FOUR SOFT

Internet Solutions for Logistics

ANNUAL REPORT

2010-11

FOUR SOFT LIMITED
12TH ANNUAL REPORT
2010- 2011

Board of Directors

Mr. Palem Srikanth Reddy	Chairman & Managing Director
Dr. T.R. Sivaramakrishnan	Independent Director
Prof. Janat Shah	Independent Director
Mr. Mohan Krishna Reddy	Independent Director
Mr. Srinivas Prasad	Independent Director
Mr. K. V. Ramakrishna	Non-Executive & Nominee Director
Mr. Jorgen Winther Nielsen	Non-Executive Director
Mrs. Soujanya Reddy	Non-Executive Director

Registered Office	Four Soft Limited 5 Q1 A3, Cyber Towers, Hitech City, Hyderabad-500 081 www.four-soft.com
Company Secretary & Compliance Officer	Ms. Seena Sankar
Statutory Auditors	M/s. Walker, Chandiok & Co Chartered Accountants
Internal Auditors	M/s. Laxminiwas Neeth & Co Chartered Accountants
Bankers	The Hong Kong Shanghai Banking Corporation Ltd Citibank N.A. Kotak Mahindra Bank Ltd
Registrars & Share Transfer Agents	Karvy Computershare (P) Ltd. Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081

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Message from CMD

Dear Shareholder,

I take pleasure in presenting the Twelfth Annual Report of your company. I use this opportunity to present what we accomplished financially, our other significant accomplishments during 2010-11 and what we see for the future. The company signed 22 new customers during 2010-11 including two large deals. We invested in sales force in the previous year and it was effective in some geographies and a partial success in others.

The new deals may not have improved our revenue as we anticipated, however this has ensured that we begin the year 2012 with a reasonably sized order book. We have seen good response from North American and Asian Markets however European markets remained slow due to the prevailing economic conditions.

Our strategy of diversifying into services and BPO segment was set in motion with the first order from one of our largest customers. We believe there is immense potential to provide IT services and BPO to our large existing customer base.

During the year 2010-11 we continued to focus on quality delivery capability and improved customer support and service. We consolidated our European business under single management for better cross-selling and co-ordination.

Recognizing the emerging trend of SaaS model, we have ensured that most of our products are SaaS enabled. We signed few SaaS customers recently and we expect to have a sizeable business next year.

We take immense pride in the fact that Four Soft is the only company that has delivered multiple products of various sizes in various geographies with 100% success rate. Thanks to our India delivery capability and state of the architecture data center in Hyderabad, we have had multiple implementations in the last 24 months. Four Soft has retired all its acquisition related debts and have also managed the working capital very diligently.

It is pertinent to note that we have sailed through turbulent times and emerged as a potential leader in Supply Chain Management domain. The Board and the Management have put in place concrete strategies for the next three financial years which are summed up below:

- To consolidate /retain the existing revenue from acquired customers, improve on margins from the business, achieve multifold growth from sale of Four Soft enterprise products in the transport logistics industry and explore the potential of supply chain execution products.
- To diversify into Services and BPO segments.
- To develop internal capabilities and competencies to offer SaaS model to new customers.

Presently, the economic environment, regulatory climate, government policies and market conditions all appear favorable to us.

Our strategy is to ensure that each of our resources generate positive returns, whether it be human resources, infrastructure or capital resources. As always we will update the stake holders, investors, employees, customers, vendors and also keep them posted about all the developments from time to time.

We look forward to your continued support and encouragement in future as well.

Thank you.

Palem Srikanth Reddy

NOTICE

Notice is hereby given that the **Twelfth Annual General Meeting of Four Soft Limited** will be held on Wednesday, **28th September, 2011** at the Chip Auditorium, Cyber Towers, Hitech City, Madhapur, Hyderabad, A.P at **11.00** a.m. to transact the following items of business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended 31st March 2011 together with the Directors' Report and Auditors' Report thereon.

2. To appoint a director in place of Mr. Mohan Krishna Reddy, who retires by rotation, and being eligible, offers himself for reappointment.

3. To appoint a director in place of Mr. Jorgen Winther Nielsen, who retires by rotation, and being eligible, offers himself for reappointment.

4. To consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution.

   "RESOLVED that M/s Walker, Chandiok & Co, Chartered Accountants, 7th Floor, Block III, White House, Kundanbagh, Begumpet, Hyderabad 500 016, India be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at remuneration to be fixed by the Board of Directors of the Company."

Special Business:

5. Appointment of Prof. Janat Shah as a Director of the company.

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

   "RESOLVED THAT Prof. Janat Shah who became an Additional Director of the company with effect from 12.11.2010 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing his candidature to the office of Director of the company, be and is hereby appointed a Director of the company, who shall be liable to retire by rotation."

6. Appointment of Mrs. Soujanya Reddy as a Director of the company.

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

   "RESOLVED THAT Mrs. Soujanya Reddy who became an Additional Director of the company with effect from 09.08.2011 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the company has received a notice in writing from a member under Section 257 of the Act proposing her candidature to the office of Director of the company, be and is hereby appointed a Director of the company, who shall be liable to retire by rotation."

By order of the Board of Directors

Sd/-

Place : Hyderabad — **Seena Sankar**

Date : 9th August, 2011 — Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING**.

2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

3. Corporate members intending to send their authorized representative to attend the meeting are

requested to ensure that the authorized representative carries a certified copy of the Board Resolution, Power of Attorney or such other valid authorizations, authorizing them to attend and vote on their behalf at the meeting.

4. The Register of members and the Share Transfer Registers of the company will remain closed from 22nd September, 2011 to 28th September, 2011 (both days inclusive) in connection with the Annual General Meeting.

5. Members/Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Copies of annual reports will not be provided at the meeting.

6. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the company at least seven days before the date of the meeting, so that the information required by them may be made available at the meeting.

7. Shareholders holding shares in physical form are requested to advise any change of address immediately to the company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the company.

8. Brief resume of directors proposed to be appointed / re-appointed are enclosed as Annexure to this Notice as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

9. Members are requested to send all communication relating to shares to the company's Share Transfer Agents (Physical and Electronic) at the following address: Karvy Computershare Private Limited, Plot No.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Phone Nos. 040-44655000, Fax No. 040-23420814, email: einward.ris@karvy.com

By order of the Board of Directors

Sd/-

Place : Hyderabad **Seena Sankar**
Date : 9th August, 2011 Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4

The present Auditors M/s Walker, Chandiok & Co, Chartered Accountants, 7th Floor, Block III, White House, Kundanbagh, Begumpet, Hyderabad 500 016 (ICAI Firm Registration No. 001076N) retire and have expressed their willingness to continue as Statutory Auditors of the company. Certificate has been obtained from them that re-appointment if made will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

Item No. 5

Prof. Janat Shah

Prof. Janat Shah was appointed as an Additional Director of the company on 12.11.2010. He is presently the Director of Indian Institute of Management, Udaipur. Prof Janat Shah graduated as a Mechanical Engineer from the Indian Institute of Technology, Mumbai. He obtained his Fellow in Management from the Indian Institute of Management, Ahmadabad.

Professor Janat Shah has taught courses on Operations Management, Supply Chain Management and Project Management at various prestigious Institutes of India. He has won several teaching awards. He was voted as the best teacher by MBA class of 1999. He has also published extensively in national and international journals. Professor Janat Shah was a Visiting Scholar at the Sloan School of Management, MIT and worked on issues related to Supply Chain Management. He was also a Visiting Faculty with the Logistic Institute at National University, Singapore.

He has consulted with, and been responsible for management education programs for executives in a number of companies, including Tata Chemicals, Tata Motors, Mahindra and Mahindra, Infosys Ltd, Marico Industries, Tata Teleservices, IBM, Aditya Birla group, Yokogawa Blue Star, Ingersoll Rand. He has also helped companies design and develop decision-support systems for Supply Chain Management.

He is on the Editorial Board of International journal of product Lifecycle Management and International Journal of Logistics, Research and Applications.

Pursuant to section 260 of the Companies Act, 1956 the tenure of office of the above Director will expire at the present Annual General Meeting. The company has received separate notice in writing from a member under section 257 of the Act proposing his candidature for the office of Director of the company and hence your directors recommend the resolution as set out in Item No.5 of the Notice for approval of the Members.

No director other than Prof. Janat Shah is, in any way, concerned or interested in this resolution.

Item No. 6

Mrs. Soujanya Reddy

Mrs. Soujanya Reddy was appointed as an Additional Director of the company on 09.08.2011. Very religious and traditional; she completed BA in late 1960s, when advanced education for women were very difficult and challenging. Mrs.Soujanya Reddy is also on the Board of Thathi Consultants Pvt Ltd and Palred Media and Entertainment Pvt Ltd.

Pursuant to section 260 of the Companies Act, 1956 the tenure of office of the above Director will expire at the present Annual General Meeting. The company has received separate notice in writing from a member under section 257 of the Act proposing her candidature for the office of Director of the company and hence your directors recommend the resolution as set out in Item No.5 of the Notice for approval of the Members.

Except Mr. Palem Srikanth Reddy, who is the son-in-law of Mrs.Soujanya Reddy and also the Chairman and Managing Director of Four Soft Ltd, none of the other Directors of the Company is in any way concerned or interested in the resolution.

Additional Information:

Notes on Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered with Stock Exchanges:

Item No. 2, 3, 5 and 6

Brief particulars of Directors seeking Appointment / Re-appointment:

Name of the Director	**Mohan Krishna Reddy**	**Jorgen Winther Nielsen**	**Janat Shah**	**Soujanya Reddy**
Age; Date of birth	55 years, 03.05.1956	49 years, 14.06.1962	53 years, 22.09.1958	66 years, 15.08.1945
Nationality	Indian	Danish	Indian	Indian
Date of Appointment	19.06.2009	20.01.2010	12.11.2010	09.08.2011
Qualification	- Masters Degree in Financial Management from the University of Bombay	- Graduation from Arhus Business School, Denmark.	- B.E.Mechanical Engineering from IIT, Mumbai. - Fellow in Management from IIM Ahmedabad.	BA
Shareholding in Four Soft Ltd as on 9th August 2011	100	Nil	Nil	155201
Nature of expertise	Mohan Krishna Reddy (Mohan) is the founder CEO of Banyan Advisory, a Boutique Advisory services firm focusing on mid-market, fast growing enterprises. Prior to founding Banyan Advisory, Mohan was the CFO of Applabs, the leading independent Software Testing services company and prior to that, the CFO of Infotech Enterprises. In his role as a CFO, Mohan has worked closely with the CEOs and Boards to enhance corporate governance, Strategize and achieve profitable growth through organic and inorganic means.	Jorgen took the interim role as MD for Four Soft Nordic A/s, and developed Nordic to become the most profitable subsidiary in Four Soft Group with two digit growth figures. He is also a board member of a number of Companies in the software, music and construction industries as well as investment and real-estate businesses.	Professor Janat Shah's interests are in the fields of Supply Chain Management, Design of Manufacturing Systems and Project Management. He has consulted with, and been responsible for management education programs for executives in a number of Companies, including Tata Chemicals, Tata Motors, Mahindra and Mahindra, Infosys Ltd., Marico Industries,Tata Teleservices, Aditya Birla group, Yokogawa Blue Star. He has also helped Companies design and develop decision-support systems for supply chain management.	Mrs. Soujanya Reddy was appointed as an Additional Director of the company on 09.08.2011. Very religious and traditional; she completed BA in late 1960s, when advanced education for women were very difficult and challenging. Mrs.Soujanya Reddy is also on the Boards of Thathi Consultants Pvt Ltd and Palred Media and Entertainment Pvt Ltd.

Name of the Director	Mohan Krishna Reddy	Jorgen Winther Nielsen	Janat Shah	Soujanya Reddy
Directorships in other Indian companies	1. Banyan Securities and Financial Services Private Limited 2. Orafin Financial Services Private Limited 3. Koll Concrete Solutions Private Limited 4. Thrive Energy Technologies Pvt Ltd 5. M.Anandam Consultancy Services Private Limited 6. Glochem Industries Ltd	NIL	1. TCI Developers Ltd. 2. Great Media Technologies Pvt. Ltd.	1. Thathi Consultants Pvt. Ltd. 2. Palred Media and Entertainment Pvt. Ltd.
Chairman/ Member positions held in Committees of other Indian Companies	Nil	Nil	Nil	Nil
Relationship with other Directors	None	None	None	Mother-in-law of Mr.Palem Srikanth Reddy, Chairman and Managing Director, Four Soft Ltd
Resolution No.	<u>Resolution no.2</u>: Your Directors recommend the resolution for your approval. Except Mr. Mohan Krishna Reddy, none of the other Directors of the Company is in any way concerned or interested in the resolution.	<u>Resolution no.3:</u> Your directors recommend the resolution for the approval. Except Mr. Jorgen Winther Nielsen, none of the other Directors of the Company is in any way concerned or interested in the resolution	<u>Resolution no.5</u> Your directors recommend the resolution for the approval. Except Mr. Janat Shah, none of the other Directors of the Company is in any way concerned or interested in the resolution.	<u>Resolution no.6</u> Your directors recommend the resolution for the approval. Except Mr. Palem Srikanth Reddy, who is the son-in-law of Mrs.Soujanya Reddy and also the Chairman and Managing Director of Four Soft Ltd, none of the other Directors of the Company is in any way concerned or interested in the resolution.

By order of the Board of Directors

Sd/-
Seena Sankar
Company Secretary

Place : Hyderabad
Date : 9th August, 2011

DIRECTORS' REPORT

To the Members,

Your Directors present to you the Twelfth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2011.

1. Standalone Financial Results:

₹ in Millions, except per share

Particulars	2010-11	2009-10
Total Income	268.54	331.52
Total Expenditure	341.71	282.13
Operating Profit (EBITDA)	(73.17)	49.39
Interest	0.99	15.81
Depreciation	10.40	14.70
Profit Before Tax	(84.56)	18.88
Provision for Tax	(0.01)	5.71
Deferred Tax	(27.30)	1.63
Profit after tax	(57.25)	11.54
Basic Earnings per share	(1.48)	0.30

Consolidated Financial Results:

₹ in Millions, except per share

Particulars	2010-11	2009-10
Total Income	1,233.19	1,381.22
Total Expenditure	1,130.21	1,247.16
Operating Profit (EBITDA)	102.98	134.06
Interest	17.75	24.71
Depreciation	17.84	23.86
Exceptional items	34.08	-
Profit Before Tax	33.31	85.49
Provision for Tax	36.28	18.87
Deferred Tax	(33.91)	4.83
Profit after tax	30.94	61.79
Prior period items	-	(14.87)
Net Profit	30.94	76.66
Basic Earnings per share	0.80	1.99

2. Changes to Share Capital

During the year under review, there has been no change in the company's capital structure and the authorized share capital of the company stands at ₹ 350 Million.

3. Dividend

In view of requirement of funds for various business expansion activities in future, the directors do not recommend dividend for the financial year 2010-11. The company paid an interim dividend of ₹ 0.25 per share on equity share value of ₹ 5/- each during the year 2009-10.

4. Reserves

There has been no transfer of funds to Reserves during 2010-11.

BUSINESS PERFORMANCE

Result of Operations and Revenue

Total income in Financial Year 2010-11 on a standalone basis is ₹ 268.54 Million (2009-10 ₹ 331.52 Million) and on a consolidated basis it is ₹ 1233.19 Million (2009-10 ₹1381.22 Million).

Operating loss on a standalone basis stands at ₹ 73.17 Million (2009-10 operating profit ₹ 49.39 Million). Operating profit on a consolidated basis is ₹102.98 Million (2009-10 ₹ 134.06 Million). Loss for the financial year 2010-11 on standalone basis is ₹ 57.25 Million (2009-10 profit after tax ₹ 11.54 Million). Profit after tax for the year 2010-11 on a consolidated basis is ₹ 30.94 Million (2009-10 ₹ 61.79 Million).

During the year under review your company increased its client-base globally. Your company continues to grow towards becoming the Industry leader in transportation, logistics and supply chain, leveraging the excellence in technology, domain and processes and continue to get more than 70% of revenues from existing customers. The company has incurred capital expenditure of ₹ 14.57 Million (2009-10 ₹ 0.2 Million) for infrastructure and facilities. The company has incurred ₹ 79.17 million on R&D expenses for the year 2010-11 as against ₹ 80.59 million during the year 2009-10.

We were also able to close many deals in India and internationally during the year under review. India is now emerging as a potential market which your company intends to exploit in the years to come. To capitalize on the opportunities that are opening up in the domestic market, we are investing in new marketing initiatives, strengthening technology capability and expanding our research division.

During the year under review, your company successfully signed 22 contracts which include two large orders. The orders we bagged constitute various products in different regions and at different price levels. Your company has initiated, designed and focused on IT services and solutions for the existing customer base as well as for the global market. This enables your company to build the volumes and also client size significantly. Our IT services and solutions primarily include infrastructure management services, application services including production support and business process outsourcing. We met with our first success in Europe with one of our existing large clients and thereafter we were able to secure more orders in IT services and solutions segment.

Your company has launched "SaaS " (Software as a Service) under the brand LogiSaaS- a powerful, dynamic, scalable and flexible tool for the shipper and the logistics providers. We have built a state of the art delivery platform for the LogiSaaS offering. The success of our products lies in the fact that we were able to sign 2 contracts in the year under review and we have a strong sales pipeline for the year ahead.

We have been appraised as CMMI Level 5 during December last year. This appraisal covered product development implementation and development activities. One of the unique offering of Four-Soft is the global customs compliance solutions. We are developing 4S e-Customs to cater to the need of the US market on the next generation technology which seamlessly integrates with other ERP applications. We obtained the certification from the US Customs and Border Protection (USCBP) in the month of July 2011 which will widen our selling capabilities in the North American market.

Investing in the Research and Development activities and technology has enabled your company to move forward and implement innovative ideas into successful fruition. In line with it we are moving towards mobile applications which enable our customers to use our products / applications on hand held devices.

We have completed all our customer implementations with 100% success rate in the past 30 months. Your company continues to invest in global sales and marketing to widen the presence across the globe. The benefit of this investment will be visible during the next year as well as for the years to come.

Liquidity

Your company continues to generate cash from operations and has been able to manage its working capital requirements. Your company has cash equivalents of ₹ 12.34 million as on 31st March 2011 and ₹ 143.05 Million as at 31st March 2011 on a consolidated basis.

SUBSIDIARIES

Four Soft Ltd has three direct subsidiaries; Four Soft B.V, The Netherlands, Four Soft Singapore Pte Ltd, Four Soft Malaysia Sdn Bhd, and the following seven step-down subsidiaries Four Soft Netherlands B.V, Four Soft Nordic A/s, Denmark, Four Soft UK Ltd, Four Soft USA Inc., Four Soft Japan KK, Four Soft (HK) Limited, and Four Soft Australia Pty Ltd.

The entire share of Four Soft Ltd in its direct subsidiary Four Soft Nordic A/s, Denmark was transferred to another subsidiary - Four Soft B.V. during the year 2010-11.

The summary of the key financials of all the key Subsidiaries is mentioned below:

Four Soft B.V. The Netherlands

Four Soft B.V. is the largest subsidiary in terms of group revenue as this entity has step down subsidiaries in United States, United Kingdom, The Netherlands and Denmark.

Four Soft USA Inc.

During the year 2010-11, Four Soft USA Inc has made a net profit of USD 0.1 million (2009-10 Profit of USD 0.01million) on revenue of USD 5.8 million (2009-10 USD 4.4 million).

The US subsidiary has been consistently performing well as they have secured few good orders in the year under review, which helped us to carry a reasonable amount of order book to the next financial year. There are two large on-going implementations for our flagship products. We are developing web-centric customs products for US market and are in the process of US Customs certification. This will enable your company to make substantial inroads into the US markets.

Four Soft UK Ltd and Four Soft Netherlands B.V.

During the year 2010-11, Four Soft UK Ltd has made a net Profit after tax of GBP 0.11 million (2009-10 profit of GBP 0.11 million) on revenue of GBP 2.60 million (2009-10 GBP 3.84million).

During the year 2010-11, Four Soft Netherlands B.V. has made a net Loss of Euro 0.03 million (2009-10 Loss of Euro 0.87 million) on revenue of Euro 4.2 million (2009-10 Euro 4.5 million).

The subsidiaries in Europe continue to perform in a similar manner as the previous year. Since the economic scenario has not improved, the growth has been minimal. However, we were able to offer our new IT services to few of our existing customers in this market to maintain the revenues and profits.We have consolidated the European operations under one Management structure with the transfer of Four Soft Nordic A/s to Four Soft B.V.This will help cross selling, consolidating the individual strength of subsidiaries in a more synergized manner. We expect Europe market to recover in the next few years.There are positive tractions from our existing customers to expand the usage of our products to other geographies as well.

We are also undertaking certain facility consolidations in Europe to bring in cost and management efficiency.

Four Soft Nordic A/s, Denmark.

In January 2007, we acquired Transaxiom Holding A/s (renamed to Four Soft Nordic A/s) to enter into the Scandinavian region which has huge potential in the transportation logistics and the shippers/manufacturer SCM segments. Four Soft Nordic A/s had a revenue of $ 9 million and the management of the company were well experienced in the techno domain functions of supply chain. Four Soft Nordic A/s has rich products specifically in the road freight which has over 70 customers with substantial number of users in the Scandinavian region. Four Soft Nordic's subsidiary in Australia was transferred to our Singapore subsidiary. The business/revenue model has been highly profitable and continues to be a high margin business with additional support from India Technology Centre. In the year under review, the company has secured further orders from existing large customers to extend their usage to Asian counterparts as well. Your company is focusing on the shipper SCM market and have appointed experienced sales personnel to develop the shipper SCM business. The company expects to cross sell, support and leverage the large European customer base and also to sell ePrdoucts in logistics as well as shipper SCM.

Four Soft Singapore Pte Ltd

The Company generated revenues of SG$ 0.76 Million, with gross profit of SG$ 0.16 million and a net profit of SG$ 0.20 Million during the year 2010-11.

Our business in Far East has remained at the same level, primarily due to the macro-economic developments. However we anticipate good traction in Japanese markets. We have secured a fairly large order from a Japanese electronics company for our 4S e-Log product.

We are optimistic on our prospects in Japan based on our current sales pipeline.

Four Soft Malaysia Sdn Bhd

The company did not generate revenues and made a net loss of RM 0.02 Million during the financial year 2010-11.

Four Soft Malaysia Sdn Bhd is presently a non-operating entity.

Subsidiaries Report

The Ministry of Corporate Affairs has granted general exemption under section 212(8) of the Companies Act, 1956 exempting companies from attaching copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of Subsidiaries as specified under Section 212 (1) of the Companies Act, 1956 subject to publication of certain summarized financial information of the subsidiaries in the Annual Report. Accordingly these documents related to subsidiaries are not attached to the Balance Sheet and the summarized financial information related to subsidiaries is included in the Annual Report. Full annual report including financial information of the subsidiaries will be available upon request by any member interested in obtaining the same. All the documents related to subsidiaries are kept in the head office of the company for inspection by any interested shareholder.

INDUSTRY SOLUTIONS

Presently, your company offers solutions in the areas of freight forwarding industry, 3PLs and service providers, customs brokerage, contract and warehousing logistics, and for liners, NVOCCS and agencies. Products in freight forwarding industry include 4S eTrans, 4S Visilog iLogistics, Shipper Logistics, and 4S eTrans SME and that for contract and 3PL warehousing providers include 4S eLog. In addition, 4S iShipping targets the liners market, 4S eCustoms targets the customs brokers and shippers and 4S Visilog Plus which represents the 4S shipper logistics industry targets the shippers and manufacturers for their logistic needs. Your company also offers IT- services including consulting, software development and system integration and implementation in the domain of logistics related IT.

HUMAN RESOURCES

With an increase in new projects and the sales pipeline, the company focused a lot on recruitment during the year 2010-11. In the year under review, a net of 161 people were added to the organization breaking the trend of negative manpower growth in the previous two years. The majority of the hiring was for software engineers followed by functional consultants across various levels – from freshers from campuses to Chief Technical Officer - which has resulted in the company gearing up for the challenges of new product delivery by having optimum manpower. A concentrated effort in recruitment was also taken to make the staff-mix more diversified and reduce gender imbalance. Focus has also been extensively on internal training and competency building, with measures such as quarterly and on-the-job assessments post training introduced to capture the value addition of each resource. With a clear goal of constantly benchmarking and improving the internal HR practices with the best in the industry, triggered through organizational initiatives such as CMMI Level 5 appraisal, your company has been proactively pursuing its strategic objective of being a worldwide leader in logistics and supply chain management solutions through the quality and competency of its people.

The basic competency model for identifying and managing organizational talent has already been laid down through the Talent Management Program (TMP). It encompasses addressing the employee value proposition based on which career management (planning and progression) is done to ensure that each valuable resource is properly motivated and engaged in their work leading to higher quality of output and reducing the risk of attrition. By completely atomizing various HR processes, focus was given to value added activities such as improving employee relations and inter and intra-team communications. Performance based variable pay systems has also resulted in advocating the culture of meritocracy and ensuring that high performers are properly recognized and are compensated accordingly. Some of the major initiatives that are already implemented and under various stages of implementation are as follows:

Talent Management Program (TMP)

TMP was introduced in the previous year and has been used as the roadmap for developing and retaining all top-performers identified through the formal performance evaluation process. This program is now considered as the basis for succession planning through career management of the participants to ensure they take up positions of higher responsibility and authority by developing their leadership skills, knowledge and abilities for their current and planned future work. TMP is aimed at addressing all aspects of work related issues that an employee considers important, ranging from career planning and progression, job enrichment, compensation and benefits, work-life balance, improving knowledge and higher education. All participants are encouraged to map their personal goals with that of their respective department and decide on a plan, through consultation of the TMP committee comprising of senior managers, and come up with a career plan that creates a win-win situation for them as professionals and the organization.

