,64,196	**50,09,254**
Less: Unearned finance income	-	-
	37,64,196	**50,09,254**
Present value of minimum lease payments receivable		
not later than one year	14,76,849	11,78,168
later than one year and not later than five years	14,95,366	28,12,143
later than five years	-	-
	29,72,215	**39,90,311**

B.24 Disclosures under Accounting Standards (contd...)

Earnings per share

(Amount in ₹ except for number of equity shares)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Earnings per share		
a. Basic		
Continuing operations		
Net profit / (loss) for the year from continuing operations	29,03,99,033	20,66,53,660
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	29,03,99,033	20,66,53,660
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share from continuing operations - Basic	**7.47**	**9.68**
Total operations		
Net profit / (loss) for the year	29,03,99,033	20,66,53,660
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	29,03,99,033	20,66,53,660
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share - Basic	**7.47**	**9.68**
b. Basic (excluding extraordinary items)		
Continuing operations		
Net profit / (loss) for the year from continuing operations	29,03,99,033	20,66,53,660
(Add) / Less: Extraordinary items (net of tax) relating to continuing operations	-	-
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	29,03,99,033	20,66,53,660
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share from continuing operations, excluding extraordinary items - Basic	**7.47**	**9.68**

Earning per share (contd...)

(Amount in ₹ except for number of equity shares)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Total operations		
Net profit / (loss) for the year	29,03,99,033	20,66,53,660
(Add) / Less: Extraordinary items (net of tax)	-	-
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	29,03,99,033	20,66,53,660
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share, excluding extraordinary items - Basic	**7.47**	**9.68**

B.24 Disclosures under Accounting Standards (contd...)

Deferred tax (liability) / asset

(Amount in ₹)

Particulars	As at 31 March, 2012
Deferred tax (liability) / asset	-5,09,33,742
Tax effect of items constituting deferred tax liability	
On difference between book balance and tax balance of fixed assets	44,23,227
Tax effect of items constituting deferred tax liability	44,23,227
Tax effect of items constituting deferred tax assets	
Provision for compensated absences, gratuity and other employee benefits	19,16,733
Tax effect of items constituting deferred tax assets	19,16,733
Net deferred tax (liability) / asset	**63,39,960**

B.24 Notes forming part of the Financial Statement

Segment Revenue 2011-12

(Amount in ₹)

Business Segment	Engineering Design Services	Information Technology Services	Health Care	Total
Income	60,31,24,752	1,20,77,16,846	6,40,11,420	**1,87,48,53,018**
Expenditure	35,85,12,392	57,47,92,324	2,67,40,762	**96,00,45,478**
Allocated General Expenses	11,73,15,758	42,60,60,024	1,92,53,179	**56,26,28,961**
Segmental Operating Income	12,72,96,601	20,68,64,498	1,80,17,479	**35,21,78,579**
Unallocable expenses	-	-	-	**23,76,51,122**
Operating Income	-	-	-	**11,45,27,457**
Other Income	-	-	-	**16,19,12,795**
Net Profit before taxes	-	-	-	**27,64,40,252**
Income Taxes	-	-	-	**-1,39,58,782**
Net Profit After Taxes	-	-	-	**29,03,99,034**

(Amount in ₹)

Geographic segment	United States	Middle East	Europe	Asia	Total
Income	75,14,40,591	58,07,52,456	17,41,96,839	36,84,63,132	**1,87,48,53,018**
Expenditure	37,02,84,879	30,40,61,094	9,65,68,092	18,91,31,413	**96,00,45,478**
Allocated Expenses	22,86,89,814	17,37,05,444	5,21,85,824	10,80,47,878	**56,26,28,961**
Segment Income	15,24,65,898	10,29,85,918	2,54,42,922	7,12,83,840	**35,21,78,579**
Unallocable expenses	-	-	-	-	**23,76,51,122**
Operating Income	-	-	-	-	**11,45,27,457**
Other Income	-	-	-	-	**16,19,12,795**
Net Profit before Taxes	-	-	-	-	**27,64,40,252**
Income Taxes	-	-	-	-	**-1,39,58,782**
Net Profit after Taxes	-	-	-	-	**29,03,99,034**

As the assets of the Company are used interchangeably between the segments as also the liabilities contracted are not ascertainable to any specific segment, reporting of Segmental Assets is not considered feasible.

Segment Revenue 2010-11

(Amount in ₹)

Business Segment	Engineering Design Service	Information Technology Service	Health Care	Total
Income	49,43,99,332	81,40,16,893	10,81,12,712	**1,41,65,28,937**
Expenditure	26,90,38,397	38,18,03,492	4,83,65,066	**69,92,06,955**
Allocated General Expenses	8,85,32,609	16,13,53,308	2,24,27,745	**27,23,13,662**
Segmental Operating Income	13,68,28,326	27,08,60,093	3,73,19,901	**44,50,08,320**
Unallocable expenses	-	-	-	**21,52,88,393**
Operating Income	-	-	-	**22,97,19,927**
Other Income	-	-	-	**12,75,052**
Net Profit before taxes	-	-	-	**23,09,94,979**
Income Taxes	-	-	-	**2,43,41,319**
Net Profit After Taxes	-	-	-	**20,66,53,660**

(Amount in ₹)

Geographic segment	United States	Middle East	Europe	Asia	Total
Income	76,57,74,776	50,85,12,323	4,31,62,953	9,90,78,885	**1,41,65,28,937**
Expenditure	36,67,72,268	25,79,80,934	2,34,88,081	5,09,65,672	**69,92,06,955**
Allocated Expenses	14,72,12,618	9,77,56,459	82,97,650	1,90,46,935	**27,23,13,662**
Segment Income	25,17,89,890	15,27,74,930	1,13,77,221	2,90,66,279	**44,50,08,320**
Unallocable expenses	-	-	-	-	**21,52,88,393**
Operating Income	-	-	-	-	**22,97,19,927**
Other Income	-	-	-	-	**12,75,052**
Net Profit before Taxes	-	-	-	-	**23,09,94,979**
Income Taxes	-	-	-	-	**2,43,41,319**
Net Profit after Taxes	-	-	-	-	**20,66,53,660**

As the assets of the Company are used interchangeably between the segments as also the liabilities contracted are not ascertainable to any specific segment, reporting of Segmental Assets is not considered feasible.

Significant accounting policies

1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

3 Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

6 Depreciation and amortisation

Depreciation and ammortisation have been provided on written down value at the rates specified in Schedule XIV of Companies Act, 1956.

7 Revenue recognition

<u>Sale of goods</u>

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

<u>Income from services</u>

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable. Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/ subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

13 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

14 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under: (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

15 Employee share based payments

The Employee Stock Option Schemes (ESOS) are to be formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

16 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

17 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

18 Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis."

19 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

20 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. "

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

21 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

22 Joint venture operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

23 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

24 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

25 Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

26 Share issues expenses

Share issue expenses and redemption premium are adjusted against the Securities Premium Account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account. The balance of share issue expenses is carried as an asset and is amortised over a period of 5 years from the date of the issue of shares.

27 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/ utilising the credits.


