



32<sup>nd</sup>

# ANNUAL REPORT

2013-2014



**CONTENTS**

	Page No.
Notice	3
Director's Report	12
Management Discussion Analysis Report	16
Corporate Governance	18
Auditor's Report	27
Balance Sheet	33
Profit & Loss Account	34
Cash Flow Statement	35
Notes to Accounts	36
Attendance Slip	54
Proxy Form	55

**Board of Directors**

Mr. Katragadda Rajesh	Chairman
Mr. Pal Natarajan	Managing Director
Mr. Sanjiv Gupta	Director
Mr. Ramanujam Kuppusamy	Director
Mr. Sriram Nimmagadda	Director

**Company Secretary**

Ms.G.Pushkarini

**Bankers**

HDFC Bank Ltd  
Banjara Hills branch  
Hyderabad

**Registered Office**

Block "A", Wing "2", Level -6, Cyber Gateway,  
Madhapur, Hyderabad- 500 081  
Telangana, INDIA.  
Phones: +91-40-66222333  
Fax: + 91-40-66222444  
Email: cosecy@bodhtree.com  
Website: [www.bodhtree.com](http://www.bodhtree.com)  
CIN: L74140TG1982PLC040516

**Registrar & Share Transfer Agents:**

Venture Capital and Corporate Investments Private Limited ,  
12-10-167, Bharatnagar,  
Hyderabad-500018  
Ph: 040-23818475/476,  
Fax: 040-23868024  
Email: info@vccilindia.com

**NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of Bodhtree Consulting Limited will be held at Gen X Kasani GR Hotel, Beside Indian Oil Petrol Pump, Hitech-city, Madhapur, Hyderabad - 500081, Telangana, INDIA, on Tuesday, the 23<sup>rd</sup> day of December, 2014, at 10.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjiv Gupta, Director (DIN:00233040) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the sixth consecutive Annual General Meeting and to fix their remuneration and to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s.Nissar & Kumar, Chartered Accountants (Firm Registration No: 127820W), be and are hereby appointed as the statutory auditors of the Company, in the place of M/s.Pavuluri & Co, who expressed their inability to continue as such, to hold office from the conclusion of this AGM to the conclusion of the sixth consecutive AGM and that the Board of Directors, be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors.†

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Katragadda Rajesh (DIN No: 02727491), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from ensuring Annual General Meeting.†

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing

Agreement, Mr. Nimmagadda Sriram (DIN No:02978454), Director of the Company, whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from ensuring Annual General Meeting.î

**6. To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 203, 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company and subject to approval of the Central Government, Mr. Palaniappan Natarajan (DIN: 03607899), be and is hereby re-appointed as Managing Director of the Company, for a period of three years with effect from 5<sup>th</sup> September, 2014, as approved by the Nomination and Remuneration Committee on the remuneration, perquisites and other allowances as detailed hereunder and that the overall managerial remuneration (excluding allowable perquisites) shall not exceed the limit of Rs.42 lakhs per annum as specified under Schedule V of the Companies Act, 2013:

**A. Salary :**

Basic Salary Rs. 5,833/- per month.

**B. Other Allowances:**

- HRA 50% of Basic Salary per month;
- Conveyance Allowance Rs.800/- per month;
- Special allowance Rs.6,418/- per month;
- Gratuity payable, shall not exceed, half a monthís salary, for each completed year of service;
- Encashment of leave at the end of the tenure;
- Any other allowances as per the policy of Company

**“RESOLVED FURTHER THAT** the remuneration aforesaid including the perquisites and other allowances shall be paid and allowed to Mr. Palaniappan Natarajan, Managing Director, as minimum remuneration during the currency of his tenure, in the event of loss or inadequacy of profits in any financial year for a period of three (3) years.î

**“RESOLVED FURTHER THAT** the Board be and is here by authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.î

**By Order of the Board**

**Place: Hyderabad**

**Date: 14<sup>th</sup> November, 2014**

**Sd/-**

**Pal Natarajan**  
**Managing Director**  
**DIN:03607899**

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than Forty-eight hours before the meeting.
2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of special business items is annexed hereto.
3. The register of members and Share Transfer Books of the Company will remain closed during the period from 15-12-2014 to 22-12-2014 (both days inclusive).
4. Members are requested to send all communications relating to shares and any change in address to the Registrar and Share Transfer Agent, M/s.Venture Capital And Corporate Investments Private Limited. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holding into one folio.
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. Additional copy of Annual Report and duplicate attendance slip will not be issued at the place of 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. Pursuant to the requirements on the Corporate Governance under the Listing Agreement entered into with the Stock Exchanges, the information about the directors proposed to be re-appointed/ appointed is given in the **Annexure-A** to the notice.
8. Trading in the Equity shares of the Company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is **INE104F01011**.
9. The members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.

**10. Instructions about Voting:**

The Members are requested to opt for one mode of voting, i.e. either through e-voting or postal ballot. If a Member casts votes by both modes, then voting done through a valid e-Voting shall prevail and physical ballot form voting of that Member shall be treated as invalid. Please refer the following detailed instructions for both modes of voting.

**A) Voting through electronic means:**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing Members a facility to exercise their right to vote at the Physical Ballot by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

**The instructions for e-voting are as under:**

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii. Click on iShareholders tab.
- iii. Select the "BODHTREE CONSULTING LIMITED" from the drop down menu and click on iSUBMIT
- iv. Enter your User ID - For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

**If you are a first time user follow the steps given below.**

- vi. Fill up the following details in the appropriate boxes:

<b>PAN*</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
<b>DOB#</b>	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
<b>DIVIDEND BANK DETAILS</b>	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Sahit with sequence number 1 then enter SA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field.

- vii. After entering these details appropriately, click on iSUBMIT tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach iSet Passwordí menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the relevant EVSN for **BODHTREE CONSULTING LIMITED**.
- xi. On the voting page, you will see Resolution Description and against the same the option iYES/NO for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xii. Click on the **iResolutions File Link** if you wish to view the entire Resolutions.
- xiii. After selecting the resolution you have decided to vote on, click on **iSUBMIT**. A confirmation box will be displayed. If you wish to confirm your vote, click on **iOK**, else to change your vote, click on **iCANCEL** and accordingly modify your vote.
- xiv. Once you **iCONFIRM** your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on **iClick here to print** option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.

II. The voting period begins on 17-12-2014 (9.00 AM) and ends on 18-12-2014 (5.00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as of 12-12-2014 (i.e., the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

III. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (**iFAQs**) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

IV. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 12-12-2014.

V. N.Vanitha, Practicing Company Secretary (C.P. No: 10573), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

**B) Other Instructions:**

- I. The Scrutinizer will collate the votes downloaded from the e-voting system to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.bodhtree.com](http://www.bodhtree.com) and be communicated to the Stock Exchanges where the Company is listed, viz. MSE Ltd.
- III. Members may address any query to Ms. G. Pushkarini, Company Secretary at the Registered Office of the Company, Tel. No.040-66222333, e-mail address: [cosecy@bodhtree.com](mailto:cosecy@bodhtree.com), Website: [www.bodhtree.com](http://www.bodhtree.com).

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

**Item No.3**

M/s.Parvuluri & Co., Statutory Auditors of the Company expressed their inability to continue as such. In consideration of this, the Board of Directors at their meeting held on 14<sup>th</sup> November, 2014, proposed the appointment of M/s. Nissar & Kumar, Practicing Chartered Accountants, (Firm Reg. No.127820W) to the office of statutory auditors pursuant to the recommendations of audit committee and recommended the approval of members for the resolution mentioned in the item no.3.

The following statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

**Item Nos. 4 & 5**

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which came into effect from 1<sup>st</sup> April, 2014, Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation and the term shall be effective prospectively.

The Board of Directors of the Company decided to adopt the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and the amended Listing Agreement.

All the Directors proposed to be appointed under these resolutions are Non-Executive Independent Directors of the Company.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr.Katragadda Rajesh and Mr.Nimmagadda Sriram being eligible, offer themselves for appointment, and are proposed to be appointed as Independent Directors for a term as stated in the Resolutions.

The Nomination and Remuneration Committee and the Board of Directors have recommended appointment of Mr.Katragadda Rajesh and Mr.Nimmagadda Sriram as Independent Directors of the Company.

Mr.Katragadda Rajesh and Mr.Nimmagadda Sriram, non-executive independent directors of the Company, have given declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, each of these Directors fulfill the conditions specified in the Companies Act, 2013 and Rules made there-under for their appointment as Independent Directors of the Company and they are independent of the management. These Directors are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director.

Copies of the draft letter for appointment of Mr.Katragadda Rajesh and Mr.Nimmagadda Sriram as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Clause 49 of the Listing Agreement, is provided at Annexure A of this Notice.

Except these Directors, being appointees or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 4 & 5.

**Item No. 6****Re-appointment of Managing Director:**

Pursuant to the provisions of Sections 203, 196, 197 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company subject to approval of the members and Central Government, re-appointed Mr.Palaniappan Natarajan, as the Managing Director of the Company, on 14.08.2014 for a period of 3 years with effect from 05.09.2014 on the remuneration, perquisites and other allowances as set out at Item No. 6 in the proposed Ordinary Resolution.

Mr.Palaniappan Natarajan, has been working for the Company since May, 2011. He holds an Engineering degree in Computer Science from Annamalai University. He is incharge of all the Operations of the Company since his appointment as Managing Director. He has 20+ years of experience in global executive management, through both consulting for Fortune 500 companies and working in the industry to enable and transform business capabilities. His leadership, technology insight and operational expertise helped the Company streamline business operations, expand into new markets and increase its product and services portfolio. He had accelerated and systematized go-to market business models, architected business solutions and delivered programs to monetize additional revenue, reduce costs and maintain a competitive edge, built consulting practices and led global implementations for Fortune 500 companies.

Keeping in view of his experience and expertise, the Board recommended the resolution at Item No. 6 for approval of Members.

Apart from the remuneration payable, Mr.Palaniappan Natarajan does not have any other pecuniary relationship with the Company. He neither has any interest in the Capital of the Company nor related to any director or promoter in any way either in the company or its holding company. Except Mr.Palaniappan Natarajan none of the other directors are concerned or interested in this resolution.

**STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 :****I. GENERAL INFORMATION:****1. Nature of Industry:**

The company operates in IT industry and is a provider of innovative consulting and technology services. The company has niche strengths in building and managing a Business Oriented IT environment with rich experience in technology incubation, Product engineering, Business intelligence, Data Management, SOA Consulting, CRM Consulting, Analytics, Data Warehousing and Sharepoint Consulting.