Rewards and Recognition (R&R)

The company understands the highly motivating factor of having a good Rewards and Recognition program. Hence for identifying and rewarding exemplary performance of individuals and teams, the company has introduced various awards, which includes both non-monetary (certificates, memento) and monetary (cash, gift coupons) awards. Individual awards such as Gold, Platinum and Diamond are given based on quarterly performance review at various levels. To reward completion of special tasks or milestone, spot awards have also been introduced. Annual awards like Employee/Team of the Year are based on consistently good performance of individual and team over the entire year. Special rewards, such as recognizing 5 and 10 years of service, have also been continuing for some time now.

Process Automation (eStart)

The HR Information System eStart (e-Strategic Talent Administration, Recruitment and Training), which was designed and developed internally, was introduced in the previous financial year. Various HR modules ranging from employee records, leave management, compensation and benefits, recruitment, training, employee satisfaction surveys and performance appraisal etc. were developed keeping in mind the unique HR workflow of the organization. Further modules which will be available during the course of the year are Travel Management, Project Management (people allocation) and Region / Country specific modules.

PROCESSES

Your company's quality system is built on three pillars: ISO 9000, CMMI and Lean Management. We have built our process definitions, standards, tools and documents so that the system is in conformance with all the three frameworks. We not only undertake extensive customer satisfaction surveys but also conduct internal audits to maintain and verify high levels of compliance.

CMMI LEVEL 5 CERTIFICATION

As you are aware we had initiated CMMI Level 5 implementation in 2009-10 and achieved certification in November 2010. The Standard CMMI Appraisal Method for Process Improvement (SCAMPI) Class 'A' appraisal was conducted at Four Soft's Global Development Centre in Hyderabad. This appraisal covered product / project development, implementation and maintenance activities. The appraisal was conducted by Quality Assurance Institute

India Ltd, SEI Partner. Four Soft Ltd. started its quality journey with the certification of ISO 9001 in 2004 to CMMI Level 3 in 2009 and now CMMI level 5 in 2010. CMMI Level 5 enables us to continually improve product quality, productivity, predictability and reduce cycle time. This continuous improvement model of CMMI is one of the most prestigious certifications and is a testimony of the organizational focus on process improvements.

LEAN MANAGEMENT

We initiated Lean Management in the year 2009 and we are reaping benefits of the same in all identified value streams. Measures that validate the success of this program are reduced amounts of rework in the company, faster implementation cycle for standard implementations and increased automation levels in various functions. Lean is implemented in projects and functions focusing on reducing non value activities and increasing value to customer. Process and templates are reviewed applying lean principles and non value process steps are removed. This has simplified process implementation for practitioners.

PCMM LEVEL 3 CERTIFICATION

To continue the quality journey, the organization is aiming at PCMM Level 3 certification to complement CMMI implementation in the organization.

CORPORATE GOVERNANCE

As a good governance initiative, your company continues to improvise on complying and providing additional disclosures apart from complying with the recommended SEBI guidelines on Corporate Governance. A Report on corporate governance along with the certificate from a Company Secretary-in-Practice confirming compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreements with the stock exchanges form part of the Annual Report.

The company has well framed policies such as the Whistle blower Policy, Fraud Detection Policy and the Code of Conduct for senior officers and executives in the company. The company has internal controls and documented procedures and continues to ensure compliance with the said policies.

CORPORATE SOCIAL RESPONSIBILITY

As a concerned corporate citizen, Four Soft believes in sharing and contributing to the global development. We at Four Soft not only just deliver products but also believe in sharing health and happiness with the under-privileged sections of the society.

Your company has recognized the underutilized potential of the educated and skilled people in rural areas by new dimension of promoting IT Education in rural schools. Your company has enabled the economically disadvantaged rural school children to gain access and develop IT skills from a young age. Your company has tied up with certain NGOs for working towards bridging this gap between millions of educated but unemployed or under-employed youth and shortage of skilled, trained and talented manpower in most sectors including retail, infrastructure, IT and pharmaceutical sector and create a win-win situation for the industry as well as to people of the country who need appropriate employment. As a part of this effort, your company in co-ordination with NGOs has taken up the project on a massive scale to provide IT education in schools. This program will fill the gap to the benefit of the IT Industry as well as economically disadvantaged rural children.

As part of Corporate Social Responsibility initiatives, your company had invited SAMPURNA Holistic, a Hyderabad based NGO working with underprivileged children, to the corporate office. Four Soft had organized an outing with the children to Botanical Garden - an amusement Park in outskirts of Hyderabad City followed by lunch at corporate office premise. Staff members at corporate office actively participated in the event by donating groceries, stationeries and education tools, food and toys.

GOING GREEN

Consistent with Four Soft's approach to social responsibility, the company is "Going Green." The FS green policy has two primary goals: (a) to lessen the Company's impact on the environment and (b) to become a standard-bearer in the logistics industry in promoting responsible stewardship toward the environment and its natural resources. Four Soft has built and maintained over the years a firm culture that prizes excellence not only in the logistics business, but also in discharging the company's responsibility to the communities in which our staff live and work. Our green policy is consistent with the 4S commitment to good corporate citizenship and best management practices.

DIRECTORS

Prof. Janat Shah and Mrs. Soujanya Reddy were appointed as Additional Directors by the Board of Directors in their meetings held on 12.11.2010 and 09.08.2011 respectively. As per the provisions of the Section 260 of the Companies Act, 1956 both the directors shall hold office up to this Annual General Meeting. The directors are eligible for re-appointment as Director of the Company. The Company has received a Notice along with requisite fee from two members under Section 257 of the Companies Act, 1956 proposing the candidature of Prof. Janat Shah and Mrs.Soujanya Reddy as Directors of the Company.

As per Article 88 of the Articles of Association Mr. Mohan Krishna Reddy and Mr. Jorgen Winther Nielsen, Directors are retiring by rotation at this meeting and being eligible, offer themselves for re-appointment.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief profiles of the above directors are provided in the notice to the Annual General Meeting.

The Board of directors of your company recommends their appointment / re-appointment.

AUDITORS:

M/s. Walker, Chandiok & Co, Chartered Accountants hold office until the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

The Board of Directors recommends the appointment of M/s. Walker, Chandiok & Co, as the Statutory Auditors of the company for the year 2011-12.

AUDITOR'S REPORT

A Report of the Auditors on the financials of the company is appended to this Annual Report. There are no qualifications in the Report.

The observations made by the auditors in the audit report are self explanatory.

DISCLOSURE AS PER LISTING AGREEMENT

Clause 32:

The cash flow statement in accordance with the Accounting Standard on cash flow statement (AS-3) issued by ICAI is appended to this Annual Report.

Clause: 43A

Your Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai (Stock Code: 532521) and National Stock Exchange of India Limited, Mumbai (Stock Code: FOURSOFT). The Annual Listing Fees for the year 2011-12 has been paid.

Director's Responsibility Statement as required under Section 217 (2AA) of the Companies Act, 1956

Your Directors confirm that –

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- the directors had 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.
- the directors had prepared the annual accounts on a going concern basis.

The financial statements have been audited by Walker, Chandiok & Co, Chartered Accountants - the statutory auditors.

EMPLOYEE WELFARE TRUST

The company has established Four Soft Limited Employees Welfare Trust ("The Trust") to administer the ESOP Scheme and as at 31st March, 2011 had issued 1,170,200 equity shares of ₹ 5 each, including 217,200 equity shares issued pursuant to issue of bonus shares in 2003. Pursuant to the ESOP Scheme 2003 the trust has granted equity shares at an exercise price of ₹ 5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of grant. As of 31st March, 2011 the total shares held by the Trust is 289,327(previous year 348,325). Mode of settlement of these stock options is equity.

Details of the equity shares issued under ESOP, as also the disclosures in compliance with clause 12 of the SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, are set out in Annexure II to this report.

FIXED DEPOSITS:

Your company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

PERSONNEL

Particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is attached to this Report

Conservation of energy, research and development, technology absorption, foreign earnings and outgo:

The particulars as prescribed under Subsection (1)(e) of Section 217 of the Companies Act 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are set out in the Annexure- I included in this report.

ACKNOWLEDGMENTS:

Your directors take this opportunity to convey their appreciation for the support and co-operation received during the year under review, from all the Government authorities, shareholders, other stakeholders, clients, vendors, partners, bankers and other business associates. Your directors wish to place on record their deep sense of appreciation for the dedicated and sincere services rendered by the Employees at all levels.

For and on behalf of the Board of Directors

Sd/-

Place: Hyderabad
Date: 9th August, 2011

Palem Srikanth Reddy
Chairman & Managing Director

Annexure- I to the Directors' Report

Particulars pursuant to Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988

1. Conservation of energy

Your Company takes adequate measures to reduce energy consumption by using efficient computer terminals and by using latest technology. The impact of these efforts has enhanced energy efficiency. As the facility is located in Cyber Towers, Air-conditioners, hydro-pneumatic pumps used are highly energy efficient. Since the energy cost forms a very small part of total expenses, the financial impact of these measures is not material and measured

2. Research and Development

Your company has always played a pioneering role in technology adaptation. Our mission in the area of technology moves forward in three stages. Firstly, we constantly monitor trends in the technology world. The second step is that we determine the business scenarios where the new technologies can be applied in our domain and then evaluate the business benefits. Once lab prototypes and tests confirm the justification, we perform the system design to implement the technologies into our product suite directly or make them available as plugins or integration layers. This is last step is a collaborative exercise between R&D and product development functions.

a) Ongoing focus

Four Soft Ltd., as an Enterprise solutions provider, has always had technology prowess on most advanced technology tools and trained personnel for R&D activities on its payroll. As an inherent aspect of product development, the company continues evaluating new technologies and methodologies for implementing them for immediate as well as future benefits to customers.

Realizing the need of providing analytics to senior management of our clients, we evaluated various technologies and products and have entered into an OEM agreement with QlikTech to use its product - *QlikView* as a business intelligence layer over the Four Soft suite. We are happy to inform that this product, named as 4S InfoTips, has been implemented at customer locations during this year.

Similarly as part of the FFIFA alliance, we identified the need of a carbon-emission calculator that will be useful to all clients. This product has been tentatively named eMission. Combining a variety of Web2.0 technologies like AJAX and Google Maps API along with web services and our in-house 4S model-driven development framework, we have already built a prototype and have demonstrated it to clients. Further development will happen in the next financial year.

b) Interoperability solutions - Specific R&D activities

Mobile application: Mobile version of our 4S products (Visilog, eTrans, eLog, and eRating) has been successfully developed, that enable mobile user to track and trace their shipment, sales booking, check inventory status of a particular good in warehouse, quote add/view, barcode scanning and signature capturing as a proof of delivery etc.

Mobile versions of our 4S products are compatible to all the latest mobile platforms like like Android, Balackberry, iPhone etc.

4S FW Studio: It is an in-house developed tool based on 4S FW2.0 to enhance to developer's productivity, reusability of work done by functional consultants. It automates the generation of HTML prototype also which reduce lots of the functional consultant time in comparison to produce the same by other tools.

Integration architecture is determined on a case-by-case basis for every client depending on the integration problem that needs to be addressed. Here we apply industry best practices to arrive at the optimum integration solution by mixing and matching different platforms, protocols, formats, hardware etc.

Our product 4S eConnect has been successfully developed as a domain-specific ESB layer that offers reliable multi-format message transformation and routing. 4S eConnect is an in-house developed technology offering. The evolution of 4S eConnect marks the capability of our company not just as a functional product provider but also as a technology solution provider. This year, this tool has been successfully implemented as the integration layer at clients like Flyjac, MIDL, Mondial, LEI, Alba-Delta etc. PKI (public key encryption) integration has been provided in eConnect to support messages encryption. Going forward, we will be conducting studies on third-party ESBs that we will partner with to provide with additional features like adapters to legacy systems. This combination will serve as eConnect plus.

c) Investment and Benefits derived as a result of R&D

Our investments in Research and Development (R&D) have been continuous and consistent. Your company spent ₹ 79.17 million in current year (₹ 80.59 million previous year), which includes amount spent on product enhancement through adopting new technology methods and other activities mentioned in the previous paragraphs.

The company's R&D activity continuously provides technical innovation, improves the product technical quality and streamlines the process flow. It ensures our products are best of breed in the domain and provide the correct technology solutions to business problems. One of the benefits of using object-oriented technologies is the ability to reuse software. Software reuse reduces development time and the code to be written, and increases application maintainability and quality. As part of R&D, we continuously evaluate reliable open source options that can be part of the platform on which our products are developed and deployed. The resulting cost benefits are passed on to our customers.

Our R&D function evaluates external tools or supports building internal tools that help perform important critical tasks in important projects. We started using OCS/GPLI, an open source tool to verify the software inventory at all global locations.

d) Future plan of action

Rule engine: Evaluation of rule engine (in-house vs external tools) and implement as a business rule system which enables company policies and other operational decisions to be defined, tested, executed and maintained separately from application code.

Kernel architecture: We are working on laying out our next generation technical product architecture that will enable easier customization.

As part of quality assurance, we always had a mix of manual and automation testing. We have strengthened our test automation team this year and have made plans for a significant increase in the level of testing that will be executed on testing tools.

Training and R&D go hand-in-hand. We build competence across all layers of the company and in particular for new entrants. During the last quarter of this year, we have recruited bright minds from campuses of reputed institutes like NITs, JNTU, Symbiosis etc. They will be joining in batches and their training will happen in the first two quarters of next year, in which they will be provided with the best facilities, faculty and tools so that we build a new set of technology and product champions.

We will stay ahead as leaders in the technology area and this has always been a core value of your company since its inception. The Technology function is focusing its research this year on various aspects of social computing, mobile computing, and cloud computing in order to expand the reach and availability of technology in innovative and cost-effective ways. We have to keep pace with the business drivers and the technology developments in such a way that we have scalable solutions for customers in the emerging economies to the developed countries.

Business environment is dynamic and ever changing. Your company can help the customers to be in forefront in terms of technology adoption and process improvements so that they will be more efficient and cope up with the challenges in future.

3. Foreign exchange earnings and outgo

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

Your company has derived 76 % of its revenues from exports and markets its software product and services overseas through business partners and subsidiaries.

b) Foreign exchange earned and used for the year ended 31st March 2011

(₹ in Millions)

	2011	2010
Gross Earnings	251.57	247.18
Outflow (including capital Goods and imported software)	13.71	11.88
Net Foreign Exchange Earnings	237.86	235.30
NFE/Gross Earnings %	95%	95%

STATEMENT SHOWING LIST OF EMPLOYEES REQUIRED TO BE ATTACHED TO THE DIRECTORS' REPORT AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Name of employee	Designation	Remuneration (₹)	Nature of employment	Nature of duties of employment	Qualification & experience	Date of commencement of work	Age	Last employment	% of shareholding in the company
Rajshekhar Roy	Chief Executive Officer	3,819,037 p.a	On Rolls	In charge of global project management and operations.	BE, MBA. 22 years of experience	08.10.2007	47yrs	CHR Global Pvt. Ltd.	0.15%

For and on behalf of the Board of Directors

Sd/-

Place: Hyderabad
Date: 9th August, 2011

Palem Srikanth Reddy
Chairman & Managing Director

ANNEXURE II TO THE DIRECTORS REPORT

Disclosure pursuant to provisions of SEBI (ESOP and ESPS) Guidelines 1999 is given below:

Sl No	Description	ESOP Scheme
1	No. of shares available under ESOP Scheme	
	a. Originally allotted	953,000
	b. Consequent to Bonus Issue and Split of shares	217,200
	c. Total	1,170,200
2	No. of Options granted	Refer Note1
3	Pricing Formula	
		ESOP 2003 Scheme - Price of ₹ 5/- per share
		ESOP 2009 Scheme - Price of ₹10/- per share
4	Options vested as on 31st March 2011	289,448
5	Options exercised during the year	63,998
6	Options lapsed during the year	22,851
7	Total no. of options in force as on 31st March 2011	83,676
8	Variations of terms of Options	Refer Note 2
9	Money realized by exercise of options	₹ 319,990
10	Grant details to members of senior management team	–
11	Employees holding 5% or more of total options granted during the year	NIL
12	Identified employees, who were granted options during the financial year exceeding 1% of issued capital	NIL
13	Diluted EPS as per Accounting Standard 20	(1.48)
14	i. Method of calculation of employee compensation cost	The company has calculated the employee compensation cost using the intrinsic value of the stock options.
	ii. Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options :	₹ 850,621
	iii The impact of this difference on profits and on EPS of the company:	
	PAT as reported:	₹ (57,252,473)
	Less: Additional employees compensation cost based on Fair value	₹ 850,621
	Adjusted PAT	₹ (58,103,094)
	Adjusted EPS	
	Basic	₹ (1.50)
	Diluted	₹ (1.50)

15.	Weighted average exercise price and fair value of stock options granted:	N.A
16.	Description of the method and significant assumptions used during the year to estimate the fair value of the Options, including the following weighted average information	The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing model does not necessarily provide a reliable measure of fair value of Options.

17. The main assumptions used in the Black Scholes option pricing model during the year were as follows:

	2011	2010
Risk free interest rate :	8.0% to 8.25%	8.0%
Expected life of options from the date of grant :	1 to 4 Years	1 to 4 Years
Expected volatility :	0.47 to 0.57	0.47 to 0.60
Expected dividend yield	Nil	Nil

Note 1: No. of Options granted during 2010-11

Under ESOP 2003 Scheme :

No options were granted to employees during the year 2010-11.

Under ESOP 2009 Scheme:

No options were granted to employees during the year 2010-11. However, for the purpose of preparation of Financial Statements, the Guidance Note issued by ICAI on 'Accounting for Employees Share Based Payments', we have disclosed stock options likely to arise till 31st March 2013 (end of the said scheme).

Note 2 : Variations of terms of Options

Variation in ESOP 2003 Scheme:

In the Annual General Meeting held on 29.09.2008, the shareholders approved the following variations to ESOP Scheme:

a. There is no lock-in period after allotment of Employee Stock Option shares to employees account.

b. One-third of total grants offered to be vested on to employee on each completed year of service from the date of granting of option. In other words:
   - 33.33% of the total shares granted can be exercised by each employee on or after completion of 1st year from the date of grant.
   - 33.33% of the total shares granted can be exercised by each employee on or after completion of 2nd year from the date of grant.
   - 33.33% of the total shares granted can be exercised by each employee on or after completion of 3rd year from the date of grant.

FOUR SOFT LTD - EMPLOYEE SHARE PURCHASE SCHEME (ESPS) 2009

As per the Four Soft Employee Share Purchase Scheme 2009, 1948,000 equity shares @ ₹ 20/- per share are planned to be issued to the employees based on the criteria set forth in the said Scheme.

In the year 2010-11, the company has not allotted any shares to employees based on Four Soft Employee Share Purchase Scheme 2009.

Corporate Governance Report

Report on Corporate Governance forming part of Directors Report for the year ended *31st March 2011* pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India.

Corporate Governance Philosophy

Corporate Governance is a continuing process which ensures integrity, transparency and accountability in dealing with employees, shareholders, customers and the community at large. Companies across the world practice the concept of Corporate Governance in order to protect stakeholders' interest including shareholders, employees, customers, suppliers and vendors. Companies adopt Corporate Governance policies to bring transparency, accountability and fairness in business practices.

Four Soft in its continuous initiative and drive towards good governance and accountability, has upheld the Corporate Governance through ethical business practices, integrity and transparent business operations. Four Soft Ltd has full support of the Board and employees in the Corporate Governance initiative.

Your directors place on record the Corporate Governance report for the year *2010-2011*.

A Board Composition

1. Size and composition of the Board

The Company has an optimum combination of executive and non-executive directors with more than fifty per cent of the Board comprising of non-executive directors. All independent non-executive directors comply with the requirement of Independent Director's definition of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee memberships held by them in other companies is given below.

Name of the Director	Category of Directorship	No. of shares held in the company as on 31.03.2011	No. of Board meeting		Attendance at last AGM	No. of Directorships in other Companies			No. of Committee Positions held in		
						Indian		Foreign Companies			
			Held	Attended		Public Companies	Private Companies		This Company	Other Companies	Committee Chairman
Palem Srikanth Reddy	Executive Chairman and Managing Director	8651297	6	4	Yes	-	3	10	1	-	-
KV Ramakrishna	Non-Executive and Nominee Director	Nil	6	2	No	1	2	-	4	3	-
P.Mangamma@	Non-Executive Director	3480	6	3	Yes	-	2	-	1	-	-
Srinivas Prasad	Non-Executive and Independent Director	Nil	6	6	Yes	-	-	-	2	-	-
Dr. T.R.Sivaramakrishnan	Non-Executive and Independent Director	22	6	3	No	-	-	-	3	-	-
Mohan Krishna Reddy	Non-Executive and Independent Director	100	6	5	Yes	1	5	-	3	-	-
Jorgen Winther Nielsen	Non-executive Director	Nil	6	-	No	-	-	3	-	-	-
Prof. Janat Shah^	Non-Executive Independent Director	Nil	2	1	-	1	1	-	3	-	-
Soujanya Reddy**	Non-Executive Director	157701	-	-	-	-	2	-	-	-	-

@ *P.Mangamma expired on 9.04.2011*

^ Prof. Janat Shah was appointed as Additional Director on 12.11.2010

*** Mrs.Soujanya Reddy was appointed as Additional Director on 09.08.2011*

2. Particulars of Directors appointed / reappointed during the year

As per provisions of Article 88, Mr. Mohan Krishna Reddy and Mr. Jorgen Winther Nielsen, directors retire at the ensuing general meeting and being eligible, offer themselves for re-appointment.

a) *Mr. Mohan Krishna Reddy* aged 55 years is an Independent Director of the company. He is the founder CEO of Banyan Advisory, a boutique Advisory services firm focusing on mid-market, fast growing enterprises. Prior to founding Banyan Advisory, Mohan was the CFO of Applabs, the leading independent software testing services company and prior to that, the CFO of Infotech Enterprises, a leading engineering design services and geospatial services company. In his role as a CFO, Mohan has worked closely with the CEOs and the Boards to enhance corporate governance practices, strategize and achieve profitable growth through organic and inorganic means.

He holds 100 shares in the company and is not related to any other Director of the company.

b) *Mr. Jorgen Winther Nielsen* aged 49 years is a Non-executive Director of the company. Jorgen took the interim role as MD for Four Soft Nordic A/s, and developed Four Soft Nordic A/s to become the most profitable subsidiary in Four Soft Group with two digit growth figures. He is also on the Board of other foreign companies such as Music for Dreams, Releaze Holding A/s and HN Holding of 2009 Aps.

He holds nil shares in the company and is not related to any other Director of the company.

The retiring directors seek reappointment at the ensuing Annual General Meeting and the Board recommends the re-appointment of the retiring directors.

Prof. Janat Shah and Mrs.Soujanya Reddy were appointed as Additional Directors of the Company in the Board meetings held on 12.11.2010 and 09.08.2011 respectively.

Proposals for the regularization of the appointment of newly appointed directors are coming up before you at the ensuing annual general meeting. Letters were received from members proposing their candidature for the post of the directors. The detailed profiles of all these directors are provided in the notice calling the forthcoming Annual General Meeting.

B. Board Meetings

Six Board Meetings were held during the financial year ended 31st March, 2011. The dates of the Board meetings are 28.05.2010, 23.07.2010, 19.08.2010, 24.09.2010, 12.11.2010 and 27.01.2011.

The Company Secretary in consultation with the Chairman and Managing Director circulates the agenda papers for Board meetings well in advance before the meeting. The directors actively participate in the discussions at the Board meetings. There was one circular resolution of the Board passed during the year under report. The company has granted leave of absence to directors from attending Board meetings after due requisition from them.

C. Board Committees

The company presently has four committees - the Audit committee, Remuneration/Compensation committee, Share Transfer and Investor Grievance committee and the Nomination committee. Majority of directors who constitute the committee members are Independent directors. The Chairman of the Board in consultation with the Company Secretary decides the frequency of the Board and committee meetings. Recommendations of the committee are submitted to the full Board for approval.

I. Audit Committee

- Brief description of the terms of reference of the Audit committee
- The Audit committee reviews, acts and reports to Board of directors on the following matters:
- auditing and accounting matters, including appointment of statutory and internal auditors
- Compliance with legal and statutory requirements
- Integrity of company financial statements
- Scope of annual audit, fees paid to statutory and internal auditors
- Statement of related party transactions.
- Performance of Internal audit functions, accounting standards.

The financial results are submitted to the Audit committee and the Board. The Audit committee reviews the un-audited quarterly, half-yearly and annual financial results with the management before submitting to the

Board for its approval. The company's Managing Director, Chief Financial Officer, its statutory auditors and its internal auditors are permanent invitees to the Audit committee's meetings.

The detailed charter of the committee as per the revised Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956 is posted in our website www.four-soft.com/investors/corporategovernance.

The audit committee comprises of independent and non-executive directors. All the members of the Audit committee are financially literate and the Chairman Dr.T.R. Sivaramakrishnan is a financial management expert.

Five Meetings of Audit committee were held during the year on 28.05.2010, 23.07.2010, 19.08.2010, 12.11.2010 and 27.01.2011.

Following are the members of the Audit committee and the number of meetings attended by each member of Audit committee is as follows:

Name of members of Audit committee	Designation	Number of Meeting Held	Number of Meeting attended
Dr.T.R. Sivaramakrishnan	Chairman	5	3
Srinivas Prasad	Member	5	5
Mohan Krishna Reddy	Member	5	5
KV Ramakrishna	Member	5	2
Prof. Janat Shah* (w.e.f 12.11.2010)	Member	1	-

2. Remuneration Committee/Compensation Committee

The company has constituted a Remuneration/Compensation committee and the brief terms of reference of Remuneration /Compensation committee are:

a) to determine salaries, benefits, and stock option grants to directors of the company.

b) to recommend the ESOP Trust under the ESOP plan drawn from time to time.