Sustainability Solutions…
…Optimizing & Alternating Intelligently

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. ACROPETAL TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

We have audited the attached consolidated Balance Sheet of M/S. ACROPETAL TECHNOLOGIES LIMITED (the Company) and its subsidiaries (collectively called the Acropetal Group) as at 31st March 2012, the consolidated profit and loss account and the consolidated cash flow statement for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (A S) 21. Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

(a) in the case of the consolidated balance sheet, of the state of affairs of the ACROPETAL GROUP as at 31st March 2012.

(b) in the case of the consolidated profit and loss account, of the PROFIT of the ACROPETAL GROUP for the Year Ended on that date, and

(c) in the case of the consolidated cash flow statement, of the cash flows of the ACROPETAL GROUP for the Year Ended on that date.

For K. Gopalakrishnan & Co.,
Chartered Accountants,
Firm Regn. No 009600S

K. Gopalakrishnan
Proprietor
M. No.: 025421.

Place : Bangalore
Date : 29th May 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(Amount in ₹)

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	B.1	38,89,03,580	38,89,03,580
(b) Reserves and surplus	B.2	3,01,25,18,531	2,48,66,63,680
		3,40,14,22,111	**2,87,55,67,260**
2 Non-current liabilities			
(a) Long- term borrowings	B.3	1,14,68,28,828	64,54,89,913
(b) Deferred tax liabilities (net)	B.4	3,29,19,327	5,09,33,742
(c) Other long-term liabilities	B.5	-	-
(d) Long-term provisions	B.6	1,36,73,476	-
		1,19,34,21,631	**69,64,23,655**
3 Current liabilities			
(a) Short-term borrowings	B.7	46,01,95,116	35,30,21,683
(b) Trade payables	B.8	55,00,39,290	14,58,19,708
(c) Other current liabilities	B.9	32,63,90,944	10,87,32,263
(d) Short-term provisions	B.10	19,52,20,215	5,71,01,126
		1,53,18,45,565	**66,46,74,780**
TOTAL		**6,12,66,89,306**	**4,23,66,65,695**
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	B.11	51,32,87,026	45,57,97,590
(ii) Intangible assets	B.12	70,00,41,896	66,84,28,973
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		52,20,60,311	29,37,65,238
(v) Goodwill		63,19,58,140	-
		2,36,73,47,373	**1,41,79,91,801**
(b) Non-current investments	B.13	5,10,04,000	5,10,00,000
(c) Deferred tax assets (net)	B.4	65,21,953	-
(d) Long-term loans and advances	B.14	1,36,42,28,328	1,14,29,90,759
(e) Other non-current assets	B.15	41,28,608	-
2 Current assets			
(a) Current investments		-	-
(b) Inventories	B.16	24,18,292	-
(c) Trade receivables	B.17	1,95,88,21,489	57,03,17,007
(d) Cash and cash equivalents	B.18	23,38,18,677	97,58,27,128
(e) Short-term loans and advances	B.19	10,35,39,906	7,85,39,000
(f) Other current assets	B.20	3,48,60,680	-
		2,33,34,59,044	**1,62,46,83,135**
TOTAL		**6,12,66,89,306**	**4,23,66,65,695**
See accompanying notes forming part of the financial statements	B.29		

In terms of our report attached.

For K. Gopalakrishnan & Co.,
Chartered Accountants.
Firm Reg No: 009600S

K.Gopalakrishnan.
Proprietor.
Membership No. 025421

Place : Bangalore
Date : 29th May 2012

For and on behalf of the Board of Diretors

D. Ravi Kumar
Chairman & Managing Director

R. J. Kamath
Director

Subramanian Iyer
Chief Executive Officer

Sudhendu Kumar Basu
Vice President - Finance

Vijayendra R
Company Secretary

Statement of Consolidated Profit and Loss for the year ended 31 March, 2012

(Amount in ₹)

Particulars			Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A		**CONTINUING OPERATIONS**			
	1	Revenue from operations (gross)	B.21	3,23,79,13,547	2,01,47,32,844
		Less: Excise duty		-	-
		Revenue from operations (net)		3,23,79,13,547	2,01,47,32,844
	2	**Expenses**			
		(a) Purchases of stock-in-trade	B.22	54,90,08,696	10,36,118
		(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	B.23	4,22,06,358	-4,48,11,500
		(c) Employee benefits expense	B.24	1,40,20,99,826	1,08,96,26,330
		(d) Other expenses	B.25	38,64,67,623	18,61,69,178
		Total		**2,37,97,82,504**	**1,23,20,20,126**
	3	**Earnings before exceptional items, extraordinary items, interest, tax,depreciation and amortisation (EBITDA) (1 - 2)**		85,81,31,043	78,27,12,718
	4	Finance costs	B.26	14,29,42,747	12,46,21,597
	5	Depreciation and amortisation expense	B.11	42,19,76,745	3,007,55,458
	6	Other income	B.27	19,35,96,149	12,75,053
	7	**Profit / (Loss) before exceptional and extraordinary items and tax (3 + 4 + 5 + 6)**		**48,68,07,699**	**35,86,10,716**
	8	Exceptional items	B.28	10,32,152	-
	9	**Profit / (Loss) before extraordinary items and tax (7 - 8)**		48,57,75,547	35,86,10,716
	10	Extraordinary items		-	-
	11	**Profit / (Loss) before tax (9 - 10)**		48,57,75,547	35,86,10,716
	12	**Tax expense:**			
		(a) Current tax expense for current year		12,13,26,178	24,99,063
		(b) (Less): MAT credit		-5,27,16,080	-
		(c) Net current tax expense		6,86,10,098	24,99,063
		(d) Deferred tax		-3,16,50,680	2,18,42,256
				3,69,59,418	2,43,41,319
	13	**Profit / (Loss) from continuing operations (11 - 12)**		**44,88,16,130**	**33,42,69,397**
B		**DISCONTINUING OPERATIONS**			
	14.i	Profit / (Loss) from discontinuing operations (before tax)		-	-
	14.ii	Add / (Less): Tax expense of discontinuing operations		-	-
	15	**Profit / (Loss) from discontinuing operations (14.i - 14.ii)**		-	-
	C	**TOTAL OPERATIONS**			
	16	**Profit / (Loss) for the year (13 + 15)**		44,88,16,130	33,42,69,397

Statement of Profit and Loss for the year ended 31 March, 2012 (contd...)

