

VIRSTRA-I TECHNOLOGY SERVICES LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2013

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
VIRSTRA-I TECHNOLOGY SERVICES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **VirStra-I Technology Services Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company 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 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

Rashim Tandon

RASHIM TANDON
Partner
(Membership No. 095540)



GURGAON, 26 April, 2013
RT/SK/2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business during the year, clauses (ii), (vi), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of CARO are not applicable.
- (ii) 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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) No fixed assets were disposed off during the year.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The Company's operations did not give rise to purchase of inventory and sale of goods during the year. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (v) Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the Size of the Company and the nature of its business.
- (vii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for the Company. Accordingly, the provisions of clause 4 (viii) of the Order are not applicable to the Company



ASSETS AND LIABILITIES

1. SHAREHOLDERS' FUNDS

4. Share Capital

(viii) According to the information and explanations provided to us in respect of statutory dues:

2. NON-CURRENT LIABILITIES

3. CURRENT LIABILITIES

1. Trade Payables

2. Short-Term Loans

3. Other Current Liabilities

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Professional Tax, Custom Duty and Cess within the prescribed time with the appropriate authorities during the year. There are no undisputed amounts payable in respect of these dues as at 31 March, 2013 for a period of more than six months from the date they became payable.

(b) We are informed that the operations of the Company during the year did not give rise to any liability for Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax and Excise Duty.

4. NON-CURRENT ASSETS

1. Fixed Assets

2. Intangible Assets

(c) We are informed that there are no dues in respect of Income Tax, Service Tax, Custom Duty and Cess as at 31 March 2013 which have not been deposited on account of any dispute.

(ix) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.

5. CURRENT ASSETS

1. Cash

2. Debtors

3. Inventories

4. Other Current Assets

(x) According to information and explanations given to us and to the best of our knowledge and belief, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

Rashim Tandon

RASHIM TANDON
Partner
(Membership No. 095540)



GURGAON, 26 April, 2013
RT/SK/2013

RASHIM TANDON
Partner

Place: Gurgaon
Date: 26 April 2013

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH, 2013

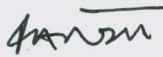
	Notes Ref.	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	10,000,000	10,000,000
b. Reserves and surplus	2.2	91,503,834	91,707,995
		101,503,834	101,707,995
2. NON-CURRENT LIABILITIES			
Long-term provisions	2.3	9,408,699	7,411,641
3. CURRENT LIABILITIES			
a. Trade payables	2.4	6,966,584	7,560,611
b. Other current liabilities	2.5	1,891,381	2,217,254
c. Short-term provisions	2.6	2,934,790	2,535,219
		11,792,755	12,313,084
		122,705,288	121,432,720
<u>ASSETS</u>			
4. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.7	2,665,469	2,633,019
- Intangible assets	2.7	8,206	37,275
		2,673,675	2,670,294
b. Non-current investments	2.8	-	-
c. Deferred tax assets (net)	2.9	5,256,491	4,563,246
d. Long-term loans and advances	2.10	46,679,052	55,240,053
		54,609,218	62,473,593
5. CURRENT ASSETS			
a. Current investments	2.11	36,632,675	31,866,400
b. Trade receivables	2.12	17,845,442	14,601,512
c. Cash and cash equivalents	2.13	3,001,436	6,810,985
d. Short-term loans and advances	2.14	10,587,788	5,618,218
e. Other current assets	2.15	28,729	62,012
		68,096,070	58,959,127
		122,705,288	121,432,720