The Remuneration/Compensation committee comprises of mainly Independent and non-executive directors. Two meetings of Remuneration committee were held during the year on 28.05.2010 and 19.08.2010. Following are the members of the Remuneration / Compensation committee and the number of meetings attended by each member of committee is

Name of Director	Designation	Number of Meeting Held	Number of Meeting attended
Dr. T. R. Siva Ramakrishnan	Chairman	2	-
P. Mangamma (till 09.04.2011)	Member	2	1
KV Ramakrishna	Member	2	1
Mohan Krishna Reddy	Member	2	2

Executive Director of the company is paid remuneration as per limits specified under Schedule – XIII of Companies Act, 1956. Details of remuneration paid to Mr. Palem Srikanth Reddy, Chairman and Managing Director of the company is specified under the relevant section in the annual report. Payment of this remuneration has the necessary sanction of the shareholders and it is in accordance with the provisions of Companies Act, 1956. The Company has received an approval from the Central Government to pay a remuneration of ₹18,00,000 per annum i.e. ₹ 1,50,000 per month to Mr.Palem Srikanth Reddy. The service contract is for a period of 5 years w.e.f 18.07.2008. There is no severance fee.

The remuneration payable is always recommended by Remuneration committee and is approved by the Board and shareholders of the company. Sitting fees are paid to independent non-executive directors for attending every meeting of the Board of Directors (other than committee meetings). Sitting fees payable to non-executive independent directors of the company for attending Board meetings were increased from ₹ 5000 per meeting to ₹ 20,000 per meeting in the Board meeting held on 12.11.2010.

The non-executive independent directors do not draw any remuneration from the company except sitting fees which are paid at the rate of ₹ 20,000 per person per Board meeting subject to a maximum ceiling limit of ₹ 1,00,000 per person in a financial year. No sitting fees is payable for attending the committee meetings.

Details of sitting fees paid to the directors for the year 2010-11 are given below:

Name of the Director	Sitting fees paid in ₹
Palem Srikanth Reddy	N.A
KV Ramakrishna	5,000
Dr.T.R.Sivaramakrishnan	5,000
Srinivas Prasad	40,000
P.Mangamma* (Director till 09.04.2011)	-
Mohan Krishna Reddy	55,000
Jorgen Winther Nielsen	-
Prof Janat Shah	20,000

It is the policy of your company to remunerate its executives on par with industry standards commensurate with qualification and experience.

Number of shares held by the directors of the company as on 31.03.2011 is as follows:

Name of Director	No. of shares
Palem Srikanth Reddy	8651297
KV Ramakrishna	nil
Dr.T.R.Sivaramakrishnan	22
Srinivas Prasad	nil
P.Mangamma*(Director till 09.04.2011)	3480
Mohan Krishna Reddy	100
Jorgen Winther Nielsen	nil
Prof Janat Shah	nil
Soujanya Reddy (Director w.e.f 09.08.2011)	157701

* *expired on 09.04.2011*

The Remuneration committee also oversees the recommendation and administration of ESOP schemes. None of the directors are granted any stock options by the company.

3. Share Transfer and Investor Grievance Committee

The Investor Grievance Committee administers the following:

- Transfer, transmission of shares
- Issue of duplicate share certificates, as and when required
- Redressal of shareholders / investors grievances from time to time.

The investor grievance committee consists of following independent and non-executive directors and the committee met four times during the year 2010-11 on the following dates: *28*.05.2010, 23.07.2010, 12.11.2010 and 27.01.2011.

Name of Director	Desig-nation	Number of meetings	
		Held	Attended
Dr.T.R. Sivaramakrishnan	Chairman	4	3
Srinivas Prasad	Member	4	4
Mohan Krishna Reddy	Member	4	4
K.V. Ramakrishna	Member	4	1
Prof. Janat Shah	Member	1	-

It is also noted that the shareholding in dematerialization mode 94.86% is as against 94.76% during the previous year.

a. Name and designation of Compliance Officer:

Ms. Seena Sankar, Company Secretary

b. Status of share transfers as on the date:

There are no pending share transfers as on the date of this report.

c. Details of investor correspondence/ grievances for the year 2010-2011

Received	Redressed	Pending
9	9	nil

The break-up of the complaints / grievances received and redressed are given below:

Non receipt of Annual Report	2
Non receipt of dividend warrant	4
Non receipt of shares	3
Total complaints received and redressed	**9**

There has been no shareholder's complaint unresolved during the year.

4. Nomination Committee

The Nomination committee was constituted by the Board of directors in their meeting held on 12.11.2010.

The Nomination committee administers the following

- Selecting and appointing independent directors.
- Evaluation of Board and its members on annual basis.
- Draw up skill sets required on the Board based on the company's current and future prospects.
- Strategic priorities identify and evaluate candidates that meet these predefined criteria.

Members of Nomination Committee

Palem Srikanth Reddy	Chairman
K.V.Ramakrishna	Member
Prof.Janat Shah	Member

There were no meetings of Nomination Committee held during the year under report.

D. General Body Meetings

Details of the last three Annual General Meetings, with date, time and venue,

Financial year	SRs*	Date	Time	Venue
2007-08	2	29.09.08	10.00a.m.	Chip Auditorium, Cyber Towers, Hitech City, Hyderabad - 81.
2008-09	1	25.09.09	11.00a.m.	Chip Auditorium, Cyber Towers, Hitech City, Hyderabad - 81.
2009-10	2	28.09.10	11.00 a.m.	Chip Auditorium, Cyber Towers, Hitech City, Hyderabad - 81.

SRs* - Number of Special Resolutions passed

An Extra-Ordinary General Meeting was held on 21.12.2009 at the Chip Auditorium, Hitech City, Hyderabad-81 for seeking approval for allotment of equity shares/options under ESOP-2009 and ESPS-2009. No Resolution was passed through Postal Ballot during last year.

DISCLOSURES:

i) There have been no materially significant transactions, pecuniary transactions or relationships between the company and directors, management, subsidiary or related parties except those disclosed in the financial statements for the year ended 31st March 2011.

ii) The company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 (as amended) in preparation of financial statements.

iii) The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during last three years.

iv) The company has complied with all the applicable mandatory requirements of the revised Clause 49 of the Listing Agreement and also has complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges:

(a) The company has set up a Compensation (Remuneration) Committee. Please see the paragraph on Compensation Committee for details.

(b) During the period under review, there is no audit qualification in the company's financial statements. The company continues to adopt best practices to ensure regime of unqualified financial statements.

(c) The company has formulated a Whistle Blower Policy which provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, Accounting, Internal Accounting Controls, Auditing matters and applicable national and international laws including statutory / regulatory rules and regulations. No personnel has been denied access to the Audit committee.

(d) The Board of directors will explore the possibility of introducing all non-mandatory items in a need-based manner.

Means of communication

i. The quarterly, half-yearly and Annual Financial Results are declared to both NSE and BSE immediately after the conclusion of the Board meetings in which the results were considered.

ii. The Financial results are normally published in Financial Express / Business Standard and Andhra Bhoomi newspapers.The results are also posted on the company website www.four-soft.com. The website also displays all official news releases and presentations made to institutional investors or to analysts.

iii. Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

1	**Date, time and venue of 12th AGM**	28th September, 2011 at 11.00 a.m the Chip Auditorium, Cyber Towers, Hitech City, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India
2	**Financial Calendar**	The company follows 'April to March' as the Financial Year. The results of every quarter are declared within one month from the end of the quarter. The Audited Annual Results are usually declared before June 30th every year.
3.	**Dates of book closure**	22nd September, 2011 to 28th September, 2011 (both days inclusive)
4.	**Listing on stock exchanges**	National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange, (BSE). Listing fees for the year 2011-12 have been paid to both the stock exchanges.
5.	**Stock Code**	National Stock Exchange of India Ltd (NSE) : foursoft Bombay Stock Exchange Ltd (BSE) : 532521
6.	**Electronic Connectivity**	National Securities Depository Ltd (NSDL) and Central Depository Services (India) Limited INE218G01017
7	**Registered Office**	5Q1 A3, 5th floor, Cyber Towers, Hitec City, Madhapur, Hyderabad - 500 081, A.P India Tel: +91-40-2310 0600, Fax: +91-40-2310 0602 Website: www.four-soft.com
8	**Registrar and Share transfer agents**	Share transfers in physical form and other communication regarding share Transfer, certificates, dividends, change of address, etc., may be addressed to: **Karvy Computershare Pvt. Ltd.** UNIT: Four Soft Limited Plot No. 17-24, Vittal Rao Nagar Madhapur, Hyderabad - 500 081, India Tel : 040 - 44655000 Fax : 23420814 Email : einward.ris@karvy.com
9.	**Share Transfer System**	Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the company. Shares lodged for physical transfer would be registered within a period of 8 days on proactive measure and duly transferred. It would be dispatched to the concerned shareholders within a week from date of approval of transfers by the Share Transfer Committee. For this purpose, the Share Transfer Committee meets as often as required. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. Shares are dematerialized and sent to shareholders concerned within 14 days. Pursuant to Clause 47 (c) of the Listing Agreement with stock exchanges, certificates on half-yearly basis are issued by a Company Secretary-in-Practice for due compliance with share transfer formalities by the Company. Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates have been received from a Company Secretary-in-Practice for timely dematerialization of the Company's shares and for conducting a secretarial audit on a quarterly basis for reconciliation of the Company's share capital.

10 **Dematerialization of shares and liquidity**

94.86% of the company's paid-up equity share capital has been dematerialized upto 31st March 2011. Trading in equity shares of the company is permitted only in dematerialized form.

11 **Outstanding ADRs / GDRs / Warrants and convertible instruments, conversion date and likely impact on equity**

Not applicable

12 **Investor Correspondence**

1. For any assistance regarding dematerialization of shares, share transfer, transmission, change of address, non-receipt of dividend or any other query relating to shares or for any generation correspondence, contact
   Karvy Computershare Pvt. Ltd.
   UNIT: Four Soft Limited
   Plot No. 17-24, Vittal Rao Nagar Madhapur, Hyderabad - 500 081.
   Tel : 040 - 44655000 Fax : 23420814
   Email : einward.ris@karvy.com

2. **Ms. Seena Sankar**
   Company Secretary and Compliance Officer - Four Soft Limited
   5Q1 A3, 5th floor, Cyber Towers, Hitec City, Hyderabad - 500 081.
   Tel: +91-40-2310 0600, Fax: +91-40-2310 0602
   Email: companysecretary@four-soft.com

3. **For queries on Financial Statements**
   Mr.Nrupesh Kumar
   Dy. General Manager - Finance, - Four Soft Limited
   5Q1 A3, 5th floor, Cyber Towers, Hitec City, Hyderabad - 500 081.
   Tel: +91-40-2310 0600, Fax: +91-40-2310 0602
   Email: nrupesh.k@four-soft.com

13. Stock market data

Monthly closing high and low quotations of shares traded on National and Bombay Stock Exchanges for the year 2010-11 given below

Year 2010-11	NSE			BSE		
Month	High (Rs)	Low (Rs)	Shares traded	High (Rs)	Low (Rs)	Shares traded
April	26.90	23.55	1,366,968	26.60	23.50	980,786
May	24.60	19.50	513,753	24.75	19.30	372,206
June	29.90	20.60	6,519,254	29.30	20.50	3,388,191
July	25.75	22.35	761,148	25.95	21.75	540,163
August	23.45	21.50	500,657	23.35	21.35	358,152
September	23.30	20.90	704,209	23.25	20.10	462,970
October	25.00	21.00	1,416,428	24.40	21.00	854,684
November	26.00	17.00	3,363,740	25.40	17.05	1,653,194
December	22.50	17.60	1,429,412	22.70	17.70	664,958
January	21.45	16.50	1,336,574	21.30	16.65	758,879
February	18.20	13.70	337,260	18.00	15.05	203,102
March	16.50	14.00	569,808	16.40	14.10	156,181

14. Distribution of shareholding on the basis of categories of shareholders as on 31st March 2011 is as under:

category Code	Category of Shareholder	No. of Shareholders	Total Shares	No. of Percentage to total Shares
(A)	Shareholding of promoter and Promoter Group			
(1)	Indian			
(a)	Individual /HUF	8	9,279,574	23.82
(b)	Others			
	Sub-Total A(1) :	**8**	**9,279,574**	**23.82**
(2)	Foreign			
(a)	Individuals (NRIs/Foreign Individuals)	5	1,422,768	3.65
(b)	Bodies Corporate	2	1,596,308	4.10
	Sub-Total A(2) :	**7**	**3,019,076**	**7.75**
	Total Shareholding of Promoter and Promoter Group			
	Total A=A(1)+A(2)	**15**	**12,298,650**	**31.57**
(B)	Public Shareholding			
(1)	Institutions			
(a)	Financial Institutions /Banks	1	300	0.00
(b)	Foreign Institutional Investors	1	190,022	0.49
	Sub-Total B(1) :	**2**	**190,322**	**0.49**
(2)	Non-Institutions			
(a)	Bodies Corporate	501	2,757,492	7.08
(b)	Individuals			
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	22,999	11,013,830	28.27
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	55	5,435,488	13.95
(c)	Others			
	Trusts	4	4,205,790	10.80
	Overseas Corporate Bodies	5	2,015,216	5.17
	Non Resident Indians	119	580,722	1.49
	Foreign Nationals	5	408,356	1.05
	Clearing Members	33	53,878	0.14
	Sub-Total B(2) :	**23,721**	**26,470,772**	**67.94**
	Total Public Shareholding B=B(1)+B(2) :	23,723	26,661,094	68.43
	Total (A+B) :	**23,738**	**38,959,744**	**100.00**

15. Distribution of shareholding as on 31st March 2011 pursuant to Clause 35 of the Listing Agreement is as under:

No of equity shares held	No. of shareholders	% of shareholders	Total shares	Amount of shares	% of total amount
1 - 5000	23,291	98.22	9,047,181	45,235,905	23.22
5001 - 10000	229	0.97	1,727,245	8,636,225	4.43
10001 - 20000	84	0.35	1,185,031	5,925,155	3.04
20001 - 30000	31	0.13	791,346	3,956,730	2.03
30001 - 40000	22	0.09	800,145	4,000,725	2.05
40001 - 50000	9	0.04	396,739	1,983,695	1.02
50001 - 100000	16	0.07	1,228,788	6,143,940	3.15
100001 & above	32	0.13	23,783,269	118,916,345	61.05
TOTAL	23,714	100.00	38,959,744	194,798,720	100.00

16. Details of Demat Suspense Account

Financial year	Aggregate No. of shareholders and outstanding shares as on 1st April, 2010	Number of Shareholders who approached the company for transfer of shares during the year	Number of shareholders to whom shares were transferred	Aggregate No. of shareholders and outstanding shares as on 31st March, 2011
2010-2011	25 shareholders and 5,200 outstanding shares	-	-	25 shareholders and 5,200 outstanding shares

Procedure for Claiming Shares lying in the unclaimed suspense account

In terms of Clause 5A of the Listing Agreement, unclaimed shares shall be transferred to an "Unclaimed Suspense Account" opened by the Company for the purpose and the shares lying therein shall be dematerialized with a Depository Participant. The voting rights of such shares shall remain frozen till the rightful owner claims the shares.

Accordingly the company has opened a demat account with Depository Participant Karvy Stock Broking Limited.

Allottees who have not yet claimed their shares are requested to make their claim to the secretarial department at the Registered office of the company situated at 5Q1 A3, 5th floor, Cyber Towers, Hitec City,Madhapur, Hyderabad - 500 081, A.P India.

Other Information

A. Unclaimed Dividends

Under the Companies Act, 1956, dividends, that are unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund administered by the Central Government. We provide below a table providing for the dates of declaration of dividend and the due dates for transfer of un-claimed dividends to Investor Education and Protection Fund (IEPF).

An unclaimed amount of ₹ 204,459 that was lying in the IPO Refund account of the Company for the past seven years was transferred to the Investor Education and Protection Fund on 14.07.2011.

Financial Year	Date of Declaration of Dividend	Unclaimed Amount ₹	Due date for transfer to IEPF
2003-04	3rd September 2004	230,647	10th October 2011
2005-06	29th September 2006	174,011	6th November 2013
2008-09	10th August 2009	1,000,291	10th September 2016

After completion of seven years, as per the above table, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.

B. Electronic Clearing Service / Mandates /bank details

The members may please note that Electronic Clearing service details contained in the Benpos downloaded from NSDL and CDSL would be reckoned for dividend whenever declared. Shareholders desirous of modifying those instructions should write to their respective Depository participants.

C. Nomination in case of shares held in physical form

The Companies Act, 1956 provides facility for making nomination by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his/her nominee without having to go through the succession certificate/Probate of Will process.

D. Secretarial Audit

A qualified Company Secretary in Practice has carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held in NSDL and CDSL.

The Certificate dated May 27, 2011 obtained from Mr. S Sarveswara Reddy, SS Reddy and Associates, Company Secretaries in Whole-time Practice is given at relevant page in Annual Report.

E. CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding Financial Statements for the year ended 31st March 2011.

F. Code of Conduct

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct/ Ethics as approved and adopted by the Board of directors and a declaration to that effect signed by the Managing Director is attached and forms part of this Report. These Codes have been posted on the company's website www.four-soft.com.

G. Code of Insider Trading

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the company has adopted and implemented a Code of Conduct for prohibition of Insider Trading for Directors and specified employees of the company, relating to dealing in the shares of the company. This Code lays down the guidelines which provide for periodical disclosures from designated employees as well as pre-clearance of transactions by such persons. The company regularly monitors the transactions undertaken by the employees and also intimates the stock exchanges about the transactions of the designated employees as mandated under the regulations.

H. Whistle Blower Policy

Your company has put in place a Whistle Blower Policy. In terms of this policy, all employees are encouraged to report any instance/s of unethical behavior, fraud, violation of the company's Code of Conduct or any behavior which may otherwise be inappropriate and harmful to the company. The policy provides a mechanism for employees to raise concerns that relate to violation of the Code of Conduct, Accounting, Internal Accounting Controls, Auditing matters and applicable national and international laws including statutory / regulatory rules and regulations. This policy has been communicated to all employees and has also been posted on the company's Intranet for ready access. The company further confirms that no personnel have been denied access to the Audit committee.

I. Fraud Detection Policy

Your company has also put in place a Corporate Fraud Detection Policy to facilitate the development of controls which will aid in the detection and prevention of fraud against Four Soft Limited (Company). It is the intent of the company to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

REQUEST TO INVESTORS

'Green Initiative'

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by MCA, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move from the Government to contribute towards a greener environment. This will be an opportunity for every shareholder to join hands with the company in its Corporate Social Responsibility initiatives.

Advantages of opting for E-communication:

- Receive communication promptly
- Reduce paper consumption and save trees
- Eliminate wastage of paper
- Receipt of communication promptly
- Avoid loss of documents in postal transit
- Saving costs on paper and postage

Accordingly, the company had sent e-mails through its Registrars and Share Transfer Agents M/s. Karvy Computershare Pvt. Ltd. to the shareholders who have updated their email addresses with their Depository Participants (DP) requesting them to intimate their preference (physical or soft copy) for the Annual Report 2011. The company has forwarded the Annual Report 2011 including the Notice inviting for the Annual General Meeting 2011 to the shareholders based on their perference.

Appreciating the spirit of the circular issued by MCA, henceforth, we intend to dispatch the various notices/ documents including audited financial results, directors' report, auditor's report, general meeting notices etc. to the email id of shareholders who have updated their email addresses with their depository participants. We request you to update your email address with your depository participant to ensure that the Annual Report and other documents reach you on your preferred email.

In case you desire to register a different **e-mail ID**, please update the same with your depository participant. Please also keep your DP informed as and when there is a change in your email address.

Please note that documents sent through email will also be available on the company's website www.four-soft.com and physical copies of the same will also be available at the registered office as mentioned above for inspection during office hours.

In case you still desire to receive the above mentioned documents physically, the company would provide the same at no extra cost. For receiving documents in physical form, please mail your requests to companysecretary@four-soft.com.

As a step towards greater shareholder participation and sharing of material information related to the company, your company intends to acquaint the shareholders with all material events and financial performance of the company through email on a regular basis.

Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address/ email id, nomination facility, bank account number, etc.

As required by the SEBI, investors shall furnish details of their respective bank account number and name and address of the bank for incorporating in the dividend warrants to reduce the risk to them of fraudulent encashment.

Sd/-

Place : Hyderabad **Palem Srikanth Reddy**
Date : 9th August, 2011 Chairman & Managing Director

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

As required under Clause 49 (D) (ii) of the Listing Agreement with Stock Exchanges in India, I, Palem Srikanth Reddy, Chairman and Managing Director of the Company hereby declare and confirm to the best of my knowledge that the Board Members and senior management team of the Company have affirmed the compliance with the Business Code of Conduct and Ethics as on 31st March 2011.

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director

Place : Hyderabad,
Date : 27th May, 2011.

COMPLIANCE CERTIFICATE

To
The Members of Four Soft Ltd.
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Four Soft Limited, for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For S.S. REDDY & ASSOCIATES
Company Secretaries in Whole-time Practice

Sd/-
S.Sarveswar Reddy
PCS.7478

Place : Hyderabad
Date : 27th May, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2010-11

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act 1956, and Generally Accepted Accounting Principles (GAAP) in India. The Management of Four Soft accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the company's state of affairs and profits for the year.

The following discussion may include forward looking statements which may involve risks and uncertainties, including but not limited to the risks inherent to Company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

1. Industry Structure and Developments

Four Soft is an enterprise applications and product company that operates in the SCM (Supply Chain Management) market space. Four Soft has its suite of products for Transportation, Logistics, Freight Forwarding, Customs, Shipping, Non-Vessel Operating Common Carrier (NVOCC), 3PL and 4PL companies. The target customers in 'Transportation and Logistics' vertical include service providers; and for 'Supply Chain Execution / Distribution' vertical, the target market includes shippers / manufacturing and 4PL companies. These are execution and mission critical applications for the customers. Our product portfolio enhances efficiency, provides visibility and integration across operations and also to other third party software and systems. The Company's product development centre (India Technology Centre) and Global Delivery centre are located at Hyderabad with sales and support offices in UK, Netherlands, Denmark, USA, Singapore, Australia and Japan. Four Soft continues to be a global leader in Supply Chain Execution Software Solutions for Transportation, Freight forwarding and Logistics domain.

Transport and logistics industry is growing at a 12-18% globally and more important the future of this industry is heavily dependant upon the efficient delivery and visibility which requires more than current investment in IT.

This also applies to all the SCM intensive manufacturing industries such as Pharmaceutical, Automobile and Retail industry. These industries will soon be called IT driven supply chain companies which means opportunities for IT products and services companies across the globe.

2. Business Segments and Industry Outlook

2.1 Business Segments

Four Soft in the recent past has established its web centric or next generation product portfolios in such a way that these products are available on licensing, hosting and SaaS models. This has opened up a wide range of market space for the company across the supply chain and other growing markets such as the Healthcare and Retail. Logistics, Transportation and 3PL companies will become the IT supply chain drivers of the future and hence their survival itself is dependent on the investment in technology or IT products and technology is necessary to bring additional market space for Four Soft. Manufacturing companies across the globe spend a large percentage of its expenditure in managing supply chain either directly or through 4 PL companies. Four Soft having its supply chain products Visilog® and Visilogplus® has proved that there are the products that enterprises look for to manage their supply chain at increasing efficiency and managing costs.

The suite of software products offered by Four Soft are 4S eTrans®, 4S eLog®, 4S Visilog®, 4S VisilogPlus®, 4S eCustoms®, 4SeConnect®, 4S iShipping® and 4S InfoTips.

Freight Forwarding Solutions

Built on the cutting edge technology of J2EE, Spring and SOA architecture, 4s eTrans® is a multi-modal, web-centric application for transportation companies - designed to give operational and financial control of global and domestic freight movements, from order to cash.

- 4S eTrans® is offered for Large Medium and Small customers and it provides real time data visibility and improved operational profitability. The SME version provides solutions for Small and Medium Enterprises.
- 4S iLogistics® built on IBM iSeries, provide solutions for Freight and logistics business of global organizations.
- 4S Visilog® offers Track and Trace functionality to service providers who in turn could also be using other applications in this domain.

Contract Logistics

4S suite of products built for logistics service providers extends well beyond the capability of traditional warehouse and inventory management systems by integrating supply, fulfillment and partner collaboration into one enterprise service platform. The Warehouse Management Solutions (WMS) module contains all the functionality required by warehousing and distribution organizations. Its distributed processing approach supports a wide variety of facilities, including hub-and-spoke distribution centers. These capabilities help a 3PL provider meet the demands of continuous replenishment strategies while lowering inventory and shipping costs, and increasing visibility into the supply chain.

The solutions in the offering include 4S eLog®, a web centric WMS application that fulfils warehousing and contract logistics for 3PL companies with capabilities to handle order management, fulfillment and partner collaboration. The product is sold and deployed in the conventional user license based model as well as SaaS (Software as a Service) model, wherein the revenue model is more on subscription basis for the usage of the system which is hosted by Four Soft.

The SME customers see the SaaS model as an easily adaptable one, as there is no capital expenditure involved and can save upfront investment in terms of hardware as well as are free from implementation hurdles.

Shipper Logistics

4S Visilogplus® is a world class business application designed as an efficient solution for managing supply chain activities in the distribution network, whether company owned or outsourced to third parties. It enables step-by-step implementation and can be adapted and changed as per needs. Its open architecture makes it easy to integrate with other systems and capably extend ERP into supply chain execution. It is designed to handle business processes order management, transportation management, warehouse management and event management. It also enables various elements of the supply chain to be connected on real time basis using web technology and collaborate for overall benefits to the supply chain.

Customs Brokerage

4S eCustoms® is a single instance, global application that supports multi-country customs declarations, deployable at country levels of customer choice. It targets the customs brokers, shippers that have self-declaration license and freight forwarders and 3PLs that also manage customs brokerage. The new technology that it is built also supports the ability to deploy it across multi-terminals and branches spread across multi-locations, manage the filing from any of the location in a decentralized mode, and yet have control and visibility in centralized mode.