(Amount in ₹)

Particulars	Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
17.i Earnings per share (of ₹10/- each):	B.29		
(a) Basic			
(i) Continuing operations		11.54	15.66
(ii) Total operations		11.54	15.66
(b) Diluted			
(i) Continuing operations		11.54	15.66
(ii) Total operations		11.54	15.66
17.ii Earnings per share (excluding extraordinary items) (of ₹10/- each):	B.29		
(a) Basic			
(i) Continuing operations		11.54	15.66
(ii) Total operations		11.54	15.66
(b) Diluted			
(i) Continuing operations		11.54	15.66
(ii) Total operations		11.54	15.66
See accompanying notes forming part of the financial statements	B.29		

In terms of our report attached.
For K. Gopalakrishnan & Co.,
Chartered Accountants.
Firm Reg No: 009600S

K.Gopalakrishnan.
Proprietor.
Membership No. 025421
Place : Bangalore
Date : 29th May 2012

For and on behalf of the Board of Diretors

D. Ravi Kumar
Chairman & Managing Director

R. J. Kamath
Director

Subramanian Iyer
Chief Executive Officer

Sudhendu Kumar Basu
Vice President - Finance

Vijayendra R
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	48,57,75,547	35,86,10,716
Adjustments for:		
Depreciation	42,19,76,745	30,07,55,458
Interest Expenses	14,29,42,747	12,46,21,597
Interest & Dividend Income	-2,34,64,315	-11,71,165
Effect of Exchange Difference on Foreign Currency Translation	-5,62,40,792	-79,39,571
Operating Profit before working capital changes	97,09,89,933	77,48,77,035
Changes in Current Assets and Current Liabilities		
Sundry Debtors	-1,38,85,04,482	50,47,193
Loans and Advances	-24,62,38,475	-67,21,68,317
Current Liabilities and Provisions	86,70,07,688	17,13,64,785
Cash generated from Operations	20,32,54,663	27,91,20,696
Income Taxes paid	-2,68,51,475	-26,82,839
NET CASH FROM OPERATING ACTIVITIES	**17,64,03,188**	**276,437,857**
Purchase / Increase in Net Fixed Assets	6,72,14,666	-27,54,16,693
Change in Capital Work-in-progress	-22,82,95,073	-29,37,65,238
Investments	-	1,00,00,000
Interest and Dividend Received	2,34,64,315	11,71,165
Investment in Subsidiary	-59,11,84,371	-
Investment by way of Advance towards Acquisition	-	-37,35,89,730
NET CASH USED IN INVESTING ACTIVITIES	**- 72,88,00,463**	**-93,16,00,496**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	-	1,70,01,32,220
Share Isuue Expenses	-	-11,12,01,596
Proceeds from Borrowings	-	11,19,50,947
Interest paid	-14,29,42,747	-12,46,21,597
Dividend paid	-4,66,68,430	-1,32,55,890
NET CASH FROM FINANCING ACTIVITIES	**-18,96,11,177**	**1,56,30,04,084**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**-74,20,08,451**	**90,78,41,445**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**97,58,27,128**	**6,79,85,683**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**23,38,18,677**	**97,58,27,128**

In terms of our report attached.
For K. Gopalakrishnan & Co.,
Chartered Accountants.
Firm Reg No: 009600S

K.Gopalakrishnan.
Proprietor.
Membership No. 025421
Place : Bangalore
Date : 29th May 2012

For and on behalf of the Board of Diretors

D. Ravi Kumar
Chairman & Managing Director

R. J. Kamath
Director

Subramanian Iyer
Chief Executive Officer

Sudhendu Kumar Basu
Vice President - Finance

Vijayendra R
Company Secretary

Notes forming part of the financial statements

B.1

1a. Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
(a) Authorised				
Equity shares of ₹10 each	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
(b) Issued, Subscribed and Paid up				
Equity shares of ₹10 each	3,88,90,358	38,89,03,580	3,88,90,358	38,89,03,580
Total	**3,88,90,358**	**38,89,03,580**	**3,88,90,358**	**38,89,03,580**

1b. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	3,88,90,358	-	-	-	-	-	-	3,88,90,358
- Amount in Rupees	38,89,03,580	-	-	-	-	-	-	38,89,03,580
Year ended 31 March, 2011								
- Number of shares	2,00,00,000	1,88,90,358	-	-	-	-	-	3,88,90,358
- Amount in Rupees	20,00,00,000	18,89,03,580	-	-	-	-	-	38,89,03,580

Of the above, 1,60,00,000 (1,60,00,000) equity shares of ₹10 each, fully paid up have been issued as bonus shares by capitalization of the retained profits

1c. Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Ravi Kumar D	1,36,55,300	35.11%	1,23,02,800	31.635%
Malini Reddy T	36,12,200	9.29%	28,85,000	7.418%

B.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account		
Opening balance	1,58,00,27,044	18,00,00,000
Add : Premium on shares issued during the year		1,51,12,28,640
	1,58,00,27,044	1,69,12,28,640
Less : Utilised during the year for:		
Share issue expenses (IPO related)		11,12,01,596
Closing balance	**1,58,00,27,044**	**1,58,00,27,044**
(b) General reserve		
Opening balance	9,16,86,921	6,00,27,719
Add: Transferred from surplus in Statement of Profit and Loss	2,90,39,903	2,06,65,366
Closing balance	**12,07,26,824**	**8,06,93,085**
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	61,46,49,975	59,52,07,985
Add: Profit / (Loss) for the year	44,88,16,129	33,42,69,397
	1,06,34,66,104	92,94,77,382
Less: Dividends proposed to be distributed to equity shareholders	4,66,68,430	4,66,68,430
Tax on dividend	77,51,159	79,33,633
Transferred to: General reserve	2,90,39,903	2,06,65,366
Closing balance	**98,00,06,612**	**85,42,09,953**
(d) Foreign Exchange Reserves account		
Opening Balance	-2,82,66,402	-2,03,26,831
Changes	36,00,24,453	-79,39,571
Closing Balance	33,17,58,051	-2,82,66,402
Total	**3,01,25,18,531**	**2,48,66,63,680**

B.3 Long-term borrowings

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Term loans		
From banks		
Secured	49,50,59,227	43,16,42,274
Unsecured	39,93,76,869	21,08,35,177
	89,44,36,096	**64,24,77,451**
From other parties		
Secured	-	-
Unsecured	-	-
(e) Loans and advances from other parties		
Secured	-	-
Unsecured	21,69,54,796	-
	21,69,54,796	**-**
(f) Long-term maturities of finance lease obligations		
Secured	45,14,384	30,12,462
Unsecured	-	-
	45,14,384	**30,12,462**
(g) Term loans guaranteed by directors		
Secured	3,09,23,551	-
Unsecured	-	-
	3,09,23,551	**-**
Total	**1,14,68,28,828**	**64,54,89,913**

B.3a Long-term borrowings (contd...)

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

(Amount in ₹)

Particulars	As at 31 March, 2012	
	Secured	Unsecured
Term loans from banks		
South Indian Bank	10,44,16,589	-
United Bank of India	14,64,84,492	-
Axis Bank Ltd.	1,70,31,765	-
Axis Bank Ltd.	56,35,176	-
UBI Bank	22,14,91,205	-
Ups Capital	-	39,93,76,869
Total - Term loans from banks	**49,50,59,227**	**39,93,76,869**
Loans and advances from other parties	**-**	**21,69,54,796**
Long-term maturities of finance lease obligations		
Axis Bank Ltd. - 1	11,02,094	-
Axis Bank Ltd. - 2	6,15,177	-
HDFC	21,23,653	-
Axis Bank	6,73,460	-
Total - Long-term maturities of finance lease obligations	**45,14,384**	**-**
Total	**49,95,73,611**	**61,63,31,665**

Primary security for term loans from banks are Fixed Assets (Tangible & Intangible) of the Company and collateral security comprises of property & personal guarantee of Directors
Long term loans are repayable within of 3 to 5 years from March 31, 2012. Rate of Interest on these loans is ranging from 10% to 18% p.a.

