Tech Mahindra

# Annual Report 2012-13

Tech Mahindra Limited

Connected World.
Connected Solutions.

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology services and solutions, enabling Enterprises, Associates and the Society to Rise™. We are a USD 2.67 billion company with 83,000 professionals across 49 countries, helping over 560 global customers including Fortune 500 companies. Our Consulting, Enterprise and Telecom solutions, platforms and reusable assets connect across a number of technologies to derive tangible business value.

We are part of the USD 16.2 billion Mahindra Group that employs more than 155,000 people in over 100 countries. The Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, after-market, information technology and vacation ownership.

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# TECH MAHINDRA LIMITED
## SUBSIDIARY COMPANIES


| | | |
|---|---|---|
| 1 | Tech Mahindra (Americas) Inc. | 1-15 |
| 2 | Tech Talenta Inc. | 16-25 |
| 3 | Tech Mahindra GmbH | 26-33 |
| 4 | Tech Mahindra (Singapore) Pte. Limited | 34-47 |
| 5 | Tech Mahindra (Thailand) Limited | 48-54 |
| 6 | PT Tech Mahindra Indonesia | 55-76 |
| 7 | CanvasM Technologies Limited | 77-98 |
| 8 | Tech Mahindra (Malaysia) Sdn. Bhd. | 99-117 |
| 9 | Tech Mahindra (Beijing) IT Services Limited | 118-140 |
| 10 | Venturbay Consultants Private Limited | 141-151 |
| 11 | Mahindra Logisoft Business Solutions Limited | 152-166 |
| 12 | Tech Mahindra (Bahrain) Limited S.P.C. | 167-180 |
| 13 | Tech Mahindra (Nigeria) Limited | 181-194 |
| 14 | Hutchison Global Services Limited | 195-214 |
| 15 | Comviva Technologies Limited | 215-261 |
| 16 | Comviva Technologies Inc. | 262-270 |
| 17 | Comviva Technologies FZ-LLC | 271-283 |
| 18 | Comviva Technologies Nigeria Limited | 284-295 |
| 19 | Comviva Singapore Pte. Limited | 296-308 |
| 20 | Tech Mahindra South Africa (Pty) Limited | 309-310 |
| 21 | Tech Mahindra Foundation | 311-318 |

# TECH MAHINDRA (AMERICAS) INC.

**Board of Directors**

Mr. Vineet Nayyar - Chairman

Mr. Milind Kulkarni

Mr. Ulhas N. Yargop

Mr. Anil Khatri

**Registered Office**

36, Pittenger Road,

Freehold, New Jersey, 07728,

USA

**Bankers**

HSBC Bank

**Auditors**

Catrakilis & Company CPA’s P. C.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2013.

**Financial Results:**

| For the year ended March 31, | 2013 US $ | 2013 INR | 2012 US $ (Restated) | 2012 INR (Restated) |
|---|---|---|---|---|
| Income | 164,902,846 | 8,952,575,509 | 149,712,768 | 8,127,906,175 |
| Profit/(Loss) before tax | 8,989,576 | 488,044,081 | 8,069,427 | 438,089,192 |
| Profit/(Loss)after tax | 5,392,014 | 292,732,440 | 5,016,800 | 272,362,072 |

**Review of operations:**

During the fiscal year, the Company achieved income of US$ 164,902,846 (equivalent to INR 8,952,575,509) an increase of 10% over the sales for the previous year. The Company continues to invest in strengthening its marketing infrastructure in the US which is the largest IT market in the World. The increase in business and the focus on right sizing the US operations while preparing for the next level of growth has helped the Company to earn healthy level of profits in the last few years. The profit has increased by 7% over the last year.

During the year CanvasM (Americas) Inc. has been merged with the Company effective from 1st September 2012.

**Board:**

Mr. Vineet Nayyar, Mr. Ulhas N. Yargop and Mr. Milind Kulkarni are the members of the Board of Directors. Mr. Anil Khatri has been appointed as an additional director during the year.

**Outlook for the current year:**

The Company believes that the investments made over the last few years in cultivating long term relationships with major telecom companies will result in further increase in business and improvement in profits.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

For Tech Mahindra (Americas) Inc.

**Vineet Nayyar**
Chairman

Pune, May 21, 2013

# INDEPENDENT AUDITORS' REPORT

**Tech Mahindra (Americas) Inc.**
**a wholly owned subsidiary of Tech Mahindra Limited, an India corporation Richardson, Texas**

We have audited the accompanying balance sheets of Tech Mahindra (Americas) Inc, a wholly owned subsidiary of Tech Mahindra Limited, an India corporation, as of March 31, 2013 and 2012, and the related statements of operations and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 8 and 9 to the financial statements. The Company has had numerous transactions with affiliated companies.

In our opinion, with the exception of the matter described in the following paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra (Americas) Inc. as of March 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2B to the financial statements, accounting principles generally accepted in the United State of America require the company to consolidate 100% owned subsidiary in its financial statements. For the purpose of these financial statements, management has elected not to consolidate financial position and the results of operations of its wholly owned subsidiary, Tech Talenta, Inc. This election not an accordance with accounting principles generally accepted in the United State of America. The effect of this departure from accounting principles generally accepted in the United State of America are discussed in Note 7 to the financial statements.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedules of Revenue and Expenses on pages herein are presented by the company's management for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the audition procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Catrakilis & Company CPA's, P.C.
Atlanta, Georgia
April 27, 2013

# INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

**Tech Mahindra (Americas) Inc.**
**a wholly owned subsidiary of Tech Mahindra Limited, an India corporation Richardson, Texas**

Our report on our audits of the basic financial statements of Tech Mahindra (Americas) Inc., a wholly owned subsidiary of Tech Mahindra Limited, an India corporation, as of March 31, 2013 and 2012, and the related statements of operations, retained earnings, and cash flows for the years then ended, appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages herein is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

USD amounts in the supplemental schedules are translated for convenience into Indian Rupees (INR) at the exchange rate of INR 54.69 to 1.00 USD for both 2013 and 2012.

Catrakilis & Company CPA's, P.C.
Atlanta, Georgia
April 27, 2013

## Supplemental Balance Sheets

| | | March 31, | | | |
|---|---|---|---|---|---|
| | | **2013** | | 2012 | |
| | **Note** | **USD** | **INR** | USD | INR |
| **ASSETS:** | | | | (Restated) | |
| **Current assets:** | | | | | |
| Cash | 3 | **3,587,425** | **194,761,303** | 2,064,747 | 112,095,115 |
| Accounts receivable, net | 4 | **5,010,783** | **272,035,409** | 2,189,743 | 118,881,147 |
| Employee advances | | **1,698,898** | **92,233,172** | 1,061,441 | 57,625,632 |
| Deferred tax assets | 5 | **1,329,304** | **72,167,914** | 2,029,323 | 110,171,946 |
| Due from parent company | 8 | **24,147,832** | **1,310,985,799** | 25,318,585 | 1,374,545,980 |
| Due from affiliated companies | 9 | **821,296** | **44,588,160** | 2,577,623 | 139,939,153 |
| Prepaid expenses and other current assets | | **1,258,263** | **68,311,098** | 459,597 | 24,951,520 |
| **Total current assets** | | **37,853,801** | **2,055,082,855** | 35,701,059 | 1,938,210,493 |
| Property and equipment, net | 6 | **17,661,978** | **958,868,786** | 207,342 | 11,256,597 |
| **Other assets:** | | | | | |
| Security deposits | | **106,832** | **5,799,909** | 104,780 | 5,688,506 |
| Investment in subsidiary | 7 | **500,000** | **27,145,000** | - | - |
| Total other assets | | **606,832** | **32,944,909** | 104,780 | 5,688,506 |
| **Total Assets** | | **56,122,611** | **3,046,896,550** | 36,013,181 | 1,955,155,596 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | | | | |
| **Liabilities:** | | | | | |
| **Current liabilities:** | | | | | |
| Accrued expenses | | **14,338,836** | **778,455,405** | 9,615,950 | 522,049,926 |
| Accounts payable | | **13,532,121** | **734,658,849** | 1,344,322 | 72,983,241 |
| Customer advances | | **36,420** | **1,977,242** | 15,306 | 830,963 |
| Income taxes payable | | **185,698** | **10,081,544** | 1,141,772 | 61,986,802 |
| Due to parent company | 8 | **2,030,193** | **110,219,178** | 1,581,498 | 85,859,526 |
| Due to affiliated company | 9 | **2,670,259** | **144,968,361** | 4,423,229 | 240,137,102 |
| **Total current liabilities** | | **32,793,527** | **1,780,360,579** | 18,122,077 | 983,847,560 |
| **Stockholder's equity** | | | | | |
| Common stock - USD 1 par value - 500,000 shares authorized 375,000 shares issued and outstanding | | **375,000** | **20,358,750** | 375,000 | 20,358,750 |
| Retained earnings | 13 | **22,954,084** | **1,246,177,221** | 17,516,104 | 950,949,286 |
| **Total stockholder's equity** | | **23,329,084** | **1,266,535,971** | 17,891,104 | 971,308,036 |
| **Total Liability and Stockholder's Equity** | | **56,122,611** | **3,046,896,550** | 36,013,181 | 1,955,155,596 |

See Notes to Supplemental Financial Statements

## SUPPLEMENTAL STATEMENTS OF INCOME AND RETAINED EARNINGS

| | Years ended March 31, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | USD | INR | USD | INR |
| | | | (Restated) | |
| **REVENUE** | **164,878,285** | **8,951,242,093** | 149,702,116 | 8,127,327,878 |
| **OPERATING EXPENSES:** | | | | |
| Personnel | **113,958,520** | **6,186,808,051** | 95,728,915 | 5,197,122,795 |
| General and administrative | **41,767,909** | **2,267,579,779** | 45,754,659 | 2,484,020,438 |
| Depreciation | **186,841** | **10,143,598** | 159,767 | 8,673,750 |
| **Total operating expenses** | **155,913,270** | **8,464,531,428** | 141,643,341 | 7,689,816,983 |
| Operating income | **8,965,015** | **486,710,665** | 8,058,775 | 437,510,895 |
| **OTHER INCOME (EXPENSES)** | | | | |
| Other income (expense) | **11,089** | **602,022** | 1,433 | 77,797 |
| Interest income | **4,050** | **219,875** | 9,219 | 500,500 |
| Foreign currency gain (loss) | **9,422** | **511,519** | - | - |
| **Total other income** | **24,561** | **1,333,416** | 10,652 | 578,297 |
| Income before income tax expense | **8,989,576** | **488,044,081** | 8,069,427 | 438,089,192 |
| **INCOME TAX EXPENSE (Note 5)** | **3,597,562** | **195,311,641** | 3,052,627 | 165,727,120 |
| **NET INCOME** | **5,392,014** | **292,732,440** | 5,016,800 | 272,362,072 |
| Retained earnings, beginning of period | **17,102,706** | **928,505,909** | 12,499,304 | 678,587,214 |
| Net assets acquired in common control merger transaction (Note 13) | **459,364** | **24,938,872** | - | - |
| Retained earnings, end of period | **22,954,084** | **1,246,177,221** | 17,516,104 | 950,949,286 |

See Notes to Supplemental Financial Statements

## SUPPLEMENTAL STATEMENTS OF CASH FLOWS

| | Years ended March 31, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | USD | INR | USD | INR |
| | | | (Restated) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | | |
| Net Income | **5,392,014** | **292,732,440** | 5,016,800 | 272,362,072 |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: | | | | |
| Depreciation | **186,841** | **10,143,598** | 159,767 | 8,673,750 |
| Deferred income tax expense | **700,019** | **38,004,032** | (524,561) | (28,478,417) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable, net | **(2,821,040)** | **(153,154,262)** | 2,219,112 | 120,475,590 |
| Due from parent company | **1,170,753** | **63,560,181** | (8,764,818) | (475,841,969) |
| Due from affiliated companies | **1,756,327** | **95,350,993** | (945,350) | (51,323,052) |
| Employee advances | **(637,457)** | **(34,607,540)** | 426,712 | 23,166,194 |
| Prepaid expenses and other current assets | **(1,069,580)** | **(58,067,499)** | 168,369 | 9,140,754 |
| Prepaid income taxes | **270,914** | **14,707,921** | (184,255) | (10,003,204) |
| Security deposits and other assets | **(2,052)** | **(111,403)** | (2,045) | (111,023) |
| Accrued expenses | **4,722,886** | **256,405,479** | 3,120,533 | 169,413,738 |
| Accounts payable | **12,187,799** | **661,675,608** | 1,303,715 | 70,778,687 |
| Customer advances | **21,114** | **1,146,279** | (42,325) | (2,297,824) |
| Income tax payable | **(956,074)** | **(51,905,258)** | 435,532 | 23,645,032 |
| Unearned revenue | **-** | **-** | (43,958) | (2,386,480) |
| Due to parent company | **448,695** | **24,359,652** | (5,409,781) | (293,697,010) |
| Due to affiliated companies | **(1,752,970)** | **(95,168,741)** | 2,585,405 | 140,361,637 |
| **Net Cash Provided by (Used in) Operating Activities** | **19,618,189** | **1,065,071,480** | (481,148) | (26,121,525) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | | |
| Property and equipment purchased | **(17,641,477)** | **(957,755,787)** | (321,256) | (17,440,988) |
| Investment in subsidiary | **(500,000)** | **(27,145,000)** | - | - |
| Merger activity with company under common control | **45,966** | **2,495,495** | - | - |
| **Net Cash Used in Investing Activities** | **(18,095,511)** | **(982,405,292)** | (321,256) | (17,440,988) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | | |
| Decrease in restricted cash | **11,667,226** | **633,413,700** | - | - |
| Increase in restricted cash | **(11,667,226)** | **(633,413,700)** | - | - |
| **Net Cash Used in Financing Activities** | **-** | **-** | - | - |
| Net increase (decrease) in cash | **1,522,678** | **82,666,188** | (802,404) | (43,562,513) |
| Cash , beginning of period | **2,064,747** | **112,095,115** | 2,867,151 | 155,657,628 |
| **Cash, end of period** | **3,587,425** | **194,761,303** | 2,064,747 | 112,095,115 |
| Supplemental disclosure: | | | | |
| Cash paid for income taxes | **3,863,817** | **209,766,625** | 3,325,901 | 180,563,165 |

See Notes to Supplemental Financial Statements

# Notes to Supplemental Financial Statements March 31, 2013 and 2012

## 1. NATURE OF OPERATIONS

Tech Mahindra (Americas) Incorporated (TMA), is a wholly owned subsidiary of Tech Mahindra Limited (TechM), which is incorporated in the country of India. TMA was incorporated in the State of New Jersey in November 1993, and provides computer consulting and programming support services. In terms of an agreement and plan dated May 28, 2008 between TechM, the parent company, and TMA the assets, liabilities and operations of fellow subsidiary, Tech Mahindra (R&D Services), Inc. (TMRD) were merged into TMA effective July 1, 2008.

On March 6, 2012 TMA formed Tech Talenta, Inc. (TechT). TechT is a Texas corporation, which is 100% owned by TMA. TechT is engaged in the business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering, IT System Support and Operations for clients across North America.

On July 20th, 2012, the shareholder of the Company and its Board of Directors approved a Plan and Agreement of Merger whereby the Company and CanvasM (Americas), Inc. (“CAI”), a company related by common control, were merged with and into a single corporation. TMA is the surviving corporation. The separate existence of the CAI ceased on September 1, 2012, the effective date of merger. The issued shares of CAI were cancelled on the effective date of the merger.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PRESENTATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification’s content carries the same level of authority.

### B. NON-CONSOLIDATED SUBSIDIARY

TMA, a wholly owned subsidiary of TechM, has elected not to present consolidated financial statements for TMA and its wholly owned subsidiary TechT. Management is of the opinion that at TMA level, stand-alone company financial statements are considered more meaningful to the readers of the financial statements.

### C. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### D. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalent.

### E. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from parent and affiliated companies’ customers for services provided by TMA. As of March 31, 2013 the allowance for doubtful accounts was USD 256,127 (INR 13,905,135) (March 31, 2012: USD 100,000 (INR 5,429,000)). Management’s estimate of uncollectible accounts is based upon an analysis of past due accounts. Accounts are written off when all methods to collect have been exhausted. In terms of the contract entered into with TechM on April 1, 2007, TechM assumes all business and entrepreneurial risks relating to all customer transactions. In terms of the contract between TechM and TMA, TechM may elect to invoice customers directly. As per the contract, TMA invoices TechM the total costs incurred related to TechM projects plus a percentage (see Note 2G below).

### F. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of three years. TMA capitalizes purchases greater than USD 500 (INR 27,145) with lesser amounts expensed in the year purchased.

### G. REVENUE AND EXPENSES

Effective April 1, 2007, TMA has entered into a contract with TechM. Under the contract TMA remits to TechM 100% of all contract revenues. However, TechM, has agreed to reimburse TMA all direct project expenses and all indirect costs plus 5.75% of these expenses.

Expenses are recorded when incurred.