The product is sold and deployed in the conventional user license based as well as SaaS (Software as a Service) model in India, wherein the revenue model is more on subscription basis for the usage of the system which is hosted by Four Soft. The SME customers see the SaaS model as an easily adaptable one, as they save upfront investment in terms of hardware as well as are free from implementation hurdles.

2.2 Customer Base

In the previous 8 years, Four Soft has increased its total client base from 5-6 customers during of IPO to a strong base of over 400 clients across 120 countries and 60,000 users across globe till date. The Company caters to international and domestic Fortune 500 clients including 17 of the top 25 largest freight forwarders in transportation and logistics/3PL industry. Major clients of the Company include DHL, DB Schenker, UTI, Ceva Logistics and Panasonic. This gives us the market leadership and enables us to grow significantly and increase our market share in future.

2.3 4S business Model

Four Soft sells its software products in various delivery models including Hosted, SaaS and Licensed basis. The License model is typically done on the 'Named Users' count, which increases as the customer's scale of operations increase. The revenue stream is sustainable since there is annual maintenance support contract for the licensed sales made. The service revenues would also come from the implementation services that are performed, helping the customer 'go live' with 4S products, at times, also in integrated mode with other existing software applications at customers' site. Further, there is a good chance of revenue to be billed for customization service revenue also contributes to overall increase in revenues. In the year under review there has been a growing interest in SaaS model and this could be an interesting development for the company. This means expanding in the SME market segment and evaluation of the SaaS model by few large clients who may adopt license model. The revenue numbers on SaaS may not be very large however the company will be able to earn better margins in this model as scale increases.

A detailed chart representing revenues from various services is given below for easy understanding.

(₹ in Millions)

Consolidated numbers for the year ended 31st March	2011	% of revenue	2010	% of revenue
Revenue from Services	735.43	60.33	800.60	60.21
Support Services	345.62	28.35	399.80	30.07
Software Licenses	102.55	8.41	102.47	7.71
Third Party	35.47	2.91	26.72	2.01
Total	**1,219.07**	**100.00**	**1,329.59**	**100.00**

2.4 Geographical Mix

The long term potential of our revenue stream is from various geographic regions specified below. It could be observed that EMEA continues to be contributing to majority of the revenue share, given the number of logistics hubs it accommodates. We are taking necessary steps to also improve the revenue share of other regions.

Consolidated numbers for the year ended 31st March	2011 %	2010 %
EMEA	67.36	75.25
North America	21.91	15.78
APAC	10.73	8.97
Total	**100.00**	**100.00**

2.5 Average Revenue per Employee on consolidated basis

In the products and solutions business, our Average revenue per employee, a key measurement for increased productivity and profitability has been increased steadily.The below graph depicts the growth:

Average Rev. per Person	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
(₹ in Million)	1.54	1.87	2.14	3.27	2.37	1.85

2.6 Quality

Your company is dedicated to maintain the highest level of quality standards and processes in its development and delivery teams and overall process improvement to achieve the quality certification.Your company has been appraised with CMMI Level 5 (Version 1.2) certification recently.

This achievement recognizes your company for best-in-class processes related to design, development and maintenance of software that enables it to be a reliable partner for customers to solve their business problems.

Capability Maturity Model Integration (CMMI) is a process improvement approach that helps organizations improve their performance. CMMI can be used to guide process improvement across a project, a division, or an entire organization. CMMI in software engineering provides a framework for the organization to operate at high maturity levels with the essential elements of management by facts and data-driven decision making.

The appraisal was conducted by Quality Assurance Institute India Ltd, SEI Partner.

3. Strategy Outlook

The company endeavors to achieve higher than industry growth rates in both revenues and profits during the coming years. The company expects that the quality of revenues, profile of new clients that we acquire, and the average size of orders from new clients will all improve in the coming years. Strong domain expertise and attractive business potential of logistics space have seen Four Soft attract multiple rounds of VC investments in its early years. Sustained R&D investments since inception have seen development of a comprehensive suite of contemporary web-based products. We anticipate higher percentage of gross profits from the new projects that we undertake during next year. Four-Soft will see strong traction in revenue and profitability over the next few years as it leverages its R&D investments. Revenue mix is expected to change rapidly in favor of e-products, which will drive expanding margins and exponential profit growth from FY12 onwards.

Four Soft is now focusing on Web 2.0, Cloud computing and other leading edge options. The products are available in the Software as a Service (SaaS) model to extend the benefits of IT to small and medium customers in the Company's domain operation.

In next three years, Four Soft plans to adopt the following strategies for overall growth:

- Consolidating existing revenues from legacy products obtained from acquired companies
- Multifold growth by selling next generation web-centric eProducts
- Diversify into Business Process Outsourcing (BPO) services within the supply chain and logistics segment.
- Acquire companies in the next 18 months to strengthen presence in new geographies and verticals based on the level of organic growth.
- Strengthen presence in new geographies through focus on SCM and shipper logistics vertical.

Being rich in technology, Four Soft has sought to acquire deep domain expertise through the inorganic route. The company has already adopted a well planned M&A strategy to strengthen its software solutions for transport and logistics industry by acquiring companies across the globe with Fortune 500 logistics and transportation clients, deep domain expertise and global presence and experienced management. Four Soft is aiming to become a Global Company with local operations.

4. Opportunities and Threats

4.1 Growth through Organic and Inorganic Mode

Four Soft has grown over years by a combination of organic and inorganic strategies. Your company has successfully integrated all its global operations and has emerged to become one of the most efficient organization with proven delivery capability. This has set the stage for the management to frame the strategies with main focus on organic growth.

a) Diversifying into BPO services within the supply chain segment

The company has taken initiatives enter into Business Process Outsourcing (BPO) space through organic and inorganic route to offer services like freight settlement reports, customer service and transaction entry to global freight forwarding companies by leveraging the existing domain knowledge and customer base. The company believes that being a product service provider, it has an advantage of understanding the business better and has the potential to start BPO services within the existing customers and explore new opportunities with new customers. The company has secured two orders from existing customers in the financial year under review and this could lead us to more opportunities. As we achieve scale, we will explore options for expanding by the inorganic route.

b) Strengthen presence into new geographies through focus on SCM and shipper logistics

The company has plans to expand its presence into new geographies and focus on shipper logistics vertical and SCM market through WMS, with an objective to exploit potential business synergies.

c) Software as a Service(SaaS) Model- LogiSaaS

Four Soft management has enabled all its suite of applications online in the software-as-a-service (SaaS) model this year under the LogiSaaS brand. The market needed a different approach as we saw a huge opportunity from SMEs (small and medium enterprises). Your company has been successful in signing few contracts on this platform since its launch and expects to grow this business to a substantial volume in the next two years.

d) Remote Infrastructure Management Services (RIMS)

Your company has forayed into a new service offering to global market space. The offering is a set of services that help businesses manage the hardware, networks and associated software using capabilities that are located away from their physical locations. Your company offers a one stop solution to cater to all IT infrastructure needs of customers. The company has secured an order from its existing customer for this offering.

With the help of our products and services, our customers continue to offer value added services in multiple geographies to their customers. We endeavor to offer new service offerings built around our products to cover all the value-added services. Most of our present business comes from existing customer base.

Inorganic growth is a key element in our exponential growth. We have achieved global leadership with the acquisitions done in past. Now with the portfolio and range of products we have in all the sub-verticals of Logistics and Transportation, we have come up with the positioning guidelines that help our sales people to position the best fitting product to the customer and geography, depending on the prevailing business practices specific to that domain.

4.2 Market Opportunity

Four Soft has made recent inroads based on the opportunities that exists in the logistics and transportation domain. Your company products portfolio has extended horizontally and vertically. Today, it offers integrated software solutions for Logistics and Transportation, Shipper Logistics and Services (BPO Services, RIMS etc.). Vertically, we have explored business opportunities in the growing market segments like Bio-Pharma, and Retail It also has offerings built on latest internet technologies, using J2EE, which in turn positions Four Soft as the best in the industry thereby providing an opportunity for product offerings across domains.

With the growing complexity of operations in this domain, it is extremely important to get the real-time visibility in the supply chain execution and ensure that information moves seamlessly across the supply chain, including internal systems and multiple external systems. Tracking and tracing the consignment is of great business interest to each of the business partner in the supply chain right from consignor to consignee including the service providers in the middle. Powerful transaction applications that would increase operational efficiency added with the capability to offer visibility and track and trace has good market potential in this domain and our applications typically target to offer this value proposition to the target market segments.

5. Risks and Concerns

A. Market and Competitive Environment

The Transportation and Logistics domain continues to increase consolidation across various geographies. Four Soft is focused on this domain and any variations in this business environment may considerably impact the fortunes of the customers and thus effecting our revenues. Further, the company is not focused on one product or service segment for the industry, but offers a wide range or suite of products that may reduce uncertainties on the market size and opportunities etc.

In order to restrict fierce competition, the IT industry serving this domain has been witnessing various mergers and acquisitions recently. However, your company's focus is to acquire small players in the similar business either in US or Asia-pacific to strengthen its local presence. The company is also looking to penetrate into South American market.

Global logistics industry will undoubtedly grow rapidly in the coming years due to increased global trade, favorable government policies across globe, advancement in modes of transportation, manufacturing moving to low cost economies, emergence of global brands and retailing, importance of Information and Communication Technologies, focus on inventory reductions and newer ways of logistics and supply chain services.

Four Soft has a substantial edge over competitors due to its highly advanced technologies, scalable architecture, delivery capabilities and its vast domain knowledge, apart from its proven capability with 17 of the top 25 largest freight forwarders as customers from across logistics and transportation domain.

B. Foreign Exchange Rate Fluctuations

Four soft has been operating through its global subsidiaries spread across Europe, North America and Asia. Four Soft does not have high dependency on any specific currency as the company's revenues are spread across various currencies.The revenues and cash flows are generated and received in each of its entities and hence the exposure is only to the extent of natural hedging. However, there will be risks in foreign exchange to the extent of its spending in Indian rupees which is not material at this point. We hope that the increase in Indian rupee revenues (domestic revenue) can mitigate the exposure to the extent of Indian rupee.

C. Technology Obsolescence Mode

The software products industry is highly characterized by rapid technological changes that could make our technology and service offerings obsolete, less competitive and difficult to sell. We are adapting ourselves to continuously improve the features, functionality, scalability, robustness and ability to meet the ever changing demands and needs of customers. Our failure to adapt to the challenges would affect our ability to compete and retain customers and market share.

Four Soft has the necessary technical resources, tools and methodologies in place to address the threat of technical obsolescence. We undertake testing with the latest available technical tools, architecture in our product development environment.

D. Geographic Concentration of Revenues

Concentration of revenue from any country exposes your company to the risks inherent to economic slowdown, local laws, work culture and ethics of that country. Four Soft's substantial revenues are contributed by Europe; however these revenues are spread across GBP, Euro and Danish Kroner. Your company monitors geographic concentration periodically to maintain a balance.

Since your company caters primarily to one industry segment - Logistics and Transportation segment - any major laws or changes in this industry would affect your company's business. However, being in the enterprise software solutions arena, your company always monitors the growth of the industry segment, which is witnessing growth in South-East and Far-East Asia. Further changes in laws or changes in industry may result in additional customization revenue to the company.

Your company relies on repeat business based on strength of client relationships and major portion are from existing clients. As number of clients increases, it limits your company's pricing flexibility, strengthens client's negotiation capability and any change in client's IT strategy will adversely affect your company's revenues. As a proactive measure your company analyses the risks due to change in client's business and focus on areas where it can proactively add value to improve competitiveness of clients.

E. Acquisitions

Inorganic growth through acquisitions has been the significant element of our strategy. It is critical to manage integration seamlessly across the organization during the acquisition phase, as our ability to serve customers is at higher than expected levels and thus demands our associates' contribution to make the acquisitions successful. Most of these acquisitions are low margin companies and to turnaround them to profitable and higher margin companies is always challenging. We need to continue leveraging the strengths of combined entities. The company believes that it has executed the acquisitions in a smooth manner with proper strategy and planning.

F. Variability of Quarterly Operating Results

There is likely variance of quarterly operating results of the company due to IT investment trends by customers, achievement of milestones in software projects, additional staffing, timing and integration of acquired businesses, foreign exchange fluctuation gain / (loss). The past operating results and quarterly comparisons may not indicate the current or future performance. The company constantly endeavors to safeguard against such risks mitigating through best practices, advanced processes, future proof investments and imparting latest tools and skills to employees, and reasonably well protected against any such risks in future.

G. Intellectual Property Infringement

As product development depends on the intellectual property created by its employees, we need to ensure that the same do not infringe any other proprietary technology rights. We have intellectual property policies in place to take care of trade secrets, copyright and trademarks laws and confidentiality agreements for our employees, third parties offering only limited protection. The steps taken by us as well as laws of most advanced countries do not offer effective protection of intellectual proprietary rights. Third parties could claim infringement of proprietary rights against the company or also assert the same against our customers, which would require protracted defense and costly litigations on behalf of our customers.

Litigation may be necessary in the future to protect our technology proprietary rights and trade secrets, resulting in substantial costs and harming our business, despite all our efforts to prevent third parties infringing our proprietary rights.

H. Strategy

The company strategy has always been to strengthen our leadership position in this domain irrespective of market dynamics and this will enable us to have a global leader positioning and thus increasing our scope of offerings to existing and potential clients.The existing engagement with our clients is mostly offering one or more of our suite of solutions.The company is offering the next level of value added services to its customers. We continue to have recurring business from existing customers along with maintaining a long term relationship.We have continued to expand our global operations through client services across the globe through own offices as well as partners. Currently our presence is in over 8 countries with direct offices and another 3 countries through partner offices. We use these operations to support client services globally.

We continue to invest in employees, technology tools for R&D, recruitment and honing employee skills, increased domain expertise and promote brand visibility through tradeshows, sponsorships and investor relations. We also continue to develop alliances with leading technology providers to take advantage of emerging technology for mutual benefit and cost competitiveness.

The current industry we operate is highly competitive in nature, most of the software being developed by in-house IT departments and international companies setting up their offshore development centers in India. Recently industry ERP majors have also started focusing on this domain; however we continue to lead the pack with technology advantage and proven delivery capabilities and shorter implementation life cycle.

6. Internal Control System and their Adequacy

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information.The internal audit function also carries out Operations Review Audits to improve the processes and strengthen control of the existing processes. The audit committee periodically reviews the functions of internal audit.

The company's internal audit team under the supervision of audit committee and dedicated professionals assess the adequacy of internal controls and means to enhance the same from time to time. These controls basically cover financial reporting, contingency plans for remedial measures, and validated tools to test controls and functions documented.

6. Culture, Values and Leadership

Your company is emerging as a global player in supply chain for transportation, logistics, distribution execution software.Your company has a written code of conduct and ethics to make employees aware of ethical requirements and whistle blower policy for reporting violations, if any.

Your company has internal structured succession planning to take care of loss of any member of senior management or other key management personnel. Since inception your company is committed to developing next generation leaders and conduct personality development and development work of skills acquired by them over the years.

With over 700 strong workforce spread across various nationalities and geographies, your company encourages an 'Equal Employment Opportunity Policy' which discourages discrimination for employment on account of sex, race, color, religion, physical challenge and so on.

DISCUSSION ON STANDALONE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Note: It is suggested to look at the consolidated figures as they represent the true performance of the company in view of the global operations of the organization.

A. Financial Condition

I. Share Capital:

The company has only two classes of shares - Equity and Preference Shares. The Authorized Share capital is ₹ 350 Million divided in to 5,60,77,600 equity shares of ₹ 5/- each and 6,96,120 Redeemable preference Shares of ₹ 100/- each.

During the year under review, there was no change in the company's Authorized Share Capital and continues to stand at ₹ 350 Million.

II. Reserves and Surplus:

During the year, your company recorded a net loss after tax of ₹ 57.25 Million (2009-10 profit after tax ₹ 11.53 Million). The total Reserves and Surplus as on the balance sheet date is ₹ 761.36 Million (₹ 817.38 Million as at 31st March 2010). There is an expense of ₹ 2.32 Million towards stock option compensation during the year (2009-10 ₹ 1.35 Million).

III. Secured Loans:

The company does not have secured loans as at the balance sheet date.

IV. Fixed Assets:

During the year under review, the total additions to the gross block of assets amounted to ₹ 14.56 million. The entire investment in fixed assets was funded out of internal accruals

(₹ In Million)

Particulars	Additions
Computers	4.38
Office equipments	6.96
Furniture & Fittings	2.59
Software	0.63
Total	14.56

V Investments:

In December 2006, the Company had entered into an agreement for purchase of 100% outstanding equity shares of Transaxiom Holding A/s (subsequently renamed as Four Soft Nordic A/s) from its erstwhile shareholders in consideration not exceeding Danish Kroner (DKK) 69,000,000. The aggregate purchase consideration was to be determined based on the average eligible revenue of the acquired entity over a period of 36 months ending 31 December 2009. As of 31st March 2011, the company has paid the complete purchase consideration due based on the said criteria.

VI. Current Assets, Loans and Advances

1. Sundry Debtors

Sundry Debtors, considered good and realizable as of 31st March 2011 amounts to ₹ 92.12 million (₹ 81.21 million as at 31st March 2010). All the debtors are generally considered good and realizable and necessary provisions for doubtful and bad debts have been made. The sundry debtors are 34% (25% 2009-10) of total revenues.

The provision for doubtful debtors as at the balance sheet date is ₹ 0.48 million (₹ 0.63 million as at 31st March 2010).

2. Cash and Bank Balances

The Bank balance in India includes both rupees accounts and foreign currency accounts. Cash and Bank balances are ₹12.34 million and 21.02 million for the financial year ended 31st March 2011 and 31st March 2010 respectively. Cash and Bank balance constitutes 1.15% of the total assets (1.56% as at 31st March 2010).

3. Other Current Assets

Other current assets include interest accrued as at 31st March 2011 amounting to Rs 0.05 million (₹ 0.03 million as at 31st March 2010) on fixed deposits with scheduled banks and ₹ 1.5 million (₹ 0.89million as at 31st March 2010) being interest accrued and due on loans given to wholly owned subsidiaries namely Four Soft B.V, The Netherlands and Four Soft Singapore Pte Ltd, Singapore.

4. Loans and Advances

Advances and loans to subsidiaries have increased to ₹ 158.42 million as compared to ₹ 11.77 million in previous year.

Advances recoverable in cash, kind or value to be received are primarily towards prepayments, travel advances and staff advances and other receivables.

5. Current Liabilities and Provisions

Sundry creditors amounting to ₹ 25.89 million (₹ 117.70 million as at 31st March 2010) includes payroll related liabilities and payable for other general expenses

Provisions include ₹ 9.64 million (₹ 6.82 million as at 31st March 2010) gratuity and leave encashment.

B. Results of Operations

I. Income

Income from software services and products.

(₹ In millions)

Particulars	2010-11	% of Revenue	2009-10	% of Revenue
Revenue from services	**222.00**	84%	293.62	90%
Annual maintenance services	**20.17**	8%	18.53	6%
Sale of licenses	**22.90**	8%	11.90	3%
Income from sale of third party licenses (net)	**0.00**	0%	1.75	1%
Total	**265.07**	**100%**	325.80	100%

The company's revenues are generated principally on License sales of products, Customization and fixed price Annual Maintenance contracts.The decline in revenues is primarily due to a change in the transfer pricing methodology (as explained in the notes to accounts) and due to some reduction in business from subsidiaries and other customers.The sale of eProducts which were expected to gain momentum in the year review was to increase the sales as per the revised transfer pricing methodology. However, due to lackluster eProucts sales in the year under review, has resulted in lower revenue.

II. Expenditure

The Total expenditure statement is as follows:

(₹ In million)

Particulars	2010-11	% of Total Income	2009-10	% of Total Income
Total income	268.54	100%	331.52	100%
Personnel expenses	255.41	95%	196.63	59%
Operating and other expenses	86.30	32%	85.5	26%
Operating profit (EBITDA)	(73.17)	-27%	49.39	15%
Depreciation and amortization	10.40	4%	14.70	4%
Financial expenses	0.99	0.5%	15.81	5%
Profit before tax	(84.56)	-31%	18.88	6%
Provision for tax	(27.31)	10%	7.34	2%
Profit after tax	(57.25)	21%	11.54	3%

1. Personnel Expenses:

During the year under review, the personnel expenses were at 95% of its total revenue as compared to 59% during the previous year. The increase in personnel expenses is due to the increase in head count of over 120 in India and also as a result of annual increments. We have also added a few senior resources during the year 2010-11.

2. Operating and other expenses:

The Operating expenses have remained fairly constant as compared to the previous year.

3. Operating Profits

During the year the company incurred an operating loss of ₹ 73.17 million compared to profit of ₹ 49.39 million, representing 15% of total revenues during the previous year.The loss is attributable to several factors. As a product company, Four Soft Ltd continues to invest in product development and research and development activities. Another major reason is that the India sales have not picked up as expected in the last financial year. Further change in the transfer pricing methodology has resulted in lower margins. The margins in India business are lower at the moment. However, we expect to this scenario to change soon since India is one of the fastest emerging economies of the world. We intend to have a major share in the India market as and when the market reaches its potential.

4. Depreciation

The company provided a sum of ₹10.40 million compared to ₹ 14.70 million in previous year towards depreciation representing 4% of total revenues (4% 2009-10).

5. Financial expenses

The financial expenses has decreased on account of repayment of loan availed from Citicorp Finance (India) Limited.

6. **Provision for Tax**

   In the current year the company incurred a tax loss. The company has recognized deferred tax asset on the current losses.

7. **Net loss**

   The net loss of the company amounted to ₹ 57.25 Million for the current financial year and net profit of ₹ 11.54 million in 2009-10.

8. **Liquidity**

   As of 31st March 2011, the company had cash and cash equivalents to the extent of ₹ 12.34 million.

9. **Earnings per share**

   Earnings per share are computed on basis of number of common stock outstanding as on the date of balance sheet which was ₹(1.48) (₹ 0.30 in 2009-10). The Diluted earnings per share ₹ (1.48) per share compared to ₹ 0. 30 per share in 2009-10.

10. **Stock option plan**

    The shareholders in the extra ordinary general meeting held on 21st December 2009 have approved the Employee Stock Purchase Scheme and Employee Stock Option Scheme for issue of equity shares not exceeding 1,948,000 for each scheme. During the year 2010-11, the company has not granted any stock options under aforesaid scheme.

11. **Foreign Exchange**

    The company incurred loss of ₹ 0.47 million on foreign exchange translation compared to a loss of ₹ 5.12 million in previous year due to favorable currency movement in the current year.

12. **Related Party Transaction**

    These have been discussed in detail in the notes to the financial statements.

DISCUSSION ON CONSOLIDATED FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

A. Financial Condition

I. Share Capital:

The company has two classes of shares - Equity and Preference Shares. The Authorized Share capital is ₹ 350 Million divided in to 5, 60, 77,600 equity shares of ₹ 5/- each and 6,96,120 Redeemable preference Shares of ₹ 100/- each.

During the year under review, there was no change in the company's Authorized Share Capital and continues to stand at ₹ 350 Million.

II. Reserves and Surplus:

The closing balance of Share Premium Account was ₹ 648.11 million (₹ 646.87 million as at 31st March 2010). ₹1.24 million (₹ 3.59 million as at 31st March 2010) was transferred on account exercise of stock options.

The General Reserve remained unchanged at ₹ 2.59 million. The balance of Profit and Loss account as on the Balance Sheet date is ₹ 715.71 million (₹ 684.76 million as at 31st March 2010). Net profits after tax for the year were ₹ 30.94 million (2009-10 ₹ 61.79 million) which is transferred to Balance Sheet.

The closing balance of Foreign Currency Translation Reserve is ₹ 2.01 million (₹ (71.96) million as at 31st March 2010)

There is an expense of ₹ 2.32 Million towards stock option compensation during the year (2009-10 ₹1.35 Million).

III. Loans:

Secured loans as at the Balance Sheet date aggregated to ₹ 305.42 million (₹ 232.93 million as at 31st March 2010). ₹ 290.79 million (₹ 202.64 million as at 31st March 2010) is availed by Four Soft B.V from Punjab National Bank International Limited.This loan is secured by all assets of Four Soft B.V and its subsidiaries and also guaranteed by Four Soft Limited.

A short term working capital loan of ₹ 14.63 million was is availed by Four Soft B.V from Punjab National Bank International Limited.

Unsecured loans at Balance Sheet date are ₹ 0.11 million (₹ 0.13 millionas at 31st March 2010) representing the finance lease obligation.

IV. Fixed Assets:

Addition to tangible fixed assets during the year is ₹ 16.96 million including ₹ 6.63 million towards computer equipment.

Addition to intangible assets is ₹ 2.60 million (purchase of software). Goodwill as at Balance Sheet date is ₹ 1,674.68 million (₹ 1,582.20 million as at 31st March 2010).

V. Current Assets, Loans and Advances

1. Sundry Debtors:

Sundry debtors considered good and realizable as on the Balance Sheet date are ₹ 235.60 million (₹ 197.18 million as at 31st March 2010). All the debtors are generally considered good and realizable and necessary provisions for doubtful and bad debts have been made. The provision for doubtful debts stood at ₹ 14.22 million and provision for doubtful debts provided for during the year is ₹ 4.19 million. Sundry debtors are 19% (2009-10 15%) of total revenues.

2. Cash and Bank Balance:

Cash and Bank balances are ₹143.05 million (₹ 197.32 million as at 31st March 2010). Of the above ₹ 130.52 million (₹ 176.12 million as at 31st March 2010) is held in foreign bank accounts as on the Balance Sheet date.

3. Loans and Advances:

Loans and Advances as at the Balance Sheet date aggregated to ₹100.93 million (₹ 73.17 million as at 31st March 2010) including provision for doubtful advances of ₹ 2.77 million (₹ 2.50 million as at 31st March 2010).

Advances recoverable in cash, kind or value to be received ₹ 75.59 million (₹ 50.37 million as at 31st March 2010) are primarily towards prepayments, travel advances and staff advances and other receivables.