(ii) Details of long-term borrowings guaranteed by some of the directors:

(Amount in ₹)

Particulars	As at 31 March, 2012	
	Secured	Unsecured
Term loans from banks		
Axis Bank Ltd.	3,09,23,551	-
Total	**3,09,23,551**	**-**

B.4 Deferred tax (liability) / asset

(Amount in ₹)

Particulars	As at 31 March, 2012
Deferred tax (liability) / asset (Including Subsidiaries)	5,80,48,054
<u>Tax effect of items constituting deferred tax liability</u>	
Tax effect of items constituting deferred tax liability	3,29,19,327
<u>Tax effect of items constituting deferred tax assets</u>	
Tax effect of items constituting deferred tax assets	65,21,953
Net deferred tax (liability) / asset	**2,63,97,374**

B.5 Other long-term liabilities

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Others		
(i) Payables on purchase of fixed assets	-	-
Total	**-**	**-**

B.6 Long-term provisions

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision for employee benefits:		
(i) Provision for compensated absences	63,75,031.00	-
(ii) Provision for gratuity (net)	72,98,445.00	-
	1,36,73,476.00	-
Total	**1,36,73,476.00**	**-**

B.7 Short-term borrowings

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans repayable on demand		
From banks		
Secured(Refer note (i))	44,33,12,010	35,30,21,683
Unsecured	22,166	-
	44,33,34,176	35,30,21,683
From other parties		
Secured	-	-
Unsecured	33,63,138	-
	33,63,138	-
(b)Other Loans and Advances		
Secured	-	-
Unsecured	1,34,97,802	-
	1,34,97,802	-
Total	**46,01,95,116**	**35,30,21,683**

Notes:

(i) Details of security for the secured short-term borrowings:

(Amount in ₹)

Particulars	Nature of security	As at 31 March, 2012	As at 31 March, 2011
Loans repayable on demand from banks:			
AXIS Bank-CC	Working capital loans are secured by the currents assets	10,12,70,981	10,06,26,412
Axis Bank - LC A/c	of the company with interest rates ranging from 12% to 15%.	-	1,73,50,632
Loan on FD	All current & fixed assets of the company including, software package worth	55,00,000	-
OD limit	33.52 cr.	34,45,518	-
Packing Credit-SBT		25,27,67,455	25,23,95,271
United Bank Of India		4,99,88,279	-
ICICI bank Ltd.		3,03,39,776	-
Total		**44,33,12,010**	**37,03,72,315**

B.8 Trade payables

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade payables:		
Acceptances	40,77,68,081	14,58,19,708
Other than Acceptances	14,22,71,209	-
Total	**55,00,39,290**	**14,58,19,708**

B.9 Other current liabilities

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Current maturities of long-term debt	-	-
(b) Current maturities of finance lease obligations	22,214	-
(c) Interest accrued but not due on borrowings	-	-
(d) Interest accrued and due on borrowings	14,75,823	-
(e) Income received in advance (Unearned revenue)	11,33,40,738	-
(f) Other payables		-
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	8,27,95,944	5,33,91,541
(ii) Payables on purchase of fixed assets	-	-
(iii) Contractually reimbursable expenses	13,02,02,200	-
(iv) Interest accrued on trade payables	-	-
(v) Interest accrued on others	-	-
(vi) Trade / security deposits received	36,54,320	-
(vii) Advances from customers	71,62,400	29,94,000
(viii) Others	96,51,691	-
(ix) Others MAT Payable	-	5,23,46,722
(ix) Others inter company adj	-2,19,14,386	-
Total	**32,63,90,944**	**10,87,32,263**

B.10 Short-term provisions

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision for employee benefits:		
(i) Provision for gratuity (net)	59,81,752	-
	59,81,752	-
(b) Provision - Others:		
(i) Provision for tax	13,48,18,874	24,99,063
(ii) Provision for proposed equity dividend	4,66,68,430	4,66,68,430
(iii) Provision for tax on proposed dividends	77,51,159	79,33,633
	18,92,38,463	5,71,01,126
Total	**19,52,20,215**	**5,71,01,126**

B.11 Fixed assets

(Amount in ₹)

A. Tangible assets	Gross block									
	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
(a) Land										
Freehold	4,10,92,230	-	-	-	-	-	-	-	-	4,10,92,230
(b) Buildings										
Own use	46,69,22,386	-	-	-	-	-	-	-	-	46,69,22,386
(c) Plant and Equipment										
Owned	-	-	-	-	--	-	-	-	-	-
Computers and Computer Accessories	6,57,43,244	5,89,83,279	-	-	-	-	-	-	-	12,47,26,523
(d) Furniture and Fixtures										
Owned	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,57,26,529	62,906								1,57,89,435
Electrical and Networking	49,00,958	9,90,902								58,91,860
Office Interiors	15,26,505	-	-	-	-	-	-	-	-	15,26,505
(e) Vehicles										
Owned	47,72,945	-	-12,04,700	-	-	-	-	-	-	35,68,245
Taken under finance lease	73,02,631	29,56,057								1,02,58,688
(f) Office equipment										
Owned	-	-	-	-	-	-	-	-	-	-
Office Equipments	39,86,266	32,00,230								71,86,496
Air Conditioners	33,63,851	-	-	-	-	-	-	-	-	33,63,851
UPS and Generators	57,21,715	-	-	-	-	-	-	-	-	57,21,715
Total	**62,10,59,259**	**6,61,93,374**	**-12,04,700**	**-**	**-**	**-**	**-**	**-**	**-**	**68,60,47,933**

B.11 Fixed assets (contd...)

(Amount in ₹)

A. Tangible assets	Accumulated depreciation and impairment								Net block	
	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Land										
Freehold	-	-	-	-	-	-	-	-	4,10,92,230	2,22,05,000
(b) Buildings										
Own use	5,69,44,461	2,02,18,089	-	-	-	-	-	7,71,62,550	38,97,59,836	40,99,77,925
(c) Plant and Equipment										
Owned	-	-	-	-	-	-	-	-	-	-
Computers and Computer Accessories	5,86,80,261	1,00,43,987	-	-	-	-	-	6,87,24,248	5,60,02,275	68,17,743
(d) Furniture and Fixtures										
Owned	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	80,47,665	9,39,094	-	-	-	-	-	89,86,759	68,02,676	40,74,469
Electrical and Networking	24,16,906	5,32,724	-	-	-	-	-	29,49,630	29,42,230	24,84,052
Office Interiors	9,80,662	97,444	-	-	-	-	-	10,78,106	4,48,399	5,45,843
(e) Vehicles								-	-	-
Owned	15,08,656	4,55,604	-3,20,129					16,44,130	19,24,114	32,98,854
Taken under finance lease	45,04,086	10,21,402	-	-	-	-	-	55,25,488	47,33,200	-
(f) Office equipment										
Owned	-	-	-	--	-	-	-	-	-	-
Office Equipments	13,15,738	5,75,757	-	-	-	-	-	18,91,495	52,95,001	18,35,842
Air Conditioners	14,99,188	2,56,055	-	-	-	-	-	17,55,243	16,08,608	17,42,531
UPS and Generators	26,16,715	4,26,541	-	-	-	-	-	30,43,256	26,78,459	28,15,331
Total	**13,85,14,338**	**3,45,66,697**	**-3,20,129**	**-**	**-**	**-**	**-**	**17,27,60,906**	**51,32,87,027**	**45,57,97,590**

B.12 Fixed assets (contd...)