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors



RASHIM TANDON
Partner




VISHNU R DUSAD
Director



P K SANGHI
Director

Place : Gurgaon
Date : 26 April 2013

Place: New Delhi
Date : 26 April 2013

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
1. REVENUE FROM OPERATIONS			
Sale of services		204,865,714	164,232,523
2. OTHER INCOME	2.16	3,611,297	4,584,881
3. TOTAL REVENUE (1+2)		208,477,011	168,817,404
4. EXPENSES			
a. Employee benefits expense	2.17	105,272,483	85,780,015
b. Operating and other expenses	2.18	53,311,072	26,531,540
c. Finance cost	2.19	385,192	143,726
d. Depreciation and amortisation expense	2.7	1,445,680	1,851,578
Less: Reimbursed by customer	2.31	-	(1,822,740)
TOTAL EXPENSES		160,414,427	112,484,119
5. PROFIT BEFORE TAX (3-4)		48,062,584	56,333,285
6. TAX EXPENSE (Refer note 2.21)			
a. Current tax		15,836,974	18,602,493
b. Deferred tax (credit)	2.9	(693,246)	(714,598)
7. PROFIT FOR THE YEAR		32,918,856	38,445,390
8. EARNINGS PER SHARE			
Equity shares of Rs. 10 each			
Basic and Diluted	2.28	32.92	38.45
Number of shares used in computing earnings per share			
Basic and Diluted		1,000,000	1,000,000

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors

Rashim Tandon

RASHIM TANDON
Partner



Vishnu R Dused

VISHNU R DUSAD
Director

P K Sanghi

P K SANGHI
Director

Place : Gurgaon
Date : 26 April 2013

Place: New Delhi
Date : 26 April 2013

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 Mar 2013 (Rupees)	Year ended 31 Mar 2012 (Rupees)
A. Cash flow from operating activities			
Net profit before tax		48,062,584	56,333,285
Adjustment for:			
Depreciation		1,445,680	1,851,578
Exchange difference on translation of foreign currency accounts (unrealised)		1,745,597	(2,563,024)
Dividend received from non trade investments		(1,566,275)	(1,329,556)
Interest income		(26,580)	(45,058)
(Profit)/ Loss on sale of fixed assets		-	(118,468)
Operating profit before working capital changes		<u>49,661,006</u>	<u>54,128,757</u>
Adjustment for (increase)/decrease in operating assets			
Long-Term Loans and Advances		8,561,002	3,921,820
Trade Receivable		(3,243,930)	(4,841,524)
Short-Term Loans and Advances		(4,969,570)	6,700,885
Adjustment for Increase/ (decrease) in operating liabilities			
Long-term Provisions		1,997,058	1,401,020
Trade Payables		(594,027)	1,872,326
Short- term Provisions		399,571	759,691
Other current liabilities		(325,873)	(1,365,405)
Income tax paid		<u>(15,836,974)</u>	<u>(18,602,493)</u>
Net cash flow from/ (used in) operating activities (A)		35,648,262	43,975,078
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress		(1,449,062)	(823,919)
Proceeds on sale of fixed assets		-	118,468
Purchase of current investments		(136,466,275)	(142,829,556)
Proceeds on sale of current investments		131,700,000	127,263,744
Interest income		59,863	37,431
Dividend received from investments		<u>1,566,275</u>	<u>1,329,556</u>
Net cash flow from / (used in) investing activities (B)		(4,589,199)	(14,904,276)
C. Cash flow from financing activities			
Interim dividend paid		(30,000,000)	(36,000,000)
Corporate dividend tax paid		<u>(4,866,750)</u>	<u>(5,840,100)</u>
Net cash flow from financing activities (C)		(34,866,750)	(41,840,100)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(3,807,687)	(12,769,298)
Cash and cash equivalents at the beginning of the Year	2.13	6,810,985	19,348,422
Exchange difference on translation of foreign currency accounts		(1,863)	231,861
Cash and cash equivalents at the end of the Year	2.13	<u><u>3,001,436</u></u>	<u><u>6,810,985</u></u>

See accompanying notes forming part of the Financial Statements

1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors
VIRSTRA I-TECHNOLOGY SERVICES LIMITED

Rashim Tandon

RASHIM TANDON
Partner



Place : Gurgaon
Date : 26 April 2013

Vishnu R Dusat

VISHNU R DUSAD
Director

P K Sanghi

P K SANGHI
Director

Place: New Delhi
Date : 26 April 2013

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
Notes forming part of the Financial Statements

Note 1:

1.1 Company Background

VirStra i-Technology Services Limited ('VirStra' or 'the Company') was incorporated in May 2004 in India. VirStra is a wholly owned subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of offshore and onsite software support services to other group companies.