**2. Date of commencement of commercial production: 28<sup>th</sup>July, 1982****3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.****4. Financial performance based on given indicators:**

<u>Particulars</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	Rs.(in Lakhs)
Turnover/Income	4753.90	4347.55	4421.75	
Net Profit / Loss before Tax & Appropriation	353.32	(708.43)	63.57	

**5. Foreign investments or collaborations**

51.29% of the paid-up capital is held by M/s.Bodhtree Solutions Inc., U.S.A. being the promoter company. Company does not have any foreign collaboration.

**II. INFORMATION ABOUT THE APPOINTEE:****1. Background details:**

Mr.Palaniappan Natarajan, has been working for the Company since May, 2011. He holds an Engineering degree in Computer Science from Annamalai University. He has 20+ years of experience in global executive management, through both consulting for

Fortune 500 companies and working in the industry to enable and transform business capabilities.

**2. Past Remuneration: Rs.8,12,212/- p.a.****3. Recognition & Awards: None****4. Job Profile & Suitability:**

He is in charge of all the Operations of the Company since his appointment as Managing Director. His leadership, technology insight and operational expertise helped the Company streamline business operations, expand into new markets and increase its product and services portfolio. Considering his skills and commitment, he is found suitable for re-appointment as the Managing Director.

**5. Remuneration proposed: As detailed in Item No. 6****6. Comparative remuneration profile with respect to industry, size of the Company, Profile of the position and person:**

Considering general industry and the specific company profile, the proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the industry and of the position and person.

**7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel:**

Has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration.

**III. OTHER INFORMATION :****1. Reason of Loss or inadequate profits :**

The Company's revenue was affected to a large extent as its major client CISCO moved out permanently during the year under review which used to contribute to 40%-50%, of its revenue.

**2. Steps taken or proposed to be taken for improvement :**

The management is continuously striving to improve the performance of the Company and has taken steps to expand its operations into Health care and Govt. projects and by strengthening its client base.

**3. Expected increase in productivity and profits in measurable terms :**

The Company already started executing various Govt. projects and Health care related projects and expected to post a good top-line in the current financial year i.e. 2014-15.

**IV. DISCLOSURES:**

The Company is not paying any remuneration to any of its directors except the sitting fees to be paid for attending the board and committee meetings.

**By Order of the Board**

**Place: Hyderabad**

**Date: 14<sup>th</sup> November, 2014**

**Sd/-**

**Pal Natarajan**  
**Managing Director**  
**DIN:03607899**

**Annexure A**  
 Details of Directors as on March 31, 2014 seeking appointment/ re-appointment at the Annual General Meeting (Pursuant to Clause 49(IV)(E) and 49(IV)(G)(i) of the Listing Agreement). The particulars of Mr. Sanjiv Gupta, Mr. Rajesh Ktragadda and Nimagadda Siram are given below :

A	Name	Mr. Sanjiv Gupta	Rajesh Ktragadda	Nimagadda Siram
B	Brief Resume	52 years	38 years	40 years
i)	Age	B.Com		
ii)	Educational Qualification			
iii)	Experience in specific functional area			
iv)	Date of appointment on the board of the Company (Bodhtree Consulting Limited)	03-11-1999 (DIN: 00233040)	10-05-2013 (DIN No: 0277491)	19.02.2011 (DIN No: 02978454)
C	Nature of expertise in functional area	<p>He founded Bodhtree Ltd to offer niche Web Services expertise to the Industry and tied up with reputed organizations like Hewlett-Packard and AU System (Sweden). He expanded the company into other high-growth areas like Data Quality Management and Business Analytics and partnered with leading healthcare giants in the US. He initiated a Strategic Business Unit within the company focused on offering New Media Delivery and Archival services to the publication industry and has led it to become a separate corporate entity called Pressmart Media Limited. He has also co-founded Trylah, a first-of-its kind B2B mobile search classified service based in Malaysia and expanding rapidly across the South East Asia. He is also the co-founder of 24x7guru.com, an education E-Assessment portal in the only portal of its kind that has already served over 2.7 million students offline.</p>	<p>He was worked in different cultural backgrounds in USA and UK and discharged roles as the key single point of contact for the domain areas of Trade Reconciliations, Wealth Management, Credit Ratings, Reference data Management, Transfer Agency and Stock broking projects encompassing Banking and Financial service domain.</p>	<p>He is associated with various companies as a Consultant, providing expert guidance and advice on various technical and commercial functions.</p>
D	Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies Act, 1956)@	<p>1. Mas Trading And Investments (P) Ltd 2. Culinary Cuisines Private Ltd 3. Mystic Accessories Private Ltd 4. POP Software Solutions Private Ltd 5. Skyhigh Networks Technologies Private Ltd 6. Artful Gallery Private Ltd 7. Bodhtree Solutions Private Ltd 8. Mobile2 Technologies Private Ltd 9. Normak Fashions Private Ltd</p>	<p>New Era Medical Solutions Private Limited</p>	<p>Caspar Fisheries Private Limited</p>
E	Name(s) of the other Companies in which committee Membership(s) held	NIL	NIL	NIL
F	No. of shares of Rs.10/- each held by the Director <sup>#</sup>	8,66,100	NIL	NIL
G	Relationship between Directors inter se / As per section 277 of the Companies Act, 2013 and Companies (Specification of definitions details) Rules, 2014	NIL	NIL	NIL

Note: @ This does not include position in foreign companies, position as an advisory board member and position in companies under Section 25 of the Companies Act, 1956 (corresponding to companies under Section 8 of Companies Act 2013) but includes private limited companies.

# Includes shares held jointly with immediate family members.

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Thirty Second Annual Report on the business and operations of your Company and the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2014, together with the Auditors' Report thereon.

**PERFORMANCE OF THE COMPANY:**

Your Company's results for the year in comparison with the previous year are given below in a summarized format:

<b>Particulars</b>	<b>Rs. in Lakhs</b>	
	<b>2013-14</b>	<b>2012-13</b>
Income from Operations	4670.04	4286.80
Other Income	83.86	60.75
<b>Total Income</b>	<b>4753.90</b>	<b>4347.55</b>
Operating Expenditure	4333.93	4859.27
Profit (Loss) before depreciation & Tax	419.97	(511.72)
Depreciation	88.40	80.09
<b>Operating Profit (Loss)</b>	<b>331.57</b>	<b>(591.81)</b>
Prior Period & Exceptional Items	21.75	121.34
Profit before Tax & Extra-Ordinary Items	353.32	(713.15)
Extra-ordinary Items	0	0
Tax Expense / (Reversal)	(31.57)	46.18
<b>Profit (Loss) after tax</b>	<b>321.75</b>	<b>(666.97)</b>

**FINANCIAL PERFORMANCE:**

During the year under review the Company reported a total income of Rs.4753.90 Lakhs against Rs.4347.55 Lakhs in the previous year. The Operating profit amounted to Rs.331.57 Lakhs as against operating loss of Rs.591.81 Lakhs in the previous year. The Company reported profit primarily due to the measures brought in by the management to reduce operational costs without compromising the ability to earn and grow further.

**DIVIDEND:**

Your Directors regret to inform that they do not recommend any dividend for the financial year 2013-14.

**CAPITAL:**

During the year under review, the Company has not raised funds.

**TRANSFER TO RESERVES:**

An amount of Rs.321.75 Lakhs was transferred to reserves during the year under review.

**DIRECTORS:**

During the year, Mr.A.Shankaraiah, director of the Company, resigned w.e.f. 28<sup>th</sup> May, 2014. In accordance with the provisions of the Companies Act, 2013, Mr.Sanjiv Gupta retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

According to the provisions of section 149 and 152 of the Companies Act, 2013, all Independent directors are proposed to be re-appointed for a period of 5 years. Necessary resolutions have been incorporated in the notice to the ensuing annual general meeting.

**DIRECTORS' RESPONSES ON THE QUALIFICATIONS MADE BY THE STATUTORY AUDITORS IN THE AUDITORS REPORT:**

Propriety Audit was initiated to ascertain the current value of investments made in M/s.Pressmart Media Ltd. and M/s.Learnsmart (India) Private Ltd., the Board of Directors is of the view that appropriate provisions will be made in the books of accounts upon quantification of the value.

The Board of Directors is resorting to various measures to recover the outstanding debit balance from M/s.E2E Analytix Inc. and M/s.Learnsmart (India) Private Ltd., Statutory dues would be cleared once the cash inflow crisis gets settled.

**DEPOSITS:**

During the year, the Company has not accepted any deposits covered under the provisions of Section 58A of the Companies Act, 1956, read with Companies (Acceptance of the Deposit Rules), 1975 and as such, no amount of principal or interest was outstanding as on the balance sheet date.

**PARTICULARS REQUIRED UNDER SEC 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, FOR THE YEAR UNDER REVIEW ARE AS UNDER:**

Details of employees of the Company drawing remuneration exceeding the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is as mentioned below:

Name & age (Years)	Designati on/ Nature of Duties	Remuneration (In Rs.)	Qualifications	Experie nce (Years)	Date of Joining	Particulars of last Employment
Sujith Kumar Krishnan & 42 years	Vice President	87,00,000 p.a.	MBBS, MBA	19	06-01-2014	Vice President at Bio-Genex

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm as follows:

1. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2014 the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March, 2014 on a going concern basis.

**ADDITIONAL PARTICULARS:**

The additional particulars as required by Sec. 217(1)(e) of the Companies Act, 1956, are applicable to your company only in respect of Foreign Exchange inflow and outgo.

The details are as follows:

(In Rupees)

Particulars	2013-14	2012-13
Value of Imports ñ CIF Basis	Nil	Nil
Expenditure in Foreign Currency	45,84,615	12,582,425.54
Foreign Currency Earnings ñ FOB basis	297,043,728.00	253,417,981.00

**AUDITING SYSTEM:**

- i. The financial statements have been audited by M/s.Pavuluri & Co., Chartered Accountants, the independent Auditor.
- ii. The audit committee of your Company meets periodically with the internal auditor to review the performance of internal audit, to discuss the nature and scope of the internal auditor's functions, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditor and the internal auditor have full and free access to the Members of the Audit Committee to discuss any matter of substance.

**AUDITORS:**

M/s.Pavuluri & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Audit Committee and the Board recommended the re-appointment of M/s.Pavuluri & Co., Chartered Accountants, as Statutory Auditors of your Company.

The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits prescribed under Section 141 of the Companies Act, 2013 and

that they are not disqualified for re-appointment within the meaning of Section 139 (9) of the Companies Act, 2013. Accordingly, their appointment as Statutory Auditors is being proposed as an Ordinary resolution.

**PERSONNEL:**

Your Company's employees are integral to the Company's success. Employees are empowered with friendly work conditions which propels them to improve their level of performance. Employee's dedication and commitment for the growth of organization enabled the Company to deliver credible performance year after year. The Board of Directors acknowledges the contribution and efforts put in by the employees of the Company.