Deposits ₹18.32 million (₹ 17.30 million as at 31st March 2010) represent electricity deposits, telephone deposits and other deposits.

Advances for income tax of ₹ 9.79 million (₹ 8.00 million as at 31st March 2010) are net of provision towards tax liability in the consolidating entities.

4. Current Liabilities:

Current Liabilities as on the Balance Sheet date aggregated to ₹ 287.51 million (₹ 327.21 million as at 31st March 2010).

Sundry creditors amounting to ₹ 125.85 million (₹ 191.64 million as at 31st March 2010) includes payroll related liabilities and payable for other general expenses.

Advances from customers as on the Balance Sheet date are ₹ 138.56 million (₹ 119.13 million as at 31st March 2010)

5. Provisions:

Provisions include ₹ 59.31 million (₹ 42.58 million as at 31st March 2010) towards gratuity, leave encashment and other employee benefits. Provision for income tax ₹ 17.10 million (₹ 8.67 million as at 31st March 2010) net of advances towards tax liability in the consolidating entities.

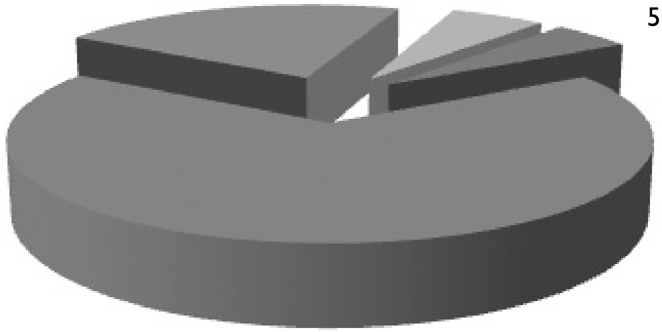
B. RESULT OF OPERATIONS

The financial results of the company on the consolidated basis for year 2010-11 are depicted in the below table:

Particulars	For the Year ended 31st March 2011		For the Year ended 31st March 2010		% Increase/ (Decrease)
	₹ Million	% of revenues	₹ Million	% of revenues	
Revenues form services	735.43	60%	800.60	60%	-8.14
Annual maintenance contracts	345.62	28%	399.80	30%	-13.55
Sale of Licenses	102.54	8%	102.48	8%	0.06
Income from 3rd party lincenses (net)	35.47	3%	26.72	2%	32.75
Total Revenue	**1,219.06**	**100%**	**1,329.60**	**100%**	**-8.31**
Personnel expenses	814.87	67%	879.39	66%	-7.34
Operating and other expenses	315.33	26%	367.77	28%	-14.26
Total Expenses	**1,130.20**	**93%**	**1,247.16**	**94%**	**-9.38**
Other income	14.12	1%	51.62	4%	-72.65
Operating profit (EBITDA)	102.98	8%	134.06	10%	-23.18
Interest	17.75	1%	24.71	2%	-28.17
Depreciation	17.84	1%	23.86	2%	-25.23
Profit before tax and impairment loss	67.39		85.49		-21.17
Impairment loss	34.07		0		100
profit before tax	**33.32**	**3%**	**85.49**	**6%**	**-61.02**
provision for taxes	2.37	0%	23.7	2%	-90.00
Net Profit	**30.95**	**0%**	**61.79**	**5%**	**-49.91**

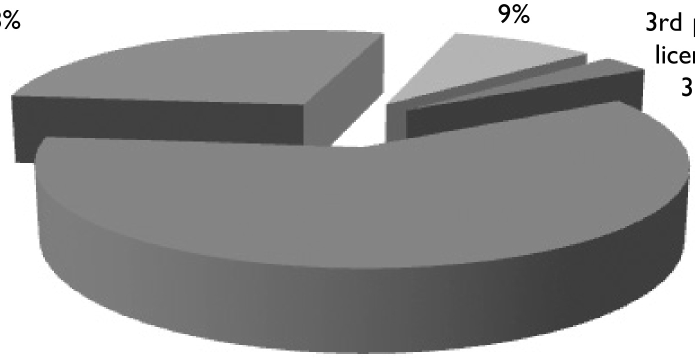
Revenue by geography:

Unlike other IT companies in India, revenues from Europe constitute the largest piece of the pie followed by US and APAC



INCOME

Following chart shows the break-up of the streams of revenue.



II Expenditure

1. Personnel Expenses

During the year personnel expenses have come down by ₹ 64.52 million on account of cost rationalization exercise in the regions. However, the global headcount has gone up from 561 at last year end to 722 at current year end due to additions in India. The payroll cost was 67% of revenues compared to 66% in the previous year.

2. Operating and Other Expenses:

Operating expense was decreased during the year with a 14% over previous year due to a) cost rationalization b) facility consolidation activities and c) favourable exchange rate movements.

3. Operating Profits:

Operating profit decreased by ₹ 31.08 million in the year under review primarily due to a) decrease in revenue from a few legacy customers and b) decrease in other income. However the effect on profit was reduced by decrease in the personnel and operating expenses. Operating profit was 8% of the total revenues in current financial year compared to 10% in the previous year.

4. **Depreciation:**

   Depreciation during the year is ₹ 17.84 million compared to ₹ 23.86 million in the previous year.

5. **Financial expenses:**

   Interest expense was down ₹ 6.96 million on account reduction in the outstanding loans. Total interest expense was down to 1% of the revenues compared to previous year.

6. **Provision for Tax:**

   Provision for Tax includes income tax and deferred tax. The decrease in the tax expense is on account of the deferred tax asset recognized during the year under review..

7. **Net profit**

   The net profit of the company amounted to ₹ 30.95 Million for the current financial year a decrease of ₹ 30.84. This represents 2.5% of revenues compared to 5% in the previous year.

8. **Liquidity:**

   During the year company has a) generated ₹ 41.42 million from operating activities, b) received borrowings of ₹ 102.75 million c) repaid borrowings of ₹ 41.35 million, d) repaid the acquisition related liability of ₹ 94.31 million and e) invested in assets of ₹46.15 million.

9. **Earnings per share:**

   Earnings per share during the year were ₹ 0.80 (2009-10 ₹ 1.99). The Diluted earnings per share were ₹ 0.80 (2009-10 ₹ 1.98)

10. **Foreign Exchange**

    During the year profit due to favorable fluctuation in the foreign exchange rates amounted to ₹ 2.86 million compared to loss of ₹ 27.08 million loss in previous year.

Given below is the list of Contracts signed by Four Soft Group during the year 2010-11

Customer Name	Product	Country
DHL (IMS)	BPO - IMS Knowledge transfer	Prague
Len Lothian	4S eLog	UK
Caligor RX	4S eLog	UK
Peckover Transport services	4S eLog	UK
Damco	4S eCustoms	Canada
American Cargo Express	4S Visilog	USA
Vipra Services India Private Limited	4S Visilog	India
Aries Global Logistics	4S eTrans + 4S eCustoms	USA
HJM International Inc	4S Visilog + 4S eTrans	USA
Alba Wheels Up International Inc	4S Visilog + 4S eTrans + 4s eCustoms	USA
Aratrans Transport and Logistics Services LLC	4S eTrans + 4S eLog	Dubai
UTC Overseas Inc	4S Visilog + 4S eTrans + 4S eCustoms	USA
DHL	BPO – 12 months fixed component	UK
Dooley Rumble	4S eLog + 4S eConnect	UK
Dammes Laban	4S eTrans SME	NL
Universal Freight Management(India) Pvt Limited	4S eTrans + 4S eCustoms	India
Delta Children's Products	4S eConnect + 4S Visilog	USA
AFS Transport (Rotterdam) B.V	4S eTrans + 4S eCustoms	NL
The Clover Shipping company Limited	4S eTrans + 4S Visilog + 4S eCustoms	UK
Jacobson Companies	4S eTrans + 4S VisiLog Plus + 4S eCustoms + 4S VisiLog +4S InfoTips + 4S eConnect	USA
Vantec Corporation	4S eLog	Japan

AUDITORS' REPORT

To

The Members of Four Soft Limited

1. We have audited the attached Balance Sheet of Four Soft Limited, (the 'Company') as at 31 March 2011, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). 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 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Without qualifying our opinion, we draw attention to Note 12 in Schedule 18 to the financial statements. During the year ended 31 March 2011, for the Financial Year 2005-2006, the Assessing Officer had raised a demand of income tax (including interest thereon) amounting to ₹ 26,454,812 by adopting the adjustment ordered by the Transfer Pricing Officer under Section 92CA of the Income Tax, 1961. Based on independent advice received by the Company, the Management believes that the international transactions with associate enterprises for the Financial Year 2005-2006 and subsequent financial years are at arm's length and there would be no tax liability on the Company. Consequently, these financial statements do not include any adjustments that may arise out of the outcome of this uncertainty.
5. Further to our comments in the Annexure referred to above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. The financial statements dealt with by this report are in agreement with the books of account;
   d. On the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
   e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
      i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
      ii) the Profit and Loss Account, of the loss for the year ended on that date; and
      iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Sanjay Kumar**
Partner
Membership No: 207660
Place: Hyderabad
Date: 27 May 2011

Annexure to the auditors' report of even date to the members of Four Soft Limited, on the financial statements as at and for the year ended 31 March 2011.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets have not been disposed off during the year.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.

(iii) (a) The Company has granted unsecured loan to two body corporates covered in the register maintained under Section 301 of the Companies Act, 1956.The maximum amount outstanding during the year and the yearend balance of loan granted to the parties was ₹156,357,274.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amounts is as stipulated and payment of interest has been regular.

(d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Act.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.

(iv) (a) Owing to the nature of its business, the Company does not maintain any physical inventories. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories is not applicable to the Company. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable to the Company.

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

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Nature of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Transfer pricing adjustment	26,454,812	Financial year 2005-06	Income Tax appellate tribunal
The Finance Act, 1994	Service tax	3,563,314	Financial year 2006-07	Appellate tribunal

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during immediately previous financial year, where as it has incurred cash losses in the current year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to a bank during the year. The company has no dues payable to a financial institution or debenture holder.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by its wholly owned overseas subsidiary from a nationalized bank in India, and the terms and conditions whereof in our opinion are not *prima facie* pre-judicial to the interest of the Company.

(xvi) The Company did not have any terms loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable the Company.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Sanjay Kumar**
Partner
Membership No: 207660
Place: Hyderabad
Date: 27 May 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(All amounts are in ₹ unless otherwise stated)

	Schedules	As at 31st March 2011	As at 31st March 2010
I. Sources of funds			
1. Shareholders' funds			
(a) Capital	1	**194,435,085**	194,140,095
(b) Stock options outstanding	2	**4,680,136**	3,594,516
(c) Reserves and surplus	3	**761,365,827**	817,379,939
		960,481,048	1,015,114,550
2. Loan funds			
(a) Secured loans	4	-	30,294,700
3. Deferred tax liabilities (net)	18(9)	-	3,690,678
		960,481,048	1,049,099,928
II. Application of funds			
1. Fixed assets	5		
(a) Gross block		**176,101,945**	163,205,231
(b) Less: Depreciation and amortization		**117,941,073**	108,097,590
(c) Net block		**58,160,872**	55,107,641
(d) Capiral works-in-progress		**26,085,303**	-
2. Investments	6	**661,287,430**	1,156,347,986
3. Deferred tax assets (net)	18(9)	**23,607,312**	-
4. Current assets, loans and advances			
(a) Sundry debtors	7	**92,115,908**	81,211,742
(b) Cash and bank balances	8	**12,336,495**	21,015,797
(c) Other current assets	9	**46,368**	917,965
(d) Loans and advances	10	**197,835,199**	32,486,197
		302,333,970	135,631,701
Less: Current liabilities and provisions			
(a) Liabilities	11	**101,357,173**	291,162,064
(b) Provisions	12	**9,636,666**	6,825,336
		110,993,839	297,987,400
Net current assets/(liabilities)		**191,340,131**	(162,355,699
		960,481,048	1,049,099,928
Notes to accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENEDED 31ST MARCH, 2011

(All amounts are in ₹ unless otherwise stated)

		Schedules	For the Year ended 31st March 2011	For the Year ended 31st March 2010
I.	**Income**			
	Revenue from software services and products	13	265,070,144	325,797,143
	Other income	14	3,465,689	5,727,239
			268,535,833	**331,524,382**
II.	**Expenditure**			
	Personnel expenses	15	255,411,258	196,627,840
	Operating and other expenses	16	86,302,104	85,500,532
	Depreciation and amortization	5	10,396,634	14,708,687
	Financial expenses	17	986,302	15,811,198
			353,096,298	**312,648,257**
	Profit/(Loss) before tax		**(84,560,465)**	**18,876,125**
	Provision for tax			
	Current tax		-	5,801,735
	Deferred tax (benefit)/expenses		(27,297,990)	1,632,957
	Tax for earlier years		(10,002)	(95,604)
	Total tax (benefit)/expenses		**(27,307,992)**	**7,339,088**
	Net profit/(loss)		**(57,252,473)**	**11,537,037**
	Balance brought forward from previous year		153,631,745	153,492,703
	Profit available for appropriation		**96,379,272**	**165,029,740**
	Interim dividend @ ₹ Nil (2010: ₹ 0.25) on equity shares of ₹ 5 each		-	**9,742,274**
	Dividend distribution tax		-	**1,655,721**
	Surplus carried to balance sheet		**96,379,272**	**153,631,745**
	Earnings per share	18(18)		
	Basic		(1.48)	0.30
	Diluted		(1.48)	0.30
	Nominal value of shares		5	5
	Notes to accounts	18		

The Schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(All amounts are in ₹ unless otherwise stated)

		For the Year ended 31st March 2011	For the Year ended 31st March 2010
A.	**Cash flow from operating activities**		
	Profit/(Loss) before tax	(84,560,465)	18,876,125
	Adjustments for:		
	Depreciation and amortization	10,396,634	14,708,687
	Employee stock compensation expenses	2,323,981	1,350,139
	Unrealized foreign exchange gain (net)	(5,727,512)	(1,379,158)
	Interest on fixed deposits	(193,464)	(424,393)
	Interest on loans to subsidiaries	(1,380,560)	(937,727)
	Dividends from non-trade current investments	-	(32,228)
	Provision for doubtful debts	-	631,701
	Bad and doubtful debts written-off	-	276,085
	(Profit)/Loss on sale of fixed asset	667	9,914
	Interest expense	332,904	15,001,641
	Operating (Loss)/profit before working capital changes	**(78,807,815)**	**48,080,786**
	Movements in working capital :		
	Increase in sundry debtors	(8,907,006)	58,204,491
	Increase in loans and advances	(150,540,079)	3,097,410
	Increase/(Decrease) in liabilities	(185,264,556)	57,552,150
	Cash generated from operations:	**(423,519,456)**	**166,934,837**
	Income tax paid, net of refunds	(11,677,231)	(439,020)
	Net cash (used)/generated from operating activities	**(435,196,687)**	**166,495,817**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(39,535,835)	(201,569)
	Sale of investments in subsidiaries	495,060,556	(37,483,740)
	Interest received	(2,131)	7,766,014
	Dividends received from non-trade current investment	-	32,228
	Income from invesments and fixed deposits	1,574,024	-
	Net cash provided/(used) by investing activities	**457,096,614**	**(29,887,067)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(All amounts are in ₹ unless otherwise stated)

		For the Year ended 31st March 2011	For the Year ended 31st March 2010
C.	**Cash flows from financing activities**		
	Proceeds from issuance of share capital	-	6,000
	Proceeds from working capital loan	-	30,294,700
	Repayment of term loan	(30,294,700)	(135,000,000)
	Dividends paid	-	(9,742,274)
	Dividend distribution tax	-	(1,655,721)
	Interest on loan	(332,904)	(15,001,641)
	Net cash used in financing activities	**(30,627,604)**	**(131,098,936)**
	Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(8,727,678)**	**5,509,814**
	Cash and cash equivalent at the beginning of the year	20,715,936	16,760,329
	Cash and cash equivalent at the end of the year	**11,988,258**	**22,270,143**
	Notes:		
	Cash and bank balance (as per Schedule 8 of the financial statements)	12,336,495	21,015,797
	Less: Deposits with banks with original maturity of more than three months	301,992	299,861
		12,034,503	**20,715,936**
	Effect of unrealized exchange (gain)/ loss	(46,245)	1,554,207
	Cash and cash equivalents considered for Cash Flows	**11,988,258**	**22,270,143**

Notes to accounts (Refer Schedule 18) (1)

The Schedules referred to above form an integral part of the Cash Flow Statement

This is the Cash Flow Statement referred to in our report of even date

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

SCHEDULES TO THE FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 1: CAPITAL		
Authorized		
56,077,600 (2010: 56,077,600) equity shares of ₹ 5 each	280,388,000	280,388,000
696,120 (2010: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹ 100 each	69,612,000	69,612,000
	350,000,000	**350,000,000**
Issued, subscribed and paid-up		
38,959,744 (2010: 38,959,744) equity shares of ₹ 5 each fully paid-up	194,798,720	194,798,720
Less: Calls in arrears	3,000	3,000
	194,795,720	**194,795,720**
Less: Amount recoverable from Four Soft Employee Welfare Trust [289,327 equity shares (2010: 348,325), including 217,200 (2010: 217,200) bonus shares allotted to the trust]	360,635	655,625
	194,435,085	**194,140,095**

Notes:

Of the above shares:

a. 4,563,970 (2010: 4,563,970) equity shares of ₹ 5 each are allotted as fully paid-up bonus shares by capitalization of general reserve.

b. 10,452,102 (2010: 10,452,102) equity shares of ₹ 5 each, were allotted as fully paid-up pursuant to a contract without payments being received in cash.

c. 880,873 shares (2010: 821,875 shares) of ₹ 5 each, fully paid-up were issued to employees (through ESOP trust) pursuant to the employee stock option scheme.

- Of the above 390,544 (2010: 390,544) shares were issued at ₹ 19.65 out of which ₹ 14.65 per share were received in the form of employee service.
- Of the above 20,000 (2010: 20,000) shares were issued at ₹ 48.45 out of which ₹ 43.45 per share were received in the form of employee service.
- Of the above 326,338 (2010: 326,338) shares were issued at ₹ 70.75 out of which ₹ 65.75 per share were received in the form of employee service.
- Of the above 143,991 (2010: 84,993) shares were issued at ₹ 24.65 out of which ₹ 19.65 per share were received in the form of employee service.

SCHEDULE 2: STOCK OPTIONS OUTSTANDING

(Refer note 10 on Schedule 18)

Stock compensation outstanding at the beginning of the year	7,493,809	8,170,466
Add: Stock options granted during the year	6,059,820	4,188,139
	13,553,629	**12,358,605**
Less: Stock options cancelled/forfeited during the year	4,197,952	1,273,431
Less: Transferred to share premium account on exercise of stock options	1,238,361	3,591,365
	8,117,316	**7,493,809**
Less: Deferred employee stock compensation	3,437,180	3,899,293
	4,680,136	**3,594,516**
Note:		
Deferred employee stock compensation:		
Stock compensation outstanding at the beginning of the year	3,899,293	2,334,724
Add: Stock options granted during the year	6,059,820	4,188,139
Less: Stock options cancelled/forfeited during the year	4,197,952	1,273,431
Less: Stock compensation amortized during the year	2,323,981	1,350,139
Closing balance of deferred employee stock compensation	**3,437,180**	**3,899,293**

SCHEDULES TO THE FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 3: RESERVES AND SURPLUS		
Share premium account		
Balance as per last account	646,869,980	643,278,615
Add: On exercise of stock options	1,238,361	3,591,365
	648,108,341	**646,869,980**
Capital reserve		
Balance as per last account	14,280,000	14,280,000
	14,280,000	**14,280,000**
General reserve		
Balance as per last account	**2,598,214**	**2,598,214**
Profit and loss account	**96,379,272**	**153,631,745**
	761,365,827	**817,379,939**

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 4: SECURED LOANS		
Working capital (Payable within one year)		
From banks	-	30,294,700
(Secured against standby letter of credit from bankers of Four Soft Nordic A/s, a wholly owned subsidiary)		
	-	**30,294,700**

FOUR SOFT LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS

SCHEDULE 5: FIXED ASSETS

(All amounts are in ₹ unless otherwise stated)

	Tangible assets					Intangible assets	Total	
	Buildings	Computers	Office equipment	Furniture and fittings	Lease hold improve-ments	Software	31 March 2011	Previous year
Gross block								
As at 1 April 2010	30,594,644	50,076,469	24,924,915	16,421,915	3,652,713	37,534,575	**163,205,231**	163,049,489
Additions during the year	-	4,384,866	6,961,754	2,593,720	-	626,558	**14,566,898**	201,569
Disposals / adjustments during the year	-	101,200	-	1,568,984	-	-	**1,670,184**	45,827
As at 31 March 2011	30,594,644	54,360,135	31,886,669	17,446,651	3,652,713	38,161,133	**176,101,945**	163,205,231
Depreciation and amortization								
Up to 1 April 2010	8,578,075	42,942,673	11,572,185	12,049,229	3,458,324	29,497,104	**108,097,590**	93,424,816
For the year	1,232,928	3,395,390	1,950,097	1,156,123	53,868	3,358,781	**11,147,187**	14,708,687
Adjustments during the year	-	100,533	-	1,203,171	-	-	**1,303,704**	35,913
Up to 31 March 2011	9,811,003	46,237,530	13,522,282	12,002,181	3,512,192	32,855,885	**117,941,073**	108,097,590
Net block								
As at 31 March 2011	20,783,641	8,122,605	18,364,387	5,444,470	140,521	5,305,248	**58,160,872**	55,107,641
As at 31 March 2010	22,016,569	7,133,796	13,352,730	4,372,686	194,389	8,037,471	**55,107,641**	-

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 6: INVESTMENTS		
(Refer note 17 and 20 on Schedule 18)		
Long-term, trade (Unquoted, fully paid-up)		
In subsidiaries		
31 (2010: 31) equity shares of US Dollar 0.01 each, in Four Soft USA, Inc.	**727,500**	727,500
66,245 (2010: 66,245) equity shares of Euro 1 each, in Four Soft B.V.	**618,133,185**	618,133,185
930,000 (2010: 930,000) equity shares of Singapore Dollar 1 each, in Four Soft Singapore Pte. Ltd.	**38,435,758**	38,435,758
70,000 (2010: 70,000) Class A preference shares of Singapore Dollar 1 each, in Four Soft Singapore Pte. Ltd.	**3,988,362**	3,988,362
Nil (2010: 1,000) ordinary shares of Danish Kroner 1000 each, in Four Soft Nordic A/S	-	495,060,556
10,000,000 (2010: 10,000,000) equity shares of Malaysian Ringgit 1 each, in Four Soft Sdn. Bhd.	**2,625**	2,625
	661,287,430	**1,156,347,986**
Note:		
Aggregate amount of unquoted investments	**661,287,430**	1,156,347,986

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 7: SUNDRY DEBTORS		
(Refer note 6 on Schedule 18)		
Unsecured debts outstanding for a period exceeding six months		
Considered good	**29,778,058**	48,914,571
Considered doubtful	**484,855**	631,701
	30,262,913	**49,546,272**
Unsecured other debts		
Considered good	**62,337,850**	32,297,171
Considered doubtful	**-**	-
	92,600,763	**81,843,443**
Less: Provision for doubtful debts (Refer note below)	**484,855**	631,701
	92,115,908	**81,211,742**

Note:

Bad and doubtful debts written-off during the year amounting to ₹ Nil (2010: ₹ 7,362,291)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 8: CASH AND BANK BALANCES		
Cash balance on hand	**3,732**	14,629
Bank balances with Scheduled banks on:		
Current accounts	**11,324,804**	19,991,399
Deposit accounts	**301,992**	299,861
Un-paid dividend accounts	**501,508**	504,949
Un-paid IPO refund accounts	**204,459**	204,959
	12,336,495	**21,015,797**

SCHEDULES TO THE FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 9: OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on fixed deposits	**46,368**	26,475
Interest accrued on loans to subsidiaries	-	891,490
	46,368	**917,965**
SCHEDULE 10: LOANS AND ADVANCES		
(Refer note 7 on Schedule 18)		
(Unsecured, considered good)		
Advances and loans to subsidiaries	**158,419,168**	11,775,939
Advances recoverable in cash or in kind or for value to be received	**17,548,517**	11,413,320
Deposits	**12,479,884**	9,296,938
Advance tax (Net of provision)	**9,387,630**	-
	197,835,199	**32,486,197**
SCHEDULE 11: LIABILITIES		
(Refer note 21 on Schedule 18)		
Sundry creditors		
- Total outstanding dues of micro enterprises and small enterprises	**-**	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	**25,887,366**	117,703,470
	25,887,366	117,703,470
Subsidiary companies	**44,369,915**	148,308,251
Dues to directors	**2,272,914**	2,290,414
Advance from customers	**24,145,507**	18,818,405
Investor Education and Protection Fund shall be credited by the following amounts (as and when due):		
- Unclaimed dividends	**501,786**	504,949
- Application money due for refund	**204,959**	204,959
Other liabilities	**3,974,726**	3,331,616
	101,357,173	**291,162,064**
SCHEDULE 12: PROVISIONS		
(Refer note 11 on Schedule 18)		
Provision for gratuity	**5,451,587**	2,303,788
Provision for compensated absences	**4,185,079**	2,221,945
Provision for income tax (net of advance tax)	-	2,299,603
	9,636,666	**6,825,336**

SCHEDULES TO THE FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
SCHEDULE 13: REVENUE FROM SOFTWARE SERVICES AND PRODUCTS		
(Refer note 4 on Schedule 18)		
Revenue from services	**222,000,690**	293,617,027
Annual maintenance services	**20,166,733**	18,533,743
Sale of licenses	**22,902,721**	11,892,410
Income from sale of third party licenses (net)	-	1,753,963
	265,070,144	**325,797,143**
SCHEDULE 14: OTHER INCOME		
Interest on fixed deposits (Gross)	**193,464**	424,393
[Tax deducted at source ₹ 2,240 (2010: ₹ Nil)]		
Interest on loan to subsidiaries (Gross)	**1,380,560**	937,727
[Tax deducted at source ₹ 152,300 (2010: ₹136,294)]		
Bad debts/advance recovered	**146,846**	-
Dividend income from non-trade investments - short term	-	32,228
Liabilities no longer required written back	**13**	3,961,068
Miscellaneous income	**1,744,806**	371,823
	3,465,689	**5,727,239**
SCHEDULE 15: PERSONNEL EXPENSES		
Salaries, wages and bonus	**232,899,259**	181,571,089
Contribution to provident and other funds	**11,273,805**	9,035,023
Gratuity	**3,125,828**	-
Compensated absences	**2,145,907**	755,173
Employee stock compensation expenses	**2,323,981**	1,350,139
Staff welfare expenses	**3,642,478**	3,916,416
	255,411,258	**196,627,840**

SCHEDULES TO THE FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
SCHEDULE 16: OPERATING AND OTHER EXPENSES		
Rent	14,718,390	17,211,982
Rates and taxes	639,443	1,382,309
Office maintenance	13,127,370	11,693,358
Auditors' remuneration	1,623,969	1,298,282
Implementation expenses	8,889,598	6,939,893
Advertisement and recruitment	324,204	377,032
Business promotion	3,629,886	4,230,039
Communication	3,480,163	3,708,487
Postage and courier	1,676,481	1,925,139
Insurance	3,684,508	3,724,712
Power and fuel	11,391,709	9,571,116
Travelling and conveyance	15,252,587	11,660,886
Legal and professional fees	7,165,228	5,744,528
Exchange difference (net)	469,430	5,120,233
Provision for doubtful debts	-	631,701
Bad and doubtful debts written-off	-	276,085
Donation	229,138	4,750
	86,302,104	**85,500,532**

SCHEDULE 17: FINANCIAL EXPENSES		
Interest on term loan from others	-	15,001,641
Interest on working capital loan from banks	332,904	69,099
Interest on others	42,766	261,025
Bank charges	610,632	479,433
	986,302	**15,811,198**

Schedule 18 - Notes to accounts

1. **Background**

Four Soft Limited (the 'Company' or 'Four Soft') is one of the world's leading transportation and logistics software products company providing innovative and integrated enterprise solutions. Founded in 1999, Four Soft provides solutions to enterprises across the supply chain management market. Four Soft is head quartered in Hyderabad, India and has 8 development centers across the globe to cater to its large clientele. Four Soft is a public limited company since April 2003 and has been registered with National Stock Exchange India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").