### H. UNBILLED REVENUE

Unbilled revenue comprises of revenue recognized in relation to efforts incurred on time and material contracts not billed as of the period end where services are performed in accordance with agreed terms.

### I. INCOME TAXES

TMA accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. TMA records valuation allowances against deferred tax assets as deemed necessary.

In terms of FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken on expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

### J. RESTATEMENT

Prior year amounts have been restated to reflect the combined amounts for CAI and TMA to conform with current year presentation. See Note 13 to the financial statements for further details.

## 3. CASH

At March 31, 2013 and 2012 cash and restricted cash are summarized as follows:

| | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Cash | **3,587,425** | **194,761,303** | 2,064,747 | 112,095,115 |
| Net available cash | **3,587,425** | **194,761,303** | 2,064,747 | 112,095,115 |

## 4. ACCOUNTS RECEIVABLE

At March 31, 2013 and 2012, accounts receivable are summarized as follows:

| | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts due for services rendered and billed | **5,092,844** | **276,490,501** | 2,234,527 | 121,312,470 |
| Less: allowance for doubtful accounts | **(256,127)** | **(13,905,135)** | (100,000) | (5,429,000) |
| Amounts due for services rendered and billed, net | **4,836,717** | **262,585,366** | 2,134,527 | 115,883,470 |
| Amounts due for services rendered, not billed | **174,066** | **9,450,043** | 55,216 | 2,997,677 |
| Total accounts receivable, net | **5,010,783** | **272,035,409** | 2,189,743 | 118,881,147 |

Billed accounts receivable concentrations:

| | **March 31, 2013** | | |
|---|---|---|---|
| | **USD** | **INR** | **Concentration** |
| Century Link | **1,599,488** | **86,836,204** | **31%** |
| Samsung Telecommunications America | **686,545** | **37,272,528** | **13%** |
| HTC Corporation | **588,246** | **31,935,875** | **12%** |

| | March 31, 2012 | | |
|---|---|---|---|
| | USD | INR | Concentration |
| | (Restated) | | |
| Samsung Telecommunications America | 244,400 | 13,268,476 | 11% |
| HTC Corporation | 177,170 | 9,618,559 | 8% |
| AT&T Mobility | 260,316 | 14,132,556 | 12% |

## 5. INCOME TAXES

TMA accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 2I above.

Current income tax expense consists of the following:

| | **Year Ended March 31, 2013** | | Year Ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Federal | **2,336,715** | **126,860,257** | 2,968,617 | 161,166,217 |
| State | **560,828** | **30,447,352** | 608,570 | 33,039,265 |
| | **2,897,543** | **157,307,609** | 3,577,187 | 194,205,482 |

Deferred income tax expense (benefit) consists of the following:

| | **Year Ended March 31, 2013** | | Year Ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Federal | **653,747** | **35,491,925** | (444,137) | (24,112,198) |
| State | **46,272** | **2,512,107** | (80,423) | (4,366,164) |
| | **700,019** | **38,004,032** | (524,560) | (28,478,362) |
| Total current and deferred income tax expense | **3,597,562** | **195,311,641** | 3,052,627 | 165,727,120 |

Deferred tax asset consists of the following:

| | March 31, 2013 | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Federal | **1,036,086** | **56,249,109** | 1,689,833 | 91,741,034 |
| State | **293,218** | **15,918,805** | 339,490 | 18,430,912 |
| | **1,329,304** | **72,167,914** | 2,029,323 | 110,171,946 |

As of March 31, 2013 and 2012, TMA had utilized all available federal net operating losses available to be carried forward from prior years. As of March 31, 2013, the Company had approximately USD 49,151 (INR 2,668,408) (March 31, 2012: USD 104,149 (INR 5,654,249)) of available state NOL which were available to be carried forward through March 31, 2019. TMA expects to be able to utilize the entire deferred tax benefit, therefore, no valuation allowance has been recorded to reduce the asset.

In the ordinary course of business there are many transactions that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's historical income tax provisions and accruals.

## 6. PROPERTY AND EQUIPMENT

At March 31, 2013 and 2012, property and equipment are summarized as follows:

| | March 31, 2013 | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Furniture and equipment - cost | **671,517** | **36,456,658** | 36,711 | 1,993,040 |
| Plant and machinery - cost | **16,682,262** | **905,680,004** | 384,688 | 20,884,712 |
| Computer and software - cost | **829,336** | **45,024,651** | 120,239 | 6,527,775 |
| Leasehold improvements - cost | **17,938** | **973,855** | 17,938 | 973,854 |
| Less: accumulated depreciation | **(539,075)** | **(29,266,382)** | (352,234) | (19,122,784) |
| Property and equipment, net | **17,661,978** | **958,868,786** | 207,342 | 11,256,597 |

Depreciation expense was USD 26,767 (INR 1,453,180) and USD 66,104 (INR 3,588,786) for the three months ended March 31, 2013 and 2012, respectively and USD 186,841 (INR 10,143,598) and USD 159,767 (INR 8,673,750) for the twelve months ended March 31, 2013 and 2012, respectively. The depreciation policies followed by TMA are described in Note 2F.

## 7. INVESTMENT IN SUBSIDIARY

The Company owns 100% investment (500,000 shares of USD 1.00 par value) in Tech Talenta, Inc. (100% owned subsidiary), that is accounted for on the cost method. The cost of investment was reported at USD 500,000 (INR 27,145,000) at March 31, 2013. The subsidiary's stockholder's equity at March 31, 2013 was USD 388,092 (INR 21,069,515).

## 8. TRANSACTIONS WITH PARENT COMPANY

TMA has entered into revenue sharing contracts with TechM, its parent company. For details relating to the contracts refer to Note 2G above.

| | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Beginning balance, due from parent company | **23,761,668** | **1,290,020,956** | 11,655,844 | 632,795,771 |
| Contract revenue - parent company | **(13,292,765)** | **(721,664,212)** | (224,219) | (12,172,850) |
| Income from parent company | **164,878,285** | **8,951,242,093** | 139,768,684 | 7,588,041,854 |
| Payments to parent company | **14,702,060** | **798,174,837** | 5,784,526 | 314,041,917 |
| Collections from parent company | **(165,927,791)** | **(9,008,219,774)** | (128,608,622) | (6,982,162,088) |
| Advances received from parent company | **(2,003,818)** | **(108,787,279)** | (4,648,053) | (252,342,797) |

| | **Year ended March 31, 2013** | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts retained for services provided | **-** | **-** | 8,927 | 484,647 |
| Ending balance, due from parent company | **22,117,639** | **1,200,766,621** | 23,737,087 | 1,288,686,454 |

| Due (to) from parent consists of: | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts due to parent company | **(2,030,193)** | **(110,219,178)** | (1,581,498) | (85,859,526) |
| Amounts due from parent company | **24,147,832** | **1,310,985,799** | 25,318,585 | 1,374,545,980 |
| | **22,117,639** | **1,200,766,621** | 23,737,087 | 1,288,686,454 |

## 9. TRANSACTIONS WITH AFFILIATED COMPANIES

In the years ending March 31, 2013 and 2012, TMA had inter-company transactions with CanvasM Technologies Limited (CTL), an affiliated company. Transactions with CTL are summarized below:

| | **Years ended March 31, 2013** | | Years ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Beginning balance, due to CTL | **(1,564,773)** | **(84,951,526)** | (2,238,353) | (121,520,184) |
| Contract revenue | **-** | **-** | (11,435,856) | (620,852,622) |
| Advances received from CTL | **(2,120,183)** | **(115,104,735)** | (4,699,131) | (255,115,822) |
| Amounts paid to CTL | **3,198,003** | **173,619,583** | 11,800,000 | 640,622,000 |
| Expense reimbursement - debit/ credit notes | **(68,320)** | **(3,709,093)** | 90,306 | 4,902,712 |
| Rebate (revenue) from CTL | **(105,468)** | **(5,725,858)** | 4,346,468 | 235,969,748 |
| Amounts retained for services provided | **-** | **-** | 571,793 | 31,042,642 |
| Ending balance, due to CTL | **(660,741)** | **(35,871,629)** | (1,564,773) | (84,951,526) |

| Due (to) from CTL consist of: | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts due to CTL | **(766,209)** | **(41,597,487)** | (3,892,845) | (211,342,555) |
| Amounts due from CTL | **105,468** | **5,725,858** | 2,328,072 | 126,391,029 |
| | **(660,741)** | **(35,871,629)** | (1,564,773) | (84,951,526) |

Beginning in the quarter ended March 31, 2012, TMA started exchanging resources at cost with Satyam Computer Services Limited (MSAT), an affiliated company. Transactions with MSAT are summarized below:

| | **Year ended March 31, 2013** | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Beginning balance, due to MSAT | **(280,833)** | **(15,246,424)** | (64,036) | (3,476,514) |
| MSAT resources used by the company | **(835,261)** | **(45,346,319)** | (243,102) | (13,198,008) |
| Expense reimbursement - debit/ credit notes | **69,351** | **3,765,066** | 4,013 | 217,866 |
| Collections from MSAT | **(160,548)** | **(8,716,151)** | (130,832) | (7,102,869) |
| Payments to MSAT | **235,166** | **12,767,162** | 153,124 | 8,313,102 |
| Ending balance, due to MSAT | **(972,125)** | **(52,776,666)** | (280,833) | (15,246,423) |

| Due (to) from MSAT consist of: | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts due to MSAT | **(1,612,474)** | **(87,541,213)** | (530,384) | (28,794,547) |
| Amounts due from MSAT | **640,349** | **34,764,547** | 249,551 | 13,548,124 |
| | **(972,125)** | **(52,776,666)** | (280,833) | (15,246,423) |

In the year ending March 31, 2013, TMA had inter-company transactions with Tech Talenta, Inc. ("TechT), its wholly owned subsidiary. Transaction with TechT are summarized below:

| | **Year ended March 31, 2013** | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Beginning balance, due (to) from TechT | **-** | **-** | - | - |
| Subcontractor cost - TechT | **(929,140)** | **(50,443,011)** | - | - |
| Expense reimbursement - debit/ credit notes | **71,479** | **3,880,595** | - | - |
| Amounts paid to TechT | **637,564** | **34,613,350** | - | - |
| Ending balance, due (to) from TechT | **(220,097)** | **(11,949,066)** | - | - |

| Due (to) from TechT consists of: | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts due to TechT | **$(291,576)** | **(15,829,661)** | - | - |
| Amounts due from TechT | **71,479** | **3,880,595** | - | - |
| | **(220,097)** | **(11,949,066)** | - | - |

In the year ending March 31, 2013, TMA had inter-company transactions with Satyam BPO Services Ltd ("Satyam BPO"), an affiliated company. Transaction with Satyam BPO are summarized below:

| | **Year ended March 31, 2013** | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Beginning balance, due (to) from Satyam BPO | **-** | **-** | - | - |
| Expense reimbursement - debit/ credit notes | **4,000** | **217,160** | - | - |
| Ending balance, due (to) from Satyam BPO | **4,000** | **217,160** | - | - |

| Due (to) from Satyam BPO consists of: | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| Amounts due to Satyam BPO | **-** | **-** | - | - |
| Amounts due from Satyam BPO | **4,000** | **217,160** | - | - |
| | **4,000** | **217,160** | - | - |
| Amounts due to affiliated companies | **(2,670,259)** | **(144,968,361)** | (4,423,229) | (240,137,102) |
| Amounts due from affiliated companies | **821,296** | **44,588,160** | 2,577,623 | 139,939,153 |
| | **(1,848,963)** | **(100,380,201)** | (1,845,606) | (100,197,949) |

## 10. CONCENTRATIONS WITH PARENT COMPANY'S CUSTOMERS

Revenue from the parent and affiliated companies ("contract revenue") for the three months ended March 31, 2013 and 2012 was USD 45,351,433 (INR 2,462,129,298) and USD 38,813,626 (INR 2,107,191,756), representing 100% and 99%, respectively. For the twelve months ended March 31, 2013 and 2012 contract revenue was USD 164,878,285 (INR 8,951,242,093) and USD 148,037,683 (INR 8,036,965,810), representing 100% and 99%, respectively. This contract revenue is received by TMA and then is transferred to TechM and CTL. Contract revenue has been treated as agency transactions for financial statements purposes.

| | **Year ended March 31, 2013** | | |
|---|---|---|---|
| | **Amount** | | **Concentration** |
| | **USD** | **INR** | |
| CenturyLink | **3,723,592** | **202,153,810** | **28%** |
| Huawei Technologies (USA) | **542,447** | **29,449,448** | **4%** |
| Samsung Telecommunications America | **2,618,639** | **142,165,911** | **20%** |

| | Year ended March 31, 2012 | | |
|---|---|---|---|
| | Amount | | Concentration |
| | USD | INR | |
| | (Restated) | | |
| CenturyLink | - | - | 0% |
| Huawei Technologies (USA) | 1,797,789 | 97,601,965 | 15% |
| Samsung Telecommunications America | 1,793,735 | 97,381,873 | 15% |

## 11. EMPLOYEE BENEFITS

TMA's medical benefits are provided under a partially self-insured plan and a contract with an insurance company for major stop-loss coverage. Under the insurance contract, TMA is liable for all expenses under an aggregate annual maximum based on the number of persons covered. Management has included in accrued expenses claims payable and an estimate of incurred but not paid claims as of the year end.

Employees of TMA may be allotted/granted shares in TechM in terms of several Employee Stock Option plans. The allotment of options to eligible employees is decided by the Compensation Committee which is comprised of certain directors of TechM. However, it is the opinion of management that the options granted to the employees relate to the services rendered to the parent company and therefore need not be accounted for by TMA under FASB ASC 718, Compensation - Stock Compensation.

## 12. COMMITMENTS

Leases:

TMA leases office space under operating leases. Rent expenses under these operating leases were USD 97,214 (INR 5,277,748) and USD 98,526 (INR 5,348,977) for the three months ended March 31, 2013 and 2012, respectively and USD 489,212 (INR 26,559,319) and USD 451,016 (INR 24,485,659) for the twelve months ended March 31, 2013 and 2012, respectively. Future minimum lease payments under operating leases are as follows:

| Years ending March 31, | USD | INR |
|---|---|---|
| 2014 | 494,062 | 26,822,626 |
| 2015 | 304,963 | 16,556,441 |
| 2016 | 250,656 | 13,608,114 |
| 2017 | 252,275 | 13,696,010 |
| 2018 | 222,324 | 12,069,970 |
| | **1,524,280** | **82,753,161** |

Letters of Credit:

At March 31, 2013, the Company had commitments of USD 8,983,648 (INR 487,722,250) for the acquisition of equipment for a testing laboratory facility in New Jersey, USA. Relating to the acquisition of equipment referred to above, the Company has outstanding irrevocable letters of credit in the amount of USD 8,983,648 (INR 487,722,250). The outstanding letters of credit have payment terms from delivery to twenty four (24) months from delivery

## 13. MERGER WITH COMPANY RELATED BY COMMON CONTROL

The Company and CanvasM (Americas), Inc. (CAI), pursuant to the provisions of the laws of the New Jersey Business Corporation Act and the provisions of the laws of the State of Delaware, were merged with and into a single corporation. TMA is the surviving corporation upon the effective date of the merger and which continues to exist as said surviving corporation under its present name pursuant to the provisions of the New Jersey Business Corporation Act. The separate existence of CAI ceased on September 1, 2012, the effective date of the merger in accordance with the laws of the jurisdiction of organization.

The issued shares of the CAI were cancelled on September 1, 2012, the effective date of the merger. The issued shares of the Company, the surviving corporation, are not converted in any manner but each said share which is issued as of the effective date of the merger continues to represent one issued share of the surviving corporation.

The merger of the CAI with and into TMA has been duly authorized in compliance with the laws of the jurisdiction of organization of the terminating corporation and as the Plan and Agreement of Merger has been approved by the shareholders entitled to vote of the surviving corporation in the manner prescribed by the provisions of the New Jersey Business Corporation Act.

The following table summarizes the fair market values of the assets acquired on September 1, 2012 in terms of the merger referred to above. In terms of U.S. GAAP the transaction is a transaction between related parties under common control. Consequently, the company does not record any stepped up basis for the assets acquired.

| | USD | INR |
|---|---|---|
| Cash | 743,263 | 40,351,748 |
| Accounts receivable, trade | 230,952 | 12,538,384 |
| Prepaid income taxes | 270,914 | 14,707,921 |
| Due from affiliated companies | 2,000 | 108,580 |
| Total assets | 1,247,129 | 67,706,633 |
| Due to affiliated companies | 572,421 | 31,076,736 |
| Customer advances | 5,079 | 275,739 |
| Accrued income taxes | 210,265 | 11,415,287 |
| Total liabilities | 787,765 | 42,767,762 |
| Net assets acquired | 459,364 | 24,938,872 |

Prior year amounts have been restated to reflect the combined amounts for CAI and TMA to conform with current year presentation.

## 14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 27, 2013, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 27, 2013, that would have a material impact on the financial statements.

## SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES (USD & INR)

| | Years ended March 31, | | | |
|---|---|---|---|---|
| | **2013** | | 2012 | |
| | **USD** | **INR** | USD | INR |
| | | | (Restated) | |
| **Schedule I** | | | | |
| **REVENUE** | | | | |
| Contract revenue | **13,292,764** | **721,664,158** | 11,804,471 | 640,864,731 |
| Transfers to parent and affiliated companies | **(13,292,764)** | **(721,664,158)** | (10,140,038) | (550,502,663) |
| | **-** | **-** | 1,664,433 | 90,362,068 |
| Revenue from parent and affiliated companies | **164,878,285** | **8,951,242,093** | 148,037,683 | 8,036,965,810 |
| | **164,878,285** | **8,951,242,093** | 149,702,116 | 8,127,327,878 |
| **Schedule II** | | | | |
| **PERSONNEL EXPENSES** | | | | |
| Salaries | | | | |
| Software engineers | **86,902,009** | **4,717,910,069** | 73,565,167 | 3,993,852,916 |
| Administrative | **1,033,390** | **56,102,743** | 1,314,020 | 71,338,146 |
| Sales and marketing | **9,525,470** | **517,137,766** | 6,968,415 | 378,315,250 |
| Payroll taxes | **7,891,433** | **428,425,898** | 6,672,138 | 362,230,372 |
| Employee benefits | **8,606,218** | **467,231,575** | 7,209,175 | 391,386,111 |
| | **113,958,520** | **6,186,808,051** | 95,728,915 | 5,197,122,795 |
| **Schedule III** | | | | |
| **GENERAL AND ADMINISTRATIVE** | | | | |
| Contracted services | **30,045,471** | **1,631,168,621** | 35,689,866 | 1,937,602,825 |
| Insurance | **125,558** | **6,816,544** | 142,945 | 7,760,484 |
| Travel | **6,638,789** | **360,419,855** | 6,415,826 | 348,315,194 |
| Bad debt expense | **254,469** | **13,815,122** | 100,000 | 5,429,000 |
| Entertainment | **440,570** | **23,918,545** | 265,469 | 14,412,312 |
| Professional fees | **577,034** | **31,327,176** | 702,588 | 38,143,503 |
| Rent | **489,212** | **26,559,319** | 451,016 | 24,485,659 |
| Communications | **853,015** | **46,310,184** | 712,373 | 38,674,730 |
| Office expenses | **198,948** | **10,800,887** | 180,668 | 9,808,466 |
| Sales and other indirect taxes | **495,247** | **26,886,960** | 277,991 | 15,092,131 |
| Advertising and publicity | **1,436,015** | **77,961,254** | 344,923 | 18,725,870 |
| Project specific expenses | **135,821** | **7,373,722** | 329,373 | 17,881,660 |
| Bank Charges | **-** | **-** | 800 | 43,432 |
| Miscellaneous expenses | **77,760** | **4,221,590** | 140,821 | 7,645,172 |
| | **41,767,909** | **2,267,579,779** | 45,754,659 | 2,484,020,438 |

See Notes to Supplemental Financial Statements

# TECH TALENTA INC.

**Board of Directors**

Mr. L. Ravichandran

Mr. Gurpreet Grewal

**Registered Office**

211, E. 7th Street,
Suite 620, Austin,
Tx 78701, Texas, USA.

**Bankers**

HSBC Bank

**Auditors**

Catrakilis & Company CPA's P. C.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2013.

**Financial Results:**

| For the year ended March 31, | 2013 US $ | 2013 INR |
|---|---:|---:|
| Income | 1,156,533 | 50,443,011 |
| Profit/(Loss) before tax | (183,320) | (3,876,957) |
| Profit/(Loss)after tax | (111,908) | (6,075,485) |

**Review of operations:**

During the fiscal year, the Company achieved income of US$ 1,156,533 (equivalent to INR 50,443,011). The Company is engaged in the business of recruitment, fulfilment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering and IT Systems Support Operations. TTI is a wholly owned subsidiary of Tech Mahindra (Americas) Inc.

**Board:**

Mr. L Ravichandran and Mr. Gurpreet Grewal are the members of the Board of Directors.

**Outlook for the current year :**

Revenue growth at the beginning of the first quarter is stronger than seen in 2012 primarily driven by North American market by Professional and General Staffing. We foresee a stronger revenue growth by 30 % this year from emerging markets in EMEA and APAC. Given the current trends in staffing industry we continue to focus on price discipline and provide more strategic value to our customers.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

For Tech Talenta Inc.

L Ravichandran
Director

Pune, May 21, 2013

# INDEPENDENT AUDITORS' REPORT

**Tech Talenta Inc.**

**a wholly owned subsidiary of Tech Mahindra (Americas) Inc. Richardson, Texas**

We have audited the accompanying balance sheets of Tech Talenta Inc (the "Company"), a wholly owned subsidiary of Tech Mahindra (Americas) Inc, as of March 31, 2013 and 2012, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Talenta Inc. as of March 31, 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 & 5 to the financial statements, Tech Talenta Inc. has had numerous significant transaction with affiliated companies.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedules of Revenue and Expenses on page herein are presented by the company's management for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the audition procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Catrakilis & Company CPA's, P.C.
Atlanta, Georgia
April 19, 2013

# INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

**Tech Talenta, Inc.**

**a wholly owned subsidiary of Tech Mahindra (Americas) Inc, Richardson, Texas**

Our report on our audits of the basic financial statements of Tech Talenta, Inc., a wholly owned subsidiary of Tech Mahindra (Americas) Inc, as of March 31, 2013, and the related statements of operations, accumulated deficit, and cash flows for the years then ended, appears on page herein. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages herein is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

USD amounts in the supplemental schedules are translated for convenience into Indian Rupees (INR) at the exchange rate of INR 54.69 to 1.00 USD for both 2013 and 2012.

Catrakilis & Company CPA's, P.C.
Atlanta, Georgia
April 19, 2013

# Supplemental Balance Sheet March 31, 2013

| | | 2013 | |
|---|---|---|---|
| **ASSETS:** | **Note** | **USD** | **INR** |
| Current assets: | | | |
| Cash | | **191,170** | **10,378,619** |
| Accounts receivable | | **13,628** | **739,864** |
| Prepaid income tax | | **2,550** | **138,442** |
| Due from parent company | **4** | **220,098** | **11,949,120** |
| Due from affiliated company | **5** | **51,787** | **2,811,516** |
| Total current assets | | **479,233** | **26,017,561** |
| Other assets: | | | |
| Deferred tax asset | **3** | **73,322** | **3,980,651** |
| Total Assets | | **552,555** | **29,998,212** |
| **LIABILITIES AND STOCKHOLDER'S EQUITY:** | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | | **1,537** | **83,444** |
| Accrued expenses | | **161,016** | **8,741,559** |
| Income tax payable | | **1,910** | **103,694** |
| Total current liabilities | | **164,463** | **8,928,697** |
| Stockholder's equity: | | | |
| Common stock - USD 1 par value, 500,000 shares authorized, issued and outstanding | | **500,000** | **27,145,000** |
| Accumulated deficit | | **(111,908)** | **(6,075,485)** |
| Total stockholder's equity | | **388,092** | **21,069,515** |
| Total Liabilities and Stockholder's Equity | | **552,555** | **29,998,212** |

See notes to supplimental financial statements

# Supplemental Statement of Operations and Accumulated Deficit
# For the Year Ended March 31, 2013

| | Schedule | Year ended March 31, 2013 | |
|---|---|---|---|
| | | USD | INR |
| **REVENUE** | I | 1,156,533 | 62,788,177 |
| **OPERATING EXPENSES:** | | | |
| Personnel | II | 1,279,944 | 69,488,160 |
| General and administrative | III | 59,909 | 3,252,459 |
| Total operating expenses | | 1,339,853 | 72,740,619 |
| Loss before income tax benefit | | (183,320) | (9,952,442) |
| INCOME TAX BENEFIT | Note 3 | (71,412) | (3,876,957) |
| NET LOSS | | (111,908) | (6,075,485) |
| Accumulated deficit, beginning of period | | - | - |
| Accumulated deficit, end of period | | (111,908) | (6,075,485) |

See notes to supplimental financial statements

# Supplemental Statement of Cash Flows
# For the Year Ended March 31, 2013

| | Year ended March 31, 2013 | |
|---|---|---|
| | **USD** | **INR** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | **(111,908)** | **(6,075,485)** |
| Adjustments to reconcile net income to cash used in operating activities: | | |
| Deferred income tax benefit | **(73,322)** | **(3,980,651)** |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | **(13,628)** | **(739,864)** |
| Prepaid income tax | **(2,550)** | **(138,442)** |
| Due from parent company | **(220,098)** | **(11,949,120)** |
| Due to affiliated company | **(51,787)** | **(2,811,516)** |
| Accounts payable | **1,537** | **83,444** |
| Accrued expenses | **161,016** | **8,741,559** |
| Income tax payable | **1,910** | **103,694** |
| Net Cash Used in Operating Activities | **(308,830)** | **(16,766,381)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from issuance of common stock | **500,000** | **27,145,000** |
| Net increase (decrease) in cash | **191,170** | **10,378,619** |
| Cash , beginning of period | **-** | **-** |
| Cash, end of period | **$191,170** | **10,378,619** |
| Supplemental cash flow disclosure: | | |
| Cash paid for income taxes | **$2,550** | **138,442** |

See notes to supplimental financial statements

# Notes to Supplemental Financial Statements March 31, 2013

## 1. NATURE OF OPERATIONS

Tech Talenta Inc. (the "Company") is a wholly owned subsidiary of Tech Mahindra (Americas), Inc. The Company was incorporated in the State of Texas on March 6, 2012. The Company is engaged in the business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering, IT Systems Support and Operations for clients across North America.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PRESENTATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

### B. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### C. CASH AND CASH EQUIVALENTS

The Company considers all investments with an original maturity of three months or less to be cash equivalents.

### D. ACCOUNTS RECEIVABLE

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. An allowance for doubtful receivables is provided for known and anticipated credit losses, as determined by management in the course of regularly evaluating individual customer receivables. This evaluation takes into consideration a customer's financial condition and credit history, as well as current economic conditions. Accounts receivable are considered delinquent when they are over 90 days past due and are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded in income when received.

### E. REVENUE RECOGNITION

Revenue is derived from services that are provided under both fixed fee contracts and time and material contracts. Revenue on fixed fee contracts is recognized based on the percentage of completion method, which is calculated based on total hours incurred to total estimated hours. Revenue on time and material contracts is recognized as the services are performed.

Unbilled revenue comprises of revenue recognized in relation to efforts incurred on fixed fee and time and material contracts not billed as of the period end where services are performed in accordance with agreed terms. In the year ended March 31, 2013, the Company did not have any unbilled revenue.

### F. INCOME TAXES

Tech Talenta accounts for income taxes using FASB ASC 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

In terms of FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

G. RECLASSIFICATIONS

For comparative purposes, certain prior period amounts have been reclassified to be consistent with current period presentation.

## 3. INCOME TAXES

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as discussed in Note 2F above.

| | Year ended March 31, 2013 | |
|---|---|---|
| | **USD** | **INR** |
| Current income tax expense consist of the following: | | |
| Federal | **-** | **-** |
| State | **1,910** | **103,694** |
| Total current income tax expense | **1,910** | **103,694** |
| Deferred income tax expense (benefit) consist of the following: | | |
| Federal | **(61,971)** | **(3,364,406)** |
| State | **(11,351)** | **(616,245)** |
| Total deferred income tax expense (benefit) | **(73,322)** | **(3,980,651)** |
| Total current and deferred income tax benefit | **(71,412)** | **(3,876,957)** |

| | March 31, 2013 | |
|---|---|---|
| | **USD** | **INR** |
| Deferred tax asset consists of the following: | | |
| Federal | **61,971** | **3,364,406** |
| State | **11,351** | **616,245** |
| Total deferred tax asset | **73,322** | **3,980,651** |

As of March 31, 2013, Tech Talenta had approximately USD 182,268 (INR 9,895,330) of federal net operating losses and USD 147,776 (INR 8,022,759) of state net operating losses available to be carried forward. Tech Talenta expects to be able to utilize the entire deferred tax benefit, therefore, no valuation allowance has been recorded to reduce the asset.

In the ordinary course of business, there are many intercompany transactions that affect the calculation and estimation of the Company's tax liability. Although the Company's management believes that their tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's income tax provisions and accruals.

## 4. TRANSACTIONS WITH PARENT COMPANY

In the year ended March 31, 2013, Tech Talenta had inter-company transactions with Tech Mahindra (Americas), the parent company. Transactions with parent company are summarized below:

| | Year ended March 31, 2013 | |
|---|---|---|
| | **USD** | **INR** |
| Beginning balance, due to parent company | **-** | **-** |
| Revenue from parent company | **929,140** | **50,443,010** |
| Expense reimbursement - debit/ credit notes | **(71,478)** | **(3,880,541)** |
| Collections from affiliated company | **(637,564)** | **(34,613,349)** |
| Ending balance, due (to) from parent company | **220,098** | **11,949,120** |

Due (to) from parent consists of:

| | March 31, 2013 | |
|---|---|---|
| | USD | INR |
| Amounts due to parent company | (71,478) | (3,880,541) |
| Amounts due from parent company | 291,576 | 15,829,661 |
| | 220,098 | 11,949,120 |

## 5. TRANSACTIONS WITH AFFILIATED COMPANY

In the year ended March 31, 2013 Tech Talenta had inter-company transactions with Satyam Computer Services Limited (MSAT), an affiliated company. Transactions with MSAT are summarized below:

| | Year ended March 31, 2013 | |
|---|---|---|
| | USD | INR |
| Beginning balance, due (to) from MSAT | - | - |
| Revenue from MSAT | 192,085 | 10,428,294 |
| Expense reimbursement - debit/ credit notes | (92,736) | (5,034,637) |
| Collections from affiliated company | (47,562) | (2,582,141) |
| Ending balance, due (to) from MSAT | 51,787 | 2,811,516 |

Due (to) from MSAT consists of:

| | March 31, 2013 | |
|---|---|---|
| | USD | INR |
| Amounts due to MSAT | (92,736) | (5,034,637) |
| Amounts due from MSAT | 144,523 | 7,846,153 |
| | 51,787 | 2,811,516 |

## 6. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 19, 2013, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 19, 2013, that would have a material impact on the financial statements.

**Supplemental Schedules of Revenue and Expenses (USD & INR)**

**For the Year Ended March 31, 2013**

| | Year ended March 31, 2013 | |
|---|---|---|
| **Schedule I** | **USD** | **INR** |
| **REVENUE** | | |
| Revenue from parent company | **929,140** | **50,443,011** |
| Revenue from affiliated company | **192,085** | **10,428,295** |
| Revenue from third parties | **35,308** | **1,916,871** |
| | **1,156,533** | **62,788,177** |
| | | |
| **Schedule II** | | |
| **PERSONNEL EXPENSES** | | |
| Personnel cost | | |
| Software engineers | **987,947** | **53,635,643** |
| Sales and marketing | **202,615** | **10,999,968** |
| Payroll tax | **89,382** | **4,852,549** |
| | **1,279,944** | **69,488,160** |
| | | |
| **Schedule III** | | |
| **GENERAL AND ADMINISTRATIVE** | | |
| Contracted services | **36,263** | **1,968,718** |
| Professional fees | **18,760** | **1,018,480** |
| Travel | **4,547** | **246,857** |
| Office expense | **194** | **10,532** |
| Miscellaneous expense | **68** | **3,692** |
| Bank charges | **42** | **2,280** |
| Licenses and fees | **35** | **1,900** |
| | **59,909** | **3,252,459** |

# TECH MAHINDRA GmbH, DÜSSELDORF

**Supervisory Board**

Mr. Vineet Nayyar - Chairman

Mr. Ulhas N. Yargop

**Managing Directors**

Mr. Sonjoy Anand

Mr. Gurpreet Grewal

Mr. Abhijeet Anant Awekar

**Registered Office**

C/o. Anton Stapdmann

GmbH & Co. KG

Grafenberger Allee 277-287

40237 Düsseldorf

Germany

**Bankers**

HSBC Bank

**Auditors**

Deloitte and Touche, GmbH

Düsseldorf, Germany

# Management Report for the Financial Year 2012/2013

**Nature of Business**

TECH MAHINDRA GMBH is a wholly-owned German subsidiary of TECH MAHINDRA Limited, Pune/India, and was established in 2001. The Company's business activities focus on providing consulting technology and outsourcing ¬services to the communications sector.

In 2010/2011, TECH MAHINDRA was ranked as being the best Telekom Software service provider in India by Voice & Data. In Gartner's Magic Quadrant, TECH MAHINDRA was rated as leader of IT Services for Communication Service Providers. The joint venture established by TECH MAHINDRA and Mahindra Satyam was ranked sixth in India among the NASSCOM Top 20-IT-BPO employers. Among Gartner's top 20 Telecom Operations Management System (TOMS) suppliers worldwide, TECH MAHINDRA was ranked twelfth based on its market shares in 2010/2011.