**INDUSTRIAL RELATIONS:**

Your Company has had harmonious relations throughout the year at all levels of the organization, and would endeavor to maintain this cordial relationship in the future. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and cooperation extended by the employees at all levels.

**CORPORATE GOVERNANCE:**

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as Annexure - II to this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A report on the Management Discussion and Analysis for the year under review is annexed as Annexure-III and forms part of the Annual Report.

**ACKNOWLEDGEMENTS:**

Your Directors express their sincere appreciation and gratitude to HDFC Bank, Banjara Hills Branch, Hyderabad, for their continued support and to all employees, shareholders, customers, partners, vendors and various statutory authorities, who have extended their immense support to the Company.

**For and on behalf of the Board**

**Place: Hyderabad**

**Date: 9<sup>th</sup> September, 2014**

**Sd/-**

**Pal Natarajan  
Managing Director  
DIN: 0360789**

**Sd/-**

**K.Rajesh  
Director  
DIN: 02727491**

---

**ANNEXURE – I TO THE DIRECTORS' REPORT**  
**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

---

**INDUSTRY STRUCTURE AND DEVELOPMENT:**

Driven by an improvement in the global economic climate and rise in the technology spend, FY2014 brought optimism for the Indian IT industry. Rapid technology transformation is leading to altered and dynamic client engagement, which in turn is fueling business transfiguration, speeding up delivery services, and driving innovation capabilities across practices and operations. Technology itself has journeyed from hardware, to enterprise software, to digital solutions becoming an integral part of every industry. This evolving landscape presents our industry with rapid growth prospects. The need of the hour is to prioritize domains based on potential size, market readiness and the growing significance of policy evolution offering specifically tailored model for each specialized domain in the IT sector. A gradual revival in consumer confidence leading to return of discretionary spending, and increased demand from US and Europe will help drive exports this year while US continues to be the largest geographic market for India, there will be revival in demand from Europe in FY14.

**OPPORTUNITIES AND THREATS:**

India is the only country that offers the depth and breadth of offerings across different segment of this industry – IT Services, BPM, Engineering & R&D, Internet & Mobility and Software Products. Existing and new companies are expanding their offerings to build India as the hub for analytics, mobility, cloud, social collaboration and emerging verticals like healthcare and medical devices. The rapid adoption of Internet and mobile is creating enormous opportunities for entrepreneurship in the country. Changing business models, emergence of new technologies, buyer segments and solutions for emerging markets will help India retain its position as the global sourcing leader and an emerging trustworthy innovation hub. Increase in global technology spending and opportunities created through adoption of disruptive technologies enable transformation in India and add to India's GDP.

Our clients expect the industry to tell them what is best, suggest changes, improve and replace existing workflows. Today the vendor has to be a lot more enterprising, display entrepreneurship to ensure a service delivery that is IP driven and productized, involves global delivery and talent, served over multiple platforms, has the customer at the centre of every module, and is transformative in nature. Customers want solutions that do not have capex involved, and today vendors have to design them as a pay as you go model, and recover their costs on a gain-share basis. The Indian IT-BPM industry is leading the drive to design solutions incorporating SMAC (social, mobile, cloud, analytics) to offer innovative, enterprising answers. These enterprising solutions are able to create client impact on not only cost, but also revenues, profit margins and cash flows.

**FUTURE OUTLOOK ON RISKS AND CONCERNS:**

The following lists our risk and concerns:

- Our revenues are highly dependent on clients primarily located in the U.S. and Europe, and an economic slowdown or other factors that affect the economic health of the U.S. or Europe may affect our business.

- Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train our personnel.
- Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and may decrease our revenues.
- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.
- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

We are working towards enabling radical transformation by reducing costs, increasing access, enhancing efficiency and enabling innovation in the sector.

### **OVERVIEW OF OPERATIONS:**

During the year under review the Company reported operating profit of Rs.331.57 Lakhs. The Company reported profit primarily due to the measures brought in by the management to reduce operational costs without compromising the ability to earn and grow further.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The members are informed that the Company has been accredited with quality standards of ISO 9001:2008, ISO 27001:2005 and CMMI – Level 3. Apart from this, the Company has adequate internal controls commensurate with the size and operations.

Periodical internal quality audits and management review meetings ensure successful implementation of the Quality Management System. The ISO 9001: 2008 and ISO 27001:2005 compliance will seamlessly integrate all the intra and inter-departmental activities of the organization, simultaneously ensuring effective monitoring of the operations of the organization. Surveillance audit for continuation of ISO certification will be conducted by external auditors.

In addition, the Company has appointed Independent Internal Auditors to carry out the internal audit on a regular basis. The internal audit is supplemented by external audit, and periodic review by the Management.

### **HUMAN RESOURCES:**

Your company has rationalized its human resources effectively. The approach of the company has been to nurture talent and inculcate a sense of belonging amongst its personnel. The Company provides an environment which encourages initiative, innovative thinking and rewards performance. The Company ensures training and development of its personnel through succession planning, job rotation, on -the- job training and various training programs and workshops.

### **CAUTIONARY STATEMENT:**

Statements in the iManagement Discussion and Analysisî describing the Companyís objectives, estimates, expectations or projections may be ifoward looking statementsî within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Companyís operations include: Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

**ANNEXURE – II TO THE DIRECTORS' REPORT**

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to Clause 49 of the Listing Agreement)

**I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy on Corporate Governance is to provide highest transparency, and adherence to ethical values to build strong Corporate Governance systems. It endeavors to ensure adherence to the Code of Corporate Governance by complying with regulatory requirements and maintaining high standards of moral and ethical conduct to enhance the benefit of shareholders, employees, lenders and customers. The Company has also adopted Code of Conduct for the Board of Directors and other Senior Level Management.

The company has complied with the requirements of the Corporate Governance code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed herein below.

**II. BOARD OF DIRECTORS:**

The Board of Directors presently comprises of 5 (five) Directors, having versatile knowledge and skills in their respective domains, out of which 4 (four) are Non-Executive Directors. The Company has a Non-Executive Independent Director as the Chairman. The Independent Directors are more than 1/3<sup>rd</sup> of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

The composition of the Board, attendance at Board meetings (BM) held during the financial year under review and attendance at the last Annual General Meeting (AGM), number of directorships and memberships in public limited Companies and committees (including the Company) are given below:-

Name of the Director	Category	Attendance particulars		As on date			
		Board Meetings		Last AGM	No. of other Directorships <sup>2</sup>	Committee Positions <sup>3</sup>	
		Held	Attended			Member	Chairman
Sanjiv Gupta	Non-executive Promoter Director	4	3	Yes	1	0	0
Pal Natarajan	Managing Director	4	4	Yes	1	1	0
N.Sriram	Non-executive Independent Director	4	1	No	1	2	0
A.Shankaraiah <sup>1</sup>	Non-executive Independent Director	4	4	Yes	2	2	0
K.Ramanujam	Non-executive, Non-Independent Director	4	1	No	2	1	0
K.Rajesh	Non-executive Independent Director	4	4	Yes	1	2	2

1. Resigned w.e.f. 28<sup>th</sup> May, 2014

2. Other than Directorships in Private Limited Companies, Section 25 Companies, Foreign Companies and Associations

3. Only Audit Committee and Shareholder Grievances Committee positions

\* Mr. T. Vikram Simha retired from the directorship at the last AGM i.e. 28<sup>th</sup> June, 2013.

During the year under review, four (4) Board meetings were held on 16<sup>th</sup> May, 2013; 9<sup>th</sup> August, 2013; 14<sup>th</sup> November, 2013 and 13<sup>th</sup> February, 2014.

Your Company holds minimum of four board meetings in each year with maximum time gap of four months between any two meetings. Additional Board meetings will be convened by giving appropriate notice to address the urgent needs of the Company. The Board may also approve permitted matters by passing resolution by circulation.

### **III. COMMITTEES OF DIRECTORS:**

#### **a) Audit Committee:**

The Company constituted a Qualified and Independent Audit Committee comprising of Three Non-Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 177 of the Companies Act, 2013.

The Committee is empowered with the powers as prescribed under Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time. The Audit Committee has adequate powers to play effective role as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

S.No.	Name of the Director	Designation	No. of meetings held during the period	No. of Meetings attended
1	K.Rajesh	Chairman	4	3
2	K.Ramanujam	Member	4	0
3	N.Sriram	Member	4	1
4	A.Shankaraiah*	Member	4.	4

\*Resigned w.e.f. 28<sup>th</sup> May, 2014

Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

Managing Director, Chief Financial Officer, Senior Manager – Finance, Statutory Auditors and Internal Auditors are also invited to the meetings, as required to brief the Committee Meetings. Internal Auditors would report their findings and recommendations to the Committee directly at the meetings.

Audit Committee meetings were held 4 (four) times during the year under review on 16<sup>th</sup> May, 2013; 5<sup>th</sup> August, 2013; 14<sup>th</sup> November, 2013 and 13<sup>th</sup> February, 2014. The gap between two audit Committee meetings was not more than four months. The necessary quorum was present at all the meetings. The Company Secretary will act as Secretary for the meetings.

**b) Nomination and Remuneration Committee:**

Nomination and Remuneration Committee was duly constituted in accordance with the requirements of the Companies Act, 2013 and Listing Agreement. The Committee is authorized as per the provisions of Companies Act, 2013 and to negotiate, finalize and approve the terms of appointment for Directors/Managing Directors/Whole time Directors and other Senior Executives on behalf of the Company. The composition of remuneration committee is as follows:

S.No.	Name of the Director	Nature of Directorship	Category
1	K.Ramanujam	Non-executive Non-Independent Director	Chairman
2	K.Rajesh	Non-executive Independent Director	Member
3	N.Sriram	Non-executive Independent Director	Member
4	Sanjiv Gupta	Non-executive Non-Independent Director	Member

Chairman and members of the Remuneration Committee are Non-Executive Directors.

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendation to the Board and acts in terms of reference of the Board from time to time. The Committee also evaluates the performance of Directors and acts in terms of reference of the Board from time to time.