1.2 Significant accounting policies

a. Basis of preparation

The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and mandatory accounting standards prescribed by the Companies (Accounting Standard) Rules, 2006 and as per the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Actual results could differ from these estimates. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

c. Cash flow statement

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

d. Revenue recognition

Revenue from software services comprises income from time and material contracts, which is recognised as the services are rendered.

Interest is accounted for on accrual basis.

Dividend income is accounted for when the right to receive it is established.

e. Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost of acquisition includes all incidental costs related to acquisition and installation till the date of capitalisation of the asset. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
Notes forming part of the Financial Statements

f. Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/ sold during the year. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

The management's estimates of the useful lives of the various fixed assets in use are as follows:

Particulars	Useful life (in years)
Tangible assets	
Office and other equipment	5
Computers	4
Vehicles	5
Furniture and fixtures	5
Intangible assets	
Software	3

Such rates are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

g. Investments

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments including investment in subsidiaries are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

h. Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are restated at the exchange rate prevalent at the date of Balance Sheet. The resulting difference is recorded in the Statement of Profit and Loss.

i. Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Defined contribution plans

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Statement of Profit and Loss in the financial year to which they relate.



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
Notes forming part of the Financial Statements

Defined benefit plans

Gratuity

The Company's gratuity plan is a defined benefit plan. The present value gratuity obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Other employee benefits

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

j. Operating leases

Lease payments under operating lease are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

k. Earning per share

Basic earnings per share are computed by dividing the Profit / Loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the Profit / Loss after Tax by the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where results are anti-dilutive.

l. Taxes on Income

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable. Minimum Alternate Tax ("MAT") paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax after the tax holiday period. Accordingly, it 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.

The differences that result between the profit offered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantially enacted regulations. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognised in the period in which the timing difference originate.



m. Impairment of assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

n. Provisions and Contingencies

The company recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

o. Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard - 30 Financial Instruments : Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge Accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in the "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
Notes forming part of the Financial Statements

p. Derivative Contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

q. Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.1 SHARE CAPITAL		
a. Authorized Equity shares 1,000,000 (Previous year : 1,000,000) equity shares of Rs.10 each	<u>10,000,000</u>	<u>10,000,000</u>
b. Issued, Subscribed and Fully Paid-Up 1,000,000 (Previous year : 1,000,000) equity shares of Rs.10 each	<u>10,000,000</u>	<u>10,000,000</u>
Refer notes (i) to (iii) below		
(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year		
As at the beginning of the year		
- Number of Shares	1,000,000	1,000,000
- Amount	10,000,000	10,000,000
Shares issues/ (bought back) during the year		
- Number of Shares	-	-
- Amount	-	-
As at the end of the year		
- Number of Shares	1,000,000	1,000,000
- Amount	10,000,000	10,000,000
(ii) Rights, preferences and restrictions attached to shares		
The company has one class of equity shares having par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. 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 to their shareholding.		
(iii) Details of shares held by the Holding Company		
Nucleus Software Exports Limited		
- Number of Shares (see note below)	1,000,000	1,000,000
- Percentage	100%	100%
- Amount	10,000,000	10,000,000
Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.		
2.2 RESERVES AND SURPLUS		
a. General reserve		
Opening balance	62,775,792	58,931,253
Add: Transferred from surplus in statement of Profit and Loss	3,291,886	3,844,539
Closing balance	<u>66,067,678</u>	<u>62,775,792</u>
b. Hedging reserve [see note 2.32]		
Opening balance	(717,084)	1,614,079
Add: Movement during the year	1,743,733	(2,331,163)
Closing balance	<u>1,026,649</u>	<u>(717,084)</u>
c. Surplus in the Statement of Profit and Loss		
Opening balance	29,649,287	36,888,536
Add: Profit for the Year	32,918,856	38,445,390
Less: Transferred to general reserve	3,291,886	3,844,539
Less: Proposed dividend/Interim dividend [see note (i) & (ii) below]	30,000,000	36,000,000
Less: Corporate dividend tax	4,866,750	5,840,100
Closing balance	<u>24,409,507</u>	<u>29,649,287</u>
	<u>91,503,834</u>	<u>91,707,995</u>
Notes :		
(i) For the year ended 31 March 2012, the Company had declared dividend of Rs. 30 per Share (300% of equity share of par value of Rs. 10) which was approved by the shareholders in Annual General Meeting held on 08 September 2012.		
(ii) For the year ended 31 March 2011, the Company had declared dividend of Rs. 36 per Share (360% of equity share of par value of Rs. 10) which was approved by the shareholders in Annual General Meeting held on 08 July 2011.		
2.3 LONG-TERM PROVISIONS		
Provision for employee benefits		
a. Compensated Absences	3,593,554	3,075,496
b. Gratuity	5,815,145	4,336,145
	<u>9,408,699</u>	<u>7,411,641</u>
2.4 TRADE PAYABLES		
Trade Payables		
- Micro and small enterprises (refer note below)	6,966,584	7,560,611
- Others	<u>6,966,584</u>	<u>7,560,611</u>
Note : The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
2.5 OTHER CURRENT LIABILITIES		
a. Mark-to-market loss on forward contracts (see note 2.32)	-	589,668
b. Other payables - statutory liabilities	1,891,381	1,627,586
	<u>1,891,381</u>	<u>2,217,254</u>
2.6 SHORT-TERM PROVISIONS		
Provision for employee benefits		
a. Compensated Absences	1,372,952	1,237,875
b. Gratuity	1,561,838	1,297,344
	<u>2,934,790</u>	<u>2,535,219</u>