In general, we render our services to our parent company under a Service Provider Agreement. This form of transactions implies that the contracts are concluded between our parent company and the customer. We thereby act as sub-contractor of our parent company and do not bear any risks. The compensation for our services rendered is based on the reimbursement of cost incurred plus a mark-up. In exceptional cases, we directly enter into contracts with the customers. However, also in these instances our parent company bears the risks.

**Development of the Overall Economy and of the Industry**

The current and the last financial years were characterised by the global economic crisis. Outsourcing services for the telecommunication industry, however, were less affected than the overall economy. On the one hand, this is due to the concluded framework agreements. On the other hand, it is due to the higher cost pressure on the telecommunication providers, as this pressure forces the providers into outsourcing more services. We have also seen increasing competitive and price pressure in the markets that are relevant to our business. Despite the reduction in profits, the Company's management is optimistic about the future. The profit per employee increased in the financial year 2012/2013 compared with the financial year 2011/2012.

**Development of Sales**

Since our compensation system is based on reimbursement of the costs incurred plus a mark-up ("cost plus method") under the Service Provider Agreement, the general economic development and the development of the industry only conditionally affect the business development of our Company.

The sales under the Service Provider Agreement decreased from EUR 11,007 thousand to EUR 8,167 thousand, and the sales resulting from own business, in which we directly entered into contracts with the customers, declined from EUR 2,136 thousand to EUR 2,032 thousand. The decline in sales revenues primarily results from the reduction in working hours spent in the financial year compared with the prior year.

**Employees**

The nature of our business demands the recruitment of highly skilled employees for working in high-tech and telecommunication projects. This requires us to provide personnel from our Indian-based TECH MAHINDRA development centres. In addition, we employ skilled employees as well as contractors on site. Our employees work at customer premises across Germany such as Bonn, Munich, and Hamburg. Most of our employees have graduate degrees and some even have post-graduate degrees.

**Business Development**

- **Results of Operations**

  Under the Service Provider Agreement concluded with the parent company, TECH MAHINDRA GmbH passes on the cost incurred plus a mark-up of 6%, so that TECH MAHINDRA GmbH always benefits from cash inflows and realises sales that more than compensate the costs. In the aggregate, the Company realised a net income for the financial year of EUR 468 thousand compared with EUR 625 thousand in the prior year. This accounts for 4.6% (prior year: 4.8%) of the sales.

  The cost of purchased services includes EUR 2,032 thousand (prior year: EUR 2,136 thousand) charged by the parent company for services. This cost corresponds to the sales generated with third parties (direct business with customers).

  The decline of EUR 2,161 thousand in personnel expenses is the result of the reduction in the average number of employees in the financial year and lower cost per employee in 2012/2013 compared with the prior year. Part of the salary for the employees coming from India and working in Germany is paid in India. As a result, salary payments and social security contributions in Germany considerably declined.

  In 2012/2013 the average number of employees decreased to 112 compared with 159 employees in the prior year. The reduction in the number of employees primarily results from the offshore relocation of software development to India.

- **Net Asset Position**

  Net of the net income for the financial year, the equity ratio increased from 69.0% to 70.4%. Total assets grew from EUR 6,658 thousand to EUR 7,193 thousand.

  Apart from the liquid funds totalling EUR 1,281 thousand (prior year: EUR 2,947 thousand), the balance sheet's assets are primarily affected by receivables from affiliated companies of EUR 4,720 thousand (prior year: EUR 3,070 thousand), i.e. 65.6% (prior year: 46.1%) of the total assets.

  The increase of EUR 1,650 thousand in receivables from affiliated companies is ¬notably due to lower sales prior to the reporting date and later payment dates.

For details about the liquid funds, we refer to the information about the financial position.

The equity and liabilities in the balance sheet are affected by a reduction in other provisions (down EUR 336 thousand) to EUR 443 thousand (prior year: EUR 779 thousand) primarily resulting from lower provisions for outstanding invoices of subsidiaries following the reduction in sub-contracting.

The liabilities to affiliated companies increased by EUR 461 thousand mainly as a result of a later payment date and amount to EUR 1,210 thousand at the reporting date.

- **Financial Situation**

  The Company is currently completely self-financed. As at the reporting date, there are no liabilities to banks. No credit lines with banks are available to the Company. The Service Provider Agreement ensures permanent cash flows for financing the current business activities. As at 31 March 2013, the Company's cash and bank balances amount to EUR 1,281 thousand compared with EUR 2,947 thousand in the prior year.

  The reduction of EUR 1,666 thousand in cash and cash equivalents resulted from cash outflows from current business activities of the same amount, which were affected by the increase in receivables from affiliated companies.

**Risk Management**

The Company has a financial reporting system in place that is integrated in the TECH MAHINDRA group reporting activities. This system assists the Company in permanently monitoring and controlling the business development by preparing comparable expected and actual budgets.

On account of the above-described Service Provider Agreement, the Company benefits from permanent cash inflows and realises sales which exceed the costs. Due to the agreements, the Company is not aware of any material business risks.

**Post-balance-sheet date Events**

There have been no major post-balance sheet date events that affect the net assets, financial situation and results of operations and would require another presentation of the economic situation.

**Outlook as well as Risks and Opportunities of the Future Development**

In the light of the current orders on hand and the current financial situation, we expect a similar result for the financial year 2013/2014 as in the past financial year. The business will mainly comprise follow-up business. We also plan to expand our services and develop new markets to generate further business growth.

We expect steady growth in the future. Since the operators are under cost pressure, the demand for outsourcing, offshore and managed services will increase.

The launch of new technologies is often accompanied by insufficient technical skills, which TECH MAHINDRA, however, is able to provide.

Some of the risks we are exposed to arise from slowly developing offshore services, tougher competition and lower margins. We focus on addressing these risks by engaging in increasing marketing activities, by creating distinct quality guarantees to existing customers, by expanding business activities beyond ordinary activities such as OSS, VAS and networks as well as by entering new markets.

Based on our Service Provider Agreements which form the basis of our business operations, we expect a similar net income for the years 2013/2014 and 2014/2015 as in the past financial year.

For Tech Mahindra GmbH

| **Sonjoy Anand** | **Gurpreet Grewal** | **Abhijeet Anant Awekar** |
|---|---|---|
| Managing Director | Managing Director | Managing Director |

Düsseldorf/Germany, 16 May 2013

## Independent Auditors' Report

We have audited the annual financial statements - comprising the balance sheet, the income statement and the notes to the financial statements - together with the bookkeeping system, and the management report of TECH MAHINDRA GmbH, Düsseldorf /Germany, for the business year from 1 April 2012 to 31 March 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of TECH MAHINDRA GmbH, Düsseldorf/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf/Germany, 17 May 2013

**Deloitte & Touche GmbH**
Wirtschaftsprüfungsgesellschaft

Signed: **Herrel**
**Wirtschaftsprüfer**
[German Public Auditor]

Signed: **Halfmann**
**Wirtschaftsprüfer**
[German Public Auditor]

# BALANCE SHEET AS AT 31 MARCH 2013

| | 31 Mar. 2013 EUR | Prior year EUR '000' |
|---|---|---|
| **Assets** | | |
| **A. Fixed assets** | | |
| **I. Intangible fixed assets** | | |
| Software acquired for a consideration | **1.00** | 0 |
| **II. Tangible fixed assets** | | |
| Other equipment, operating and office equipment | **673.00** | 1 |
| | **674.00** | 1 |
| **B. Current assets** | | |
| **I. Receivables and other assets** | | |
| 1. Trade receivables | **1,055,363.79** | 497 |
| 2. Receivables from affiliated companies | **4,719,864.32** | 3,070 |
| 3. Other assets | **115,400.06** | 133 |
| | **5,890,628.17** | 3,700 |
| **II. Cash-in-hand, bank balances** | **1,280,604.13** | 2,947 |
| | **7,171,232.30** | 6,647 |
| **C. Prepaid expenses** | **20,656.33** | 10 |
| | **7,192,562.63** | 6,658 |

| | 31 Mar. 2013 EUR | Prior year EUR '000' |
|---|---|---|
| **Equity and Liabilities** | | |
| **A. Equity** | | |
| **I. Subscribed capital** | **575,000.00** | 575 |
| **II. Capital reserves** | **6,625,000.00** | 6,625 |
| **III. Accumulated losses brought forward** | **2,607,602.14** | 3,233 |
| **IV. Net income for the financial year** | **467,879.66** | 625 |
| | **5,060,277.52** | 4,592 |
| **B. Provisions** | | |
| Other provisions | **442,601.80** | 779 |
| **C. Liabilities** | | |
| 1. Trade payables | **256,518.83** | 316 |
| 2. Liabilities to affiliated companies | **1,210,358.75** | 749 |
| 3. Other liabilities | **222,805.73** | 222 |
| Of which taxes: | | |
| EUR 99,519.80 (prior year: EUR 89 thousand) | | |
| | **1,689,683.31** | 1,287 |
| | **7,192,562.63** | 6,658 |

## INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2012 TO 31 MARCH 2013

| | | 2012/2013 EUR | Prior year EUR |
|---|---|---|---|
| 1. | Sales | **10,198,711.40** | 13,143 |
| 2. | Other operating income | **9,724.29** | 19 |
| 3. | Cost of purchased services | **4,569,692.18** | 5,076 |
| 4. | Personnel expenses | | |
| | a) Salaries | **3,776,882.15** | 5,907 |
| | b) Social security | **419,897.75** | 451 |
| 5. | Amortisation and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets | **748.97** | 1 |
| 6. | Other operating expenses | **974,371.46** | 1,107 |
| 7. | Other interest and similar income | **1,036.48** | 5 |
| 8. | Result from ordinary activities = | | |
| | Net income for the financial year | **467,879.66** | 625 |

## MOVEMENTS IN FIXED ASSETS IN THE FINANCIAL YEAR 2012/2013

| | | Gross book values | | | Accumulated amortisation/depreciation/write-downs | | | Net book values | |
|---|---|---|---|---|---|---|---|---|---|
| | | Balance as at 1 Apr. 2012 EUR | Additions EUR | Balance as at 31 Mar. 2013 EUR | Balance as at 1 Apr. 2012 EUR | Additions EUR | Balance as at 31 Mar. 2013 EUR | Balance as at 31 Mar. 2013 EUR | Prior year EUR '000' |
| I. | **Intangible fixed assets** | | | | | | | | |
| | Software acquired for a consideration | 10,842.01 | 0.00 | **10,842.01** | 10,841.01 | 0.00 | **10,841.01** | **1.00** | 0 |
| II. | **Tangible fixed assets** | | | | | | | | |
| | Other equipment, operating and office equipment | 22,813.30 | 439.97 | **23,253.27** | 21,831.30 | 748.97 | **22,580.27** | **673.00** | 1 |
| | | 33,655.31 | 439.97 | **34,095.28** | 32,672.31 | 748.97 | **33,421.28** | **674.00** | 1 |

# Notes to the Financial Statements for the Financial Year 2012/2013

## A. General Information

The annual financial statements as at 31 March 2013 have been prepared according to the regulations under the German Commercial Code (HGB) and the German Law on Limited Liability Companies (GmbHG).

In some cases, the Company has taken advantage of the exemption rules, when preparing the annual financial statements.

The Company is a medium-sized firm organised in a corporate form as defined under § 267 (2) German Commercial Code (HGB).

## B. Accounting and Valuation Rules

**Intangible fixed assets** have been recognised at acquisition cost less amortisation performed according to the straight-line method.

**Tangible fixed assets** are valued at acquisition cost and depreciated on a straight-line basis over their expected useful life. Operating and office equipment is depreciated over a useful life of three to ten years.

Low-value items with acquisition cost of up to EUR 410.00 are expensed as incurred. Assets with acquisition cost of more than EUR 410.00 are depreciated over their individual useful lives.

**Receivables and other assets** as well as liquid funds are valued at their nominal values. Appropriate specific allowances have been made in order to cover all risks identifiable as at the balance sheet date.

The **provisions** are set up according to sound business judgement at settlement amounts.

The **liabilities** have been recognised at the amounts at which they will be repaid.

The Company does not take advantage of the option to account for the **excess of deferred tax assets** (§ 274 (1) Sentence 2 German Commercial Code (HGB)) due to a resulting future tax relief.

## C. Notes to the Balance Sheet

### Receivables and other assets

As in the prior year, all receivables and other assets are due within one year.

As in the prior year, the receivables from affiliated companies result from services and supplies. They solely relate to the shareholder like in the prior year.

### Provisions

The other provisions include commitments from vacation not taken (EUR 233 thousand, prior year: EUR 318 thousand), bonus provisions (EUR 86 thousand, prior year: EUR 126 thousand), fees for the preparation and audit of annual financial statements (EUR 13 thousand, prior year: EUR 21 thousand) and sundry (EUR 111 thousand, prior year: EUR 288 thousand).

### Liabilities

As in the prior year, all liabilities have to be repaid within one year.

As in the prior year, the liabilities to affiliated companies result from services and supplies and solely relate to the shareholder.

## D. Notes to the Income Statement

### Sales

Sales only comprise domestic revenues generated with IT services. They relate to sales of EUR 8,167 thousand (prior year: EUR 11,007 thousand) under the Service Provider Agreement and own business, in which we have directly entered into contracts with customers (EUR 2,032 thousand; prior year: EUR 2,136 thousand).

### Other operating income

The other operating income only comprises benefits in kind.

As in the prior year, there is no income related to other periods.

### Other operating expenses

The other operating expenses can be analysed as follows:

| | **2012/2013** | Prior year | Variance |
|---|---|---|---|
| | **EUR'000** | EUR'000 | EUR'000 |
| Legal and advisory fees | **467** | 510 | -43 |
| Travel expenses, car cost, entertainment | **260** | 405 | -145 |
| Telephone, fax | **57** | 66 | -9 |
| Rental, office services | **29** | 82 | -53 |
| Sundry | **161** | 44 | 117 |
| | **974** | 1,107 | -113 |

As in the prior year, the item does not include substantial expenses incurred in previous periods.

## E. Other Required Disclosures

### Members of Management

The management activities are performed by:

Mr Sonjoy Anand, Pune/India, Managing Director Finance

Mr Gurpreet Grewal, Great Britain, since 30 June 2011, Managing Director Operations

Mr Piyush Somani was appointed managing director for the period from 17 July 2012 until 5 November 2012. The appointment of Mr Somani as managing director was not entered into the Commercial Register at the Düsseldorf local court.

Mr Abhijeet Anant Awekar, Great Britain, since 30 January 2013, Managing Director Finance

The managing directors did not receive any emoluments from the Company.

**Supervisory Board**

The Company has appointed a Supervisory Board, which counts the following two members:

Ulhas Yargop, Mumbai/India, Member of the Board of Directors TECH MAHINDRA Limited;

Vineet Nayyar, New Delhi/India, Chairman, Executive Vice Chairman and Managing Director of TECH MAHINDRA Limited.

The members of the Supervisory Board did not receive any emoluments from the Company in the reporting period.

**Employees**

The average number of employees in the financial year was 112 (prior year: 159), all of whom were salaried employees.

**Other financial commitments**

The other financial commitments result from tenancy agreements and amount to EUR 7 thousand, all of which payable within one year.

**Group affiliation**

TECH MAHINDRA Limited, Pune/India, is the sole shareholder of TECH MAHINDRA GmbH.

The annual financial statements of the Company are included in the consolidated financial statements of TECH MAHINDRA Limited, Mumbai/India, which prepares the consolidated financial statements for both the smallest and largest group of consolidated entities. The consolidated financial statements are available online at www.techmahindra.com.

For Tech Mahindra GmbH

| **Sonjoy Anand** | **Gurpreet Grewal** | **Abhijeet Anant Awekar** |
|---|---|---|
| Managing Director | Managing Director | Managing Director |

Düsseldorf/Germany, 16 May 2013

# TECH MAHINDRA (SINGAPORE) PTE. LIMITED

**Board of Directors**

Mr. Chillara Krishnadas

Mr. Lim Tiong Beng

Mr. Rohit Gandhi

Mr. Manoj Joshi

**Registered Office**

No. 1, Changi Business

Park Avenue 1 # 04-02

Ultro Building

Singapore 486058

**Bankers**

HSBC Limited

**Auditors**

Deloitte & Touche LLP,

Certified Public Accountants, Singapore

# DIRECTORS' REPORT

For the financial year ended March 31, 2013

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended March 31, 2013.

**DIRECTORS**

The directors of the Company in office at the date of this report are:-

Lim Tiong Beng

Sonjoy Anand

Krishnadas Chillara

Jagdish Mitra (Resigned on 14/08/2012)

Manoj Shrikrishna Joshi

Rohit Gandhi

**Arrangements to enable directors to acquire share or debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of Company or any other body corporate.