The details of remuneration and other benefits paid during the year to the Managing Director as follows:

(Amt in Rs.)				
Name of Director	Salary & allowances	Other Benefits	Designation	Gross Remuneration
Pal Natarajan	8,12,212	-	Managing Director	8,12,212

**For Non-Executive Directors:**

Compensation paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Sitting Fee Paid (Rs.)	No. of shares held on 31-03-2014
Sanjiv Gupta	18,000	8,66,100
N.Sriram	12,000	NIL
A.Shankaraiah <sup>#</sup>	54,000	NIL
K.Ramanujam	6,000	2,10,400
K.Rajesh	48,000	NIL

# Ceased to be the director w.e.f. 28<sup>th</sup> May, 2014.

Other than payment of sitting fees to Non-executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

**c) Stakeholders' Relationship Committee:**

The present composition of the Stakeholders' Relationship Committee is as under:

S.No.	Name of the Director	Designation
1	K.Rajesh	Chairman
2	Kuppusamy Ramanujam	Member
3	N.Sriram	Member

The Committee is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, issue of duplicate share certificates, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer, to approve share transfers/transmissions and comply with other formalities in relation thereto.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no pending investor complaints pertaining to the Financial Year ended 31<sup>st</sup>March, 2014.

**d) Risk Management Committee:**

Risk Management Committee was duly constituted in accordance with the requirements of the Listing Agreement. The composition of Risk Management committee is as follows:

S.No.	Name of the Director	Designation
1	K.Rajesh	Chairman
2	Kuppusamy Ramanujam	Member
3	N.Sriram	Member

Chairman and members of the Remuneration Committee are Non-Executive Directors.

The Committee acts in terms of reference of the Board and was entrusted with the responsibility to assess the risks, frame, implement and monitor the risk management plan for the Company through means of properly defined roles and responsibilities.

**IV. GENERAL BODY MEETINGS:****i) The location and time of the last three Annual General Meetings are as follows:**

Year	Location	Date & Time	Special Resolutions
2012-13	Crystal-II Hall, Hotel Aditya Sarovar Premiere, Hitech City, Gachibowli, Hyderabad- 500032	28.06.2013 10.00 A.M.	No Special Resolution

2011-12	Crystal-II Hall, Hotel Aditya Sarovar Premiere, Hitech City, Gachibowli, Hyderabad-500032	28.09.2012 11.00 A.M.	No Special Resolution
2010-11	# 8-2-351/N/1, Road No 2, BanjaraHills, Hyderabad-500034	30.09.2011 10.00 A.M.	Appointment of Managing Director

**ii) Special Resolutions passed in Extra-Ordinary General Meetings:**

Year	Date	Special Resolutions
2013-14		No Extra Ordinary General Meeting of the Members was held during the year
2012-13	05.11.2012	Consent under Section 81 (1A) of the Companies Act, to issue shares on preferential basis
2011-12	30.05.2011 (Court Convened Meeting)	Consent to merge Advanced Consulting Partners (India) Pvt. Ltd, with the Company

**V. OTHER DISCLOSURES:**
**i) Disclosures on Materially Significant Related Party Transactions:**

Besides the transactions mentioned else wherein the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

**ii) Details of Non-Compliance and Penalties:**

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchanges, Securities and Exchange Board of India or any Statutory Authority relating to the capital markets.

**iii) Whistle Blower Policy:**

As per Internal Code of Conduct and Vigil Mechanism, employees have been given access to the Audit Committee.

**iv) CEO/CFO Certification:**

The Managing Director (CEO) and Chief Financial Officer have certified and submitted a certificate on the financial results and other compliance of statutory requirements, to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March, 2014.

**v) Compliance Certificate:**

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this Report.

**vi) Code of Conduct:**

The Company has posted the Code of Conduct for Directors and Senior Management on its website. The Code of Conduct is applicable to all Directors and Senior Management Personnel of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the Financial Year ended 31<sup>st</sup> March, 2014. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this report.

**vii) Details of Compliance with Mandatory Requirements and Adoption of the Non-mandatory Requirements:**

The Company has complied with the mandatory requirement of Clause 49 and is in the process of implementation of Non-mandatory requirements.

**viii) Relationships inter-se among Directors:**

No Director is related to any other Director on the Board in terms of provisions of Section 2(77) of the Companies Act, 2013 and rules made there-under.

**VI. MEANS OF COMMUNICATION:**

Your Company complied with the requirements of Clause 41 of the Listing Agreement. Quarterly Results, Half Yearly and Annual Results are normally published in the Business Standard (English Newspaper) and Andhra Prabha (Telugu- Regional).

The Financial Results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website [www.bodhtree.com](http://www.bodhtree.com).

Management Discussion & Analysis forms part of the Annual Report.

**VII. GENERAL SHAREHOLDER INFORMATION:**

<b>a.</b>	<b>Annual General Meeting:</b>	
	<b>Date and time</b>	23 <sup>rd</sup> December, 2014 at 10.00A.M.
	<b>Place</b>	
<b>b.</b>	<b>Financial Year</b>	1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014
<b>c.</b>	<b>Date of Book Closure</b>	15 <sup>th</sup> December, 2014 to 22 <sup>nd</sup> December, 2014 (Both days inclusive)
<b>d.</b>	<b>Dividend Payment Date</b>	N.A.
<b>e.</b>	<b>Listing on Stock Exchanges</b>	The Madras Stock Exchange Limited. The Company is in the process of making an application to BSE for direct listing as the MSE is under closure.

<b>f.</b>	<b>Demat ISIN No. in NSDL &amp; CDSL for Equity shares</b>	INE104F01011		
	The listing fee and custodial fee was paid upto date to the Stock Exchanges and Depositories.			
<b>g.</b>	<b>Market Price Data:</b> High, Low, No. of shares traded during each month in last financial year	There has been no significant trading in the shares of the company during the year under review		
<b>h.</b>	<b>Registrar and Transfer agents</b>	Venture Capital and Corporate Investments Pvt. Limited 12-10-167, Bharatnagar, Hyderabad-500018		
<b>i.</b>	<b>Share transfer system</b>	To expedite the process of share transfers, the Board of the company has delegated the power of share transfer to Registrar and Transfer agents. Demat requests are normally confirmed within 21 days from the date of receipt of request.  Pursuant to Clause 47(C) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary certifying due compliance of share transfer formalities.		
<b>j.</b>	<b>Distribution of shareholding as on 31.03.2014</b>	<b>Group</b>	<b>No. of shares</b>	<b>%</b>
		Promoter	11361600	64.75
		Individual investors	2862264	16.31
		Bank & Institutions	100000	0.57
		Bodies corporate	995470	5.67
		Others	2226833	12.70
		<b>Total:</b>	17546167	100
<b>k.</b>	<b>Dematerialization of shares and Liquidity</b>	28% of the shares have been dematerialized up to 31 <sup>st</sup> March, 2014. Trading in Equity shares of the company is permitted only in Dematerialized form.		
<b>l.</b>	<b>Outstanding GDRs/ADRs/warrants or convertible bonds, conversion date and likely impact on the equity</b>	The Company has not issued any GDRs / ADRs/warrants / Convertible bonds.		
<b>m.</b>	<b>Registered Office and Address for correspondence</b>	10 <sup>th</sup> Floor ñ Unit No: 2, (Right Wing) Vega Block the ëVÍ, Plot No: 17, Ascendas, Software Unit Layout, Hitech City, Madhapur, Hyderabad-500 081, Telangana, INDIA Phones: +91-40-66222333 Fax: + 91-40-66222444 Email: cosecy@bodhtree.com Website: www.bodhtree.com		

**MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S (CFO) CERTIFICATION**

We have reviewed the Financial Statements, read with the Cash Flow Statement of Bodhtree Consulting Limited for the year ended 31<sup>st</sup> March 2014, and that to the best of our knowledge and belief, we state that:

1. i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;  
ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
  - i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements, and
  - ii) There are no instances of fraud involving the management or an employee.

Sd/-

Sd/-

**Place: Hyderabad**  
**Date: 09.09.2014**

**Pal Natarajan**  
**Managing Director**

**L.N.Rama Krishna**  
**C.F.O**

**DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT**

I, Pal Natarajan, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2013-2014.

Sd/-

**Place: Hyderabad**  
**Date: 09.09.2014**

**Pal Natarajan**  
**Managing Director**

**PAVULURI& CO**

Chartered Accountants

#105, 1<sup>st</sup> Block, 1<sup>st</sup> Floor, Divya Shakti Complex, Ameerpet, Hyderabad 500 016  
Ph. Nos. 040 23731837, 40258691; email: pavuluriandco@gmail.com

---

To  
The Members of Bodhtree Consulting Limited,

**CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Bodhtree Consulting Limited (the Company) for the year ended 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

**For Pavuluri& Co**  
Chartered Accountants  
Firm Registration No: 012194S

**CA B.Kanthi Sree**  
Partner  
Membership No:224434

Place : Hyderabad  
Date : 28-05-2014

**PAVULURI& CO**

Chartered Accountants

#105, 1<sup>st</sup> Block, 1<sup>st</sup> Floor, Divya Shakti Complex, Ameerpet, Hyderabad 500 016  
Ph. Nos. 040 23731837, 40258691; email: pavuluriandco@gmail.com

**Independent Auditors' Report**

To the Members of  
**Bodhtree Consulting Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Bodhtree Consulting Limited (the Company), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

- I. Investment in equity shares of Pressmart Media Limited is being shown in the Balance sheet at cost of ₹ 672 lakhs. We are of the opinion that there is a fall in the value of this investment which is 'other than temporary.' The book value of investment as per the audited financial statements as at March 31, 2013 (Audited Financial Statements as on March 31, 2014 not available as on the date of report) is ₹ 99.43 lakhs. Had the company provided for the difference amount of ₹ 572.57 lakhs as diminution in the value of investment, the profit for the year would have been lower by the said amount.
  
- ii. The company has invested an amount of ₹50.50 lakhs in equity capital of Learnsmart India Private Limited. In addition to this an advance of ₹ 3.40 crores and a debit balance of ₹ 19.06 lakhs is receivable from the above named company. Based on the past performance of the company and the audited financial statement as on March 31, 2013 (Audited Financial Statements as on March 31, 2014 not available as on the date of report) we are of the view that there is a fall in the value of investment which is 'other than temporary.' The recovery of the advance and the receivable also appears to be difficult. In view of this the company should have made a provision for the probable losses both for the investment as well as the advance amount. If the company had provided for the probable loss, the Profit for the year would have been lower by the said amount.
  
- iii. The company has a debit balance of ₹ 2.91 crores is receivable from E2E Analitix Inc. Based on the duration it is outstanding and lack of progress in recovery procedures we are of the opinion that there is an uncertainty in recovery of said amount. In view of this, the company should have made a provision for the doubtful debts.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements 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.