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.7 Fixed Assets (At Cost)

(Amount in Rupees)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 1 April 2012	Additions	As at 31 March 2013	As at 1 April 2012	Depreciation for the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible assets								
- Computers	23,882,384 (23,122,540)	1,351,159 (759,844)	25,233,543 (23,882,384)	22,566,137 (21,809,127)	773,265 (757,010)	23,339,402 (22,566,137)	1,894,141 (1,316,247)	1,316,247 (1,313,413)
- Office equipment	13,342,044 (13,287,644)	97,903 (54,400)	13,439,947 (13,342,044)	12,340,978 (11,413,856)	523,621 (927,122)	12,864,599 (12,340,978)	575,348 (1,001,066)	1,001,066 (1,873,788)
- Furniture and fixtures	713,380 (703,705)	- (9,675)	713,380 (713,380)	397,674 (272,698)	119,726 (124,976)	517,400 (397,674)	195,980 (315,706)	315,706 (431,007)
	37,937,808 (37,113,889)	1,449,062 (823,919)	39,386,870 (37,937,808)	35,304,789 (33,495,681)	1,416,612 (1,809,108)	36,721,401 (35,304,789)	2,665,469 (2,633,019)	2,633,019 (3,618,208)
Intangible assets								
Softwares	11,280,600 (11,280,600)	- -	11,280,600 (11,280,600)	11,243,326 (11,200,855)	29,067 (42,470)	11,272,394 (11,243,324)	8,206 (37,276)	37,275 (79,745)
Total	49,218,408 (48,394,489)	1,449,062 (823,919)	50,667,470 (49,218,408)	46,548,115 (44,696,536)	1,445,680 (1,851,578)	47,993,795 (46,548,113)	2,673,675 (2,670,295)	2,670,294 (3,697,953)

Note : Figures in brackets denote amounts pertaining to the previous year.



VIRTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.8 NON CURRENT INVESTMENTS (at cost)		
Trade (unquoted)		
Equity shares in wholly owned subsidiary - Unquoted		
199,998 (Previous year 199,998) equity shares of SGD 1 each, fully paid up in Virstra i- Technology (Singapore) Pte Ltd, Singapore.	5,569,256	5,569,256
Less : Provision for diminution in value of investment	(5,569,256)	(5,569,256)
Aggregate amount of non current investments	<u>-</u>	<u>-</u>

Particulars	Opening as at 1 April 2012 (Rupees)	Charged/(Credited) to the Statement of Profit & Loss during the year (Rupees)	Closing as at 31 March 2013 (Rupees)
Deferred tax assets			
Provision for compensated absences and gratuity	3,227,259	(777,586)	4,004,845
Difference of depreciation as per Income-tax laws and books of accounts	1,335,987	84,341	1,251,646
Net deferred tax asset	<u>4,563,246</u>	<u>(693,246)</u>	<u>5,256,491</u>

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.10 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)		
a. Security Deposits	6,107,130	6,107,130
b. Mat Credit Entitlement (see note 2.22)	38,977,863	49,053,049
c. Advance tax [net of provision for tax Rs. 35,093,000 (previous year Rs. 19,129,083)] (see note 2.22)	1,594,059	79,874
	<u>46,679,052</u>	<u>55,240,053</u>

2.11 CURRENT INVESTMENTS (at lower of cost or fair value)		
Investments in Liquid Schemes of Mutual Funds (Quoted, Non trade)		
365,982 units (Previous year 318,588 units) of ICICI Prudential Liquid Super Institutional Daily Dividend Plan	<u>36,632,675</u>	<u>31,866,400</u>
Market Value of investments	36,632,675	31,866,400

2.12 TRADE RECEIVABLES * (Unsecured, Considered good)		
a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
b. Other trade receivables*	17,845,442	14,601,512
	<u>17,845,442</u>	<u>14,601,512</u>

*represents amount due from Nucleus Software Solution Pte. Ltd., Singapore, a body corporate under the same management within the meaning of Sub-section (1-B) of section 370 of the Companies Act, 1956.

2.13 CASH AND CASH EQUIVALENTS		
a. Cash on hand	16,225	-
b. Balances with scheduled banks:		
- in current accounts	269,197	1,307,123
- in EEFC accounts	2,379,058	5,166,906
- in fixed deposit accounts	336,956	336,956
	<u>3,001,436</u>	<u>6,810,985</u>
Details of balances as on balance sheet dates with scheduled banks in current accounts		
- Citi Bank	50,374	751,363
- Citi Bank *	250,828	5,164,158
- Citi Bank *	2,128,230	-
- HDFC Bank *	-	2,748
- HDFC Bank	145,773	490,622
- HDFC Bank	73,050	65,138
	<u>2,648,255</u>	<u>6,474,029</u>
* EEFC account		
Details of fixed deposit under lien		
- Citi Bank	336,956	336,956
	<u>336,956</u>	<u>336,956</u>

Note : All the above balances meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
2.14 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)		
a. Prepaid expenses	116,057	23,780
b. Employee advances	1,977,609	651,811
c. Mark-to-market gain on forward contracts (see note 2.32)	1,149,886	-
d. Mat Credit Entitlement (see note 2.22)	6,632,094	3,398,156
e. Advances to related parties (see note 2.29)	28,555	860,884
d. Balances with government authorities - Service Tax credit receivable	683,586	683,586
	10,587,787	5,618,218
2.15 OTHER CURRENT ASSETS (Unsecured, considered good)		
Interest accrued but not due on Fixed Deposits	28,729	62,012
Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
2.16 OTHER INCOME		
a. Interest income on fixed deposits with banks	26,580	45,058
b. Dividend income from non-trade current investments	1,566,275	1,329,556
c. Net gain on foreign currency transactions and translation	-	499,197
d. Net gain on ineffective hedges	123,237	127,516
e. Other non-operating Income		
- Provisions no longer required written back	1,840,455	-
- Net gain on sale of fixed assets	-	118,468
- Reimbursement of expenses	-	2,388,166
- Miscellaneous income	54,750	76,920
	3,611,297	4,584,881
2.17 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	105,642,356	84,032,909
b. Contribution to provident and other funds	5,214,463	5,533,183
c. Gratuity expense	2,212,681	1,572,152
d. Staff welfare expenses	1,740,424	1,517,848
Subtotal	114,809,924	92,656,092
Less: Reimbursed by customer (see note 2.31)	(9,537,441)	(6,876,077)
	105,272,483	85,780,015
2.18 OPERATING AND OTHER EXPENSES		
a. Rent and hire charges (see note 2.20)	8,030,810	7,841,808
b. Repair and maintenance		
- Buildings	533,620	496,786
- Others	1,511,291	1,442,095
c. Insurance	720,638	55,000
d. Rates & taxes	70,165	35,410
e. Travelling		
- Foreign	26,076,185	14,157,249
- Domestic	1,066,950	866,171
f. Legal and professional (see note 2.24)	1,911,408	2,247,704
g. Conveyance	2,471,186	2,186,684
h. Communication	2,707,712	3,642,017
i. Directors remuneration	476,000	557,000
j. Training and recruitment	1,179,007	1,953,347
k. Power and Fuel	3,158,128	2,104,766
l. Accounting charges	2,157,312	1,908,320
m. Net loss on foreign currency transactions	5,472	-
n. Miscellaneous expenses	1,235,188	720,337
Subtotal	53,311,072	40,214,694
Less: Reimbursed by customer (see note 2.31)	-	(13,683,154)
	53,311,072	26,531,540
Directors Remuneration includes		
Commission to Non Executive Directors	476,000	557,000
2.19 FINANCE COST		
Bank Charges	385,192	298,505
Less: Reimbursed by customer (see note 2.31)	-	(154,779)
	385,192	143,726