(Amount in ₹)

B	Intangible assets	Gross block								
		Balance as at 1 April, 2011	Additions	Disposals	Acqusitions through business combina-tions	Reclassified as held for sale	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments - Assets impaired	Balance as at 31 March, 2012
	(a) Goodwill	-	-	-	-	-	-	-	-	-
	(b) Brands / trademarks	-	-	-	-	-	-	-	-	-
	(c) Computer software	1,57,37,86,772	10,21,292	-	-	-	-	-	-30,70,52,230	1,26,77,55,834
	Total	**1,57,37,86,772**	**10,21,292**	**-**	**-**	**-**	**-**	**-**	**-30,70,52,230**	**1,26,77,55,834**

(Amount in ₹)

B	Intangible assets	Accumulated depreciation and impairment							Net block	
		Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclas-sification as held for sale	Impairment losses recognised / (reversed) in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
	(a) Goodwill	-	-	-	-	-	-	-	-	-
	(b) Brands / trademarks	-	-	-	-	-	-	-	-	-
	(c) Computer software	48,73,56,119	30,56,83,948	-	-	8,17,26,100	-22,53,26,130	56,77,13,937	70,00,41,897	66,84,28,973
	Total	**48,73,56,119**	**30,56,83,948**	**-**	**-**	**8,17,26,100**	**-22,53,26,130**	**56,77,13,937**	**70,00,41,897**	**66,84,28,973**

B.12 Fixed assets (contd...)

C. Depreciation and amortisation relating to continuing operations:

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Depreciation and amortisation for the year on tangible assets	3,45,66,697	2,86,85,478
Depreciation and amortisation for the year on intangible assets	38,74,10,048	27,20,69,980
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to discontinuing operations	-	-
Depreciation and amortisation relating to continuing operations	**42,19,76,745**	**30,07,55,458**

Notes:

(i) Details of amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years

(ii) Details of assets acquired under hire purchase agreements

(Amount in ₹)

Particulars	Gross block		Net block	
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
Computers and Computer Accessories	4,88,85,267	-	4,40,63,706	-

B.13 Non-current investments

(Amount in ₹)

Particulars		As at 31 March, 2012			As at 31 March, 2011		
		Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a)	Investments (At cost)						
	(i) of associates						
	Binary Spectrum Softech P Limited.	-	5,10,00,000	5,10,00,000	-	5,10,00,000	5,10,00,000
	[4080 Equity Shares of Rs. 10/- each fully Paid valued at Rs. 12500/- each]						
	(Previous year: 4080 Shares of Rs. 10/- each fully Paid valued at Rs. 12500/- each)						
		-	5,10,00,000	5,10,00,000	-	5,10,00,000	5,10,00,000
(b)	Investment in debentures or bonds						
	(i) Government Securities	-	4,000	4,000	-	-	-
		-	4,000	4,000	-	-	-
	Total	**-**	**5,10,04,000**	**5,10,04,000**	**-**	**5,10,00,000**	**5,10,00,000**

B.14 Long-term loans and advances

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Capital advances		
Secured, considered good	-	-
Unsecured, considered good	-	37,35,89,730
Doubtful	-	-
	-	37,35,89,730
Less: Provision for doubtful advances	-	-
	-	37,35,89,730
(b) Security deposits		
Secured, considered good	-	-
Unsecured, considered good	47,85,713	4,31,28,928
Doubtful	-	-
	47,85,713	4,31,28,928
Less: Provision for doubtful deposits	-	-
	47,85,713	4,31,28,928
(c) Loans and advances to other parties		
Secured, considered good	-	-
Unsecured, considered good	21,26,64,804	-
Doubtful	-	-
	21,26,64,804	-
Less: Provision for doubtful loans and advances	-	-
	21,26,64,804	-
(d) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	44,21,432	34,24,802
Doubtful	-	-
	44,21,432	34,24,802
Less: Provision for doubtful loans and advances	-	-
	44,21,432	34,24,802
(e) MAT credit entitlement # - Unsecured, considered good	7,07,66,746	12,53,33,448
(f) Other loans and advances		
Secured, considered good	-	-
Unsecured, considered good	1,09,35,04,021	59,75,13,851
Doubtful	-	-
	1,09,35,04,021	59,75,13,851
Less: Provision for other doubtful loans and advances	-	-
	1,09,35,04,021	59,75,13,851
(g) Less: Inter company transactions	-2,19,14,386	-
Total	**1,36,42,28,328**	**1,14,29,90,759**

B.15 Other non-current assets

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Others	41,28,608	-
Total	**41,28,608**	**-**

B.16 Inventories

(At lower of cost and net realisable value)

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March,2011
(a) Finished goods (other than those acquired for trading)	24,18,292	-
(b) Stock-in-trade (acquired for trading)	-	-
Total	**24,18,292**	**-**

B.17 Trade receivables

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March,2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	1,40,25,507	-
Unsecured, considered good	24,83,25,396	-
Doubtful	78,15,462	21,02,844
	27,01,66,365	21,02,844
Less: Provision for doubtful trade receivables	78,15,462	21,02,844
	26,23,50,903	-
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	1,69,64,70,587	57,03,17,007
Doubtful	-	-
	1,69,64,70,587	57,03,17,007
Less: Provision for doubtful trade receivables	-	-
	1,69,64,70,587	57,03,17,007
Total	**1,95,88,21,489**	**57,03,17,007**

B.18 Cash and cash equivalents

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand	92,130	81,026
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	2,65,71,490	38,15,79,197
(ii) In EEFC accounts	11,16,42,407	16,74,25,368
(iii) In deposit accounts	9,52,56,861	42,04,45,586
(iv) In earmarked accounts		
- Unpaid dividend accounts	2,55,790	-
(d) In Foreign Banks	-	62,95,951
Total	**23,38,18,677**	**97,58,27,128**

B.19 Short-term loans and advances

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans and advances to other parties		
Secured, considered good	-	-
Unsecured, considered good	2,96,55,874	-
Doubtful	-	-
	2,96,55,874	-
Less: Provision for doubtful loans and advances	-	-
	2,96,55,874	-
(b) Security deposits		
Secured, considered good	6,13,920	-
Unsecured, considered good	77,21,024	-
Doubtful	-	-
	83,34,944	-
Less: Provision for doubtful deposits	-	-
	83,34,944	-
(c) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	37,26,497	-
Doubtful	-	-
	37,26,497	-
Less: Provision for doubtful loans and advances	-	-
	37,26,497	-
(d) Prepaid expenses - Unsecured, considered good	2,89,374	-
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	-	-
(ii) VAT credit receivable	10,00,000	-
(iii) Service Tax credit receivable	4,47,658	-
(iv)Advance Tax - TDS Credit	5,82,14,270	-
	5,96,61,928	-
(f) Others		
Secured, considered good	-	-
Unsecured, considered good - Unbilled Revenue	18,71,289	7,85,39,000
Doubtful	-	-
	18,71,289	7,85,39,000
Less: Provision for other doubtful loans and advances	-	-
	18,71,289	7,85,39,000
Total	**10,35,39,906**	**7,85,39,000**