- (a) In this case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date,
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  
2. As required by Section 227(3) of the Act, 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 purpose 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
  - e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For PAVULURI & Co.  
Chartered Accountants**  
Firm Registration No: 012194S

Place: Hyderabad  
Date: 28.05.2014

Sd/-  
**CA B KANTHI SREE  
PARTNER  
M.No.: 224434**

**Annexure to Independent Auditors' Report**

**Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date**

1. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.
  - (c) According to the information and explanations furnished to us, the Company has not disposed of a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories, the Company is a Service Company, primarily rendering information technology services. Accordingly it does not hold any physical inventories. Thus Paragraph 4(ii) of the Order is not applicable.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) The company has made the following advances to the parties covered in the register maintained under section 301 of the Companies Act, 1956.

a.Learnsmart India Private Limited - ` . 3,39,56,501/-	b.Pressmart Medial Limited - ` . 33,547/-
--	---
  - b) The company has not charged any interest on the above mentioned advance. In our opinion as given in the 'Basis for Qualified Opinion Paragraph' in 'Independent Auditors' Report' the recovery of the above mentioned advance is doubtful.
  - c) According to the information and explanation given to us, the Company has not taken any loan from parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct the weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - (a) According to the information and explanation given to us we are of the opinion, that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to ? 5,00,000/- or more in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits as defined under section 58A of the Companies Act'1956. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the services rendered by the Company.
9. In respect of Statutory Dues:
  - (a) According to the books and records of the company, the company is not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities.
  - (b) According to the information and explanations given to us, there are undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2014 for a period exceeding six months from the date they became payable and the details of outstanding dues are as below:

Nature of Due	Amount Outstanding for period exceeding 6 Months
Provident Fund	1,30,33,814
TDS Deducted	1,71,38,291

10. The Company has no accumulated losses and has not incurred cash loss in the current Financial Year; however the Company has incurred cash loss in immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks and financial institutions.
12. Based on audit procedures and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. In our opinion and according to the information and explanations given to us and on an overall examination of the books of accounts of the Company, no term loans were raised during the year.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, the funds raised on short-term basis have not been used for long-term investments.
18. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence, the question of creating securities in respect thereof does not arise.
20. The company has not raised any monies by way of public issues during the year.
21. On the basis of our examination and according to the information and explanations given to us, no material fraud, on or by the Company, has been noticed or reported during the year.

**For PAVULURI & Co.  
Chartered Accountants**  
Firm Registration No: 012194S

Place: Hyderabad  
Date: 28.05.2014

Sd/-  
**CA B KANTHI SREE  
PARTNER  
M.No.: 224434**

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2014**

<b>Particulars</b>	<b>Note No.</b>	<b>Amount in `.</b>	
		<b>As At 31-Mar-2014 Audited</b>	<b>As At 31-Mar-2013 Audited</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	175,461,670	175,461,670
(b) Reserves and Surplus	3	88,218,257	56,042,572
		263,679,927	231,504,242
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	18,547,642	17,448,329
(b) Deferred Tax Liability	5	2,421,023	-
(c) Long Term Provisions	6	2,736,075	3,985,699
		23,704,741	21,434,028
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	7	29,993,405	9,220,456
(b) Trade Payables	8	14,007,165	20,703,052
(c) Other Current Liabilities	9	75,307,132	56,905,194
(d) Short-Term Provisions	10	12,962,944	8,497,178
		132,270,647	95,325,880
		<b>419,655,314</b>	<b>348,264,151</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	11	46,203,952	35,981,113
(i) Tangible		4,150,282	3,786,004
(ii) Intangible			
(b) Non-Current Investment	12	50,354,234	39,767,117
(c) Long term Loans and Advances	13	72,287,409	72,287,409
		8,218,385	8,278,385
		130,860,028	120,332,911
<b>(2) Current Assets</b>			
(a) Inventories	14	-	10,112,569
(b) Trade receivables	15	103,093,681	132,960,788
(c) Cash and cash equivalents	16	17,960,912	4,260,362
(d) Short-term loans and advances	17	112,445,614	80,597,521
(e) Other Current Assets	18	55,295,080	-
		<b>288,795,287</b>	<b>227,931,240</b>
		<b>419,655,314</b>	<b>348,264,151</b>
<i>The Notes referred to above and Statement on Significant Accounting Policies form an integral part of the Balance Sheet.</i>			
<i>This is the Balance Sheet referred to in our report of even date</i>			
For PAVULURI & Co. Chartered Accountants Firm Reg. No: 012194S		For and on behalf of the Board	
<b>Sd/-</b> <b>CA B KANTHI SREE</b> Partner M.No. 224434		<b>Sd/-</b> <b>PAL NATARAJAN</b> <b>MANAGING DIRECTOR</b> DIN :- 0360789	<b>Sd/-</b> <b>K. RAJESH</b> <b>DIRECTOR</b> DIN :- 02727491
Place: Hyderabad Date: 28/05/2014		<b>Sd/-</b> <b>G PUSHKARINI</b> <b>COMPANY SECRETARY</b>	

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014**

			Amount in `.	
Sr. No	Particulars	Note No.	Year Ending 31-Mar-2014 Audited	Year Ending 31-Mar-2013 Audited
	<b>Revenues:</b>			
I	Revenue from operations	19	467,004,623	428,680,863
II	Other Income	20	8,386,276	6,074,634
III	Total Revenue (I +II)		<b>475,390,900</b>	<b>434,755,496</b>
	<b>Expenses:</b>			
IV	Work Execution expenses	21	43,271,677	43,272,100
	Decrease/(Increase) in Inventories	22	10,112,569	(3,886,569)
	Employee Benefit Expense	23	302,417,412	348,038,786
	Financial Costs	24	11,972,781	12,207,400
	Depreciation and Amortization Expense	25	8,839,901	8,008,899
	Other Expenses	26	65,619,163	86,296,118
	Total Expenses (IV)		<b>442,233,502</b>	<b>493,936,733</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>33,157,397</b>	<b>(59,181,237)</b>
VI	Exceptional Items	27	(2,175,323)	(12,134,239)
VII	Profit Before Tax	(V + VI )	<b>35,332,721</b>	<b>(71,315,476)</b>
VIII	<b>Tax expense:</b>			
	(a) Current & Earlier Year Taxes		5,812,126	-
	(b) MAT Credit Entitlement		(5,076,113)	-
	(c) Deferred Tax / (Reversal)		2,421,023	(4,618,370)
IX	<b>Profit/(Loss) for the period</b>	(VII-VIII)	<b>32,175,684</b>	<b>(66,697,106)</b>
X	Earning per equity share:			
	- Basic & Diluted		1.83	(4.18)
	- Nominal value per equity share		10.00	10.00
	- Weighted average number of equity shares outstanding during the year		17,546,167	15,968,167

*The Notes referred to above and Statement on Significant Accounting Policies form an integral part of the Statement of Profit and Loss*

*This Statement of Profit & Loss is referred to in our report of even date*

For PAVULURI & Co.

Chartered Accountants

Firm Reg. No: 012194S

For and on behalf of the Board

**Sd/-**

**CA B KANTHI SREE**

Partner

M.No. 224434

**Sd/-**

**PAL NATARAJAN**

**MANAGING DIRECTOR**

DIN :- 0360789

**Sd/-**

**K. RAJESH**

**DIRECTOR**

DIN :- 02727491

Place: Hyderabad

Date: 28/05/2014

**Sd/-**  
**G PUSHKARINI**  
**COMPANY SECRETARY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014**

PARTICULARS		2013-14 Amount	2012-13 Amount
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit before Taxation		35,332,721	(71,315,476)
Adjustment for:			
a) Depreciation	8,839,901	8,008,899	
b) Financial Charges	11,972,781	12,207,400	
c) Exceptional Items Recognised	-	3,732,169	
d) Bad debts written off	1,566,214	-	
e) Loss/ (Profit ) on Sale of Asset	1,073,125	7,997,541	
	23,452,020		31,946,009
Operating profit before working capital changes	58,784,741		(39,369,467)
<u>Adjustment for change in Working Capital</u>			
a) Decrease/(Increase) in Deposits, Loans & Advances	(45,647,035)	(17,674,613)	
b) Increase/ (Decrease) in TradePayables	(6,695,887)	10,900,565	
c) Increase/ (Decrease) in Current Liabilities	18,669,476	24,429,974	
d) Decrease/(Increase) in Work inProgress	10,112,569	(3,886,569)	
e) Decrease/(Increase) in TradeReceivables	28,300,894	(9,328,963)	
f) Decrease/(Increase) in Current Assets	(50,218,967)	-	
g) Increase/ (Decrease) inProvisions	4,465,766	(7,036,917)	
	(41,013,184)		(2,596,523)
Cash Generated from Operations	17,771,557		(41,965,990)
Less:			
Direct Taxes Provision	5,812,126	5,812,126	-
Net Cash from Operating Activities	<b>11,959,431</b>		<b>(41,965,990)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>			
a) Purchase of Fixed Assets	(21,403,875)		(6,388,831)
b) Sale of Fixed Assets	903,734		2,446,754
c) (Increase)/Decrease in Loans and Advances	60,000		5,855,431
Net Cash used in Investing Activities	<b>(20,440,141)</b>		<b>1,913,354</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>			
a) Increase in Equity Share Capital	-		52,600,000
b) Net Increase/(Decrease) in Secured Loans	831,775		(781,354)
c) Short Term Borrowings	20,772,950		(421,871)
d) Other Long Term Provisions	(1,249,624)		(1,252,324)
e) Finance Charges	(11,972,781)		(12,207,400)
Net Cash generated through Finance	8,382,320		37,937,051
Net Increase/(Decrease) in Cash and equivalents (A+B+C)	(98,390)		(2,115,585)
Cash & Cash Equivalents at the Beginning of the Year	264,362		2,379,947
Cash & Cash Equivalents at the End of the Year	165,972		264,362

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

For PAVULURI & Co.  
Chartered Accountants  
Firm Reg. No: 012194S

For and on behalf of the Board

**Sd/-**  
**CA B KANTHI SREE**  
Partner  
M.No. 224434

**Sd/-**  
**PAL NATARAJAN**  
**MANAGING DIRECTOR**  
DIN :- 0360789

**Sd/-**  
**K. RAJESH**  
**DIRECTOR**  
DIN :- 02727491

Place: Hyderabad  
Date: 28/05/2014

**Sd/-**  
**G PUSHKARINI**  
**COMPANY SECRETARY**

**Note :1. SIGNIFICANT ACCOUNTING POLICIES:****i) Basis of Preparation:**

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India (iIndian GAAPi) and comply in all material respects with the mandatory Accounting Standards (iASi) prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act,2013 (to the extent notified), the Companies Act,1956 (to the extent applicable), and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**ii) Operating Cycle:**

All assets and liabilities have been classified as Current and Non-Current as per the company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of Current and Non-Current classification of Assets and Liabilities.

**iii) Revenue Recognition:****Income from Services:**

Revenue recognition depends on the arrangements with the customer which are either on "Time and material" or on a "fixed-price" basis.

Revenue from software services performed on a "time and material" basis is recognized as and when services are performed and/or on the basis of man-days/man hours spent as per terms of the contracts.