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.20 Operating Lease

Obligations on long-term, non-cancelable operating leases

The company leases office space and other assets under operating lease. The Lease rental expense recognised in the statement of profit and loss for the year in respect of such lease is Rs. 8,030,810 (previous year Rs. 7,841,808). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
Lease obligations payable		
a. Not later than 1 year	1,280,258	7,681,549
b. Later than 1 year but not later than 5 years	-	1,280,258
	1,280,258	8,961,807

2.21 Tax Expense

During earlier years, the Company had calculated its tax liability under Minimum Alternative Tax (MAT) as its liability under MAT was higher than normal tax liability. The excess of tax payable under MAT over normal tax payable (MAT Credit entitlement) was carried forward to be set off against the future tax liabilities. During the year ended 31 March, 2013, the Company is liable to Normal Tax as its normal tax is higher than MAT tax liability. The Company has utilised MAT Credit Entitlement of Rs. 6,499,846 in the current year, to set off its liability for payment of Income Tax.

2.22 Advance Tax (net of provision) and MAT Credit Entitlement

- a. Advance Tax (Net of provision) aggregating to Rs. 1,594,059 (Previous year Rs. 79,874) has been classified as Long Term Loans and Advances as the same represents income tax recoverable from Income Tax Department after the completion of Income Tax assessments.
- b. MAT Credit Entitlement balance aggregating to Rs.6,632,094 which the Company expects to set off against Income Tax Payable for the year ended 31 March, 2014 has been considered to be Short-Term Loans and Advances. The remaining balance MAT Credit Entitlement aggregating to Rs. 38,977,863 has been classified as Long-Term Loans and Advances.

2.23 Commitments

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
a. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances)	-	25,850
b. Other Commitments		
The company has committed to provide financial support to its wholly owned subsidiary company - VirStra-I Technology (Singapore) Pte. Ltd. as and when required.		

Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
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2.24 Legal and Professional expenses include :

a. Audit fees *	600,000	600,000
b. Other services	80,000	80,000
	680,000	680,000

*excluding service tax

2.25 CIF value of imports

Capital goods	1,336,496	593,163
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2.26 Earnings in foreign currency

Sales of services	204,865,714	163,809,085
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Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
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2.27 Expenditure in foreign currency

a. Travel expenses	21,959,540	11,070,489
b. Communication	208,389	684,037
c. Others	83,602	1,227,681
	22,251,531	12,982,207

2.28 Earnings per share

a. Profit after taxation available to equity shareholders (Rupees)	32,918,856	38,445,390
b. Weighted average number of equity shares used in calculating basic earnings per share	1,000,000	1,000,000
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	1,000,000	1,000,000
e. Basic earnings per share (Rupees)	32.92	38.45
f. Diluted earnings per share (Rupees)	32.92	38.45