B.20 Other current assets

(Amount in ₹)

Particulars		As at 31 March, 2012	As at 31 March, 2011
(a) Unbilled revenue		3,48,60,680	-
	Total	**3,48,60,680**	**-**

B.21 Revenue from operations

(Amount in ₹)

	Particulars		For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a)	Sale of products(Refer Note (i) below)		41,03,09,086	10,99,754
(b)	Sale of services (Refer Note (ii) below)		2,82,76,04,461	2,01,36,33,090
(c)	Other operating revenues		-	-
	Less:			
	Excise duty		-	-
		Total	**3,23,79,13,547**	**2,01,47,32,844**

Note	Particulars		For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i)	Sale of products comprises			
	Traded goods			
	Product HARDWARES		6,46,48,727	10,99,754
	Product SOFTWARES		34,56,60,359	-
		Total - Sale of products	**41,03,09,086**	**10,99,754**
(ii)	Sale of services comprises			
	Technical Services Outsourcing		56,95,64,084	99,05,592
	Technical Export Services		2,25,80,40,376	2,00,37,27,498
		Total - Sale of services	**2,82,76,04,461**	**2,01,36,33,090**

B.22 Purchase of traded goods

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Traded goods Softwares Licenses & updates	47,77,13,952	-
Traded goods Hardwares & Perhiperals	6,16,14,904	10,36,118
Other items	96,79,840	-
Total	**54,90,08,696**	**10,36,118**

B.23 Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Inventories at the end of the year:		
Un Billed Revenue	3,48,60,680	7,85,39,000
Traded goods Hardwares & Perhiperals	24,18,292	-
	3,72,78,972	7,85,39,000
Inventories at the beginning of the year:		
Un Billed Revenue (Including subsidiary)	7,94,85,330	3,37,27,500
	7,94,85,330	3,37,27,500
Net (increase) / decrease	**4,22,06,358**	**-4,48,11,500**

B.24 Employee benefits expense

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Salaries and wages	1,37,56,51,500	1,07,71,99,292
Director Remunaration	84,37,183	55,80,000
Contributions to provident and other funds	1,08,05,353	52,94,102
Staff welfare expenses	72,05,791	15,52,936
Total	**1,40,20,99,826**	**1,08,96,26,330**

B.25 Other expenses

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Subcontracting	1,91,90,854	-
Power and fuel	34,13,609	30,09,068
Water	21,856	-
Rent including lease rentals	1,73,22,988	47,97,242
Repairs and maintenance - Buildings	1,11,82,537	37,40,319
Repairs and maintenance - Machinery	26,97,411	-
Repairs and maintenance - Others	5,15,327	-
Insurance	78,97,324	12,39,648
Rates and taxes	13,60,409	8,96,690
Communication	43,37,773	14,23,379
Travelling and conveyance	2,52,65,106	82,71,621
Printing and stationery	68,34,045	34,20,312
Service Tax Paid	62,41,642	-
Bank Charges	4,74,958	-
Freight and forwarding	4,65,843	-
Sales commission	10,75,827	-
Sales discount	99,202	-
Advertisement & Publicity Expenses	-	12,00,579
Registration Renewals Membership & Subscription	15,75,675	-
Business promotion	22,02,98,378	13,48,77,275
Books & Periodicals	35,640	-
Other Administration Expenses	1,17,22,953	1,76,71,411
Legal and professional	3,04,45,495	-
Payments to auditors	17,17,640	12,32,418
Net loss on foreign currency transactions and translation (other than considered as finance cost)	13,70,853	-
Loss on fixed assets sold / scrapped / written off	2,29,015	-
Provision for doubtful trade and other receivables, loans and advances (net)	57,12,618	21,02,844
Miscellaneous expenses	49,62,646	22,86,372
Total	**38,64,67,623**	**18,61,69,178**

B.26 Finance costs

(Amount in ₹)

Particulars		For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Interest expense on:			
(i) Borrowings		13,07,81,698	6,91,31,473
(b) Other borrowing costs		1,21,61,049	5,54,90,124
	Total	**14,29,42,747**	**12,46,21,597**

B.27 Other income

(Amount in ₹)

Particulars			For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a)	Interest income (Refer Note (i) below)		2,34,64,315	10,59,708
(b)	Dividend income:		-	-
	from current investments		-	-
	others			1,11,458
(e)	Net gain on foreign currency transactions and translation (other than considered as finance cost)		16,62,38,782	
(f)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)		38,93,052	1,03,887
		Total	**19,35,96,149**	**12,75,053**

(Amount in ₹)

Note	Particulars		For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i)	Interest income comprises:			
	Interest from banks on:			
	Deposits		2,23,22,796	10,59,708
	Other balances		-	-
	Interest on loans and advances		-	-
	Interest on overdue trade receivables		52,176	-
	Interest on income tax refund		3,31,237	-
	Other interest		7,58,106	-
		Total - Interest income	**2,34,64,315**	**10,59,708**

(Amount in ₹)

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(ii)	Other non-operating income comprises:		
	Prior period items (net)		
	Miscellaneous income [net of expenses directly attributable]	38,93,052	1,03,887
	Total - Other non-operating income	**38,93,052**	**1,03,887**

B.28. Exceptional items

(Amount in ₹)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
HR Tracker amortization considered as Deferrred revenue expenditure	10,32,152	-
Total	**10,32,152**	**-**

B.29 Notes forming part of the Consolidated Financial Statement

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Details of Forex inward & outwards for the FY 2011-12

Particulars	USD	AUD	INR	INR
Inwards from Export of software services	1,11,69,266	77,028	57,14,19,660	38,51,400
Outward				
For Onsite development exp.	92,49,495	-	47,32,04,164	-
For Overseas office expansion & Exp.	34,73,607	-	17,77,09,734	-

Managerial Remuneration	
D. Ravi Kumar	**₹ 50,88,000**

The company has filed an application for the amalgamation of MindRiver Information Technologies (P) Limited and Kinfotech (P) Limited and the same is pending for the directives from the Honorable High Court of Karnataka. The said company being the holding Company, the consolidated financial results will include the financial results of these two companies also as per the Indian Accounting Standards. On obtaining approval from the Honble Court, the effect of changes due to the amalgamation effective from 1st October 2011 will be disclosed to the Stock Exchanges and the approval of the share holders will be obtained for the same in the next immediate Annual General Meeting of the company.

The Software Application Packages have been tested for impairment and ₹ 8.17 crores has been recognised in the statement of profit and Loss towards impairment loss on Packages whose economic / useful life is expired.