The Company also performs work under " fixed-price" arrangements, under which customers are billed, based on completion of specified milestones. Revenue from such arrangements is recognized over the life of the contract using the percentage of completion method. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses on such engagements is made in the year in which such loss becomes probable and can be reasonably estimated.

Unbilled revenue represents amounts recognized based on services performed in advance of billings in accordance with contract terms and is net of estimated allowances for uncertainties and provision for estimated losses.

Revenues from Annual maintenance contracts are recognised pro-rata over the period of the contract in which the services are rendered.

Reimbursement of expenditure is recognised under revenue along with recognition of sale of service to which it relates.

Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and also net of applicable indirect taxes.

**iv) 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 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.

**v) Other income:**

Income from interest is recognised on a time proportion basis taking into account the amount outstanding and rate applicable in the transaction.

Dividend income is recognised when the Company's right to receive dividend is established.

**vi) Fixed assets, intangible assets and capital work- in-progress:**

Fixed Assets are stated at actual cost, less accumulated depreciation and net of impairment. Cost includes all expenses incurred to bring the assets to its present location and condition. Subsequent expenses on fixed assets after its purchase is capitalised only if such expenses results in an increase in the future benefits from such assets beyond the previous announced standards of performances.

The cost and the accumulated depreciation for fixed assets sold, retired or otherwise disposed-off are removed from the stated values and the resulting gains and losses are included in the Statement of Profit and Loss.

Asset under installation or under construction as at Balance sheet date are shown as Capital Work in Progress (CWIP).

**Intangible assets**

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment

**vii) Depreciation & amortisation:**

Depreciation on fixed assets (other than freehold land and Capital Work-in-progress) is provided on a straight-line method over their estimated useful lives at the rates as prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on pro-rata basis from the date of capitalisation. Individual assets costing ` 5,000 or less are fully depreciated in the year of acquisition.

Amortisation on softwares is provided on a straight-line method over their estimated useful lives at the rates which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Amortisation is charged on pro-rata basis from the date of capitalisation. The estimated useful life for Software licenses are to be considered as 3 years. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

**viii) Impairment of assets**

At each balance sheet date, the Management reviews the carrying amounts of its assets to determine whether there is any indication those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount

rate that reflects the current market assessment of time value of money and the risk specific to the asset.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

**ix) Investments:**

Investments are either classified as current or long- term based on their nature/holding period/ Management's intent at the time of making the investment. Current investments are carried individually at the lower of cost and fair value.

Long-term investments are carried individually at cost less provision made to recognise any diminution, other than temporary, in the value of such investment. Cost of investments include acquisition charges such as brokerage, fees and duties. Provision is made to recognise any reduction in the carrying value of long- term investments and any reversal of such reduction is credited to the Statement of Profit and Loss.

**x) Foreign currency transactions/translations**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are reported at the exchange rate prevailing on the balance sheet date. Exchange differences relating to long term monetary items, arising during the year, as so far as they relate to the acquisition of the depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset after the commencement of actual production.

**xi) Employee benefits**

Employee benefits include provident fund, employee's state insurance scheme, gratuity fund and compensated absences.

**Defined contribution plans**

Contributions in respect of Employees Provident Fund and Employee State Insurance which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis to the Statement of Profit and Loss.

**Defined benefit plans**

The Company also provides for other retirement benefits in the form of gratuity. The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method.

**Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as at the balance sheet date.

**Other short-term employee benefits**

Other short term employee benefits, includes performance incentives expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders service.

**xii) Income Tax:**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. 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.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after setting off of brought forward losses. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**xiii) 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 presented in the cash flow statement consist of cash on hand and unencumbered highly liquid cash bank balances.

**xiv) 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.

**xv) Earnings Per Share:**

The company reports basic Earnings per share (EPS) in accordance with Accounting Standard 20 on Earnings per share. Basic EPS is computed by dividing the net Profit or Loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

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

**xvi) Segmenting Reporting:**

The Company is primarily engaged in the business of Software development. The primary segment of the company is Software which in the context of Accounting Standard 17 on Segment Reporting constitutes reportable segment.

**xvii) Cash and Cash Equivalents**

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

**xviii) Prior period items**

All items of income/expenditure pertaining to prior period, which are material, are accounted through prior period adjustments.

**xix) Borrowing costs:**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

**xx) Contingent Liabilities**

A contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize contingent liability but discloses its existence in the financial statements.

Notes Forming Integral Part of the Balance Sheet as at 31<sup>st</sup> March, 2014

Note : 2 Share Capital		Amount in `.	
Sr. No	Particulars	As At 31-Mar-2014	As At 31-Mar-2013
	<b>AUTHORIZED CAPITAL</b> 1,90,00,000 Equity Shares of ` 10/- each with Voting Rights	190,000,000	190,000,000
		<b>190,000,000</b>	<b>190,000,000</b>
	<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>		
	Paid up Share Capital	175,461,670	175,461,670
	1,75,46,167 Equity Shares of ` 10/- each with Voting Rights		
	Previous Year		
	1,75,46,167 Equity Shares of ` 10/- each with Voting Rights		
	Shares held by Holding Company		
	Name of                   2013-14                   2012-13		
	Company                  No.of shares    %    No.of shares    %		
	Bodhtree Solutions Inc 90,00,000   51.29   9,000,000   51.29		
	Shareholders having more than 5% of the shares		
	Name of                   2013-14                   2012-13		
	Shareholder              No.of shares    %    No.of shares    %		
	1.Rajiv Gupta           1, 268,400   7.23   1,268,400   7.23		
	2.Bodhtree Solutions Inc 9,000,000   51.29   90,00,000   51.29		
	<b>Reconciliation of Shares</b>		
	Opening Share Capital	17,546,167	15,442,167
	Add: Shares Issued during the year with Pari Passu rights	-	2,104,000
	Closing Share Capital	<b>17,546,167</b>	<b>17,546,167</b>
	<b>Details of Shares Issued for Consideration Other than Cash</b>		
	91,00,000 shares of Rs. 10/- were issued on 09 <sup>th</sup> November, 2011 to the shareholders of erstwhile ACP Limited in consideration for the merger with the company as per the order of AP High Court dated 14 <sup>th</sup> August, 2011.	-	-
	<b>Total</b>	<b>175,461,670</b>	<b>175,461,670</b>

The Company has only one class of equity shares having a par value of ` 10 per share. Each Shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**Notes Forming Integral Part of the Balance Sheet as at 31<sup>st</sup> March, 2014**

<b>Note : 3 Reserves &amp; Surplus</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As At 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Securities Premium		
	Opening Balance	63,825,339	32,265,339
	Additions	-	31,560,000
		<b>63,825,339</b>	<b>63,825,339</b>
	General Reserve		
	Opening Balance	5,000,000	5,000,000
	Additions	-	-
		<b>5,000,000</b>	<b>5,000,000</b>
	Surplus from Statement of Profit and Loss		
	Opening Balance	(12,782,767)	53,914,339
	Add: Current year Profit / (Loss)	32,175,684	(66,697,106)
		<b>19,392,918</b>	<b>(12,782,767)</b>
	<b>Total</b>	<b>88,218,257</b>	<b>56,042,572</b>

<b>Note : 4 Long Term Borrowings</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As At 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Secured - From Banks		
	Vehicle Hire Purchase Loans (\$)	4,571,491	5,574,716
	Less: Current Maturities of Long term Debt(#)	(2,116,522)	(2,384,060)
		<b>2,454,969</b>	<b>3,190,656</b>
	Unsecured - From Others (*)		
	BCL Employees Benefit Trust	3,900,000	3,900,000
	Jayachakra Ventures Private Limited	12,192,673	10,357,673
		<b>16,092,673</b>	<b>14,257,673</b>
	<b>Total</b>	<b>18,547,642</b>	<b>17,448,329</b>

(\\$) Hire Purchase loan of ` 45,71,491 (As on 31.03.2013 ` 31,90,656) for vehicle is secured by way of hypothecation of the vehicle

(#) Installments falling due in respect of all the above Loans for a period of 12 months have been grouped under 'Current maturities of long-term debt' (Refer Note 6)

(\*) There are no terms of repayment specified by the Board towards repayment of Unsecured Loans. However the Company provided interest at the rate of 18% on the outstanding loan of BCL Employees Benefit Trust. The Company provided Interest on Loan from Jayachakra Ventures Private Limited at the rate of 18% on the outstanding loan amount upto 30th September 2013 and no provision for interest provided for the later period.

<b>Note : 5 Deferred Tax Liability</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As At 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	On difference between book balance and tax balance of fixed assets	2,421,023	-
	<b>Total</b>	<b>2,421,023</b>	<b>-</b>

Notes Forming Integral Part of the Balance Sheet as at 31<sup>st</sup> March, 2014

<b>Note : 6 Long Term Provisions</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As At 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Provision For Employees Benefit		
	Gratuity Provision	2,042,895	3,232,381
	PL Encashment	693,180	753,318
	<b>Total</b>	<b>2,736,075</b>	<b>3,985,699</b>

<b>Note : 7 Short Term Borrowings</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As At 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Secured Loans		
	Overdraft limit from HDFC Bank (Secured by hypothecation of Book debts, lean on fixed deposits with HDFC Bank and personal guarantee of Mr. Palaniappan Natarajan, Managing Director and Mr. Shankaraiah Arram and Mr. Katragadda Rajesh, Directors of the Company)	29,993,405	9,220,456
	<b>Total</b>	<b>29,993,405</b>	<b>9,220,456</b>

<b>Note : 8 Trades Payables</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As At 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Dues to Micro and Small Scale Enterprises(#)	-	-
	Dues to other than Micro and Small Scale Enterprises		
	Trade Payables for Material / Supplies	1,338,803	2,005,932
	Trade Payables for Services	12,668,362	18,697,120
	<b>Total</b>	<b>14,007,165</b>	<b>20,703,052</b>

Trade Payables includes an amount of ` .Nil (Previous Year ` .Nil) due to Companies in which Directors are interested.

# The Company has no information as to whether any of its vendors constitute as Supplier within the meaning of Section 2(n) of the Micro, Small and Medium Enterprises Development Act,2006 as no delcartions were received under the said Act from them.

**Notes Forming Integral Part of the Balance Sheet as at 31<sup>st</sup> March, 2014**

<b>Note : 9 Other Current Liabilities</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Current Maturities of Long Term Debt	2,116,522	2,384,060
	Advance From Customers (#)	2,251,499	1,585,428
	Interest accrued but not due on borrowings	1,634,744	3,262,660
	Other Liabilities	1,206,841	5,001,849
	Statutory Remittances	68,097,525	44,671,197
	<b>Total</b>	<b>75,307,132</b>	<b>56,905,194</b>

# Advance from Customers includes an amount of ` 11,405 (Previous Year ` 3,03,372) due to Companies in which Directors are interested.