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.29 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

- a. Holding Company:**
- Nucleus Software Exports Limited
- b. Wholly owned subsidiary companies**
- VirStra i -Technology (Singapore) Pte. Ltd., Singapore
- c. Other related parties:**
Fellow Subsidiary:
- Nucleus Software Solution Pte. Ltd., Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan

Particulars	Year ended 31 March 2013 (Rupees)	Year ended 31 March 2012 (Rupees)
Transactions with related parties		
i. Software support services rendered		
- Nucleus Software Solutions Pte Limited, Singapore	206,829,964	163,385,647
ii. Reimbursement of expenses		
From related parties		
- Nucleus Software Solutions Pte Ltd, singapore	9,537,441	22,883,804
- Nucleus Software Exports Ltd	-	471,694
To related parties		
- Nucleus Software Exports Ltd	267,593	241,476
iii. Dividend paid		
- Nucleus Software Exports Ltd	30,000,000	36,000,000

Outstanding balances as at year end

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
i. Loans and advances		
- Nucleus Software Solutions Pte. Ltd., Singapore	-	564,716
- Nucleus Software Exports Ltd	28,555	296,168
ii Trade Receivables		
- Nucleus Software Solutions Pte. Ltd., Singapore	17,845,442	14,601,512
iii Share Capital		
- Nucleus Software Exports Ltd. (see note below)	10,000,000	10,000,000

Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.

2.30 Employee Benefit Obligations

Defined contribution plans

An amount of Rs. 5,214,463 (previous year Rs. 5,533,183) has been recognized as an expense in respect of Company's contribution for Provident Fund deposited with the government authorities.

Defined benefit plans

The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service or part thereof in excess of 6 months. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, subject to a maximum of Rs. 1,000,000. Vesting occurs upon completion of 5 years of service.

The following table set out the status of the gratuity plan as required under the aforesaid standard:

Particulars	As at 31 March 2013 (Rupees)	As at 31 March 2012 (Rupees)
Obligation at period beginning	5,633,489	4,487,241
Current service cost	1,170,638	1,094,941
Interest cost	513,980	404,988
Actuarial losses/(gains)	528,053	72,673
Past service cost	-	-
Benefits paid	(469,177)	(426,354)
Obligation at period end	7,376,983	5,633,489
b. Change in plan assets		
Plan Assets at period beginning, at fair value	-	0
Contributions	469,177	426,354
Benefits paid	(469,177)	(426,354)
Plan assets at period end, at fair value	-	-

The Scheme does not have any assets as at the valuation date to meet the gratuity liability.



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. Gratuity cost for the year:

Particulars		
Current service cost	1,170,638	1,094,941
Interest cost	513,980	404,988
Actuarial losses/(gains)	528,053	72,673
Past service cost	-	-
Net gratuity cost	2,212,671	1,572,602
Experience adjustment		
On plan liabilities	352,724	195,808
On plan assets	-	-
Assumptions :-		
Economic assumptions	-	-
Discount rate	7.85%	8.35%
Salary escalation rate	7.00%	10% for 1st year & 7% thereafter

d. A) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

e. Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions

Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ult table	LIC (1994-96) duly modified

Withdrawal rates

Ages	Withdrawal Rate %	Ages	Withdrawal Rate %
21-50 years	- 20%	21-50 years	- 20%
51-54 years	- 2%	51-54 years	- 2%
55-57 years	- 1%	55-57 years	- 1%

f. Experience Adjustments

	Year Ended		
	31 March 2013	31 March 2012	31 March 2011
	(Rupees)	(Rupees)	(Rupees)
Defined Benefit Obligation	7,376,983	5,633,489	4,487,241
Surplus/ Deficit	(7,376,983)	(5,633,489)	(4,487,241)
Experience Adjustments on plan liabilities	352,724	195,805	(597,423)
	Year Ended		
	31 March 2010	31 March 2009	
	(Rupees)	(Rupees)	
Defined Benefit Obligation	3,801,602	3,129,414	
Surplus/ Deficit	(3,801,602)	(3,129,414)	
Experience Adjustments on plan liabilities	(514,557)	300,680	

a. The company is expected to contribute Rupees 1,297,344 to gratuity funds for the year ended 31 March 2014.