Contingent Liabilities

a. Bills discounted with SBI Global Factors Ltd. ₹ 4,76,72,313 (Previous Year : ₹ 11,86,83,147)

b. Outstanding guarantees and counter guarantees ₹ 1,05,00,000 (Previous Year : ₹ 97,55,000)

Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 1,08,05,353 (Year ended 31 March, 2011 ₹ 52,94,102) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

i. Gratuity : An amount of ₹ 26,81,074 has been recognised in the Statement of Profit and Loss for the year ended March 31, 2012 towards Gratuity. (Net liability recognised is Balance Sheet : ₹ 1,32,80,197)

ii. Compensated absences : An amount of ₹ 35,03,074 has been recognised in the Statement of Profit and Loss for the year ended March 31, 2012 towards compensated absences based on Actuarial valuation (Net liability recognised in Balance Sheet : ₹ 63,75,031)

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Actuarial assumptions

Discount rate	8.50%
Salary escalation	6.00%
Attrition	5.00%
Mortality tables	LIC (94-96) Ultimate Mortality Table

Details of borrowing costs capitalised

(Amount in ₹)

Particulars	For the year ended 31-Mar-12	For the year ended 31-Mar-11
Borrowing costs capitalised during the year		
- Intangible assets under development	1,87,18,978	1,39,01,009
	1,87,18,978	**1,39,01,009**

Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Associates	Binary Spectrum Softech Pvt. Ltd.
Key Management Personnel (KMP)	Mr. D. Ravi Kumar
Relatives of KMP	Mrs. Malini Reddy (w/o Mr. D. Ravi Kumar)

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

(Amount in ₹)

	Subsidiaries	KMP	Relatives of KMP	Total
Receiving of services				
Rent Office - Malini Reddy	-	-	33,12,000	**33,12,000**
Loans and advances				
Binary (net)	4,58,12,666	-	-	**4,58,12,666**
Balances outstanding at the end of the year				
Loans and advances				
Binary	4,58,12,666	-	-	**4,58,12,666**

Names of the Subsidiaries	% of Holding	
	As at 31-Mar-12	As at 31-Mar-11
MindRiver Information Technologies Pvt. Ltd.	100%	
Kinfotech Pvt. Ltd	51%	
Vision Info Inc	100%	100%
LineBeyond Inc	100%	
Optech Consulting Inc	70%	

Details of leasing arrangements

(Amount in ₹)

Particulars	As at 31-Mar-12	As at 31-Mar-11
As Lessee		
The Company has entered into operating lease arrangements for office premises. These lease arrangements are non-cancellable for a period ranging from 6 months to 18 months from March 31, 2012 and may be renewed for a further period of 11 months to 7 years based on mutual agreement of the parties.		
Rent recognised in Statement of Profit and Loss	46,66,759	47,97,242
Future minimum lease payments		
not later than one year	47,30,749	37,98,000
later than one year and not later than five years	14,84,250	33,12,000
later than five years		
	62,14,999	**71,10,000**
The Company has entered into finance lease arrangements for vehicles.		
Future minimum lease payments and reconciliation of gross investment in the lease and present value of minimum lease payments		
Future minimum lease payments		
not later than one year	17,67,992	12,45,058
later than one year and not later than five years	19,96,204	37,64,196
later than five years		
	37,64,196	**50,09,254**
Less: Unearned finance income		
Present value of minimum lease payments receivable		
not later than one year	14,76,849	11,78,168
later than one year and not later than five years	14,95,366	28,12,143
later than five years		
	29,72,215	**39,90,311**

Earnings per share

(Amount in ₹ except for the number of equity shares)

Particulars	For the year ended 31-Mar-12	For the year ended 31-Mar-11
a. Basic		
(i) Continuing operations		
Net profit / (loss) for the year from continuing operations	44,88,16,130	33,42,69,397
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	44,88,16,130	33,42,69,397
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share from continuing operations - Basic	**11.54**	**15.66**
(ii) Total operations		
Net profit / (loss) for the year	44,88,16,130	33,42,69,397
Less: Prefere		
Net profit / (loss) for the year attributable to the equity shareholders	44,88,16,130	33,42,69,397
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share - Basic	**11.54**	**15.66**
b. Basic (excluding extraordinary items)		
(i) Continuing operations		
Net profit / (loss) for the year from continuing operations	44,88,16,130	33,42,69,397
(Add) / Less: Extraordinary items (net of tax) relating to continuing operations		
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	44,88,16,130	33,42,69,397
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share from continuing operations, excluding extraordinary items - Basic	**11.54**	**15.66**

Earnings per share (contd...)

(Amount in ₹ except for the number of equity shares)

Particulars	For the year ended 31-Mar-12	For the year ended 31-Mar-11
(ii) Total operations		
Net profit / (loss) for the year	44,88,16,130	33,42,69,397
(Add) / Less: Extraordinary items (net of tax)		
Less: Preference dividend and tax thereon		
Net profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	44,88,16,130	33,42,69,397
Weighted average number of equity shares	3,88,90,358	2,13,45,615
Par value per share	10	10
Earnings per share, excluding extraordinary items - Basic	**11.54**	**15.66**

Segment Revenue 2011-12

(Amount in ₹)

Business Segment	Engineering Design Services	Information Technology Services	Health Care	Total
Income	60,31,24,752	2,57,07,76,846	6,40,11,949	**3,23,79,13,547**
Expenditure	29,63,03,128	1,07,91,18,694	2,66,78,004	**1,40,20,99,826**
Allocated General Expenses	23,70,01,708	87,30,42,875	1,05,80,841	**1,12,06,25,424**
Segmental Operating Income	6,98,19,916	61,86,15,276	2,67,53.104	**71,51,88,296**
Unallocable expenses	-	-	-	**42,30,08,897**
Operating Income	-	-	-	**29,21,79,399**
Other Income	-	-	-	**19,35,96,149**
Net Profit before taxes	-	-	-	**48,57,75,548**
Income Taxes	-	-	-	**3,69,59,418**
Net Profit After Taxes	-	-	-	**44,88,16,130**

Segment Revenue 2011-12

(Amount in ₹)

Geographic segment	United States	Middle East	Europe	Asia	Total
Income	1,19,52,44,591	76,99,69,456	17,41,96,839	1,09,85,02,660	**3,23,79,13,547**
Expenditure	53,07,22,296	32,49,84,728	7,70,98,419	46,92,94,383	**1,40,20,99,826**
Allocated General Expenses	41,90,00,806	25,33,61,573	6,05,16,862	38,77,46,182	**1,12,06,25,424**
Segmental Operating Income	24,55,21,489	19,16,23,154	3,65,81,557	24,14,62,095	**71,51,88,296**
Unallocable expenses	-	-	-	-	**42,30,08,897**
Operating Income	-	-	-	-	**29,21,79,399**
Other Income	-	-	-	-	**19,35,96,149**
Net Profit before taxes	-	-	-	-	**48,57,75,548**
Income Taxes	-	-	-	-	**3,69,59,418**
Net Profit After Taxes	-	-	-	-	**44,88,16,130**

As the assets of the Company are used interchangeably between the segments as also the liabilities contracted are not ascertainable to any specific segment, reporting of Segmental Assets is not considered feasible.