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The following directors, who held office at the end of the financial year, had held shares, according to the register of directors' shareholdings required to be kept under section 164 of the Companies Act, Cap.50 are as follows:

| | Number of Shares | |
|---|---|---|
| **Name of director and company in which interests are held** | **At beginning of year** | **At end of year** |
| Tech Mahindra Limited - Immediate holding company | Ordinary shares of Indian Rupees 10 each | |
| Sonjoy Anand | 20 | 20 |
| Jagdish Mitra (Resigned on 14/08/2012) | 11,139 | - |
| Mahindra & Mahindra Limited - Ultimate holding company | Ordinary shares of Indian Rupees 10 each | |
| Krishnadas Chillara | 14,067 | 14,067 |

| | Options registered in name of director | |
|---|---|---|
| **Name of director and company in which interests are held** | **At beginning of year** | **At end of year** |
| Tech Mahindra Limited - Immediate holding company | Units of Indian Rupees 10 each | |
| Sonjoy Anand | 25,000 | 16,667 |
| Jagdish Mitra (Resigned on 14/08/2012) | 30,750 | - |
| Krishnadas Chillara | 12,146 | 12,146 |

**DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS**

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Sec 201(8) of the Singapore Companies Act, by reason of contract made by the Company or a related corporation with the director or with a firm of which is he a member, or with a Company in which he has a substantial financial interest.

**Options granted**

During the year, there were no options to take up un-issued shares of the Company.

**Options exercised**

During the year, no shares have been issued by virtue of the exercise of options granted.

Options outstanding

There were no share options outstanding as at March 31, 2013.

**Independent auditors**

The independent auditors, MGI N Rajan Associates have expressed their willingness to accept appointment.

ON BEHALF OF THE DIRECTORS

| | |
|---|---|
| **Rohit Gandhi** | **Manoj Shrikrishna Joshi** |
| Director | Director |

Place: Pune
Date: May 9, 2013

**Statement of Directors**

In the opinion of directors,

(a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and the statement of cash flows, together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the results and changes in equity and the cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

**Rohit Gandhi** — Director

**Manoj Shrikrishna Joshi** — Director

Place: Pune

Date: May 9, 2013

# Independent Auditors' Report
## to the Member of Tech Mahindra (Singapore) Pte. Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of the TECH MAHINDRA (SINGAPORE) PTE. LIMITED "(the Company)", which comprise the balance sheet of the Company as at March 31, 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and the Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and balance sheet and to maintain accountability of assets.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 audit opinion.

**Opinion**

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and the results, changes in equity and cash flows of the Company for the year then ended.

**Other matter**

The financial statements of the Company for the year ended March 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on May 23, 2012.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Mgi N Rajan Associates
Public Accountants And
Certified Public Accountants

Singapore
Date: May 9, 2013

# STATEMENT OF FINANCIAL POSITION
## As At March 31, 2013

| | Note | 2013 | 2012 |
|---|---|---|---|
| | | **SGD** | SGD |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Plant and equipment | 6 | **37,031** | 865 |
| Intangible assets | 7 | **700,588** | 1,080,000 |
| Deferred tax assets | 14 | **80,989** | - |
| Total non-current assets | | **818,608** | 1,080,865 |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | **3,073,136** | 2,448,158 |
| Trade receivables | 9 | **1,423,012** | 1,988,214 |
| Other receivables and prepayments | 10 | **83,346** | 140,850 |
| **Total current assets** | | **4,579,495** | 4,577,222 |
| **Total assets** | | **5,398,103** | 5,658,087 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | **1,574,746** | 1,292,425 |
| Other payable | 12 | **516,724** | 777,989 |
| Income tax payable | 13 | **9,895** | 59,315 |
| **Total current liabilities** | | **2,101,365** | 2,129,729 |
| **Non-current liability** | | | |
| Deferred tax liability | 14 | **-** | 3,198 |
| **Equity** | | | |
| Share capital | 15 | **50,000** | 50,000 |
| Accumulated profits | | **3,246,738** | 3,475,160 |
| **Total equity** | | **3,296,738** | 3,525,160 |
| **Total liabilities and equity** | | **5,398,103** | 5,658,087 |

The accompanying notes form an integral part of these financial information.

## STATEMENT OF COMPREHENSIVE INCOME
## Year ended March 31, 2013

| | Note | 2013 | 2012 |
|---|---|---|---|
| | | **SGD** | SGD |
| **Revenue** | 3 | **3,209,092** | 7,248,272 |
| **Other operating income** | 4 | **239,129** | - |
| Employee benefits expense | | **(1,914,351)** | (3,140,306) |
| Depreciation expense | | **(514,886)** | (3,351) |
| Other operating expenses | | **(1,320,094)** | (3,826,981) |
| (Loss)/profit before income tax | 5 | **(301,110)** | 277,634 |
| Income tax expense | 13 | **72,688** | 1,703 |
| **(Loss)/profit after income tax** | | **(228,422)** | 279,337 |
| **Total comprehensive income** | | **(228,422)** | 279,337 |

The accompanying notes form an integral part of these financial information.

## STATEMENT OF CHANGES IN EQUITY
## Year ended March 31, 2013

| | Share capital | Accumulated Profits | Total |
|---|---|---|---|
| | **SGD** | **SGD** | **SGD** |
| **Balance at 1 April 2011** | 50,000 | 3,195,823 | 3,245,823 |
| Total comprehensive income for the year | - | 279,337 | 279,337 |
| **Balance at March 31, 2012** | 50,000 | 3,475,160 | 3,525,160 |
| Total comprehensive income for the year | - | (228,422) | (228,422) |
| **Balance at March 31, 2013** | **50,000** | **3,246,738** | **3,296,738** |

The accompanying notes form an integral part of these financial information.

## STATEMENT OF CASH FLOWS
## Year ended March 31, 2013

| | NOTE | 2013 | 2012 |
|---|---|---|---|
| | | **SGD** | SGD |
| **Cash flows from operating activities** | | | |
| Net Profit for the year before taxation | | **(301,110)** | 277,634 |
| **Adjustment for:** | | | |
| Allowance (Write-back) for doubtful debt | | **-** | 550 |
| Depreciation | | **514,886** | 3,351 |
| Operating cash flows before movements in working capital changes | | **213,775** | 281,535 |
| Trade receivables | | **565,202** | (147,640) |
| Other receivables and prepayments | | **57,504** | (44,074) |
| Trade payables | | **282,321** | 1,290,862 |
| Other payables | | **(261,265)** | (121,774) |
| **Cash generated from operations** | | **857,538** | 1,258,909 |
| Tax paid | | **(60,920)** | (26,874) |
| | | **796,618** | 1,232,035 |
| **Cash flows from investing activities** | | | |
| Purchase of plant and equipment | | **(50,632)** | (2,683) |
| Purchase of intangible assets | | **(121,008)** | (1,080,000) |
| **Net cash (used in) investing activities** | | **(171,640)** | (1,082,683) |
| Net Increase in cash & cash equivalents | | **624,978** | 149,352 |
| Cash & cash equivalents at the beginning of the year | | **2,448,158** | 2,298,806 |
| **Cash & cash equivalents at end of the year** | **8** | **3,073,136** | 2,448,158 |

(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)

# NOTES TO FINANCIAL STATEMENTS
## March 31, 2013

### 1 CORPORATE INFORMATION

The financial statements of the company for the year ended March 31, 2013 were authorised for issue in accordance with a resolution of the director on the date of the Statement by Director.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The principal activity of the Company is providing consultancy and services relating to information technology and development of software solutions and products.

The principal place of business and registered office is located at 17, Changi Business Park Central 1, #06-01 Honeywell Building, Singapore 486073.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with Singapore Financial Reporting Standards requires using of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the financial year. The Company has assessed that there are no estimates or judgements used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

On April 1, 2012, the company has adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the company and had no material effect on the amounts reported for the current or prior financial years.

The financial statements of the Company are expressed in Singapore dollars.

#### 2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Revenue from the rendering of services that are short-term duration is recognized when the services are completed.

#### 2.3 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an items of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, all other property, plant and equipments are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual asset with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materiality from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

| | |
|---|---|
| Equipment | 1 – 3 years |
| Renovation | 3 years |

The residual values, estimated useful lives and depreciation methods are reviewed at each reporting date and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognized.

**2.4 Intangible assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method, on the following bases:

| | |
|---|---|
| Software | 100% in the same month put to use |
| Software | 2 Years — Where software is purchased for customer projects |

**2.5 Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.6 Government Grants**

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

**2.7 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2.8 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expenses are recognised on an effective interest basis of the instruments.

**Financial assets**

<u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash at banks that are subject to an insignificant risk of changes in value.

<u>Loans and receivables</u>

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables".

Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities**

Classification as debt or equity

Financialliabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Other financial liabilities

Trade and other payables and amount due to immediate holding company are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis, except for short-term balances when the recognition of interest would be immaterial.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

**2.9 LEASES**

All leases are classified as operating leases.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that incentives are received to enter into operating leases, such incentives are recognised as liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line-basis.

**2.10 Income taxes**

The liability method of tax effect accounting is adopted by the company. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss). The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

**2.11 Functional currency**

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the functional currency"). The financial statements of the company are presented in Singapore Dollars, which is also the functional currency of the company.

**2.12 Related party**

a) The party directly or indirectly through one or more intermediaries,

   i) controls, is controlled by, or is under common control with, the Company;

   ii) has an interest in the Company that gives it significant influence over the Company; or

   iii) has joint control over the Company;

b) The party is an associate;

c) The party is a jointly-controlled entity;

d) The party is a member of the key management personnel of the Company or its parent;

e) The party is a close member of the family of any individual referred to in a) or d); or

f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly referred to in (d) or

g) The party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is a related party of the Company.

**2.13 Share capital**

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

**2.14 Employee benefits**

The company contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The company's contributions to CPF are charged to the profit and loss account in the period to which the contributions relate.

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation base on past practice.

**3 REVENUE**

Revenue represents rendering of services at invoiced value, net of goods and services tax, where applicable

During the year the Company has billed to third parties amounting to SSGD 1,207,893 on behalf of immediate holding company which is excluded from the revenue.

**4 OTHER OPERATING INCOME**

| | **2013** | 2012 |
|---|---|---|
| | **SGD** | SGD |
| Job credit | **5,000** | - |
| Government grant | **171,473** | |
| Miscellaneous income | **62,656** | - |
| | **239,129** | **-** |

**5 (LOSS)/PROFIT BEFORE TAX**

| | **2013** | 2012 |
|---|---|---|
| | **SGD** | SGD |
| This is arrived after charging; | | |
| Employee benefits expense (including director remuneration) | **1,914,351** | 3,140,306 |
| Director fee | **-** | 2,000 |
| Cost of defined contribution plan | **76,822** | 106,075 |

**6. PLANT AND EQUIPMENT**

| **2013** | **Equipment** | **Renovation** | **Total** |
|---|---|---|---|
| | **SGD** | **SGD** | **SGD** |
| **Cost** | | | |
| **At 01.04.2012** | **367,564** | **236,032** | **603,596** |
| **Additions** | **50,632** | **-** | **50,632** |
| **At 31.03.2013** | **418,196** | **236,032** | **654,228** |

| **2013** | **Equipment SGD** | **Renovation SGD** | **Total SGD** |
|---|---|---|---|
| **Accumulated Depreciation** | | | |
| **At 01.04.2012** | **366,699** | **236,032** | **602,731** |
| **Charge during the year** | **14,466** | **-** | **14,466** |
| **At 31.03.2013** | **381,165** | **236,032** | **617,197** |
| **Net book value** | | | |
| **As at 31.03.2013** | **37,031** | **-** | **37,031** |

| **2012** | **Equipment SGD** | **Renovation SGD** | **Total SGD** |
|---|---|---|---|
| Cost | | | |
| At 01.04.2011 | 364,881 | 236,032 | 600,913 |
| Additions | 2,683 | - | 2,683 |
| At 31.03.2012 | 367,564 | 236,032 | 603,596 |
| Accumulated Depreciation | | | |
| At 01.04.2011 | 363,348 | 236,032 | 599,380 |
| Charge during the year | 3,351 | - | 3,351 |
| At 31.03.2012 | 366,699 | 236,032 | 602,731 |
| Net book value | | | |
| As at 31.03.2012 | 865 | - | 865 |

## 7. INTANGIBLE ASSETS

On December 15, 2011, the Company entered into a Sales and Purchase agreement with a related company to purchase a software license for a total consideration of SSGD1,080,000. The software license has finite economic useful life, over which the asset is amortised. Amortisation is not provided for the last year as the software was not in use.

| 2013 | |
|---|---|
| Software | SGD |
| Cost: | |
| At 1 April 2012 | 1,080,000 |
| Addition | 121,008 |
| At March 31, 2013 | 1,201,008 |
| Accumulated amortisation | |
| At 1 April 2012 | - |
| Amortisation during the year | 500,420 |
| At March 31, 2013 | 500,420 |
| Carrying amount at March 31, 2013 | 700,588 |

## 8. CASH AND CASH EQUIVALENTS

| | **2013 SGD** | 2012 SGD |
|---|---|---|
| Cash at bank | **3,073,136** | 2,448,158 |
| | **3,073,136** | 2,448,158 |

## 9. TRADE RECEIVABLES

| | **2013 SGD** | 2012 SGD |
|---|---|---|
| Third parties | **510,087** | 715,464 |
| Less: Allowance for doubtful debts | **(239,473)** | (239,473) |
| Net | **270,614** | 475,991 |
| Immediate holding company | **1,126,337** | 1,510,000 |
| GST | **22,796** | - |
| Related parties | **3,265** | 2,223 |
| | **1,423,012** | 1,988,214 |

The average credit period on services rendered ranges from 30 to 60 days (2012 : 30 to 60 days). No interest is charged on overdue trade receivables.

The amount owing from immediate holding company and related parties are unsecured, non-interest bearing and no fixed terms of payment.

The table below is an analysis of trade receivables as at March 31, 2013:

| | **2013 SGD** | 2012 SGD |
|---|---|---|
| Not past due and not impaired | **215,589** | 397,373 |
| Past due but not impaired (i) | **55,025** | 78,618 |
| | **270,614** | 475,991 |
| Impaired receivables – individually assessed (ii) | **239,473** | 239,473 |
| Less : Allowance for doubtful debts | **(239,473)** | (239,473) |
| Net trade receivables | **270,614** | 475,991 |

(i) Ageing of receivables that are past due over the average period of 60 days but not impaired:

| | **2013 SGD** | 2012 SSGD |
|---|---|---|
| 61 to 90 days | **22,792** | 30,228 |
| >91 days | **32,233** | 48,391 |
| Total | **55,025** | 78,618 |

In determining the recoverability of a trade receivables, the Company considers any changes in the credit quality of the receivables from the date credit was initially granted up the reporting date. There were no significant changes in credit quality for the Company's trade receivables balances which are past due and not impaired. Accordingly, the management believes that no credit provision is required.

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

The allowance for doubtful trade receivables have been determined by taking into consideration recovery prospects and past doubtful experience.

Movement in the allowance for doubtful debts:

| | 2013 SGD | 2012 SGD |
|---|---|---|
| Balanceat beginning of year | **239,473** | 238,923 |
| Charge to profit and loss | **-** | 550 |
| Balance at end of year | **239,473** | 239,473 |

## 10. OTHER RECEIVABLES

| | 2013 SGD | 2012 SGD |
|---|---|---|
| Advance to employees | **61,050** | 17,545 |
| Prepayments | **14,303** | 48,867 |
| Withholding tax | **7,993** | - |
| Others | **-** | 74,438 |
| | **83,346** | 140,850 |

## 11. TRADE PAYABLES

| | 2013 SGD | 2012 SGD |
|---|---|---|
| Trade payables | | |
| Third parties | **114,273** | 27,982 |
| Related parties | **1,460,473** | 1,264,443 |
| | **1,574,746** | 1,292,425 |

The average credit period on purchase is 30 days (2012 : 30 days)

The above balances are all denominated in the functional currency of the Company

The amount owing to related parties is unsecured, non-interest bearing and no fixed terms of payment.

## 12. OTHER PAYABLES

| | 2013 SGD | 2012 SGD |
|---|---|---|
| Accruals | **436,774** | 583,530 |
| Withholding tax | **46,430** | 194,459 |
| Deferred income | **33,520** | - |
| | **516,724** | 777,989 |

## 13. INCOME TAX EXPENSE

| | 2013 SGD | 2012 SGD |
|---|---|---|
| Current tax | **11,499** | 30,803 |
| Prior year under provision | **-** | (32,392) |
| Deferred tax (Note 14) | **(84,187)** | (114) |
| | **(72,688)** | (1,703) |

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's (loss)/profit as a result of the following:

| | 2013 SGD | 2012 SGD |
|---|---|---|
| (Loss)/profit before taxation | **(301,110)** | 277,633 |
| Tax @ statutory rate of 17% (2012: 17%) | **(51,189)** | 17,198 |
| Tax effect on non-deductable expense | **5,434** | 3,911 |
| Statutory stepped income exemption | **(17,277)** | (25,925) |
| Tax incentive | **(4,928)** | |
| Overprovision in prior year of current tax | **-** | (32,392) |
| Others | **(4,728)** | 5,506 |
| Total | **(72,688)** | (1,703) |

**Movement in current tax**

| | 2013 SGD | 2012 SGD |
|---|---|---|
| Balance brought forward | **59,315** | 87,778 |
| Current tax | **11,500** | 30,803 |
| Tax paid | **(60,920)** | (26,874) |
| Prior year under provision | **-** | (32,392) |
| Balance carried forward | **9,895** | 59,315 |

## 14. DEFERRED TAX LIABILITY/ASSET

The following are the major deferred tax recognized by the Company and movements during the year:

| **2013** | **Excess of book over tax depreciation SGD** | **Provisions SGD** | **Total SGD** |
|---|---|---|---|
| **At 01 April 2012** | **(3,198)** | **-** | **(3,198)** |
| **Debit to profit and loss (Note 13)** | **84,187** | | **84,187** |
| **At March 31, 2013** | **80,989** | **-** | **80,989** |

| 2012 | Excess of book over tax depreciation SGD | Provisions SGD | Total SGD |
|---|---|---|---|
| At 01 April 2011 | (3,312) | - | (3,312) |
| Debit to profit and loss | 114 | | 114 |
| At March 31, 2012 | (3,198) | - | (3,198) |

**15. SHARE CAPITAL**

| | **2013 SGD** | 2012 SGD |
|---|---|---|
| Issued and fully paid up | | |
| 5,000 Ordinary shares at the beginning & end of the year | **50,000** | 50,000 |
| | **50,000** | 50,000 |

The ordinary shares are with no par value, entitled for dividend as and when declared and carries one vote per share without restriction.