2. **Summary of significant accounting policies**

(a) **Basis of preparation**

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed in the Companies (Accounting Standard) Rules, 2006 as amended by the Companies (Accounting Standard) Amendment Rules, 2009 ("the Rules") and with the relevant provisions of the Companies Act, 1956 ("the Act"), pronouncements of The Institute of Chartered Accountants of India ('ICAI'), other relevant provisions of the Act. The financial statements have been prepared under the historical cost convention on an accrual basis and the accounting policies applied by the Company are consistent with those used in the previous year.

(b) **Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include provision for doubtful debts and loans and advances, diminution in the value of long-term investments, income taxes, future obligation under employee benefit plans and estimated useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(c) **Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Assets under installation or under construction as at the balance sheet date are shown as 'capital work-in-progress'. Advances paid towards purchase of capital assets are also included under capital work in progress.

(d) **Depreciation**

Depreciation is provided using the written down value method as per the useful lives of the fixed assets estimated by management, or at the rates prescribed under Schedule XIV to the Act whichever is higher. The rates are:

Assets	Rate (%)
Buildings	5.60
Computers	40.00
Office equipment	13.91
Furniture and fittings	18.10

Leasehold improvements are depreciated on written down value over the lease period of three to five years or useful lives as estimated by the management, whichever is lower.

(e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(f) **Intangibles**

Software licenses

Intangible assets in the nature of software licenses are stated at cost including expenditure incurred towards implementation of such software and are amortized over the estimated useful life of six years as determined by the management, using the written down value method.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when technical and commercial feasibility has been established.

(g) **Leases**

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

(h) **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(i) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods and services

Revenue from the sale of user licenses for software applications is recognized on delivery or subsequent milestone schedule as per the terms and contract with the customers. Revenue from time and material contracts is recognized as the related services are rendered. Revenue from annual maintenance services is recognized proportionately over the period in which services are rendered.

Revenue from services on fixed-priced and fixed time frame contracts is recognized on completion and delivery of services to the customers when the outcome of the contract cannot be assessed with reasonable certainty or on proportionate completion method when there is no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rates applicable.

Dividends

Income from dividend is recognized when the Company's right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI to the Act.

(j) **Foreign currency translation**

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(k) **Retirement and other employee benefits**

Provident fund

A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the profit and loss account of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

Gratuity

Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized in full in the profit and loss account for the period

Compensated absences

Compensated absences are in the nature of short-term benefit and provided for based on estimates.

(i) **Employee stock option scheme**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the guidance note on 'Accounting for Employee Share-based Payments', issued by the Institute of Chartered Accountants of India (ICAI). The excess of market value of the stock on the date of grant over the exercise price of the option is recognized as deferred employee stock compensation and is charged to profit and loss account on straight-line method over the vesting period of the options. The unamortized portion of cost is shown under stock options outstanding.

(m) **Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets and recognizes it to the extent it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(n) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) **Provisions**

A provision is recognized when the company has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

(p) **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. Related party transactions

Names of the related party	**Country**	**Nature of relationship**
Four Soft B.V.	Netherlands	Wholly owned subsidiary (WOS)
Four Soft UK Ltd.	United Kingdom	WOS of Four Soft BV
Four Soft NL BV	Netherlands	WOS of Four Soft BV
Four Soft Singapore Pte. Ltd.	Singapore	WOS
Four Soft Japan KK	Japan	WOS of Four Soft Singapore Pte. Ltd
Four Soft Australia Pty Ltd.	Australia	WOS of Four Soft Singapore Pte. Ltd
Four Soft Nordic A/S	Denmark	WOS of Four Soft BV
Four Soft (HK) Ltd.	Hong Kong	WOS of Four Soft Nordic A/S
Transaxiom USA Inc.	USA	WOS of Four Soft Nordic A/S
Four Soft Malaysia Sdn. Bhd.	Malaysia	WOS
Four Soft USA, Inc.	USA	WOS of Four Soft BV
Four Soft Employee Welfare Trust	India	Controlling interest
Palem Srikanth Reddy	India	Key management personnel (KMP)
Biju S. Nair	India	KMP
Raj Shekhar Roy	India	KMP
Sonata Information Technology Limited	India	Enterprises significantly influenced by KMP or their relatives
GKP Reddi	India	Relative of KMP
P Soujanya Reddy	India	Relative of KMP
Late P Mangamma (Upto 09 April 2011)	India	Relative of KMP
Dakshayani Reddy	India	Relative of KMP

The details of the related party transactions entered into by the Company during the year ended 31st March 2011 are as follows:

			For the year ended 31st March	
			2011	**2010**
A.	**Subsidiaries**			
	Four Soft B.V.			
	(a)	Loans granted	141,125,200	-
	(b)	Interest on loan granted	527,041	-
	(c)	Sale of investments	495,060,556	-
	Four Soft USA, Inc.			
	(a)	Reimbursable expenses (net)	1,049,672	531,154
	(b)	Sales and services	124,130,591	86,101,521
	Four Soft UK Ltd.			
	(a)	Reimbursable expenses (net)	(77,508)	(285,703)
	(b)	Sales and services	6,370,400	44,328,118
	(c)	Implementation expenses	-	1,321,591
	Four Soft NL B.V.			
	(a)	Reimbursable expenses (net)	(103,451)	62,272
	(b)	Sales and services	42,292,421	64,492,217
	Four Soft Singapore Pte. Ltd.			
	(a)	Sales and services	20,950,547	18,444,035
	(b)	Interest on loan granted	978,106	937,727
	(c)	Payment of interest on loan granted	807,882	6,975,636
	Four Soft Japan KK			
	(a)	Implementation expenses	8,889,598	5,618,302
	Four Soft Nordic A/s			
	(a)	Investment into equity	(495,060,556)	122,855,946
	(b)	Reimbursable expenses (net)	(165,282)	170,732
	(c)	Sales and services	14,768,043	62,868,558
B.	**Key management personnel**			
	Palem Srikanth Reddy			
	Remuneration (including commission ₹ Nil (2010: ₹ 406,040)		1,898,919	794,192
	Interim dividend		-	2,162,825
	Biju S Nair			
	Remuneration		2,641,424	2,278,234
	Interim dividend		-	6,541
	Raj Shekhar Roy			
	Remuneration		3,819,037	4,383,594
	Interim dividend		-	5,000
C.	**Enterprises significantly influenced by key management personnel or their relatives:**			
	Sonata Information Technology Limited			
	Purchase of third party license		997,617	1,049,180

		For the year ended 31st March	
		2011	**2010**
D.	**Relatives of KMP**		
	Interim dividend	-	72,238
E.	**Balance outstanding**		
	Sundry debtors		
	Four Soft NL B.V.	**21,530,237**	768,754
	Four Soft UK Ltd.	-	10,555,866
	Four Soft USA, Inc.	**11,969,584**	21,377,516
	Four Soft Singapore Pte. Ltd.	**22,926,168**	23,158,311
	Four Soft Nordic A/s	**48,59,880**	2,461,120
	Four Soft Japan KK	**15,906,209**	15,777,376
	Other current assets		
	Four Soft B.V.	-	119,175
	Four Soft Singapore Pte. Ltd.	-	722,315
	Loans and advances		
	Four Soft NL B.V.	**377,137**	374,083
	Four Soft B.V.	**143,261,313**	-
	Four Soft UK Ltd	**135,058**	-
	Four Soft USA, Inc.	**1,041,743**	-
	Four Soft Singapore Pte. Ltd.	**13,603,916**	11,401,856
	Current liabilities		
	Four Soft UK Ltd.	-	65,251,727
	Four Soft USA, Inc.	**4,250,024**	47,013,451
	Four Soft Singapore Pte. Ltd.	**492,791**	449,807
	Four Soft Japan KK	**39,090,714**	29,971,839
	Four Soft NL B.V.	-	4,701,081
	Four Soft Malaysia Sdn. Bhd.	**536,386**	492,674
	Four Soft Nordic A/s	-	427,672
	Palem Srikanth Reddy	**2,272,914**	2,290,414
	Biju S Nair	-	139,513
	Raj Shekhar Roy	-	348,781
	Four Soft Employee Welfare Trust	**(17,929)**	1,057,190

The Company had an outstanding guarantee given on behalf of Four Soft B.V. as at 31st March 2011.

4. International transactions with related parties

As per the transfer pricing norms introduced in India, the Company is required to use certain specified methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. Considering the significance of intra-group transactions and the transfer pricing regulations in India and overseas, the business operations have been restructured and segmented as follows:

a) Provision of software services in relation to the products of its subsidiaries;

b) Development and sale of Company's products and services;

The intra-group transactions based on the revised transfer pricing policies are summarized below:

	Amount
Revenue from provision of software services to subsidiaries	84,643,773
Consideration received by Four Soft Limited for sale of its products by subsidiaries, net of distribution cost	123,868,227
	208,512,000

The Company is in the process of conducting a Transfer Pricing Updation Study for the financial year ended on 31st March 2011. The Company believes that it has adequate reasons and demonstrable documentation to support the margins earned by it. Consequently, these financial statements do not include any adjustments to these prices for years subsequent to Assessment Year 2005-2006, if any.

5. Research and development

During the year ended 31st March 2011 the Company has incurred expenses amounting to ₹ 79,174,357 (2010: ₹ 80,586,288) towards research and development included under various heads of expenses.

6. Sundry debtors

Included in sundry debtors are dues from companies under the same management:

	As at 31st March	
	2011	**2010**
Four Soft NL B.V.	**21,530,237**	768,754
Four Soft UK Ltd.	-	10,555,866
Four Soft USA, Inc.	**11,969,584**	21,377,516
Four Soft Singapore Pte. Ltd.	**22,926,168**	23,158,311
Four Soft Nordic A/s	**48,59,880**	2,461,120
Four Soft Japan KK	**15,906,209**	15,777,376

7. Loans and advances

Included in Loans and advances are dues from companies under the same management:

	As at 31st March,		Maximum amount outstanding at any time during the year ended 31 March	
	2011	**2010**	**2011**	**2010**
Four Soft B.V.	**143,261,313**	-	**143,261,313**	-
Four Soft Singapore Pte. Ltd.	**13,603,916**	11,401,856	**13,603,916**	12,071,423
Four Soft UK Limited	**135,058**	-	**135,058**	1,942,609
Four Soft NL B.V.	**377,137**	374,083	**386,141**	429,991
Four Soft USA, Inc.	**1,041,743**	-	**1,041,743**	575,831

8. Leases

Operating leases

The Company has entered into operating lease agreements for its development centers for the period 1 to 3 years.The maximum obligations on non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	As at 31st March	
	2011	**2010**
Lease payments for the year	**14,718,390**	17,211,982

There are no restrictions imposed by lease arrangements.There are no subleases.

9. Deferred tax comprises of:

	For the year ended 31st March	
	2011	**2010**
Deferred tax liability		
Difference in depreciation in block of assets	**4,186,508**	5,443,690
Total deferred tax liability	**4,186,508**	**5,443,690**
Deferred tax assets		
Business loss	**24,509,893**	-
Provision for gratuity	**1,768,767**	783,058
Provision for compensated absences	**1,357,849**	755,239
Provision for doubtful debts	**157,311**	214,715
Total deferred tax assets	**27,793,820**	**1,753,012**
Net deferred tax asset/(liability)	**23,607,312**	**(3,690,678)**

The Company has recognized deferred tax asset on carry forward business losses based on assessment of future profitability and business plan approved by the Board of Directors. Future profitability is ascertained taking into account the revenues from the new contracts signed during the year ended 31st March 2011, for which a significant portion of revenue is deferred for completion of services, annual maintenance services which are renewed on yearly basis and customization services based on historical experience from the existing customers. Further the profitability is also impacted due to cost saving measures and restructuring carried out during the year

10. Employee stock options (ESOP)

(a) The Company has established Four Soft Limited Employees Welfare Trust (the 'Trust') to administer the ESOP Scheme and as at 31st March 2011 had issued 1,170,200 equity shares of ₹5 each, including 217,200 equity shares issued pursuant to issue of bonus shares in 2003. Pursuant to the ESOP Scheme the trust has granted equity shares at an exercise price of ₹ 5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31st March 2011 the total shares held by the Trust is 289,327 (2010: 348,325). Mode of settlement of these stock options is equity.

(b) During the year ended 31st March 2011 the Company has amortized stock compensation expenses amounting to ₹ 2,323,981 (2010: ₹1,350,139).

(c) Changes in number of shares representing stock options outstanding as at the year ended on 31st March 2011 were as follows:

	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Outstanding at the beginning of the year	**2,118,512**	**18.79**	345,352	5
Granted during the year	**1,371,000**	**10**	1,947,987	20
Forfeited during the year	**1,970,838**	**19.76**	56,834	5
Exercised during the year	**63,998**	**5**	117,993	5
Expired during the year	**-**	**5**	-	5
Outstanding at the end of the year	**1,454,676**	**9.71**	2,118,512	18.79
Exercisable at the end of the year	**83,676**	**5**	91,993	5

(b) In March 2005 the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee share based plan, the grant date in respect of which falls on or after 1 April 2005. The said guidance note requires the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements.Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share is as follows:

	For the year ended 31st March	
	2011	**2010**
Net profit/(loss) (as reported)	**(57,252,473)**	11,537,043
Add: Employee stock compensation under intrinsic value method	**2,323,981**	1,350,139
Less: Employee stock compensation under fair value method	**3,174,602**	2,930,234
Proforma (loss)/profit	**(58,103,094)**	**9,956,948**

	For the year ended 31st March	
	2011	**2010**
Earnings/(loss) per share		
Basic		
- As reported	**(1.48)**	0.31
- Proforma	**(1.50)**	0.26
Diluted		
- As reported	**(1.48)**	0.31
- Proforma	**(1.50)**	0.26

(e) The fair value of options was estimated at the date of grant using the Black Scholes method with the following assumptions:

	For the year ended 31st March	
	2011	**2010**
Risk-free interest rate	**8.00 to 8.25%**	8.00%
Expected life	**1 to 4 years**	1 to 4 years
Expected volatility	**0.47 to 0.57**	0.47 to 0.60
Expected dividend yield	-	-

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 21.11 (2010: ₹16.73). Options outstanding at 31st March 2011 had an exercise price of ₹5 to ₹10, and a weighted average remaining contractual life of 17.46 months (2010: 13.95 months).

11. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the gratuity:

		For the year ended 31st March	
		2011	**2010**
A.	**Net gratuity expense recognized in the profit and loss account**		
	Current service cost	3,120,051	3,175,603
	Interest cost on benefit obligation	351,030	562,082
	Expected return on plan assets	(166,727)	(153,102)
	Net actuarial gain recognized in the year	(178,526)	(6,733,860)
	Net benefit (income) / expense	**3,125,828**	**(3,149,277)**
B.	**Details of provision recognized in the balance sheet**		
	Defined benefit obligation	6,780,212	4,387,876
	Fair value of plan assets	(1,328,625)	(2,084,088)
	Net provision for gratuity	**5,451,587**	**2,303,788**
	Actual return on plan assets	**169,727**	**167,344**
C.	**Changes in the present value of the defined benefit obligation are as follows:**		
	Opening defined benefit obligation	4,387,876	7,494,424
	Interest cost	351,030	562,082
	Current service cost	3,120,051	3,175,603
	Past Service cost (Vested Benefit)	21,971	-
	Benefits paid	(925,190)	(124,615)
	Actuarial gains on obligation	(175,526)	(6,719,618)
	Closing defined benefit obligation	**6,780,212**	**4,387,876**

		For the year ended 31st March	
		2011	**2010**
D.	**Changes in the fair value of plan assets are as follows:**		
	Opening fair value of plan assets	**2,084,088**	2,041,359
	Expected return	**166,727**	153,102
	Benefits paid	**(925,190)**	(124,615)
	Actuarial gains / (losses) on plan assets	**3,000**	14,242
	Closing fair value of plan assets	**1,328,625**	**2,084,088**
E.	**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**		
	Investments with insurer	**100%**	100%
F.	**The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**		
	Discount rate	**8.25% p.a.**	8.00% p.a.
	Expected rate of return on assets	**8.25% p.a.**	8.00% p.a.

Expected employer's contribution next year ₹ 2,500,000 (2010: ₹ 2,000,000). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

G. Amounts for the current and previous four periods are as follows:

	For the year ended 31st March			
	2008	**2009**	**2010**	**2011**
Defined benefit obligation	7,550,118	7,494,424	4,387,876	5,451,587
Planned assets	3,216,719	2,041,359	2,084,088	1,328,625
Surplus/(Deficit)	(4,333,399)	(5,453,065)	(2,303,788)	(4,122,962)
Experienced adjustment to plan liabilities	(3,754,454)	(2,074,730)	(734,723)	(318,670)
Experienced adjustment to plan assets	55,322	(84,707)	14,242	3,000

12. Contingent liabilities not provided for:

Particulars	As at 31st March	
	2011	2010
Income taxes		
During the year ended 31st March 2011, the Assessing Officer had raised a demand of income tax (including interest thereon) amounting to ₹26,454,812 by adopting the adjustment ordered by the Transfer Pricing Officer under Section 92CA of the Income Tax Act, 1961 (the 'Income Tax Act'), for the financial year 2005-2006. The authorities had indicated that the price charged by the Company to its associated enterprise was lower than the arithmetic mean of the price charged by comparable companies for similar services. The Company has contested the demand and filed an appeal with the Income Tax Appellate Tribunal, Hyderabad. Of the above, the Company has paid an amount of ₹6,000,000 under protest which is disclosed as other advances in these financial statements. Based on independent advice received by the Company, the management believes that the international transactions with associate enterprises are at arm's length and there would be no tax liability on the Company. Consequently, these financial statements do not include any adjustments that may arise out of the outcome of this uncertainty.	26,454,812	-
During the year, the Company received an order from the Transfer Pricing Officer under Section 92A of the Act, for the Financial Year 2006-2007 whereby the authorities have indicated that the price charged by the Company to associated enterprises was lower than the arithmetic mean of the price charged by comparable companies for similar services. Based on the transfer pricing documentation maintained and independent advice received by the Company, the management of the Company believes that the international transactions with associate enterprises are at arm's length and there would be no tax liability on the Company. Accordingly, the Company has filed its objections with the Dispute Resolution Panel against the draft order passed by the Assessing Officer under Section 144C of the Act. Consequently, these financial statements do not include any adjustments that may arise out of the outcome of this uncertainty		
Service tax		
In March 2011, the Company received a demand of ₹ 1,558,314 excluding interest and penalty from the Service Tax Authorities for the period January 2006 to November 2007. The tax demand is on account of service tax payable during the period and reversal of CENVAT credit availed by the Company. The total interest and penalty on the demand is ascertainable to the extent of ₹ 3,563,314.	3,563,314	-
The Company is contesting the demands and based on independent advice received by the Company, the management believes that its position will likely be upheld in the appellate process currently undertaken by the Company. Consequently, these financial statements do not include any adjustments that may arise out of the outcome of this uncertainty.		

13. Unhedged foreign currency exposure

	As at 31st March	
	2011	**2010**
Sundry debtors	83,867,379	78,410,842
Loans and advances to subsidiaries	158,419,168	10,947,286
Other current assets	-	1,720,142
Due to subsidiaries	36,087,086	144,374,097
Due to banks	-	30,294,700

14. Remuneration to auditors

	For the year ended 31st March	
	2011	**2010**
As Auditors	1,568,098	1,253,520
In others manner		
- Certification	50,000	-
- Reimbursement of out-of-pocket expenses	5,871	44,762
	1,623,969	**1,298,282**

15. Supplementary statutory information

(a) Managerial remuneration

	For the year ended 31st March	
	2011	**2010**
Salaries	1,771,200	240,000
Perquisites	98,919	113,830
Commission on net profit	-	411,562
Contribution to provident fund and other funds	28,800	28,800
	1,898,919	**794,192**

The above figures do not include provision for gratuity payable to the director as the same is actuarially determined for the Company as a whole.

(b) Computation of net profit in accordance with section 349 of the Act for calculation on commission payable to director:

	For the year ended 31st March	
	2011	**2010**
Profit/(loss) before tax as per profit and loss account	(84,560,465)	18,876,125
Add:		
Managing director's remuneration	1,898,919	794,192
Depreciation as per books of account	10,396,634	14,708,687
Provision for doubtful debts	-	631,701
	(72,264,912)	**35,010,705**
Less: Depreciation under Section 350 of the Act*	10,396,634	14,708,687
Net profit/(loss) as per Section 349 of the Act	**(82,661,546)**	**20,302,018**
Commission to managing director at 2% of the net profits as approved by shareholders	-	406,040

* The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV to the Act. Accordingly, the rates of depreciation used by the Company are higher than the minimum depreciation rates prescribed by the Schedule XIV to the Act.

In the absence of adequate profits, remuneration to directors were paid based on the specific approval from the Central Government of India.

(c) Earnings in foreign currency (on accrual basis)

	For the year ended 31st March	
	2011	**2010**
License fees	15,241,030	5,264,569
Annual maintenance services	19,993,138	15,841,739
Revenue from services	216,334,012	225,240,211
Sale of third party licenses (gross)	-	834,587
	251,568,180	**247,181,106**

(d) Expenditure in foreign currency (on payment basis)

	For the year ended 31st March	
	2011	**2010**
Travelling	3,767,014	3,659,027
Implementation expenses	8,889,598	6,939,893
Professional charges	1,050,207	1,285,474
	13,706,819	**11,884,394**

(e) Value of imports calculated on CIF basis

During the year ended 31st March 2011 the Company has imported capital goods amounting to ₹ 4,022,577 (2010: ₹ Nil).

16. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Act

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence it is not possible to give quantitative details of sales and certain other information as required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Act.

17. Investments

Current investments purchased and sold/redeemed during the year (2010: Nil)

	For the year ended 31st March	
	2011	**2011**
	Purchase	**Sale**
25,000 Pramerica Ultra Short Term Bond Fund - Daily Dividend Option	25,073,557	25,073,557
15,000 Pramerica Ultra Short Term Bond Fund - Daily Dividend Option	15,060,728	15,060,728
1,666,312 Birla Sun Life Cash Plus -Instal.Daily - Dividend Reinvestment	18,017,576	18,017,576

18. Earnings per share (EPS)

	For the year ended 31st March 2011	For the year ended 31st March 2010
Net profit/(loss) as per profit and loss account	(57,252,474)	11,537,037
Weighted average number of equity shares considered in computation of basic EPS	38,704,347	38,611,419
Effect of dilutive equity shares	140,260	114,817
Weighted average number of equity shares considered in computation of diluted EPS	38,844,607	38,726,236

ICAI has issued guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan the grant date in respect of which falls on or after 1 April 2005. In accordance with such guidance note shares allotted to the ESOP Trust pursuant to an employee share based payment plan has not been included in the outstanding shares for computation of basic EPS till the employees have exercised their right after fulfilling the vesting conditions. Until such time the shares so allotted have been considered as dilutive potential equity shares for the purpose of calculating diluted EPS.

19. Segment information

In accordance with AS 17 'Segment Reporting' as notified by the Rules, segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these financial statements.

20. Sale of investment in subsidiary

During the year the Company has sold its investment in ordinary shares of Four Soft Nordic A/S, a wholly owned subsidiary of the Company to another subsidiary, Four Soft B V for a consideration of ₹ 495,060,556. For the purpose of such sale its equity shares have been valued at ₹ 495,061 each by an independent firm of Chartered Accountants using historical cost method.

21. Sundry creditors

The identification of micro and small enterprise suppliers as defined under the provisions of 'The Micro, Small and Medium Enterprises Development Act, 2006' is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on 31st March 2011.