<b>Note : 10 Short Term Provisions</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31-Mar-2014</b>	<b>As at 31-03-2013</b>
	Payables to Employees	4,880,332	5,423,340
	Gratuity Provision	1,500,000	1,411,604
	PL Encashment	450,000	426,958
	Other Payables	620,486	1,235,276
	Provision for Income Tax	5,512,126	-
	<b>Total</b>	<b>12,962,944</b>	<b>8,497,178</b>

**Notes Forming Integral Part of the Balance Sheet as at 31<sup>st</sup> March, 2014**

**Note : 11 FIXED ASSETS**

Particulars	TANGIBLE ASSETS						INTANGIBLE ASSETS	
	Computer - Hardware	Furniture & Fixtures	AC's/UPS/ Stabilisers	Electrical Items	Office Equipment	Audio & Video Systems	Vehicles	Computer - Software
Gross Block as at 01.04.2013	34,480,425	8,152,038	2,988,591	897,186	2,575,423	221,200	15,220,611	12,592,135
Additions During the Year	3,474,435	9,412,810	1,134,462	3,600,000	616,230	-	-	3,165,938
Less: assets disposed during the year	450,285	367,423	1,161,869	416,325	-	24,200	1,062,235	-
Gross Block as at 31.03.2014	37,504,575	17,197,425	2,961,184	4,080,861	3,191,653	197,000	14,158,376	15,758,073
Accumulated Depreciation as at 01.04.2013	21,784,619	1,962,939	423,057	43,458	634,647	128,530	3,577,110	8,806,131
Depreciation During the Year	3,615,113	612,269	135,381	67,399	190,143	29,375	1,388,560	2,801,661
less:Depreciation on assets disposed during the year	442,647	279,176	327,559	24,814	-	24,200	407,082	-
Accumulated Depreciation as at 31.03.2014	24,957,085	2,296,032	230,879	86,043	824,790	133,705	4,558,588	11,607,792
Net Block as on 31.03.2014 <i>Previous period</i>	12,547,490 (12,695,806)	14,901,393 (6,189,099)	2,730,305 (2,565,534)	3,994,818 (853,728)	2,366,863 (1,940,776)	63,295 (92,670)	9,599,788 (11,643,501)	4,150,282 (3,786,004)
								50,354,234 (39,767,118)

## Notes Forming Integral Part of the Balance Sheet as at 31st March, 2014

Note : 12 Non Current Investment		Amount in `.		
Sr. No	Particulars	As at 31-03-2014		As at 31-03-2013
	Investment in Equity Instruments			
	Learnsmart India Pvt Ltd. (Unquoted) 505,000 Equity shares of Rs.10 each	5,050,000		5,050,000
	Many Futures Inc. (Unquoted) 497,669 Equity Shares @ US \$ 1 each	2,269,868	22,698,683	
	Less: Amount Written Off	-	20,428,815	
	Less: Provision for Diminution in Value	2,247,169	2,247,169	22,699
	Hypersoft Technologies (Quoted but not traded) 100,000 Equity Shares of Rs.10 each, valued at cost	1,500,000	1,500,000	
	Less: Provision for Diminution in Value	1,485,000	1,485,000	15,000
	Pressmart Media Ltd. (Unquoted) 5,257,924 Equity shares of Rs.10 each	67,199,710		67,199,710
	<b>Total</b>	<b>72,287,409</b>		<b>72,287,409</b>

Note : 13 Long Term Loans and Advances		Amount in `.		
Sr. No	Particulars	As at 31-03-2014		As at 31-03-2013
	(Unsecured Considered Good) Security Deposits	8,218,385		8,278,385
	<b>Total</b>	<b>8,218,385</b>		<b>8,278,385</b>

Note : 14 Inventories		Amount in `.		
Sr. No	Particulars	As at 31-03-2014		As at 31-03-2013
	Work in Progress (As certified by Management)	-		10,112,569
	<b>Total</b>	<b>-</b>		<b>10,112,569</b>

Note : 15 Trade Receivables		Amount in `.		
Sr. No	Particulars	As at 31-03-2014		As at 31-03-2013
	<b>Outstanding for more than six months from the date they become due</b>			
	a) Unsecured, Considered Good	51,548,318		32,192,297
	<b>Others</b>			
	a) Unsecured, Considered Good	51,545,363		100,768,491
	<b>Total</b>	<b>103,093,681</b>		<b>132,960,788</b>

The Trade Receivables includes an amount of ` 2,93,43,192 (Previous year ` 6,03,40,952) due from Parties covered in the register maintained U/s. 301 of the Companies Act, 1956. Periodically, the Company evaluates all customer dues to the Company for collectibility. The need for provisions is assessed based on various factors including collectibility of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could effect the Customer's ability to settle. The Company normally provides for debtors dues outstanding for six months or longer from the invoice dated at the Balance Sheet date if any. The Company pursues the recovery of the dues, in part or full.

**Notes Forming Integral Part of the Balance Sheet as at 31<sup>st</sup> March, 2014**

Note : 16 Cash & Cash Equivalent			Amount in `		
Sr. No	Particulars		As at 31-03-2014		As at 31-03-2013
	<b>Cash &amp; Cash Equivalents</b>				
	Cash Balance		30,790		18,531
	In Current Accounts with Banks		135,182		183,826
	EEFC Current a/c		-		62,005
		Sub Total (A)	<b>165,972</b>		<b>264,362</b>
	<b>Other Bank Balances</b>				
	In Deposit a/c - Held as Margin Money		17,794,939		3,996,000
		Sub Total (B)	<b>17,794,939</b>		<b>3,996,000</b>
	Total [ A + B ]		<b>17,960,912</b>		<b>4,260,362</b>

Cash and Cash equivalents as of March 31, 2014 and March 31, 2013 includes restricted cash balances of ` 177.94 Lakhs and ` 39.96 Lakhs respectively. The restriction is primarily on account of Cash and bank balances held as margin money deposits against over draft limits sanctioned by HDFC Bank.

Note :17 Short Terms Loans and Advances			Amount in `		
Sr. No	Particulars		As at 31-03-2014		As at 31-03-2013
	Advance Recoverable in cash or in kind or for value to be considered good				
	<b>Unsecured Considered Good</b>				
	Loans & Advances to related parties				
	Learnsmart India Pvt Ltd		33,956,501		33,956,501
	Pressmart Media Ltd		33,547		33,547
	Loans & Advances to others				
	Advance to Suppliers		3,769,965		-
	EMD with Customers		15,548,596		-
	Advances for CAPEX		3,453,900		-
	Advances to employees		1,387,839		886,897
	Balance With Government Authorities		50,096,662		40,711,112
	Prepaid Expenses		2,515,216		4,330,806
	Others		1,683,388		678,657
	<b>Total</b>		<b>112,445,614</b>		<b>80,597,521</b>

# The Company has made provision for tax on basis of provision U/s.115JB of the Income Tax Act, 1961. The same is taken into books as it can be adjusted against normal tax liability during the specified period. In accordance with the guidance note issued by ICAI, the company will review the same at each balance sheet date and write 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.

Note : 18 Other Current Assets			Amount in `		
Sr. No	Particulars		As at 31-03- 2014		As at 31-03-2013
	Unbilled Revenue		50,218,967		-
	MAT Credit Entitlement (#)		5,076,113		-
	<b>Total</b>		<b>55,295,080</b>		<b>-</b>

**Notes Forming Integral Part of the Profit & Loss A/c as at 31<sup>st</sup> March, 2014**

<b>Note : 19 Revenue from Operations</b>		<b>Amount in `</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	Export Sales		
	Projects - Consultancy Services	275,368,304	192,602,523
	Projects - Off Shore	17,847,061	60,380,440
	Referral Fees	3,828,363	435,018
		<b>297,043,728</b>	<b>253,417,981</b>
	Domestic Sales		
	Consultancy Services	7,090,476	13,021,329
	Projects - Off Shore	11,735,450	16,346,029
	Projects - Onsite Consultancy Services	151,134,970	145,895,524
		<b>169,960,896</b>	<b>175,262,882</b>
	<b>Total</b>	<b>467,004,623</b>	<b>428,680,863</b>

<b>Note : 20 Other Income</b>		<b>Amount in `</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	Exchange Fluctuation Gain (Net of Loss)	6,607,392	5,614,122
	Interest On Elec. Deposit	-	18,829
	Interest on Bank FD	778,791	334,389
	Misc. Income	121,130	107,294
	Interest on IT Refund	878,964	-
	<b>Total</b>	<b>8,386,276</b>	<b>6,074,634</b>

<b>Note : 21 Work Execution Expenses</b>		<b>Amount in `</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	<u>Software Expenses</u>		
	Cost of SF / CRM Licenses purchased - (Own Use)	16,917,076	19,902,105
	Software - Technical Fee	26,354,601	23,369,995
	<b>Total</b>	<b>43,271,677</b>	<b>43,272,100</b>

**Notes Forming Integral Part of the Profit & Loss A/c as at 31<sup>st</sup> March, 2014**

<b>Note : 22 Decrease/(Increase) in Inventories</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	<b>Work in Progress</b>		
	Opening Balance	10,112,569	6,226,000
	Less: Closing Balance	-	10,112,569
	<b>Total</b>	<b>10,112,569</b>	<b>(3,886,569)</b>

<b>Note : 23 Employment Benefit Expenses</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	Salaries	278,426,110	337,818,201
	Recruitment & Training Expenses	6,288,137	3,775,450
	Staff Welfare	2,191,706	4,382,717
	Contribution to PF & other Welfare Funds	14,661,448	(937,583)
	Directors Remuneration	850,012	3,000,000
	<b>Total</b>	<b>302,417,412</b>	<b>348,038,786</b>

<b>Note :24 Financial Cost</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	Interest on Rent	-	403,788
	Interest on Unsecured Loans	3,473,291	3,516,716
	Interest on Vehicle Loans	586,010	628,393
	Interest on Bank Over Draft	2,299,745	798,109
	Bank and other Financial Charges	5,613,734	6,860,393
	<b>Total</b>	<b>11,972,781</b>	<b>12,207,400</b>

<b>Note : 25 Depreciation &amp; Amortised Cost</b>		<b>Amount in `.</b>	
<b>Sr. No</b>	<b>Particulars</b>	<b>Year Ended 31-03-2014</b>	<b>Year Ended 31-03-2013</b>
	Depreciation	8,839,901	8,008,899
	<b>Total</b>	<b>8,839,901</b>	<b>8,008,899</b>

Notes Forming Integral Part of the Profit & Loss A/c as at 31<sup>st</sup> March, 2014

Note : 26 Other Expenses		Amount in `.	
Sr. No	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
	Auditor's Remuneration	300,000	200,000
	Director's Sitting Fee	132,000	114,000
	Donations	18,350	-
	Insurance	1,702,315	1,752,274
	Printing & Stationery	333,215	311,236
	Rent	14,685,532	29,278,882
	Rates & Taxes	1,402,906	937,825
	Communication Expenses	5,433,298	7,701,106
	Travelling Expenses	16,012,913	20,571,111
	Business Promotion	4,737,364	3,752,339
	Electricity, Water & Diesel Charges	5,531,043	6,919,266
	Legal, Professional & Consultancy Fee	3,907,552	2,193,010
	Repairs & Maintenance	8,908,119	11,977,604
	Bad debts	1,566,214	-
	Miscellaneous Expenses	948,342	587,466
	<b>Total</b>	<b>65,619,163</b>	<b>86,296,118</b>

Note : 27 Exceptional Items		Amount in `.	
Sr. No	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
	Prior Period Adjustments	3,248,448	(404,529)
	Profit / (Loss) on sale of Fixed Assets	(1,073,125)	(4,134,857)
	Impairment Loss	-	(3,862,684)
	Provision for Diminution in Value of Investment	-	(3,732,169)
	<b>Total</b>	<b>2,175,323</b>	<b>(12,134,239)</b>

28. In the opinion of the management, the Current Assets, Loans and Advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

29. Disclosure of Sundry creditors under trade payables has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the Micro, Small and Medium Enterprises Development Act,2006 and relied upon by the Auditors.