**16. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS**

The Company is a wholly-owned subsidiary of Tech Mahindra Limited, incorporated in India which is also the Company's immediate holding company. The Company's ultimate holding company is Mahindra and Mahindra Limited, incorporated in India. Related companies are members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated

| | **2013 SGD** | 2012 SSGD |
|---|---|---|
| **Immediate holding company – Tech Mahindra Limited** | | |
| Rendering of services | **3,209,092** | 4,916,869 |
| Services rendered on behalf of immediate holding company | **1,207,893** | 2,331,403 |
| Subcontract expense | **1,207,893** | 2,331,403 |
| Expenses reimbursement by immediate holding company | **20,030** | 344,301 |
| **Related party transaction** | | |
| **Satyam Computer Services Ltd** | | |
| Subcontract expense | **276,563** | 334,831 |
| Rent charges | **79,221** | 288,081 |
| **CanVasM Technologies Ltd** | | |
| Purchase of Software license | **-** | 1,080,000 |

**17. RELATED PARTY TRANSACTIONS**

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements.

**18. CAPITAL RISK MANAGEMENT**

The management manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Company consists of equity attributable to owners of the Company, comprising issued capital and retained earnings as disclosed in the notes to financial statements.

The Company's overall strategy remains unchanged from prior year.

**19. OPERATING LEASE COMMITMENTS**

The Company leases its land under non-cancellable operating lease agreements.

At the balance sheet date, the Company had the following future minimum lease payments under non-cancellable operating leases but not recognized as liabilities, were as follows:

| | **2013 SGD** | 2012 SGD |
|---|---|---|
| Minimum lease payments under operating lease recognized as an expense in the year | **79,221** | 108,793 |
| | **79,221** | 108,793 |

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks: currency risk, interest rate risk price risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize wherever possible potential adverse effects on the company's financial performance.

**a) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is not exposed to any foreign currency risk.

**b) Interest rate risk**

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company does not have financial instruments with variable interest rate.

**c) Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

**d) Credit risk**

The Company has adopted procedure in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties. Trade receivables that are neither past due nor impaired relate to customers that the Company has assessed to be creditworthy, based on the credit evaluation process performed by the management.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognized financial assets is the carrying amount of those assets stated in the statement of financial position.

Although the Company's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single customer or group of customers.

Further details of credit risks on trade receivables are disclosed in Note 9 to the financial statements

**e) Liquidity risk**

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The company maintains sufficient cash to meet its working capital requirements.

All payables are due within 1 year.

## 21. FAIR VALUE

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate to their fair value due to their short-term nature.

## 22. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not applied the following new/revised FRS or interpretations that have been issued as of the balance sheet date but not yet effective:

| Description | | Effective for annual periods beginning on or after |
|---|---|---|
| Revised FRS 19 | Employee Benefits | 1 January 2013 |
| Revised FRS 27 | Separate Financial Statements | 1 January 2014 |
| Revised FRS 28 | Investments in Associates and Joint Ventures | 1 January 2014 |
| Improvements to FRSs 2012 | | 1 January 2013 |
| - Amendment to FRS 1 | Presentation of Financial Statements | 1 January 2013 |
| - Amendment to FRS 16 | Property, plant and Equipment | 1 January 2013 |
| - Amendment to FRS 32 | Financial instruments: Presentation | 1 January 2013 |
| FRS 110 | Consolidated Financial Statements | 1 January 2014 |
| FRS 111 | Joint Arrangements | 1 January 2014 |
| FRS 112 | Disclosure of Interests in Other Entities | 1 January 2014 |
| FRS 113 | Fair Value Measurements | 1 January 2013 |
| Amendments to FRS 1 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to FRS 32 | Offsetting financial Assets and financial Liabilities | 1 January 2013 |
| Amendments to FRS 107 | Offsetting financial Assets and financial Liabilities | 1 January 2013 |

The initial application of these standards and interpretations, where applicable, are not expected to have any material impact on the financial statements of the Company.

# TECH MAHINDRA (THAILAND) LIMITED

**Board of Directors**

Mr. Vineet Nayyar - Chairman

Mr. C. P. Gurnani

Mr. Chillara Krishnadas

Mr. Rohit Gandhi

Mr. Manoj Joshi

**Registered Office**

999/9, Unit No. 2972, 29th Floor,

The Offices at Central World, Rama I Road,

Phatumwan, Bangkok 10330

Thailand

**Bankers**

HSBC Limited

**Auditors**

RSM Audit Services (Thailand) Ltd.

# DIRECTORS' REPORT
# TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2013.

**Financial Results**

| For the year ended March 31, | **2013 THB** | 2012 THB |
|---|---|---|
| Income | **1,904,811** | 2,356,411 |
| Profit/(Loss) before tax | **195,154** | 137,230 |
| Profit/(Loss)after tax | **195,154** | (869,773) |

**Review of Operations:**

The income for the year has decreased by THB 451,600 over previous year. The profit has increased by THB 1,064,927

**Directors:**

During the year, Mr. Jagdish Mitra has resigned from the office of Director. Mr. Rohit Gandhi and Mr. Manoj Joshi have been appointed as new directors.

**Auditors:**
During the year, M/s RSM Audit Services (Thailand) Limited has been appointed as the Auditors of the Company for the financial year 2012-13.

**Outlook for the current year:**
Thailand is a growing market & your company has established itself in Thailand & therefore, the directors are cautiously optimistic about the future.

**Acknowledgements:**
Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

For Tech Mahindra (Thailand) Limited

Place: Pune
Date: April 30, 2013

**Vineet Nayyar**
Chairman

## Report of the Independent Auditor

I have audited the accompanying financial statements of Tech Mahindra (Thailand) Limited, which comprise the statement of financial position as at 31 March 2013 and the statement of income and changes in shareholders' equity for the year then ended, a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-publicly Accountable Entity, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit, I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with 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 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra (Thailand) Limited as at 31 March 2013, its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non Public Accountability Entity.

**Other**

The financial statements of Tech Mahindra (Thailand) Limited for the year ended 31 March 2012 presented herein for comparative purpose, were audited by another auditor, whose report dated 20 April 2012 expressed an unqualified opinion on those statements.

**Surachai Damnoenwong**
Certified Public Accountant
(Thailand) No. 4721
RSM Audit Services (Thailand) Limited

Bangkok
30 April 2013

# Statements of Financial Position as at 31 March 2013 and 2012

| | Notes | 2013 Baht | 2012 Baht |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Deposit at financial institution | | **3,290,999** | 5,126,471 |
| Trade accounts receivable | 3 | **4,304,305** | 2,376,133 |
| Other current assets | | **33,829** | 47,796 |
| Total Current Assets | | **7,629,133** | 7,550,400 |
| **Non-Current Assets** | | | |
| Equipment, net | 4 | **-** | 5,696 |
| Total Non-Current Assets | | **-** | 5,696 |
| **Total Assets** | | **7,629,133** | 7,556,096 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 5 | **382,065** | 412,528 |
| Other current liabilities | | **9,061** | 100,715 |
| Total Current Liabilities | | **391,126** | 513,243 |
| **Total Liabilities** | | **391,126** | 513,243 |
| **Shareholders' Equity** | | | |
| **Share capital** | | | |
| Registered | | | |
| 50,000 ordinary shares of Baht 100 each | | **5,000,000** | 5,000,000 |
| Issued and fully paid-up | | | |
| 50,000 ordinary shares of Baht 100 each | | **5,000,000** | 5,000,000 |
| Retained earnings | | **2,238,007** | 2,042,853 |
| **Total Shareholders' Equity** | | **7,238,007** | 7,042,853 |
| **Total Liabilities and Shareholders' Equity** | | **7,629,133** | 7,556,096 |

Rohit Gandhi
Director

Manoj Joshi
Director

The accompanying notes form an integral part of these financial statements.

## Statements of income for the years ended 31 March 2013 and 2012

| | Note | 2013 Baht | 2012 Baht |
|---|---|---|---|
| Service income | 3 | **1,878,665** | 2,356,411 |
| Costs of services | 3 | **-** | (258,750) |
| **Gross profit** | | **1,878,665** | 2,097,661 |
| Other income | | **26,146** | - |
| **Profit before expenses** | | **1,904,811** | 2,097,661 |
| Reversal of provision for income tax | | **72,250** | - |
| Administrative expenses | | **(1,781,907)** | (1,960,431) |
| **Profit before corporate income tax** | | **195,154** | 137,230 |
| Corporate income tax | | **-** | (1,007,003) |
| **Net profit (loss) for the year** | | **195,154** | (869,773) |

The accompanying notes form an integral part of these financial statements.

## Statements of changes in Equity for the year ended 31 March 2013 and 2012

| | (Unit : Baht) | | |
|---|---|---|---|
| | **Issued and Paid-up share capital** | **Unappropriate Retained earnings** | **Total** |
| **Balance as at 1 April 2011** | 5,000,000 | 2,912,626 | 7,912,626 |
| Net loss for the year | - | (869,773) | (869,773) |
| **Balance as at 31 March 2012** | 5,000,000 | 2,042,853 | 7,042,853 |
| Net profit for the year | - | 195,154 | 195,154 |
| **Balance as at 31 March 2013** | 5,000,000 | 2,238,007 | 7,238,007 |

Rohit Gandhi
Director

Manoj Joshi
Director

The accompanying notes form an integral part of these financial statements.

# Notes to the financial statements for the years ended March 31, 2013 and 2012

## 1. GENERAL INFORMATION

Tech Mahindra (Thailand) Limited("the Company") is a limited company incorporated on 26 August 2005 and domiciled in Thailand. The address of its registered office is as follows:

2972, 29th Floor, The office of the central world, Rama 1 Road, Phatumwan, Bangkok

The principal business operations of the Company are providing IT services and development for computer software.

The financial statements for the year ended March 31, 2013 were approved by the authorised director on April 30, 2013.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### 2.1 Basis for preparation

The Company is a Non-Publicly Accountable entity under the definition outlined in the announcement from the Federation of Accounting Professions ("FAP") number 62/2553 in respect of the preparation of the financial statements of non-publicly accountable entities ("NPAEs").

The financial statements have been prepared in accordance with Financial Reporting Standards for Non-Publicly Accountable Entity under the historical cost convention except as disclosed in the accounting policies below.

### 2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and not subject to restriction.

### 2.3 Trade accounts receivable

Trade accounts receivable are carried at anticipated realisable value. An allowance is recorded for doubtful accounts receivable, which is equivalent to the estimated collection losses that may be incurred. The estimated losses are based on historical collection experience combined with a review of the current status of the existing accounts receivable at the year end date. Bad debts are written-off during the year in which they are identified.

### 2.4 Equipment

All equipment is initially recorded at cost and stated at historical cost less accumulated depreciation.

Depreciation is calculated so as to write-off the cost of the assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rate used for this purpose is 20%.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are taken into account in determining profit/loss from operations.

Expenditure for additions, renewals and improvements, which result in a substantial increase in an asset's current replacement value, are capitalised. Repair and maintenance costs are recognised as an expense when incurred.

### 2.5 Foreign currency translations

Transactions denominated in foreign currencies are translated into Baht at the rates of exchange ruling on the transaction dates. Realised gains and losses on exchange are recognised as income or expenses in the statements of income as incurred. Monetary assets and liabilities at the year end date denominated in foreign currencies are translated into Baht at the rates of exchange ruling on the year end date. Unrealised gains and losses on exchange are recognised in the statements of income as incurred.

### 2.6 Provisions for liabilities and charges

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

### 2.7 Revenue recognition

Services are recognized on an accrual basis.

### 2.8 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**2.9 Corporate income tax**

The Company computes corporate income tax in accordance with the Revenue Codes and records corporate income tax on an accrual basis.

## 3. RELATED PARTY TRANSACTIONS

The Company has business transactions with the related parties which are related in respect of shareholding or common shareholder or common director.

Details of relationship between the Company and related companies are as follows:

| Company's Name | Country of Incorporation | Relationship |
|---|---|---|
| Tech Mahindra Limited | India | Parent company |
| Canvas M Technologies Limited | India | Related company |

Transactions with related parties for the years ended March 31, were as follows:

| | Pricing policy | 2013 Baht | 2012 Baht |
|---|---|---|---|
| **Service income** | | | |
| Tech Mahindra Limited | Cost plus 7% | **1,878,665** | 2,356,411 |
| **Cost of services** | | | |
| Tech Mahindra Limited | Mutually agreed price | **-** | 258,750 |

The movement of related party transactions for the years ended March 31, were as follows :

| | 2013 Baht | 2012 Baht |
|---|---|---|
| **Tech Mahindra Limited** | | |
| Opening balance receivable/ (payable) | **2,294,133** | (503,659) |
| Service income | **1,878,665** | 2,097,661 |
| Cost of services | **-** | (258,750) |
| Other reimbursement – net | **131,507** | 146,836 |
| Payments | **-** | 812,045 |
| Closing balance receivable | **4,304,305** | 2,294,133 |

| | 2013 Baht | 2012 Baht |
|---|---|---|
| **Canvas M Technologies Limited** | | |
| Opening balance | **82,000** | - |
| Other reimbursement – net | **-** | 82,000 |
| Receipts | **(82,000)** | - |
| Closing balance | **-** | 82,000 |

The significant balances with related parties as at March 31, as follows:

| | 2013 Baht | 2012 Baht |
|---|---|---|
| **Trade accounts receivable** | | |
| Tech Mahindra Limited | **4,304,305** | 2,294,133 |
| Canvas M Technologies Limited | **-** | 82,000 |
| | **4,304,305** | 2,376,133 |

## 4. EQUIPMENT

| | Computers and Software Baht |
|---|---|
| **As at March 31, 2012** | |
| Cost | 107,472 |
| Less Accumulated depreciation | (101,776) |
| Net book amount | 5,696 |
| **For the year ended March 31, 2013** | |
| Opening net book amount | 5,696 |
| Depreciation charge | (5,696) |
| Closing net book amount | - |
| **As at March 31, 2013** | |
| Cost | 107,472 |
| Less Accumulated depreciation | (107,472) |
| Net book amount | - |

## 5. TRADE AND OTHER PAYABLES

| | 2013 Baht | 2012 Baht |
|---|---|---|
| Other payable | **192,065** | 278,657 |
| Accrued expenses | **190,000** | 133,871 |
| | **382,065** | 412,528 |

## 6. TERMINATION OF BOI CERTIFICATE

The Company's promotion privilege no. 1239/2549 dated March 6, 2006 has been terminated by the Board of Investment ("BOI") in accordance with the BOI's termination letter dated April 17, 2012, since the Company has not complied with the terms outlined in the BOI certificate.

## 7. PROMOTIONAL PRIVILEGES

The Company received promotional privileges under the Investment Promotion Act B.E. 2520 for investment in enterprise software and digital content on September 18, 2012. The main privileges included the exemption of import duty on machinery and the exemption of corporate income tax for the promoted activities for a period of eight years from the date when income is first derived.

To be entitled to the privileges, the Company must comply with certain conditions and restrictions relating to the rights and privileges included in the promotional certificates.

## 8. COMPARATIVE FIGURES

The Company reclassified certain items for the year ended March 31, 2012 financial statement to conform with the year ended March 31, 2013 financial statement presentation. The reclassification did not affect the previously reported net loss and shareholders' equity. The reclassifications were as follows:

| | **Baht** | |
|---|---|---|
| | **As reclassified** | **As previously reported** |
| **Statement of financial position** | | |
| Trade and other payables | 412,528 | - |
| Other current liabilities | 100,715 | 234,586 |
| Accrued expenses | - | 278,657 |
| **Statement of income** | | |
| Administrative expenses | 1,960,431 | 2,967,434 |
| Corporate income tax | 1,007,003 | - |

# PT TECH MAHINDRA INDONESIA

**Board of Directors**

Mr. Rohit Gandhi - President

Mr. Chillara Krishnadas

Mr. Milind Kulkarni

Mr. Vivek Mahendru

**Registered Office**

Ariobimo Sentral 4th Flr.