2.31 The Company has entered into a service level agreement with Nucleus Software Solutions Pte. Ltd., Singapore ("NSS"), a body corporate under the same management as defined under section 370 (1-B) of the Companies Act, 1956. As per terms of the agreement, the Company provides software support services to NSS against which certain expenses incurred by the Company are reimbursed by NSS. The details of reimbursements are tabulated below:

Particulars	Year ended	
	31 March 2013	31 March 2012
	(Rupees)	(Rupees)
Software support expenses		
Salaries and allowances	9,537,441	6,539,309
Staff welfare	-	336,768
Travelling & Conveyance	-	1,954,257
Communication expenses	-	687,962
Bandwidth charges	-	1,027,204
Rent	-	3,770,358
Assets hire charges	-	334,186
Legal and professional charges	-	1,166,140
Repair and maintenance	-	839,452
Training and recruitment	-	1,330,145
Insurance	-	55,000
Electricity and water	-	1,072,517
Miscellaneous expenses	-	387,053
Sub-total (A)	9,537,441	19,500,351
General and administration expenses		
Accounting charges	-	1,058,880
Bank charges	-	154,779
Sub-total (B)	-	1,213,659
Depreciation (C)	-	2,169,794
Grand Total (A+B+C)	9,537,441	22,883,804

Service level agreement mentioned above has been amended w.e.f October 1, 2011, wherein all the expenses for the facility incurred on and after the effective date shall not be reimbursed by Shensei (the customer), unless they are specifically agreed to by Shensei prior to such expenses being incurred. All such expenses shall be billed as per the specifications contained on the prior approval.



VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.32 Forward contract and option in foreign currency

Particulars	As at 31 March 2013	As at 31 March 2012
a. Forward contract outstanding		
In USD	1,500,000	1,250,000
Equivalent amount in Rupees	81,420,000	63,600,000

b. Short-Term Loans and Advances include net marked to market loss of Rupees 1,149,886 relating to forward contracts which are outstanding as at the year end. The gain on such forward contracts aggregating to Rupees 1,026,649 which was designated as effective, has been credited to the Hedging Reserve. The gain on such contracts aggregating to Rs. 123,237 which was designated as ineffective, has been credited to the Statement of Profit and Loss.

c. The Company's exposure in respect of foreign currency denominated assets not hedged as on 31 March, 2013 by derivative instruments is as follows:

Particulars	As at 31 March 2013	As at 31 March 2012
Current Assets in USD	328,766	298,078
Current Assets in INR	17,845,442	15,166,209

2.33 Segment reporting

Based on the guiding principles stated in Accounting Standard 17 on Segment Reporting as specified in the Companies (Accounting Standard) Rules 2006, the Company has identified its business of providing software support services to the only customer in single country as one reportable segment only. Accordingly, no additional disclosure for segment reporting has been made in the financial statements

2.34 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (UNAUDITED)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
	(Rupees)	(Rupees)
Sales of services	204,865,714	164,232,523
Software support expenses	156,426,243	110,403,235
Gross Profit	48,439,471	53,829,288
General and administration expenses	2,542,504	2,052,046
Operating profit before depreciation	45,896,967	51,777,242
Depreciation	1,445,680	1,851,578
Less: Reimbursed by customer (See note 2.31)	-	(1,822,740)
Operating profit after depreciation	44,451,287	51,748,404
Other income	3,611,297	4,584,881
Profit before taxation	48,062,584	56,333,285
Tax expense:		
- Provision for tax - current income tax	15,836,974	18,602,493
- MAT credit entitlement	-	-
- deferred tax credit	(693,246)	(714,598)
Profit after taxation	32,918,856	38,445,390

2.35 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

2.36 Previous year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.



For and on behalf of the Board of Directors
Vishnu R Dused

VISHNU R DUSAD
Director

V K Sanghi

V K SANGHI
Director

Place: New Delhi
Date : 26 April 2013