Details of total outstanding dues to Micro, Small and Medium Enterprises Development Act, 2006

<b>Particulars</b>	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
o Due to Micro, small enterprises- other Disclosures;	--	--
o Principal amount remaining unpaid as on 31.03.2014 includes	--	--
o Sundry Creditors includes to micro, small and medium enterprises	--	--
o Interest due thereon as on 31.03.2014	--	--
o Interest paid by the company in terms of Sec 16 of Micro, small and medium enterprises development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	--	--
o Interest due on payable for the period of delay in making payment ( which have been paid beyond the appointed day during the year) but without adding the interest specified under micro, small and medium enterprises development act 2006	--	--
o Interest Accrued and remaining unpaid as on 31.03.2014 Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	--	--
30. Contingent liabilities and commitments to the extent not provided for : Nil (Previous Year:Nil)	--	--
31. Auditors' remuneration (net of service tax) comprises of:		
As Auditors		
- Statutory Audit	1,50,000 (Previous Year:1,00,000)	
- Tax Audit	1,00,000 (Previous Year:1,00,000)	
- For Other Services	50,000 (Previous Year: 23,835)	
32. The balance shown in Sundry Debtors, Sundry Creditors, advances are subject to confirmation from the respective parties.		
33. The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:		
Names of Related Parties and Description of Relationship:		
Nature of Relation	--	Names of the Parties
Holding Company	--	Bodhtree Solutions Inc.
Associate Companies	--	Pressmart Media Limited Learnsmart (India) Private Limited
Wholly owned Subsidiary	--	-
Employees Benefit Plan of Bodhtree	--	BCL Employees Benefit Trust
Key Management Personnel	--	Palaniappan Natarajan - Managing Director

Particulars of transactions during the year: Amount `.

Particulars	Holding Company	Associate Company	Key Management	Employee Trust	Total
Incomes					
Export Sales	20,90,40,218	-	-	-	20,90,40,218
Expenses					
Interest	-	-	-	7,02,002	7,02,00,2
Remuneration	-	-	8,50,012	-	8,50,012
Closing Balances					
Receivables	2,74,36,928	19,06,264	-	-	2,93,43,192
Payables(Loan)	-	-	-	55,34,744	55,34,744
Loans& Advances	-	3,39,90,048	-	-	3,39,90,048
Investments	-	7,22,49,709(*)	-	-	7,22,49,709

\*During the financial year 2012-13, the Company provided provision for diminution in the value of investments to the extent of Rs.37,32,169

Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges:

Name of the Company	Relationship	Balance as at 31.03.2014 (Amount `.)	Maximum balance Outstanding During the Year (Amount `.)
Loans and Advances:	Associate	3,39,90,048	3,39,90,048
Investments	Associate	7,22,49,709	7,22,49,709

**34. Earnings per Share:**

Particulars	Amount `	Amount `
	Year ended 31.03.2014	Year ended 31.03.2014
Net Profit for the Year	32,175,684	(66,697,106)
Less: Dividend (Including Dividend Tax)	-	-
Amount Available for Equity Share Holders	32,175,684	(66,697,106)
Weighted Average Number of Shares for Basic EPS	17,546,167	15,968,167
Weighted Average Number of Shares for Diluted EPS	17,546,167	15,968,167
Nominal Value per Share	10.00	10.00
Basic Earnings per Share	1.83	(4.18)
Diluted Earnings per Share	1.83	(4.18)

**35. Employee Benefits:**

**35.1. Defined contribution plans**

**I. Provident Fund:**

The Company makes provident fund contributions which are defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expenditure recognized during the year aggregated `1,31,85,663 (2012-13 - `1,74,16,526).

ii. Employees State insurance:

The Company makes contributions which are defined contribution benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expenditure recognized during the year aggregated ` 3,39,347 (2012-13 - ` 4,71,167).

35.2. Defined Benefit Plans

i. Gratuity:

Gratuity expense for the Group for the year ended March 31, 2014 is ` 26,18,126 (2012-13 - ` 9,72,018).

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined.

36. Previous year figures have been regrouped / re arranged / re-classified wherever considered necessary to conform to the classification of the current year.  
As per our report of even date For and on behalf of the Board of Directors

**FOR PAVALURI & Co.**

Chartered Accountants

Firm Reg. No: 012194S

**For BODHTREE CONSULTING LIMITED**

Sd/-  
**CA B Kanthi Sree**

Partner

M. No: 224434

Date: 28/05/2014

Place: Hyderabad

Sd/-  
**Pal Natarajan**  
**MANAGING DIRECTOR**  
DIN :- 0360789

Sd/-  
**K. Rajesh**  
**DIRECTOR**  
DIN :- 02727491

Sd/-  
**G PUSHKARINI**  
**COMPANY SECRETARY**

**BODHTREE CONSULTING LIMITED**

CIN:L74140TG1982PLC040516

Registered Office: Block "A". Wing "2", Level-6. Cyber Gateway, Madhapur, Hyderabad, Telangana-500081  
E-mail:cosecy@bodhtree.com Website:www.bodhtree.com**ATTENDNACE SLIP FOR ANNUAL GENERAL MEETING**  
(To be surrendered at the venue of the meeting)

I certify that I am a registered share holder / proxy/representative for the registered share holder (s) of Bodhtree Consulting Limited.

I hereby record my presence at the 32<sup>nd</sup> Annual General Meeting of the Shareholders of Bodhtree Consulting Limited on Tuesday the 23<sup>rd</sup> day of December, 2014 at 10.00 A.M. at Gen X Kasani GR Hotel, beside Indian Oil Petrol Pump, Hitech-city, Madhapur, Hyderabad - 500081, Telangana-500081

<b>DP ID*</b>	<b>Regd. Folio No.</b>
<b>Client ID*</b>	<b>No. of Shares</b>

\*Applicable if shares are held in electronic form.

Name &amp; Address of Member

Signature of Share holder / Proxy /  
Representative (Please Specify)**ELECTRONICVOTING**

Electronic voting (e-voting) facility is being provided in respect of the Resolutions proposed at the 32<sup>nd</sup> AGM, in accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Please see Note (10) to the Notice date 9<sup>th</sup> September, 2014 convening the AGM for the procedure with respect to e-voting.

## BODHTREE CONSULTING LIMITED

CIN:L74140TG1982PLC040516

Registered Office: Block "A". Wing "2", Level-6. Cyber Gateway, Madhapur, Hyderabad, Telangana-500081  
E-mail:cosecy@bodhtree.com Website:www.bodhtree.com

### Form No.MGT-11

#### Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules, 2014)

<b>CIN</b>	<b>L74140TG1982PLC040516</b>		
<b>Name of the Company</b>	<b>BODHTREE CONSULTING LIMITED</b>		
<b>Registered Office</b>	Block "A", Wing "2", Level 6, Cyber Gateway, Madhapur, Hyderabad, Telangana-500081		
<b>Name of the member(s)</b>			
<b>Registered Address</b>			
<b>E/mail Id</b>			
<b>Folio No./Client ID</b>		<b>DP ID</b>	

I/We, being the Member (s) of \_\_\_\_\_ shares of **Bodhtree Consulting Limited**, here by appoint

(1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mailID: \_\_\_\_\_ Signature: \_\_\_\_\_, or  
failing him

(2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mailID: \_\_\_\_\_ Signature: \_\_\_\_\_, or  
failing him

(3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mailID: \_\_\_\_\_ Signature: \_\_\_\_\_, or  
failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 32<sup>nd</sup> Annual General meeting (AGM) of the Company to be held on Tuesday, the 23<sup>rd</sup> day of December, 2014, at Gen X Kasani GR Hotel, beside Indian Oil Petrol Pump, Hitech-city, Madhapur, Hyderabad - 500081, Telangana-500081 10.00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional ( )	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of Accounts for the financial year ended 31 <sup>st</sup> March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors there on		
2	Appointment of Mr. Sanjiv Gupta, director, who retires by rotation and being eligible offers himself for re-appointment.		
3	Appointment of M/s. Nissar & Kumar, Chartered Accountants, Registration No. 127820W, as Auditors, to hold office from the conclusion of this Annual General Meeting until conclusion of sixth consecutive annual general meeting.		
<b>Special Business</b>			
4	Appointment of Mr. K. Rajesh as an Independent Director for a period of five years with effect from the date of this AGM.		
5	Appointment of Mr. N. Sriram as an Independent Director for a period of five years with effect from the date of this AGM.		
6	Appointment of Mr. Pal Natarajan as Managing Director for 3 years w.e.f. 05.09.2014		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014. Signature of share holder: \_\_\_\_\_

Affix  
Revenue

**NOTE : This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM i.e. by 10.00 a.m. on Tuesday, the 23<sup>rd</sup> day of December, 2014.**



## **Vision**

We want to be the most admired company for our Employees, Partners and Customers.

## **Mission**

Enabling technology that helps our customers build a global, secure and scalable enterprise.

### **Bodhtree Consulting Limited**

Block "A", Wing "2", Level 6,  
Cyber Gateway, Madhapur,  
Hyderabad - 500081  
India

Tel: +91.40.6622.2333  
[www.Bodhtree.com](http://www.Bodhtree.com)