Suite # 403, JI. H. R. Rasuna Said

Kav x-2, No. 5,

Jakarta 12950,

Indonesia

**Bankers**

HSBC Bank

**Auditors**

Kosasih, Nurdiyaman, T Jahjo & Rekan

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2013.

**Financial Results**

| For the year ended March 31, | 2013 US $ | 2013 INR | 2012 US $ | 2012 INR |
|---|---|---|---|---|
| Income | 22,024,683 | 1,195,720,052 | 23,097,273 | 1,253,950,929 |
| Profit/(Loss) before tax | 3,154,226 | 171,242,946 | 1,143,987 | 62,107,029 |
| Profit/(Loss)after tax | 2,282,393 | 123,911,125 | 793,058 | 43,055,136 |

**Review of Operations:**

During the year under review, your company recorded an income of US$ 22,024,683 (equivalent to INR 1,195,720,052) an decrease of 5% over the previous year. Profit after tax was US$ 2,282,393 (equivalent to INR 123,911,125), increase of 288% over the last year. The Company continues to invest in strengthening its marketing infrastructure in Indonesia.

**Directors:**

During the year under review, Mr. Jagdish Mitra has resigned from the office of President Director and Mr. Rohit Gandhi has been appointed as President Director in his place.

**Outlook for the current year:**

Business has been encouraging in Indonesia and the Company is cautiously optimistic of the future.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

For PT Tech Mahindra Indonesia

**Rohit Gandhi**
President Director

**Milind Kulkarni**
Director

Pune, April 30, 2013

## INDEPENDENT AUDITORS' REPORT

**Report No. KNT&R-0217/13**

**The Stockholders, Boards of Commissioners and Directors**

**PT TECH MAHINDRA INDONESIA**

We have audited the statements of financial position of PT Tech Mahindra Indonesia (the "Company") as of March 31, 2013 and 2012, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Tech Mahindra Indonesia as of March 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

**KOSASIH, NURDIYAMAN, TJAHJO & REKAN**

April 30, 2013

Drs. Ruchjat Kosasih, MM., CPA.
Public Accountant License No.AP.0271

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

## STATEMENTS OF FINANCIAL POSITION
## MARCH 31, 2013 AND 2012

**(Expressed in US Dollar, unless otherwise stated)**

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash on hand and in bank | 2, 4 | **6,816,470.86** | 3,412,072.76 |
| Trade receivables - net | 2, 5 | **6,114,467.40** | 8,870,218.29 |
| Prepaid tax | 2, 11 | **283,423.88** | 212,628.63 |
| Prepaid expenses and advances | 2, 6 | **724,626.99** | 808,392.47 |
| **Total Current Assets** | | **13,938,989.13** | 13,303,312.15 |
| **NON-CURRENT ASSETS** | | | |
| Deferred tax assets | 2, 11 | **196,245.97** | 223,654.55 |
| Estimated claim for tax refund | 2, 11 | **484,439.78** | 379,765.80 |
| Fixed assets - net of accumulated depreciation USD 187,155.94 in 2013 and USD 166,278.91 in 2012 | 2, 7 | **22,992.51** | 29,540.45 |
| **Total Non-Current Assets** | | **703,678.26** | 632,960.80 |
| **TOTAL ASSETS** | | **14,642,667.39** | 13,936,272.95 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 2, 8, 17 | | |
| Third parties | | **1,011,842.57** | 1,405,981.04 |
| Related parties | | **2,829,297.35** | 3,678,720.27 |
| Accrued expenses | 2, 9 | **136,567.19** | 90,721.31 |
| Taxes payable | 2, 11 | **210,040.00** | 110,278.22 |
| Other payables | 2, 10, | **774,353.59** | 1,298,431.59 |
| **Total Current Liabilities** | | **4,962,100.70** | 6,584,132.43 |
| **NON - CURRENT LIABILITY** | | | |
| Employee benefits liability | 2, 12 | **217,884.00** | 171,851.00 |
| **TOTAL LIABILITIES** | | **5,179,984.70** | 6,755,983.43 |
| **EQUITY** | | | |
| Capital stock - USD 1 par value per share | | | |
| Authorized - 1,000,000 shares | | | |
| Issued and fully paid - 500,000 shares | 13 | **500,000.00** | 500,000.00 |
| Retained earnings | | **8,962,682.69** | 6,680,289.52 |
| Total Stockholders' Equity | | **9,462,682.69** | 7,180,289.52 |
| **TOTAL LIABILITIES AND EQUITY** | | **14,642,667.39** | 13,936,272.95 |

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED MARCH 31, 2013 AND 2012

**(Expressed in US Dollar, unless otherwise stated)**

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **REVENUE** | 2, 14 | **22,019,148.23** | 23,133,157.82 |
| **COST OF REVENUE** | 2, 15 | **11,093,931.70** | 13,013,893.75 |
| **GROSS PROFIT** | | **10,925,216.53** | 10,119,264.07 |
| **OPERATING EXPENSES** | 2, 16 | **7,776,525.23** | 8,939,392.30 |
| **INCOME FROM OPERATIONS** | | **3,148,691.30** | 1,179,871.77 |
| **OTHER INCOME (CHARGES)** | 2 | | |
| Loss on foreign exchange - net | | **(154,319.08)** | (80,344.91) |
| Interest income | | **930.07** | 979.18 |
| Others | | **158,924.01** | 43,480.50 |
| Other Charges - Net | | **5,535.00** | (35,885.23) |
| **INCOME BEFORE INCOME TAX BENEFIT (EXPENSE)** | 11 | **3,154,226.30** | 1,143,986.54 |
| **INCOME TAX BENEFIT (EXPENSE)** | | | |
| Current | 2, 11 | **(844,424.55)** | (551,014.72) |
| Deferred | | **(27,408.58)** | 200,086.50 |
| **NET INCOME** | | **2,282,393.17** | 793,058.32 |
| **TOTAL COMPREHENSIVE INCOME** | | **2,282,393.17** | 793,058.32 |

## STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY YEARS ENDED MARCH 31, 2013 AND 2012

**(Expressed in US Dollar, unless otherwise stated)**

| | Notes | Capital Stock | Retained Earnings | Total Stockholders’ Equity |
|---|---|---|---|---|
| Balance as of April 1, 2011 | 13 | 500,000.00 | 5,887,231.20 | 6,387,231.20 |
| Total comprehensive income | | - | 793,058.32 | 793,058.32 |
| Balance as of April 1, 2012 | 13 | 500,000.00 | 6,680,289.52 | 7,180,289.52 |
| Total comprehensive income | | - | 2,282,393.17 | 2,282,393.17 |
| **Balance as of March 31, 2013** | 13 | **500,000.00** | **8,962,682.69** | **9,462,682.69** |

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2013 AND 2012

**(Expressed in US Dollar, unless otherwise stated)**

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **CASH FLOWS FROM** | | | |
| **OPERATING ACTIVITIES** | | | |
| Total comprehensive income | | **2,282,393.17** | 793,058.32 |
| Adjustments to reconcile net income to | | | |
| Net cash provided by operating activities: | | | |
| Depreciation | 7 | **20,877.03** | 22,306.50 |
| Deferred tax assets | **11** | **27,408.57** | (200,086.50) |
| Employee benefits | **12** | **46,033.00** | 78,614.00 |
| Changes in operating assets and liabilities: | | | |
| Trade receivables | | **2,755,750.89** | (766,771.65) |
| Other receivables | | **(4,105.74)** | (6,446.79) |
| Advances to suppliers | | **(39,691.93)** | 15,360.00 |
| Advances to employees | | **56,855.09** | (7,948.62) |
| Prepaid tax and expenses | | **(87.19)** | (13,242.82) |
| Trade payables | | **(1,243,561.39)** | 2,586,667.31 |
| Other payables | | **(524,078.00)** | 240,781.90 |
| Taxes payable | | **99,761.78** | (626,786.34) |
| Accrued expenses | | **45,845.89** | 34,236.06 |
| Estimated claims for tax refund | | **(104,673.98)** | (379,765.80) |
| **Net Cash Provided by Operating Activities** | | **3,418,727.19** | 1,769,975.57 |
| **CASH FLOWS FROM INVESTING ACTIVITY** | | | |
| Acquisition of fixed assets | 7 | **(14,329.09)** | (1,738.81) |
| **NET INCREASE IN CASH ON HAND AND IN BANK** | | **3,404,398.10** | 1,768,236.76 |
| **CASH ON HAND AND IN BANK AT THE BEGINNING OF THE YEAR** | | **3,412,072.76** | 1,643,836.00 |
| **CASH ON HAND AND IN BANK AT THE END OF THE YEAR** | 4 | **6,816,470.86** | 3,412,072.76 |

# NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2013 AND 2012

**(Expressed in US Dollar, unless otherwise stated)**

## 1. GENERAL

PT Tech Mahindra Indonesia (the "Company") was established under the Agreement Letter No. 282/I/PMA/2006 of the Foreign Capital Investment and based on the Notarial Deed No. 62 by Kasir SH dated March 23, 2006. The Company's Articles of Association was approved by the Ministry of Law and Human Rights in its Decision Letter No. C-11861HT.01.01 dated April 25, 2006. The Company's Articles of Association has been amended several times, the latest amendment of which was made under Notarial Deed No.19 dated August 13, 2008 by Siti Safarijah, S.H., to comply with Law No. 40 Year 2007 concerning limited liability company and changes in the Boards of Commissioners and Directors. The amendment was approved by the Ministry of Law and Human Rights through its Decree No. AHU-62134.01.02.Year 2008 dated December 12, 2008.

According to the Articles of Association, the Company's scope of activities consists of telecommunications and business consulting services. The Company is currently engaged in providing Billing and Customer Care System Managed Services to PT Hutchison CP Telecommunication and to other companies, as disclosed in Note 18.

The Company commenced its commercial operations on May 1, 2006.

The Company's head office is located in Ariobimo Sentral Building at Jalan H.R. Rasuna Said Setiabudi, Jakarta Selatan.

The accompanying financial statements were completed and authorized for issue by the Company's management on April 30, 2013.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation of the Financial Statements**

The financial statements have been prepared in accordance with Financial Accounting Standards ("SAK") in Indonesia, which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants. As disclosed further in the relevant succeeding notes, several amended and published accounting standards were adopted effective April 1, 2012.

The financial statements of the Company for the period ended June 30, 2012 have been prepared in accordance with PSAK No. 1 (Revised 2009), "Presentation of Financial Statements".

The accounting policies adopted in the preparation of financial statements are consistent with those followed in the preparation of the Company's financial statements for the period ended March 31, 2012, except for the adoption of several amended SAKs effective April 1, 2012 as mentioned above.

The financial statements have been prepared on the accrual basis using the historical cost basis of accounting, except for certain accounts which are measured on the bases described in the related accounting policies of each account as disclosed in the relevant notes to the financial statements.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

The reporting currency used in the preparation of the financial statements is the United States Dollar (US Dollar).

The Company maintains its books in US Dollar and has obtained approval from the Ministry of Finance with No. KEP-208/PJ.42/2006 dated July 25, 2006.

**Financial Instruments**

Effective April 1, 2012, the Company has adopted PSAK No. 50 (Revised 2010), "Financial Instruments: Presentation", PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and PSAK No. 60, "Financial Instruments: Disclosures". These PSAKs were applied prospectively.

PSAK No. 50 (Revised 2010) "Financial Instruments: Presentation", establishes the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.

PSAK No. 55 (Revised 2011) "Financial Instruments: Recognition and Measurement", establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

PSAK No. 60 introduces new disclosures to improve the information about financial instruments. It requires extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It also requires disclosures relating to fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values and provides more direction in the form of quantitative disclosures about fair value measurements and requires information to be disclosed in a tabular format unless another format is more appropriate.

The adoption of PSAK No. 50, PSAK No. 55 have no significant impact on the financial statements. The adoption of PSAK No. 60 has an impact on the disclosures in the financial statements.

(i) Classification

Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets consist of cash on hand and in bank, trade receivables, advances to employees and rental deposits classified as loans and receivables.

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities consist of trade payables, accrued expenses and other payables classified as financial liabilities measured at amortized cost.

(ii) Recognition and Measurement

Financial Assets

Financial assets are recognized initially at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, except for those assets in which the interest calculation is not material. Gains or losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process.

Financial Liabilities

Financial liabilities are recognized initially at fair value.

Financial liabilities measured at amortized cost are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the amortization process.

(iii) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(iv) Fair Value of Financial Instruments

The fair values of financial instruments that are actively traded in organized financial markets, if any, are determined by reference to quoted market bid or ask prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

(v) Amortized Cost of Financial Instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

(vi) Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance for impairment and the amount of the loss is recognized in profit or loss. If a receivable has a variable interest rate, the discount rate used is the current effective interest rate determined under the contract.

The estimated period between a loss occurring and its identification is determined by the management for each identified portfolio.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics by customer type.

Future cash flows of the Company's financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

When a receivable is uncollectible, it is written-off against the related allowance account. Such receivable are written-off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized the previously recognized impairment loss is reversed by adjusting the allowance for impairment. The amount of the reversal is recognized in profit or loss.

Subsequent recoveries of previously written-off receivables, if in the current period, are credited to the allowance for impairment, but if after the reporting period, are credited to other operating income.

(vii) Derecognition

Financial Asset

The Company derecognizes a financial asset if, and only if, the contractual rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liability

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**Prepaid Expenses**

Prepaid expenses are amortized and charged to operations over the periods benefited using the straight - line method.

**Fixed Assets**

Effective April 1, 2012, the Company adopted PSAK No. 16 (Revised 2011), "Fixed Assets". The revised PSAK prescribes the accounting treatment for fixed assets that users of the financial statements can understand information about an entity's investment in its fixed assets and the changes in such investment. The principal issues in accounting for fixed assets are the recognition of the assets, the determination of their carrying amounts, the depreciation charges and impairment in fixed assets. The adoption of this revised PSAK has no significant impact on the financial statements.

Fixed assets are stated at cost less accumulated depreciation and any impairment loss. Depreciation is computed using the straight - line method, over the estimated useful life of 4 years.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The cost of maintenance and repairs is charged to profit or loss as incurred. Significant cost of replacing part of assets and major inspection cost are recognized in the carrying amount of the assets if the recognition criteria are met. When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

**Impairment of Non-financial Assets**

The Company assesses at the end of each reporting period whether there is an indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

**Foreign Currency Transactions and Balances**

Effective April 1, 2012, the Company adopted PSAK No. 10 (Revised 2011), "The Effects of Changes in Foreign Exchange Rates". The revised PSAK prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into a presentation currency. The adoption of this revised PSAK has no significant impact on the financial statements.

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in US Dollar, which is the Company's functional currency.

Foreign exchange gains and losses that relate to cash on hand and in bank are presented in the statements of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statements of comprehensive income within 'foreign exchange gain, net'.

Transactions denominated in currencies other than US Dollar are recorded at the exchange rate prevailing at the time the transactions are made. At the end of the reporting period, monetary assets and liabilities denominated in currencies other than US Dollar are adjusted to reflect the prevailing exchange rate as published by Bank Indonesia at that date. Exchange gains or losses arising on transactions and on translation of monetary assets and liabilities in currencies other than US Dollar are recognized in profit or loss.

The exchange rates used for translation into US Dollar as of March 31, 2013 and 2012 were Rp 9,719.00 and Rp 9,180.00, respectively.

**Revenue and Expense Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes (VAT).

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

The following specific recognition criteria must also be met before revenue and expense are recognized:

Rendering of services

Revenue from time bound fixed price engagements is recognized using the percentage of completion method of accounting, unless the work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Expenses

Expenses are recognized when incurred (accrual basis).

**Transactions with Related Parties**

A party is considered to be related to the Company if:

a. Directly or indirectly through one or more intermediaries, the party (i) controls, or is controlled by, or is under common control with the Company; (ii) has an interest in the Company that gives significant influence over the Company; or (iii) has joint control over the Company;

b. The party is an associate of the Company;

c. The party is a joint venture in which the Company is a venturer;

d. The party is a member of the key management personnel of the Company or its parent;

e. The party is a close member of the family of any individual referred to (a) or (d);

f. The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to (d) or (e); or

g. The party is a post employment benefit plan for the benefit of employees of the Company, or any entity that is a related party of the Company.

The transactions are made based on terms agreed by the parties, whereas such terms may not be the same as those transactions with unrelated parties.

All significant transactions and balances with related parties are disclosed in Note 17.

**Income Tax**

Effective April 1, 2012, the Company adopted PSAK No. 46 (Revised 2011), "Accounting for Income Taxes". The revised PSAK prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the statement of financial position; and transactions and other events of the current period that are recognized in the financial statements. The adoption of the said revised PSAK has no significant impact on the financial statements.

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at the end of each reporting period. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the end of the reporting period. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged or credited to the current year's operations, except to the extent that they relate to items previously charged or credited to equity.