Segment Revenue 2010-11

(Amount in ₹)

Business Segment	Engineering Design Services	Information Technology Services	Health Care	Total
Income	85,14,52,105	89,13,49,568	27,19,31,171	**2,01,47,32,844**
Expenditure	48,32,70,061	41,87,66,518	12,11,77,301	**1,02,32,13,880**
Allocated Expenses	12,04,81,670	17,32,73,772	3,96,72,365	**33,34,27,807**
Segmental Operating Income	24,77,00,374	29,93,09,278	11,10,81,505	**65,80,91,157**
Unallocable expenses	-	-	-	**30,07,55,493**
Operating Income	-	-	-	**35,73,35,664**
Other Income	-	-	-	**12,75,052**
Net Profit before taxes	-	-	-	**35,86,10,716**
Income Taxes	-	-	-	**2,43,41,319**
Net Profit After Taxes	-	-	-	**33,42,69,397**

Segment Revenue 2010-11

(Amount in ₹)

Geographic segment	United States	Middle East	Europe	Asia	Total
Income	1,08,44,35,216	73,10,40,209	4,31,62,953	15,60,94,466	**2,01,47,32,844**
Expenditure	54,03,48,412	37,42,02,366	2,34,88,081	8,51,75,020	**1,02,32,13,880**
Allocated Expenses	17,97,67,840	12,04,90,499	82,97,650	2,48,71,817	**33,34,27,807**
Segment Income	36,43,18,964	23,63,47,344	1,13,77,221	4,60,47,628	**65,80,91,157**
Unallocable expenses	-	-	-	-	**30,07,55,493**
Operating Income	-	-	-	-	**35,73,35,664**
Other Income	-	-	-	-	**12,75,052**
Net Profit before Taxes	-	-	-	-	**35,86,10,716**
Income Taxes	-	-	-	-	**2,43,41,319**
Net Profit after Taxes	-	-	-	-	**33,42,69,397**

As the assets of the Company are used interchangeably between the segments as also the liabilities contracted are not ascertainable to any specific segment, reporting of Segmental Assets is not considered feasible.

Disclosure on Subsidiaries

Disclosures made in respect of Subsidiary Companies pursuant to the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, for the year ended 31st March, 2012.

(Amount in ₹ Lakhs)

Particulars	Vision Info Inc.	Optech Consulting Inc.	Line Beyond Inc.	Kinfotech Pvt Ltd.	MindRiver Information Technologies Pvt. Ltd.
Capital	1.53	0.51	521.78	100.00	44.00
Reserves	4,287.78	185.56	(215.42)	1,141.86	342.04
Total Assets	11,475.32	595.72	330.14	6,994.28	891.53
Total Liabilities	11,475.32	595.72	330.14	6,994.28	891.53
Details of Investment (except in case of investment in the subsidiaries)	-	-	-	-	-
Turnover	4,518.61	1,863.46	297.42	6,022.29	928.81
Profit Before Taxation	744.76	115.76	36.39	1,080.79	115.64
Provision for Taxation	-	-	-	469.72	39.46
Profit after Taxation	744.76	115.76	36.39	611.07	76.18
Proposed Dividend	-	-	-	-	-

Note: Figures for foreign subsidiaries converted @ 1 USD = ₹ 51.16

Significant Accounting Policies

1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3 Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

6 Depreciation and amortisation

Depreciation and ammortisation have been provided on written down value at the rates specified in Schedule XIV of Companies Act, 1956.

7 Revenue recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project. Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

13 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

14 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

15 Employee share based payments

The Employee Stock Option Schemes (ESOS) is to be formulated in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

16 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

17 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

18 Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

19 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

20 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

21 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

22 Joint venture operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

23 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

24 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable th at an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

25 Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

26 Share issues expenses

Share issue expenses and redemption premium are adjusted against the Securities Premium Account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account. The balance of share issue expenses is carried as an asset and is amortised over a period of 5 years from the date of the issue of shares.

27 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

GLOSSARY

BPO	Business Process Outsourcing
BSE	Bombay Stock Exchange Limited
CAIIB	Certified Associate of Indian Institute of Bankers
CAGR	Compound Annual Growth Rate
CEM	Consumer Experience Management
CENVAT	Central Value Added Tax
COTS	Commercially Off The Shelf
CPG	Consumer Packaged Goods
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EMEA	Europe, Middle East and Africa
EOU	Export Oriented Unit
EPS	Earnings Per Share
ER&D	Engineering and R & D Services
ESOP	Employee Stock Option
FICCI	Federation of Indian Chambers of Commerce and Industry
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GER	Gross Enrollment Ratio
IaaS	Infrastructure as a Service
IP	Intellectual Property
IPO	Initial Public Offering
ISV	Independent Software Vendors
IT	Information Technology
K-12	Kindergarten through Twelfth grade
M2M	Mind 2 Market
NSE	National Stock Exchange of India Limited
OEM	Original Equipment Manufacturer
OECD	Organization for Economic Co-operation and Development
OSPD	Offshore Software Product Development
PAT	Profit After Tax
PM^3	Acropetal's IP in Education Sector (Read as P-M-Cube)
R.O.A.D.	Return on Assets Deployed
ROCE	Return on Average Capital Employed
RONW	Return on Average Net Worth
R.O.I.	Returns on Investment
STPI	Software technology Parks of India
SaaS	Software as a Service
T2M	Time 2 Market
VAT	Value Added Tax
VC	Venture Capitalist
WHO	World Health Organization

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. D. Ravi Kumar	Chairman and Managing Director
Mr. Ramdas Janardhana Kamath	Independent Director
Dr. D. K. Subramanya Reddy	Independent Director
Dr. Mathew James Manimala	Independent Director
Mr. Mohan Hosahalli Ramakrishna	Independent Director
Mr. Ashok Kumar Jultha *	Director

*resigned and ceased to be a director with effect from 13th August, 2012.

COMPANY SECRETARY

Mr. Vijayendra R

AUDIT COMMITTEE

Mr. Ramdas Janardhana Kamath	Chairman
Dr. D. K. Subramanya Reddy	Member
Mr. Mohan Hosahalli Ramakrishna	Member

REMUNERATION COMMITTEE

Dr. Mathew James Manimala	Chairman
Mr. Ramdas Janardhana Kamath	Member
Mr. Mohan Hosahalli Ramakrishna	Member

SHAREHOLDERS GRIEVANCE COMMITTEE

Dr. D. K. Subramanya Reddy	Chairman
Mr. Mohan Hosahalli Ramakrishna	Member
Mr. D. Ravi Kumar	Member

BANKERS

State Bank of Travancore
Axis Bank Limited
United Bank of Limited
South Indian Bank Limited

STATUTORY AUDITORS

M/s. K. Gopalakrishnan & Co.
Chartered Accountants
#120, Infantary Road, Next to Balaji Plywood
Bangalore – 560 001

REGISTERED OFFICE

#2/10, 3rd Floor, Ajay Plaza
1st Main, N. S. Palya, Bannerghatta Road
Bangalore - 560076

SAFE HARBOUR

Certain statements made in this Annual Report describing the Company's objectives, projections, estimates, expectations or predictions may be "Forward-Looking statements" within the meaning of applicable Securities laws and regulations. There are a number of risks, uncertainties and other factors that could cause actual results to be materially different from the management's current expectations and forecasts. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, change in Government regulations, tax regimes, supply and price conditions in the domestic and overseas markets in which the Company conducts business and other incidental factors. The Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.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INNOVATING A BETTER WORLD

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