22. Previous year comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

Balance Sheet Abstract and Company's general business profile

Registration details
Registration No. : 33131
State Code : 01

Balance Sheet date	**31st March 2011**
	(₹ In Thousand except per share data)
Balance Sheet date	**31st March 2011**
Capital raised during the year	
Public Issue	-
Rights Issue	-
Bonus Issue	-
Sweat Equity shares to Directors	-
Shares allotted to Four Soft Ltd. Employee Welfare Trust	1000
Position of Mobilisation and Deployment of Funds	
Total Liabilities	960,481
Total Assets	960,481
Sources of Funds	-
Paid-up Capital	194,435
Reserves and Surplus	766,046
Secured Loans	-
Unsecured Loans	-
Application of Funds	-
Net Fixed assets	58,161
Capital Work-in-Progress	26,085
Investments	661,287
Net current assets	191,340
Deferred Income Tax Asset	23,607
Miscellaneous expenditure	-
Accumulated losses	-
Performance of Company	-
Income from software products and related services	265,070
Other Income	3,466
Total Income	268,536
Total Expenditure	353,096
Profit / (Loss) before tax	(84,560)
Profit / (Loss) after tax	(57,252)
Earnings per share (basic) (₹)	(1.48)
Dividend per par value (₹ 5/-) (%)	-
Generic name of principal products / services of the company	
Item Code No. (ITC Code)	85 24 90 09
Product Description	Computer Software

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Kavitha Pakala
Company Secretary

Biju S. Nair
Chief Financial Officer

Place : Hyderabad
Date : 27 May 2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors Four Soft Limited

1. We have audited the attached Consolidated Balance Sheet of Four Soft Limited (the 'Company') and its subsidiaries (collectively referred as the 'Group'), as at 31st March 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management and have been prepared by management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,240,700,154 as at 31st March 2011, the total revenue of ₹ 876,287,688 and net cash outflows amounting to ₹ 64,576,077 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by management of the Company in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standard) Amendment Rules, 2009.

5. Without qualifying our opinion, we draw attention to Note 12(b) in Schedule 18 to the consolidated financial statements. During the year ended 31st March 2011, for the Financial Year 2005-2006, the Assessing Officer had raised a demand of income tax (including interest thereon) amounting to ₹ 26,454,812 by adopting the adjustment ordered by the Transfer Pricing Officer under Section 92CA of the Income Tax, 1961. Based on independent advice received by the Company, the Management believes that the international transactions with associate enterprises for the Financial Year 2005-2006 and subsequent assessment years are at arm's length and there would be no tax liability on the Company. Consequently, these financial statements do not include any adjustments that may arise out of the outcome of this uncertainty.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;

   ii) in case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   iii) in case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

Per **Sanjay Kumar**
Partner
Membership No: 207660

Place: Hyderabad
Date : 27 May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(All amounts are in ₹ unless otherwise stated)

	Schedules	As at 31st March 2011	As at 31st March 2010
I. Sources of funds			
1. Shareholders' funds			
(a) Capital	1	**194,435,080**	194,140,095
(b) Stock options outstanding	2	**4,680,136**	3,594,516
(c) Reserves and surplus	3	**1,382,700,223**	1,276,547,973
		1,581,815,439	1,474,282,584
2. Loan funds			
(a) Secured loans	4	**305,422,230**	232,934,725
(b) Unsecured loan	5	**110,060**	138,290
		305,532,290	233,073,015
Deferred tax liabilities (net)	18 (8)	-	3,690,678
		1,887,347,729	**1,711,046,277**
II. Application of funds			
1. Fixed assets	6		
(a) Gross block		**2,028,355,347**	1,908,293,154
(b) Less: Depreciation		**284,284,522**	257,827,169
(c) Less: Impairment loss		**36,396,093**	36,396,093
(d) Net block		**1,707,674,732**	1,614,069,892
(e) Capital work-in-progress (including capital advances)		**26,085,303**	-
(f) Net block		**1,733,760,035**	1,614,069,892
2. Deferred tax asset (net)	18 (8)	**37,879,269**	7,739,330
3. Current assets, loans and advances			
(a) Sundry debtors	7	**235,603,012**	197,182,745
(b) Cash and bank balances	8	**143,050,503**	197,316,478
(c) Other current assets	9	**46,368**	26,475
(d) Loans and advances	10	**100,931,086**	73,167,803
		479,630,969	467,693,501
Less: Current liabilities and provisions			
(a) Liabilities	11	**287,507,135**	327,212,078
(b) Provisions	12	**76,415,409**	51,244,368
		363,922,544	378,456,446
Net current assets		**115,708,425**	89,237,055
		1,887,347,729	**1,711,046,277**
Notes to consolidated accounts	18		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

This is the Balance Sheet referred to in our report of even date

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 31st MARCH, 2011

(All amounts are in ₹ unless otherwise stated)

		Schedules	For the Year ended 31st March 2011	For the Year ended 31st March 2010
I.	**Income**			
	Revenue from software services and products	13	1,219,066,858	1,329,599,866
	Other income	14	14,128,731	51,618,447
			1,233,195,589	**1,381,218,313**
II.	**Expenditure**			
	Personnel expenses	15	814,871,246	879,392,851
	Operating and other expenses	16	315,337,600	367,769,318
	Depreciation and amortization	6	17,841,726	23,861,848
	Finance charges	17	17,753,018	24,707,328
			1,165,803,590	**1,295,731,345**
	Profit before exceptional items, tax and prior period items		**67,391,999**	**85,486,968**
	Exceptional items	18 (9)	34,075,106	-
	Profit before tax and prior period items		**33,316,893**	**85,486,968**
	Provision for tax			
	Current tax		36,257,265	21,806,898
	Tax for earlier years		23,175	(2,942,584)
	Deferred tax		(33,905,622)	4,834,048
	Total tax expense		**2,374,818**	**23,698,362**
	Net profit before prior period items		**30,942,075**	**61,788,606**
	Prior period items	18 (16)	-	(14,865,598)
	Net profit		**30,942,075**	**76,654,204**
	Balance brought forward from previous year		684,763,730	619,507,521
	Profit available for appropriation		**715,705,805**	**696,161,725**
	Interim dividend @ ₹ Nil (2010: ₹ 0.25) on equity shares of ₹ 5 each		-	9,742,274
	Tax on dividend		**-**	**1,655,721**
	Surplus carried to balance sheet		**715,705,805**	**684,763,730**
	Earnings per share	18(13		
	Basic		0.80	1.99
	Diluted		0.80	1.98
	Nominal value of shares		5	5
	Notes to consolidated accounts	18		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

This is the Balance Sheet referred to in our report of even date

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

Consolidated Cash Flow Statement for the year ended 31st March 2011

(All amounts are in ₹ unless otherwise stated)

		For the Year ended 31st March 2011	For the Year ended 31st March 2010
A.	**Cash flow from operating activities**		
	Profit before tax and after prior period item	33,316,893	100,352,566
	Adjustments for:		
	Depreciation and amortization	18,591,587	23,861,848
	Employee stock compensation expenses	2,323,981	1,350,139
	Unrealized foreign exchange loss (net)	9,214,037	1,379,158
	Interest income on fixed deposits	(2,236,715)	(1,913,678)
	Bad and doubtful debts written-off	-	276,085
	Provision for doubtful debts	4,190,123	2,661,111
	Provision for doubtful advances	-	262,596
	Interest expense	14,750,356	22,424,141
	Loss on sale of fixed asset	344,596	12,635
	Operating profit before working capital changes	**80,494,858**	**150,666,601**
	Movements in working capital:		
	(Increase)/Decrease in sundry debtors	(36,740,129)	379,213,389
	(Increase)/Decrease in loans and advances	(33,964,419)	7,050,560
	Increase/(Decrease) in liabilities	61,253,903	(138,469,525)
	Cash generated from operations:	**71,044,213**	**398,461,025**
	Direct taxes paid, net of refunds	(29,628,574)	(138,733,433)
	Net cash generated from operating activities	**41,415,639**	**259,727,592**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(46,150,811)	(6,574,534)
	Payments for net assets acquired of subsidiaries, net of cash	(94,309,143)	(55,357,613)
	Interest received	2,236,715	1,938,097
	Net cash used in investing activities	**(138,223,239)**	**(59,994,050)**

Consolidated Cash Flow Statement for the year ended 31st March 2011

(All amounts are in ₹ unless otherwise stated)

		For the Year ended 31st March 2011	For the Year ended 31st March 2010
C.	**Cash flows from financing activities**		
	Proceeds from issuance of share capital	-	6,000
	Proceeds from long-term borrowings	102,751,816	202,640,025
	Repayment of long term borrowings	(25,688,329)	(296,530,073)
	Payment towards finance lease obligation	(28,230)	(49,964)
	(Repayment of)/Proceeds from working capital loan, net	(15,661,225)	30,294,700
	Dividend paid	-	(9,742,274)
	Tax on dividend paid	-	(1,655,721)
	Interest paid	(11,844,825)	(20,943,360)
	Net cash from/(used in) financing activities	**49,529,207**	**(95,980,667)**
D.	**Effect of exchange difference on cash and cash equivalents**	(7,343,452)	(16,479,832)
	Net increase in cash and cash equivalents (A+B+C+D)	(54,621,845)	87,273,043
	Cash and cash equivalent at the beginning of the year	197,316,478	108,189,368
	Cash and cash equivalent at the end of the year	**142,694,633**	**195,462,411**
Notes:			
Cash and cash equivalents include:			
Cash and bank balances		142,344,536	196,606,570
Unpaid dividend accounts		501,508	504,949
Unpaid public issue refund accounts		204,459	204,959
Cash and bank balances (as per Schedule 8 of the consolidated financial statements)		**143,050,503**	**197,316,478**
Less: Deposits with bank with original maturity of more than three months		-	(299,861)
Effect of unrealized exchange loss/(gain)		(355,870)	(1,554,206)
Cash and cash equivalents considered for consolidated cash flows		**142,694,633**	**195,462,411**

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
Schedule 1: CAPITAL		
Authorized		
56,077,600 (2010: 56,077,600) equity shares of ₹ 5 each	280,388,000	280,388,000
696,120 (2010: 696,120) 14% redeemable optionally convertible cumulative preference shares of ₹100 each	69,612,000	69,612,000
	350,000,000	**350,000,000**
Issued, subscribed and paid-up		
38,959,744 (2010: 38,959,744) equity shares of ₹ 5 each fully paid-up	194,798,720	194,798,720
Less: Calls in arrears	3,000	3,000
	194,795,720	**194,795,720**
Less: Amount recoverable from Four Soft Employee Welfare Trust [289,327 equity shares (2010: 348,325), including 217,200 (2010: 217,200) bonus shares allotted to the trust]	360,640	655,625
	194,435,080	**194,140,095**

Notes:

Of the above shares:

a. 4,563,970 (2010: 4,563,970) equity shares of ₹ 5 each are allotted as fully paid-up bonus shares by capitalization of general reserve.

b. 10,452,102 (2010: 10,452,102) equity shares of ₹ 5 each, were allotted as fully paid-up pursuant to a contract without payments being received in cash.

c. 880,873 shares (2010: 821,875 shares) of ₹ 5 each, fully paid-up were issued to employees (through ESOP trust) pursuant to the employee stock option scheme.
   - Of the above 390,544 (2010: 390,544) shares were issued at ₹ 19.65 out of which ₹ 14.65 per share were received in the form of employee service.
   - Of the above 20,000 (2010: 20,000) shares were issued at ₹ 48.45 out of which ₹ 43.45 per share were received in the form of employee service.
   - Of the above 326,338 (2010: 326,338) shares were issued at ₹ 70.75 out of which ₹ 65.75 per share were received in the form of employee service.
   - Of the above 143,991 (2010: 84,993) shares were issued at ₹ 24.65 out of which ₹ 19.65 per share were received in the form of employee service.

	As at 31st March 2011	As at 31st March 2010
Schedule 2: STOCK OPTIONS OUTSTANDING		
(Refer note 10 on Schedule 18)		
Stock compensation outstanding at the beginning of the year	7,493,809	8,170,466
Add: Stock options granted during the year	6,059,820	4,188,139
	13,553,629	**12,358,605**
Less: Stock options cancelled/forfeited during the year	4,197,952	1,273,431
Less: Transferred to share premium account on exercise of stock options	1,238,361	3,591,365
	8,117,316	**7,493,809**
Less: Deferred employee stock compensation	3,437,180	3,899,293
	4,680,136	**3,594,516**
Note:		
Deferred employee stock compensation:		
Stock compensation outstanding at the beginning of the year	3,899,293	2,334,724
Add: Stock options granted during the year	6,059,820	4,188,139
Less: Stock options cancelled/forfeited during the year	4,197,952	1,273,431
Less: Stock compensation amortized during the year	2,323,981	1,350,139
Closing balance of deferred employee stock compensation	**3,437,180**	**3,899,293**

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
Schedule 3: RESERVES AND SURPLUS		
Share premium account		
Balance as per last account	646,869,980	643,278,615
Add: On exercise of stock options	1,238,361	3,591,365
	648,108,341	**646,869,980**
Capital reserve		
Balance as per last account	**14,280,000**	**14,280,000**
General reserve		
Balance as per last account	**2,598,214**	**2,598,214**
Profit and loss account	**715,705,805**	**684,763,730**
Foreign currency translation reserve		
Balance as per last account	(71,963,951)	121,734,183
Add: Current year translation adjustment	73,971,814	(193,698,134)
	2,007,863	**(71,963,951)**
	1,382,700,223	**1,276,547,973**
Schedule 4: SECURED LOAN		
(Refer note 6 on Schedule 18)		
Working capital		
From banks	14,633,475	30,294,700
Term loan		
From banks	290,788,755	202,640,025
	305,422,230	**232,934,725**
Schedule 5: UNSECURED LOAN		
From others		
Finance lease obligations	110,060	138,290
	110,060	**138,290**

FOUR SOFT LIMITED
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE 6: FIXED ASSETS

	Tangible asset						Intangible asset		Total	
	Buildings	Computers	Office equipment	Furniture and fittings	Lease hold Improve-ments	Vehicles	Goodwill	Software	as at 31-Mar-11	as at 31-Mar-10
As at 1 April 2010	38,186,375	131,491,729	33,676,829	66,928,107	4,626,498	764,596	1,582,203,876	50,415,144	1,908,293,154	1,960,466,457
Additions during the year	-	6,628,006	7,541,496	2,791,487	-	-	-	2,598,472	19,559,461	145,557,905
Disposals / adjustments during the year	-	181,825	-	1,568,984	992,621	-	-	-	2,743,430	137,187
Exchange difference	428,142	6,230,931	612,058	2,607,958	18,837	43,121	92,475,465	829,650	103,246,162	(197,594,021)
As at 31 March 2011	38,614,517	144,168,841	41,830,383	70,758,568	3,652,714	807,717	1,674,679,341	53,843,266	2,028,355,347	1,908,293,154
Depreciation and Amortization										
Up to 31 March 2010	16,169,806	116,961,531	19,750,368	61,269,444	3,807,671	179,273	-	39,689,076	257,827,169	257,185,836
For the year*	1,232,925	7,113,195	2,081,785	3,041,833	108,628	253,530	-	4,759,691	18,591,587	23,861,848
Disposals / adjustments during the year	-	109,531	-	1,784,848	410,864	-	-	-	2,305,243	6,419,293
Exchange difference	428,145	5,925,823	589,439	2,455,453	6,758	23,871	-	741,520	10,171,009	(16,801,222)
Up to 31 March 2011	17,830,876	129,891,018	22,421,592	64,981,882	3,512,193	456,674	-	45,190,287	284,284,522	257,827,169
Impairment										
Up to 1 April 2011	-	-	-	-	-	-	36,396,093	-	36,396,093	36,396,093
For the year	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-	-	-	-
Up to 31 March 2011	-	-	-	-	-	-	36,396,093	-	36,396,093	36,396,093
Net block										
As at 31 March 2011	20,783,641	14,277,823	19,408,791	5,776,686	140,521	351,043	1,638,283,248	8,652,979	1,707,674,732	1,614,069,892
As at 31 March 2010	22,016,569	14,530,198	13,926,461	5,658,663	818,827	585,323	1,545,807,783	10,726,068	1,614,069,892	

* includes depreciation amounting to ₹ 749,861 transferred to Capital work-in-progress.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
Schedule 7: SUNDRY DEBTORS		
Unsecured debts outstanding for a period exceeding six months		
Considered good	13,210,415	62,291,272
Considered doubtful	14,219,396	14,356,759
	27,429,811	**76,648,031**
Unsecured other debts		
Considered good	222,392,597	134,891,473
Considered doubtful	-	-
	249,822,408	**211,539,504**
Less : Provision for doubtful debts	14,219,396	14,356,759
	235,603,012	**197,182,745**
Schedule 8: CASH AND BANK BALANCES		
Cash balance on hand	195,456	188,576
Bank balances with Scheduled banks on:		
Current accounts	11,324,804	19,991,399
Deposit accounts	301,992	299,861
Un-paid dividend accounts	501,508	504,949
Un-paid IPO refund accounts	204,459	204,959
	12,332,763	**21,001,168**
Balance with other banks on:		
Current accounts	130,493,319	175,575,752
Deposit accounts	28,965	550,982
	130,522,284	**176,126,734**
	143,050,503	**197,316,478**
Schedule 9: OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on fixed deposits	46,368	26,475
	46,368	**26,475**
Schedule 10: LOANS AND ADVANCES		
(Unsecured, considered good except stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	72,824,755	47,871,612
Unsecured, considered doubtful	2,768,862	2,502,082
Deposits	18,318,989	17,295,717
Advance income tax (net of provision)	9,787,342	8,000,474
	103,699,948	**75,669,885**
Less: Provision for doubtful advances	2,768,862	2,502,082
	100,931,086	**73,167,803**

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	As at 31st March 2011	As at 31st March 2010
Schedule 11: LIABILITIES		
Sundry creditors		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	125,852,671	191,645,152
	125,852,671	191,645,152
Dues to directors	2,272,914	2,290,414
Advance from customers	138,556,692	119,135,573
Investor Education and Protection Fund shall be credited by the following amounts (as and when due):		
- Unclaimed dividends	501,508	504,949
- Application money due for refund	204,459	204,959
Other liabilities	20,118,891	13,431,031
	287,507,135	**327,212,078**
Schedule 12: PROVISIONS		
For employee benefits	59,310,430	42,578,123
For income tax (net of advance payments)	17,104,979	8,666,245
	76,415,409	**51,244,368**

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
Schedule 13: REVENUE FROM SOFTWARE SERVICES AND PRODUCTS		
Revenue from services	735,432,130	800,601,274
Annual maintenance services	345,620,518	399,804,698
Sale of licenses	102,544,432	102,475,639
Income from sale of third party licenses (net)	35,469,778	26,718,255
	1,219,066,858	**1,329,599,866**
Schedule 14: OTHER INCOME		
Interest on fixed deposits (gross)	2,236,715	1,913,678
Exchange difference (net)	2,859,665	-
Bad debts and advances recovered	956,449	2,463,099
Liability no longer required written back	2,354,173	11,450,426
Commission	3,409,723	33,365,706
Miscellaneous income	2,312,006	2,425,538
	14,128,731	**51,618,447**

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ unless otherwise stated)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
Schedule 15: PERSONNEL EXPENSES		
Salaries, wages and bonus	728,264,576	752,164,827
Gratuity/Pension and compensated absences	19,739,574	25,358,505
Contribution to provident and other funds	33,746,676	58,002,514
Employee stock compensation expenses	2,323,981	1,350,139
Staff welfare expenses	30,796,439	42,516,866
	814,871,246	**879,392,851**
Schedule 16: OPERATING AND OTHER EXPENSES		
Rent	56,030,692	69,911,877
Fee, rates and taxes	8,358,151	9,429,616
Office maintenance	41,590,537	41,609,594
Auditors' remuneration	6,078,714	5,710,723
Implementation expenses	44,895,640	40,394,505
Advertisement and recruitment	718,659	10,072,549
Business promotion	25,997,954	22,369,392
Communication	16,874,646	18,959,293
Postage and courier	2,023,370	2,902,172
Insurance	6,496,801	7,336,799
Electricity and water	16,377,343	14,334,762
Travelling and conveyance	62,479,576	58,660,348
Legal and professional fees	20,093,139	29,705,317
Exchange difference (net)	-	27,076,187
Bad and doubtful debts written-off	-	276,085
Provision for doubtful debts	4,190,123	2,661,111
Provision for doubtful advances	-	262,596
Donations	233,728	12,859
Loss on sale of fixed asset	344,596	12,635
Miscellaneous expenses	2,553,931	6,070,898
	315,337,600	**367,769,318**
Schedule 17: FINANCE CHARGES		
Interest on loan from banks	14,253,971	7,049,730
Interest on others	496,385	15,374,411
Bank charges	3,002,662	2,283,187
	17,753,018	**24,707,328**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Schedule 18

1. Background

Four Soft Limited (the 'Company' or 'Four Soft') is one of the world's leading transportation and logistics software products company providing innovative and integrated enterprise solutions. Founded in 1999, Four Soft provides solutions to enterprises across the supply chain management market. Four Soft is head quartered in Hyderabad, India and has 8 development centers across the globe to cater to large clientele. Four Soft is a public limited company since April 2003 and has been registered with recognized stock exchanges of India.

2. Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements of Four Soft Limited together with its subsidiaries (collectively referred as the 'Group' or the 'consolidating entities') are prepared under historical cost convention on accrual basis to comply in all material respects with the notified accounting standard by Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standard) Amendment Rules, 2009 (the 'Rules'). The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Difference in accounting policy has been disclosed separately.

Investments in subsidiaries, except where the investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined in the Accounting Standard 21 'Consolidated Financial Statements' as notified by the Rules ('AS 21').

The financial statements of the consolidating entities are added on a line-by-line basis and inter-company balances and transactions including unrealized gain/ loss from such transactions are eliminated upon consolidation. The following wholly owned subsidiaries have been considered for the purpose preparation of consolidated financial statements:

Names of the consolidating entities	Country of incorporation	Date of acquisition/ incorporation
Four Soft B.V.	The Netherlands	1 October 2004
Four Soft Singapore Pte. Limited	Singapore	28 May 2005
Four Soft Malaysia Sdn. Bhd.	Malaysia	28 May 2005
Four Soft Japan KK	Japan	26 June 2006
Four Soft NL B.V.	The Netherlands	2 September 2005
Four Soft UK Limited	United Kingdom	2 September 2005
Four Soft USA, Inc.	United States of America	2 September 2005
Four Soft Nordic A/s	Denmark	1 January 2007
Four Soft Australia Pty Limited	Australia	1 January 2007
Four Soft (HK) Ltd.	Honk Kong, China	1 January 2007

(b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the consolidated results of operations during the reporting period. Examples of such estimates include provision for doubtful debts and loans and advances, impairment of assets, income taxes, future obligation under employee benefit plans and estimated useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(c) **Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Assets under installation or under construction as at the balance sheet date are shown as capital work-in-progress. Advances paid towards purchase of capital assets are also included under capital work in progress

(d) **Depreciation**

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by management, or at the rates prescribed under Schedule XIV to the Companies Act, 1956 ('the Act') whichever is higher, except:

i. Four Soft USA, Inc., uses modified accelerated cost recovery system for depreciating its fixed assets.

ii. Fixed assets of all the other subsidiaries are depreciated over the estimated useful lives, using the straight line method.

The rates of depreciation used by the Company are as under:

Assets	Rate (%)
Buildings	5.60
Computers	40.00
Office equipment	13.91
Furniture and fittings	18.10

Lease hold improvements are depreciated on written down value over the lease period of three to five years or useful lives of the assets estimated by management, whichever is lower.

(e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(f) **Intangibles**

Software licenses

Intangible assets in the nature of software licenses are stated at cost including expenditure incurred towards implementation of such software and are amortized over the management's estimated useful life of six years, using written down value method.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when technical and commercial feasibility has been established.

Goodwill

Goodwill represents the excess of purchase consideration over the net book value of assets acquired. Goodwill is evaluated periodically for impairment and impairment losses are recognized where applicable.

(g) **Leases**

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term. Lease income by sub lease of office premises is recognized in the profit and loss account on a straight line basis over the lease term. Initial direct costs such as legal costs, brokerage costs are recognized immediately in the profit and loss account.

(h) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of goods and services

Revenue from the sale of user licenses for software applications is recognized on delivery or subsequent milestone schedule as per the terms of the contract with the customers. Revenue from time and material contracts is recognized as the related services are rendered. Revenue from annual maintenance services is recognized proportionately over the period in which services are rendered.

Revenue from services on fixed price and fixed time frame contracts is recognized on completion and delivery of services to the customers when the outcome of the contract cannot be assessed with reasonable certainty or on proportionate completion method when there is no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rates applicable.

Dividends

Income from dividend is recognized when the Group's right to receive payment is established by the balance sheet date.

(i) **Foreign currency transactions**

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognized as income or as expenses in the year in which they arise.

(j) **Foreign currency translation**

Exchange difference relating to non-integral foreign operations is disclosed as 'foreign currency translation reserve account' in the consolidated balance sheet until the disposal of the net investment. On the disposal of a non integral foreign operation, the cumulative amount of the exchange difference is recognized as income or expense in the period in which gain or loss on disposal is recognized.

In accordance with the accounting principles prescribed under Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates' as notified by the Rules, the Group has designated all its foreign operations, as 'non-integral foreign operations'.

(k) **Retirement and other employee benefits**

Defined benefit contribution plan

In respect of the Company, retirement benefits in the form of provident fund scheme are charged to profit and loss account of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

In respect of Four Soft B.V., Four Soft NL B.V., and Four Soft UK Limited, retirement benefits in the form of pension scheme are charged to profit and loss account of the year when the contribution to respective fund is due. There are no other obligations other than the contribution payable to the respective fund.

In respect of Four Soft USA, Inc, retirement benefits in the form of 401(k) plan for eligible employees are charged to profit and loss account of the year when the contribution to respective fund is due. Contributions by the consolidating entity are discretionary and there are no other obligations other than the contribution payable to the respective fund.

(k) **Retirement and other employee benefits (Continued)**

Defined benefit obligation plan

In respect of the Company, Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation made on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized in full in the profit and loss account in the period in which they occur.

Other short-term benefits

The Group's Compensation absences are in the nature of short term benefit and are provided for based on estimates.

(l) **Employee stock option scheme**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the guidance note on 'Accounting for Employee Share Based Payments', issued by the Institute of Chartered Accountants of India (ICAI). The excess of market value of the stock on the date of grant over the exercise price of the option is recognized as deferred employee stock compensation and is charged to profit and loss account on straight-line method over the vesting period of the options. The unamortized portion of cost is shown under stock options outstanding.

(m) **Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with respective tax laws of the consolidating entities. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Group re-assesses unrecognized deferred tax assets and recognizes it to the extent it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(n) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) **Provisions**

A provision is recognized when the Group has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

(p) **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

(q) **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) **Segment information**

Inter segment sales are generally accounted at fair values and the same have been eliminated in consolidation. The accounting policies of the segments are substantially the same as those described in the 'Summary of significant accounting policies' as above.

3. **Difference in accounting policies**

As per the requirement of AS 21, in the preparation of consolidated financial statements, the accounting policies of the consolidating entities are required to be aligned with those of the Company to the extent practicable. The following accounting policy followed by various consolidating entities is not aligned with those of the Company:

Depreciation in all consolidating subsidiaries except Four Soft USA, Inc., is provided on straight line method and in Four Soft USA, Inc., on modified accelerated cost recovery system as compared to written down value method followed in the books of the company. The company has not ascertained the impact of such differential accounting policy on the consolidated profits for the year ended and consolidated financial position of the Group as at 31st March 2011. The proportion of net fixed assets and depreciation so accounted is ₹ 56,801,863 (2010: ₹ 58,374,028) and ₹10,317,330 (2010: ₹12,217,858) respectively included in the net fixed assets and depreciation of the Group.

4. **Related party transactions**

Names of the related party	**Country**	**Nature of relationship**
Four Soft Employee Welfare Trust	India	Controlling interest
Palem Srikanth Reddy	India	Key management personnel (KMP)
Biju S. Nair	India	KMP
Raj Shekhar Roy	India	KMP
Sonata Information Technology Limited	India	Enterprises significantly influenced by KMP or their relative
GKP Reddi	India	Relative of KMP
P Soujanya Reddy	India	Relative of KMP
Late P Mangamma (Upto 09 April 2011)	India	Relative of KMP
Dakshayani Reddy	India	Relative of KMP

The details of the related party transactions entered into by the Group during the year ended 31st March, 2011 are as follows:

		For the year ended 31st March	
		2011	2010
A.	**KMP**		
	Palem Srikanth Reddy		
	Remuneration (including commission)	1,898,919	794,192
	Interim dividend	-	2,162,825
	Biju S Nair		
	Remuneration	2,641,424	2,278,234
	Interim dividend	-	6,541
	Raj Shekhar Roy		
	Remuneration	3,819,037	4,383,594
	Interim dividend	-	5,000
B.	**Enterprises significantly influenced by KMP or their relatives:**		
	Sonata Information Technology Limited		
	Purchase of third party license	997,617	1,049,180
	Relatives of KMP		
	Interim dividend	-	72,238
C.	**Debit/(Credit) balance outstanding**		
	Four Soft Employee Welfare Trust	(17,929)	1,057,190
	Palem Srikanth Reddy	(2,272,914)	(2,290,414)
	Biju S Nair	-	(139,513)
	Raj Shekhar Roy	-	(348,781)

5. Leases

Finance leases

Office equipments include certain assets obtained under finance lease arrangements. The lease term is for a period of five years. There is no escalation clause and no restrictions are imposed by the lease arrangements. There are no subleases.

	As at 31st March	
	2011	2010
Total minimum lease payments at the year end	124,346	156,240
Less: Amount representing finance charges	14,286	17,950
Present value of minimum lease payments	110,060	138,290
Minimum lease payments:		
Not later than one year		
[Present value ₹ 44,470 as on 31st March 2011 (2010: ₹ 53,316]	50,243	62,496
Later than one year but not later than five years		
[Present value ₹ 65,590 as on 31st March 2011 (2010: ₹ 82,974)]	74,103	93,744

Operating leases

The Group has entered into operating lease agreements for its development centers for the period 1 to 20 years. There are no restrictions imposed by lease arrangements. The maximum obligations on non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	As at 31st March	
	2011	**2010**
Lease payments for the year	45,277,330	67,302,060
Minimum lease payments:		
Not later than one year	52,959,143	55,071,091
Later than one year but not later than five years	157,963,806	158,558,948
Later than five years	190,349,619	192,763,849
The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the consolidated balance sheet date	30,318,789	47,491,112
Sub-lease payments received (or receivable) recognized in the statement of profit and loss for the year	17,070,330	17,804,853

6. Secured loan

(a) Working capital and terms loan of the subsidiary company is secured by way of:

(i) First ranking mortgage on all immovable assets of Four Soft B.V., Four Soft NL B.V., Four Soft UK Limited, Four Soft Nordic A/s and Four Soft USA, Inc.

(ii) First ranking hypothecation on all movable assets of the Four Soft B.V., Four Soft NL, B.V., Four Soft UK Limited, Four Soft Nordic A/s and Four Soft USA Inc.

(iii) Guarantee by the Company.

(iv) Pledge of shares held by Four Soft B.V. of Four Soft NL BV, Four Soft UK Limited, Four Soft Nordic A/s and Four Soft USA Inc.

(v) Pledge in respect of the Company's investment in the share capital of Four Soft B.V.

7. Research and development

During the year ended 31st March 2011 the Company has incurred expenses amounting to ₹ 79,174,357 (2010: ₹ 80,586,288) towards research and development included under various heads of expenses.

8. Deferred tax comprises of:

	As at 31st March	
	2011	**2010**
Deferred tax liability		
Difference in depreciation in block of assets	4,186,508	5,443,690
Total deferred tax liability	**4,186,508**	**5,443,690**
Deferred tax assets		
Business losses	33,944,030	-
Difference in depreciation in block of assets	2,763,540	7,739,330
Deferred income	1,224,588	-
Employee benefits	3,708,764	1,538,297
Provision for doubtful advances	88,399	-
Provision for doubtful debts	336,456	214,715
Total deferred tax assets	**42,065,777**	**9,492,342**
Net deferred tax asset	**37,879,269**	**4,048,652**

The Company has recognized deferred tax asset on carry forward business losses based on assessment of future profitability and business plan approved by the Board of Directors. Future profitability is ascertained taking into account the revenues from the new contracts signed during the year ended 31st March 2011, for which a significant portion of revenue is deferred for completion of services, annual maintenance services which are renewed on yearly basis and customization services based on historical experience from the existing customers. Further the profitability is also impacted due to cost saving measures and restructuring carried out during the year.

9. Exceptional items

	For the year ended 31st March	
	2011	**2010**
Restructuring and legal costs	34,075,106	-

10. Employee stock options (ESOP)

(a) The Company has established Four Soft Limited Employees Welfare Trust (the 'Trust') to administer the ESOP Scheme and as at 31st March 2011 had issued 1,170,200 equity shares of ₹5 each, including 217,200 equity shares issued pursuant to issue of bonus shares in 2003. Pursuant to the ESOP Scheme the trust has granted equity shares at an exercise price of ₹5 each to the eligible employees, which are subject to progressive vesting (1 year after date of issue of options) over a period of three years from the date of the grant. As of 31st March 2011 the total shares held by the Trust is 289,327 (2010: 348,325). Mode of settlement of these stock options is equity. Further vide its Employee Share Purchase Scheme 2009 the Company has reserved 1,948,000 equity shares of ₹ 5 each to be issued to eligible employees.

(b) During the year ended 31st March 2011 the Company has amortized stock compensation expenses amounting to ₹2,323,981 (2010: ₹1,350,139).

(c) Changes in number of shares representing stock options outstanding as at the year ended on 31st March 2011 were as follows:

	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Outstanding at the beginning of the year	2,118,512	18.79	345,352	5
Granted during the year	1,371,000	10	1,947,987	20
Forfeited during the year	1,970,838	19.76	56,834	5
Exercised during the year	63,998	5	117,993	5
Expired during the year	-	5	-	5
Outstanding at the end of the year	1,454,676	9.71	2,118,512	18.79
Exercisable at the end of the year	83,676	5	91,993	5

(d) In March 2005 the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee share based plan, the grant date in respect of which falls on or after 1 April 2005. The said guidance note requires the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the consolidated financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share is as follows:

	For the year ended 31st March	
	2011	2010
Net profit (as reported)	30,942,075	76,654,204
Add: Employee stock compensation under intrinsic value method	2,323,981	1,350,139
Less: Employee stock compensation under fair value method	(3,174,602)	(2,930,234)
Proforma profit	**30,091,454**	**75,074,109**
Earnings per share		
Basic		
- As reported	0.83	1.99
- Proforma	0.78	1.94
Diluted		
- As reported	0.83	1.98
- Proforma	0.77	1.94

(e) The fair value of options was estimated at the date of grant using the Black Scholes method with the following assumptions:

	For the year ended 31st March	
	2011	2010
Risk-free interest rate	8.00 to 8.25%	8.00%
Expected life	1 to 4 years	1 to 4 years
Expected volatility	0.47 to 0.57	0.47 to 0.60
Expected dividend yield	-	-

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures.

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 21.11 (2010: ₹ 16.73). Options outstanding as at 31st March 2011 had an exercise price of ₹ 5 to ₹10, and a weighted average remaining contractual life of 17.46 months (2010: 13.95 months).

11. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the gratuity:

	For the year ended 31st March	
	2011	2010
A. Net gratuity expense recognized in the profit and loss account		
Current service cost	3,120,051	3,175,603
Interest cost on benefit obligation	351,030	562,082
Expected return on plan assets	(166,727)	(153,102)
Net actuarial gain recognized in the year	(178,526)	(6,733,860)
Net benefit plan (income) / expense	**3,125,828**	**(3,149,277)**

		For the year ended 31st March	
		2011	**2010**
B.	**Details of provision recognized in the balance sheet**		
	Defined benefit obligation	6,780,212	4,387,876
	Fair value of plan assets	(1,328,625)	(2,084,088)
	Net provision for gratuity	**5,451,587**	**2,303,788**
	Actual return on plan assets	**169,727**	**167,344**
C.	**Changes in the present value of the defined benefit obligation are as follows:**		
	Opening defined benefit obligation	4,387,876	7,494,424
	Interest cost	351,030	562,082
	Current service cost	3,120,051	3,175,603
	Past Service cost (Vested Benefit)	21,971	-
	Benefits paid	(925,190)	(124,615)
	Actuarial gains on obligation	(175,526)	(6,719,618)
	Closing defined benefit obligation	**6,780,212**	**4,387,876**
D.	**Changes in the fair value of plan assets are as follows:**		
	Opening fair value of plan assets	2,084,088	2,041,359
	Expected return	166,727	153,102
	Benefits paid	(925,190)	(124,615)
	Actuarial gains / (losses) on plan assets	3,000	14,242
	Closing fair value of plan assets	**1,328,625**	**2,084,088**
E.	**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**		
	Investments with insurer	100%	100%
F.	**The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**		
	Discount rate	8.25% p.a.	8.00% p.a.
	Expected rate of return on assets	8.25% p.a.	8.00% p.a.

Expected employer's contribution next year ₹ 2,500,000 (2010: ₹ 2,000,000). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

G. Amounts for the current and previous four periods are as follows:

	For the year ended 31st March			
	2008	**2009**	**2010**	**2011**
Defined benefit obligation	7,550,118	7,494,424	4,387,876	5,451,587
Planned assets	3,216,719	2,041,359	2,084,088	1,328,625
Surplus/(Deficit)	(4,333,399)	(5,453,065)	(2,303,788)	(4,122,962)
Experienced adjustment to plan liabilities	(3,754,454)	(2,074,730)	(734,723)	(318,670)
Experienced adjustment to plan assets	55,322	(84,707)	14,242	3,000

12. Contingent liabilities not provided for:

Particulars	As at 31st March 2011	As at 31st March 2010
(a) Legal matters		
(i) In Four Soft Malaysia Sdn. Bhd., an ex-employee instituted Industrial Court proceedings against the consolidating entity during the year, contending wrongful dismissal and seeking reinstatement of employment without loss of wages and perquisites from 9 May 2002 of approximately Malaysian Ringgit 539,000. Management, in consultation with legal counsel, are of the opinion that the consolidating entity has a fair chance of prevailing and accordingly, no provision has been made in the consolidated financial statements to cover such eventuality.	(7,435,279)	(7,670,702)
(ii) A lawsuit has been threatened by a company claiming entrance to, and use of, systems provided by Four Soft NL B.V. As the proceeding has not been initiated at this moment the legal and financial consequences are unascertainable.	-	-
(iii) A USA based entity commenced legal proceedings against two employees of Four Soft USA, Inc., who were previously in employment with that entity. The employees have been alleged to have violated contractual provisions of their employment with that entity. The consolidating entity was also made a party to proceedings. The proceedings being at preliminary stage, the management and legal counsel(s) are unable to provide an estimate or range of potential loss if the outcome is unfavorable to the consolidating entity.	-	-
(b) Income taxes		
(i) During the year ended 31st March 2011, the Assessing Officer had raised a demand of income tax (including interest thereon) amounting to ₹ 26,454,812 by adopting the adjustment ordered by the Transfer Pricing Officer under Section 92CA of the Income Tax Act, 1961 (the 'Income Tax Act'), for the financial year 2005-2006. The authorities had indicated that the price charged by the Company to its associated enterprise was lower than the arithmetic mean of the price charged by comparable companies for similar services. The Company has contested the demand and filed an appeal with the Income Tax Appellate Tribunal, Hyderabad. Of the above, the Company has paid an amount of ₹ 6,000,000 under protest which is disclosed as other advances in these consolidated financial statements. Based on independent advice received by the Company, the management believes that the international transactions with associate enterprises are at arm's length and there would be no tax liability on the Company. Consequently, these consolidated financial statements do not include any adjustments that may arise out of the outcome of this uncertainty	26,454,812	-
(ii) In addition to above, the also Company received an order from the Transfer Pricing Officer under Section 92A of the Act, for the financial year 2006-2007 whereby the authorities have indicated that the price charged by the Company to its associated enterprises was lower than the arithmetic mean of the price charged by comparable companies for similar services. Based on the transfer pricing documentation maintained and independent advice received by the Company, the management of the Company believes that the international transactions with associate enterprises are carried at arm's length and there would be no tax liability on the Company. Accordingly, the Company has filed its objections with the Dispute Resolution Panel against the draft order passed by the Assessing Officer under Section 144C of the Act. Consequently, these consolidated financial statements do not include any adjustments that may arise out of the outcome of this uncertainty.	-	-

12. Contingent liabilities not provided for:

Particulars	As at 31st March 2011	2010
(c) Service tax		
In March 2011, the Company received a demand of ₹1,558,314 excluding interest and penalty from the Service Tax Authorities for the period January 2006 to November 2007. The tax demand is on account of service tax payable during the period and reversal of CENVAT credit availed by the Company. The total interest and penalty on the demand is ascertainable to the extent of ₹3,563,314.	-	-
The Company is contesting the demands and based on independent advice received by the Company, the management believes that its position will likely be upheld in the appellate process currently undertaken by the Company. Consequently, these consolidated financial statements do not include any adjustments that may arise out of the outcome of this uncertainty.	3,563,314	-
(d) Other matters		
A claim by a customer has been initiated for the non-functioning of certain features of the licensed software provided by Four Soft. As the proceeding has not been initiated at this moment the legal and financial consequences are unascertainable.	-	-

13. Earnings per share (EPS)

	For the year ended 31st March 2011	2010
Net profit as per profit and loss account	30,942,075	76,654,204
Weighted average number of equity shares in calculating basic EPS	38,704,347	38,611,419
Effect of dilutive equity shares	140,260	114,817
Weighted average number of equity shares in calculating diluted EPS	38,844,607	38,726,236

The ICAI has issued guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan the grant date in respect of which falls on or after 1 April 2005. In accordance with such guidance note shares allotted to the ESOP Trust pursuant to an employee share based payment plan has not been included in the outstanding shares for computation of basic EPS till the employees have exercised their right after fulfilling the vesting conditions. Until such time the shares so allotted have been considered as dilutive potential equity shares for the purpose of calculating diluted EPS.

14. Segment information

The Group has adopted Accounting Standard 17, 'Segment Reporting', as notified by the Rules which requires disclosure of financial and descriptive information about the Group's segments. The operations of the Group are managed from independent locations based on the customers, which are located in different geographical locations .Accordingly, the following have been identified as operating and reportable segments: (a) India; (b) Europe; (c) USA; and (d) Rest of the world. Unallocated items include income and expense items which are not allocated to any business segment.

Financial information as required in respect of operating and primary reportable segments is given below:

Schedule 18: Notes to consolidated accounts

15. Segment information

For the year ended 31st March 2011

	India	Europe	USA	Rest of the world	Total	Eliminations	Consolidated
1. Revenue							
(a) External sales	64,840,971	821,148,411	267,045,067	66,032,408	1,219,066,858	-	1,219,066,858
(b) Inter-segment sales	200,229,172	1,983,353	-	8,815,376	211,027,901	211,027,901	-
(c) Total revenue	265,070,143	823,131,764	267,045,067	74,847,784	1,430,094,759	211,027,901	1,219,066,858
2 Results							
(a) Segment result	(86,696,493)	120,053,865	(1,627,342)	5,211,150	36,941,180	-	36,941,180
(b) Interest expense					39,368,494	21,615,476	17,753,018
(c) Other income					35,213,783	21,085,052	14,128,731
(d) Income taxes					36,280,440	-	36,280,440
(e) Deferred taxes					(33,905,622)	-	(33,905,622)
(f) Net profit							30,942,075
3. Other information							
(a) Segment assets	383,624,525	2,762,081,521	106,001,307	182,622,054	3,434,329,407	1,220,938,403	2,213,391,004
Unallocated corporate assets							37,879,269
Total							2,251,270,273
(b) Segment liabilities	108,038,225	1,526,938,795	62,479,497	192,820,309	1,890,276,826	1,220,821,992	669,454,834
Unallocated corporate liabilities							-
Total							669,454,834
(c) Capital expenditure	14,566,898	2,218,576	2,718,656	55,331	19,559,461	-	19,559,461
(d) Depreciation / amortization	10,396,634	6,352,737	741,644	350,711	17,841,726	-	17,841,726
(e) Other non-cash expenses	2,177,135	3,447,630	645,634	243,705	6,514,104	-	6,514,104

Schedule 18: Notes to consolidated accounts

15. Segment information

For the year ended 31st March 2010

	India	Europe	USA	Rest of the world	Total	Eliminations	Consolidated
1. Revenue							
(a) External sales	49,502,363	1,000,531,712	209,816,316	69,749,475	1,329,599,866	-	1,329,599,866
(b) Inter-segment sales	215,555,914	3,567,298	-	6,839,389	225,962,601	225,962,601	-
(c) Total revenue	265,058,277	1,004,099,010	209,816,316	76,588,862	1,555,562,467	225,962,601	1,329,599,866
2. Results							
(a) Segment result	28,950,175	54,793,911	(2,044,752)	(8,257,887)	73,441,447	-	73,441,447
(b) Interest expense					45,131,110	20,423,782	24,707,328
(c) Other income					72,887,784	21,269,337	51,618,447
(d) Income taxes					18,864,314	-	18,864,314
(e) Deferred taxes					4,834,048	-	4,834,048
(f) Net profit							76,654,204
3. Other information							
(a) Segment assets	190,064,342	2,746,100,083	121,925,946	149,507,056	3,207,597,427	1,125,834,034	2,081,763,393
Unallocated corporate assets							7,739,330
Total							2,089,502,723
(b) Segment liabilities	327,607,101	1,169,320,968	69,506,832	170,892,230	1,737,327,131	1,125,797,670	611,529,461
Unallocated corporate liabilities							3,690,678
Total							615,220,139
(c) Capital expenditure	201,569	144,719,139	384,679	252,518	145,557,905	-	145,557,905
(d) Depreciation / amortization	14,708,687	8,014,783	645,270	493,108	23,861,848	-	23,861,848
(e) Other non-cash expenses	2,257,922	1,419,676	708,961	163,372	4,549,931	-	4,549,931

16. Unhedged foreign currency exposure

	As at 31st March	
	2011	**2010**
Sundry debtors	83,867,379	78,410,842
Due to banks	-	30,294,700

17. Prior period items

	For the year ended 31st March	
	2011	**2010**
Exchange difference (net)	-	8,556,434
Depreciation	-	6,309,164
	-	14,865,598

18. Previous year comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

For **Walker, Chandiok & Co**
Chartered Accountants

per **Sanjay Kumar**
Partner

Place : Hyderabad
Date : 27 May 2011

For and on behalf of the Board of Directors of
Four Soft Limited

Palem Srikanth Reddy
Chairman & Managing Director

Srinivas Prasad Edara
Director

Biju S. Nair
Chief Financial Officer

Kavitha Pakala
Company Secretary

Place : Hyderabad
Date : 27 May 2011

Disclosure under General Circular No. 2/2011 (No. 51/12/2007-CL-III) dated 8th February, 2011 issued by Ministry of Corporate Affairs, Government of India.

(All amounts are in ₹ Indian Rupees in Millions)

		Reporting Currency	Exchange rate	Capital	Reserves	Total assets	Total Liabilites	Investment other than investment in subsidiary	Turnover	Profit before tax	Provision for Taxation	Profit after tax	Country
1.	Four Soft BV	Euro	64.01	4,240,104	956,846,514	1,266,508,848	1,266,508,848	-	10,086,890	(16,272,646)	-	(16,272,646)	Netherlands
2.	Four Soft Netherlands BV	Euro	64.01	17,281,728	(200,611,296)	(183,329,568)	(183,329,568)	-	256,214,616	(1,545,931)	-	(1,545,931)	Netherlands
3.	Four Soft UK Ltd	GBP	72.79	146	281,140,912	281,141,058	281,141,058	-	181,106,811	13,654,450	5,176,419	8,478,031	United Kingdom
4.	Four Soft USA Inc	USD	45.40	59	51,399,222	51,399,281	51,399,281	-	265,520,322	(3,258,564)	(7,857,626)	4,599,062	United States
5.	Four Soft Singapore Pte Ltd	SGD	35.98	35,979,200	(68,464,109)	(32,374,849)	(32,374,849)	-	37,911,729	7,817,389	867,362	6,950,027	Singapore
6.	Four Soft Malaysia Sdn Bhd	MYR	15.11	151,085,000	(153,362,109)	(2,277,109)	(2,277,109)	-	72,872	(231,246)	-	(231,246)	Malasia
7.	Four Soft Japan KK	Yen	0.55	1,643,700	(7,867,106)	(6,223,406)	(6,223,406)	-	7,052,150	419,778	37,583	382,195	Japan
8.	Four Soft Nordic A/s	DKK	8.58	8,583,900	303,168,669	311,752,569	311,752,569	-	395,853,415	103,359,576	26,573,814	76,785,762	Denmark
9.	Four Soft Australia Pty Ltd	AUD	46.81	23,404	25,077,823	25,101,227	25,101,227	-	41,656,683	9,131,181	2,936,837	6,194,344	Austrlia
10.	Four Soft HK Ltd	HKD	5.83	5,828,900	8,741,055	14,569,955	14,569,955	-	1,640,580	1,400,710	1,948,419	(547,709)	Hongkong

Notes

1. None of the subsidiaries have proposed dividend to Four Soft Limited during the year.

For and on behalf of the Board of Directors of the
Four Soft Limited

Sd/-
Palem Srikanth Reddy
Chairman & Managing Director

Sd/-
Srinivas Prasad Edara
Director

Place : Hyderabad
Date : 27th May, 2011

4S

FOUR SOFT LIMITED

Registered Office: 5Q1 A3, 5th Floor, Cyber Towers, Hitech City, Madhapur, Hyderabad - 500 081 India.

ATTENDANCE SLIP

12th Annual General Meeting 28th September, 2011

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name and Address of the Shareholder	Registered Folio No.	Client ID and DP ID No.	No. of Share(s) held

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 12th Annual General Meeting of the Company, at the Chip Auditorium, Cyber Towers, HITEC City, Madhapur, Hyderabad, A.P at 11.00 a.m on Wednesday, the 28th September 2011.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Memeber, Please sign here	If Proxy, Please sign here

Note: 1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.
2. Members/Proxies are requested to bring their copy of the AGM Notice at the Meeting as the same will not be circulated at the Meeting.

4S

FOUR SOFT LIMITED

Registered Office: 5Q1 A3, 5th Floor, Cyber Towers, Hitech City, Madhapur, Hyderabad - 500 081 India.

ATTENDANCE SLIP

12th Annual General Meeting 28th September, 2011

Folio No .... Client ID No. and DP ID No. ....

I/We...of..being

a Memeber / Members of FOUR SOFT LIMITED, hereby appiont ....

....of...or failing

him / her..of...or failing

him / her... ....of...as my / our

proxy to vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company at the Chip Auditorium, Cyber Towers, HITEC City, Madhapur, Hyderabad. A.P. at 11.00 a.m. on Wednesday the 28th September, 2011 and at every adjournment thereof.

Signed this ....day of 2011

Affix Re 1.00 Revenue Stamp

Note: 1. Proxy need not be a member.
2. Proxy Form, complete in all respects, should reach the Registered Office of the Company not later than 48 hours before the time for holding of the Meeting.

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BOOK - POST

If undelivered, please return to:

4S FOUR SOFT
Internet Solutions for Logistics

5Q1, A2- A3,
Cyber Towers,
HITEC City Madhapur,
Hyderabad - 500 081 India.
Web : www.four-soft.com