Amendment to a tax obligation is recorded when an assessment is received or, if appealed, when the result of the appeal isdetermined.

**Employee Benefits**

Effective April 1, 2012, the Company adopted PSAK No. 24 (Revised 2010), "Employee Benefits".

PSAK No. 24 (Revised 2010) provides guidance for the calculation and additional disclosures for employee benefits with some transitional provisions. It provides an option for recognition of actuarial gains or losses in addition to using the corridor approach, that is, the immediate recognition of actuarial gains or losses in the period in which such gains or losses occur as part of other comprehensive income.

The adoption of PSAK No. 24 (Revised 2010) did not have significant impact on the financial statements, except for the required disclosures. The Company chose to retain the existing policy for recognizing actuarial gains or losses, which is using the corridor approach.

The Company recognized a provision for employee benefits in accordance with Labor Law No.13/2003 dated March 25, 2003 (Labor Law No.13) and PSAK No.24 (Revised 2010). The provision is recognized using the actuarial calculation.

Under PSAK No. 24 (Revised 2010) "Employee Benefits", the cost of providing employee benefits under the Law is determined using the projected unit credit actuarial valuation method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the defined benefit obligation at that date. These gains or losses are amortized on a straight-line basis over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

**3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements requires management to make judgments, estimations and assumptions that affect reported amounts herein. Due to inherent uncertaintly in making these estimates and assumptions, actual results reported in future periods may differ from those estimates.

**Judgments**

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

(i) Classification of financial assets and financial liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2.

(ii) Allowance for impairment of trade receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgment, based on available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on any available third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment accounts. The carrying amount of the Company's trade receivables before allowance for impairment as of March 31, 2013 and 2012 are USD 6,659,109.47 and USD 9,570,364.94, respectively (Note 5).

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

(i) Pension and employee benefits

The determination of the Company's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rate, annual salary increase rate, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company's assumptions which effect are more than 10% of the defined benefit obligations are deferred and being amortized on a straight-line basis over the expected average remaining services years of the qualified employees. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual results or significant changes in the Company's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the Company's estimated liability for employee benefits as of March 31, 2013 and 2012 are USD 217,884.00 and USD 171,851.00, respectively (Note 12).

(ii) Depreciation of fixed assets

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management properly estimates the useful lives of these fixed assets to be 4 years. These are common life expectancies applied in the industries where the Company conducts its business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net book value of the Company's fixed assets as of March 31, 2013 and 2012 are USD 22,992.51 and USD 29,540.45 respectively (Note 7).

(iii) Income tax

Significant judgment is involved in determining provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

**4. CASH ON HAND AND IN BANK**

The details of this account are as follows:

| | 2013 | 2012 |
|---|---|---|
| Cash on hand | **4,934.36** | 2,396.75 |
| Cash in bank | | |
| The Hongkong and Shanghai Banking Corporation | | |
| US Dollar | **99,057.71** | 3,348,551.61 |
| Rupiah - Rp 962,737,382.00 in 2013 and Rp 561,121,998.00 in 2012 | **6,712,478.79** | 61,124.40 |
| **Total** | **6,816,470.86** | 3,412,072.76 |

**5. TRADE RECEIVABLES**

This account consists of:

| | 2013 | 2012 |
|---|---|---|
| Third parties | | |
| PT Hutchison CP Telecommunication | **3,369,633.48** | 6,790,883.47 |
| PT Badak Natural Gas Liquefaction | **2,035,361.00** | 1,287,000.00 |
| PT AXIS Telekom Indonesia | **1,208,654.28** | 1,054,986.48 |
| PT Mitra Integrasi | **30,399.00** | 30,399.00 |
| PT Hero Supermarket Tbk | **14,339.56** | 377,387.10 |
| PT Konsulindo Informatika Perdana | **721.15** | 721.15 |
| PT DC Solutions | **-** | 28,987.74 |
| Total | **6,659,108.47** | 9,570,364.94 |
| Allowance for impairment | **(544,641.07)** | (700,146.65) |
| **Net** | **6,114,467.40** | 8,870,218.29 |

The aging analysis of the trade receivables is as follows:

| | 2013 | 2012 |
|---|---|---|
| Less than 30 days | **3,290,047.27** | 6,120,003.34 |
| 31 days to 60 days | **1,555,932.62** | 425,930.79 |
| 61 days to 90 days | **1,090,256.89** | 2,322,048.80 |
| More than 90 days | **722,871.69** | 702,382.01 |
| Total | **6,659,108.47** | 9,570,364.94 |
| Allowance for impairment | **(544,641.07)** | (700,146.65) |
| **Net** | **6,114,467.40** | 8,870,218.29 |

The movements of the allowance for impairment:

| | 2013 | 2012 |
|---|---|---|
| Beginning balance | **700,146.65** | 721.15 |
| Provision during the year (Note 16) | **-** | 699,425.50 |
| Recovery | **(155,504.58)** | - |
| **Ending balance** | **544,641.07** | 700,146.65 |

The Company's management believes that the allowance for impairment is adequate to cover possible losses that may arise from non - collection of accounts.

## 6. PREPAID EXPENSES AND ADVANCES

The details of this account are as follows:

| | 2013 | 2012 |
|---|---|---|
| Advances to suppliers | **237,810.03** | 198,118.10 |
| Rental software | **264,994.20** | 391,105.68 |
| Rental deposits | **64,576.24** | 14,258.24 |
| Advances to employees | **124,613.73** | 181,468.82 |
| Others | **32,632.79** | 23,441.63 |
| **Total** | **724,626.99** | 808,392.47 |

## 7. FIXED ASSETS

| 2013 | Beginning | Additions | Deductions | Ending |
|---|---|---|---|---|
| **Cost** | | | | |
| Computer | **195,819.36** | **14,329.09** | **-** | **210,148.45** |
| **Accumulated Depreciation** | | | | |
| Computer | 166,278.91 | 20,877.03 | - | 187,155.94 |
| **Net Book Value** | **29,540.45** | | | **22,992.51** |

| 2012 | Beginning | Additions | Deductions | Ending |
|---|---|---|---|---|
| **Cost** | | | | |
| Computer | 194,080.55 | 1,738.81 | - | 195,819.36 |
| **Accumulated Depreciation** | | | | |
| Computer | 143,972.41 | 22,306.50 | - | 166,278.91 |
| **Net Book Value** | **50,108.14** | | | **29,540.45** |

In 2013 and 2012, depreciation charged to operations amounted to USD 20,877.03 and USD 22,306.50, respectively (Note 16).

The Company's fixed assets were not covered by insurance policy.

Based on management's assessment, there are no events or changes in circumstances which would indicate impairment in the carrying value of fixed assets as of March 31, 2013 and 2012.

## 8. TRADE PAYABLES

The details of this account are as follows:

| | 2013 | 2012 |
|---|---|---|
| **Third Parties** | | |
| Intec Systems (Asia) Sdn Bhd | **121,530.00** | 170,490.00 |
| PT Hewlett-Packard Berca Servicindo | **117,947.82** | - |
| PT Oracle Indonesia | **93,491.98** | 17,190.44 |
| Openet Telcom Malaysia Sdn Bhd | **81,405.32** | 85,267.32 |
| PT Convergys Indonesia | **64,330.90** | 64,330.90 |
| PT Focus Com | **62,893.73** | 124,766.89 |
| PT Berca Hardaya Perkasa | **62,830.64** | 34,775.17 |
| PT Niagaprima Paramitra | **62,975.04** | - |
| Elite Technologies Ltd | **51,112.60** | 135,150.20 |
| PT Mitra Integarasi | **43,679.39** | 200,071.39 |
| Subex Azure Ltd | **32,503.63** | 52,054.83 |
| Six DEE Telecom Solutions Pvt. Ltd | **29,513.75** | - |
| Tibco Software Inc | **25,270.00** | 25,270.00 |
| VIZ Sector Consultant | **22,173.89** | 22,173.89 |
| Servion Global Solutions Pte Ltd | **18,160.00** | - |
| PT Radinka Anugra | **16,740.00** | - |
| PT Iditya Putra | **12,904.62** | 1,926.22 |
| Tectacl\e Technologies MSC | **12,083.98** | 12,083.98 |
| HQ Global Workplaces | **10,092.88** | 12,467.60 |
| Bharti Telesoft Ltd | **8,440.00** | 8,440.00 |
| Landsat Communication Pte,Ltd | **8,000.00** | 8,000.00 |
| CIBA | **7,576.78** | 3,731.98 |
| PT Madawani Mandiri | **7,128.00** | 7,128.00 |
| PT Rasuna Residence Development (Aston Rasuna) | **6,613.05** | 8,319.88 |
| PT Datacraft Indonesia | **6,046.75** | 6,046.75 |
| Allianz | **5,450.13** | 3,528.24 |
| P T Dimension Data Indonesia | **4,320.00** | - |
| Kosasih nurdiyaman tjahjo & rekan | **3,465.13** | - |
| Infogain Systems Pvt Ltd | **3,300.00** | 3,300.00 |
| Tiendas Law Offices | **2,636.29** | 4,472.30 |
| PT Arsena Solusindo | **1,751.01** | 1,751.01 |
| PT Sumber Daya Info Prima | **1,238.18** | 1,238.18 |
| PT Aero Globe Indonesia (Aerotravel) | **1,101.47** | 1,101.47 |
| PT VisoNet Internasional | **688.43** | - |
| Sati Safarijah SH | **358.17** | - |
| Student advisory centre (SAC)-ITS | **225.13** | - |
| PT IMSI | **162.00** | - |
| Atreus Global | **153.00** | - |
| Bahwan Cybertek | **18.00** | - |
| 6D Technologies | **-** | 34,643.35 |
| PT Amanja Mega Persada | **-** | 31,845.00 |
| PT Anabatic Technologies | **-** | 24,419.52 |
| PT Astra Graphia Tbk (Xprint) | **-** | 17,399.47 |
| PT Techking Enterprises Indonesia | **-** | 17,009.92 |
| Others | **1,530.88** | 6,127.14 |
| | **1,011,842.57** | 1,146,521.04 |
| **Related Parties (Note 17)** | **2,829,297.35** | 3,938,180.27 |
| **Total** | **3,841,139.92** | 5,084,701.31 |

**9. ACCRUED EXPENSES**

The details of this account are as follows:

| | 2013 | 2012 |
|---|---|---|
| Salaries | **58,170.31** | 30,468.75 |
| Medical claims | **46,436.99** | 27,651.02 |
| Payables to employees | **27,886.94** | 28,528.59 |
| Travel | **4,072.95** | 4,072.95 |
| **Total** | **136,567.19** | 90,721.31 |

**10. OTHER PAYABLES**

The details of this account are as follows:

| | 2013 | 2012 |
|---|---|---|
| Provision for expenses | **646,870.29** | 1,142,851.58 |
| Leave encashment liabilities | **127,483.30** | 155,578.01 |
| **Total** | **774,353.59** | 1,298,431.59 |

**11. TAXATION**

This account consists of:

a. As of Mach 31, 2013 and 2012, prepaid tax amounting to USD 283,423.88 and USD 212,628.63, respectively, pertains to VAT on import purchases.

Based on the prevailing tax regulations, VAT on import purchases is eligible to credit against VAT Output Payable upon payment to State Treasury.

b. Taxes payable consist of the following:

| | 2013 | 2012 |
|---|---|---|
| Income taxes: | | |
| Article 26 | **132,681.07** | 8,374.70 |
| Article 21 | **68,356.37** | 95,673.98 |
| Article 23 | **8,764.58** | 5,879.98 |
| Article 4 (2) | **237.98** | 349.56 |
| **Total** | **210,040.00** | 110,278.22 |

**c.** Reconciliation between income before income tax expense, as shown in the statements of comprehensive income and estimated taxable income for the years ended March 31, 2013 and March 31, 2012 are as follows

| | 2013 | 2012 |
|---|---|---|
| Income before income tax expense per statements of comprehensive income | **3,154,226.30** | 1,143,986.54 |
| Permanent differences: | | |
| Insurance | **179,093.77** | 149,397.81 |
| Staff welfare | **47,200.87** | 14,667.48 |
| Rent | **26,254.69** | 23,390.80 |
| Communication | **22,646.66** | 41,269.81 |
| Meals | **7,754.41** | 17,376.65 |
| Income already subjected to final income tax: | | |
| Interests on bank balance | **(930.07)** | (979.18) |
| Rate and tax | **32,821.97** | - |
| Offshore | **12,162.90** | - |
| Entertainment | **2,014.20** | - |
| Temporary differences: | | |
| Employee benefits | **50,241.00** | 78,614.00 |
| Provision for impairment | **(155,504.56)** | 699,425.50 |
| Depreciation | **(283.94)** | 22,306.49 |
| **Total** | **223,471.90** | 1,060,072.36 |
| **Estimated taxable income** | **3,377,698.20** | 2,204,058.90 |

Taxable income is calculated by converting the income before corporate income tax and the reconciling items as stated in the income tax computation using the average exchange rate for the years ended March 31, 2013 and 2012 which are Rp 9,748.00 and Rp 9,164.00, respectively, to 1 US Dollar.

The computation of income tax expense - current and estimated claim for tax refund for the years ended March 31, 2013 and 2012, are as follows:

| | 2013 | 2012 |
|---|---|---|
| **Estimated taxable income** | **3,377,698.20** | 2,204,058.90 |
| Current income tax expense | **844,424.55** | 551,014.72 |
| Prepayments of income tax: | | |
| Withholding tax article 23 | **(564,976.57)** | (387,717.14) |
| Advance tax | **(384,121.96)** | (543,063.38) |
| **Income tax payable (Claim for tax refund)** | **(104,673.98)** | (379,765.80) |

**d. Claim for tax refund consists of**

| | 2013 | 2012 |
|---|---|---|
| March 31, 2013 | **104,673.98** | - |
| March 31, 2012 | **379,765.80** | 379,765.80 |
| **Total** | **484,439.78** | 379,765.80 |

**e.** Deferred income tax benefit, computed on the tax benefit of significant temporary differences between financial and tax reporting, using 25% which is the maximum tax rate is as follows:

| | 2013 | 2012 |
|---|---|---|
| Employee benefits | **(11,508.25)** | 19,653.50 |
| Provision for impairment | **38,876.14** | 174,856.37 |
| Depreciation | **40.69** | 5,576.63 |
| **Total** | **27,408.58** | 200,086.50 |

**Deferred tax assets consist of:**

| | 2013 | 2012 |
|---|---|---|
| Employee benefits | **54,471.00** | 42,962.75 |
| Provision for impairment | **136,160.52** | 175,036.66 |
| Depreciation | **5,614.45** | 5,655.14 |
| **Total** | **196,245.97** | 223,654.55 |

## 12. EMPLOYEE BENEFITS

The Company provides post-retirement employee benefits program in the form of severance and gratuity in accordance to labor regulation in Indonesia (Labor Law No. 13/2003 dated March 25, 2003).

The following tables summarize the components of employee benefits expense recognized in the statements of comprehensive income and employee benefits liability recognized in the statements of financial position, as determined by PT Padma Radya Aktuaria, an independent actuary, in its report dated April 18, 2013 for 2013 and April 13, 2012 for 2012.

**a. Net employee benefits expense:**

| | 2013 | 2012 |
|---|---|---|
| Current service cost | **48,041.00** | 80,357.00 |
| Interest cost | **5,085.00** | 7,052.00 |
| Forex loss | **(2,885.00)** | (8,795.00) |
| **Total** | **50,241.00** | 78,614.00 |

**b. Employee benefits recognized in the statement of financial position are as follows:**

| | 2013 | 2012 |
|---|---|---|
| Present value of defined benefit obligation | **211,150.00** | 163,660.00 |
| Actuarial gain (loss) not recognized in the statements of financial position | **6,734.00** | 8,191.00 |
| **Total** | **217,884.00** | 171,851.00 |

**c. Movements in the employee benefits liability are as follows:**

| | 2013 | 2012 |
|---|---|---|
| Balance at the beginning of the year | **171,851.00** | 93,237.00 |
| Additional expense for the current year | **50,241.00** | 78,614.00 |
| Benefit payment | **(4,208.00)** | - |
| **Total** | **217,884.00** | 171,851.00 |

The principal assumptions used in determining the employee benefits liability as of March 31, 2013 and 2012 are as follow:

| | 2013 | 2012 |
|---|---|---|
| Discount rate | **6.00%** | 6.25% |
| Annual salary increment rate | **10%** | 10.00% |
| Mortality rate | **100% TMI3** | 100% TMI2 |
| Morbidity rate | **5% TMI3** | 5% TMI2 |
| Normal retirement age | **60** | 60 |

**e. Amounts for the current and previous four annual periods are as follows:**

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Present value of defined Benefits obligations | **211,150** | 163,660 | 92,306 | 54,070 | 5,899 |
| Deficits | **211,150** | 163,660 | 92,306 | 54,070 | 5,899 |
| Experience adjustments on Obligation | **8,668** | (57,546) | 758 | (1,549) | (1,027) |
| Experience adjustments on obligation | **-4.11%** | -35.65% | 0.82% | -2.86% | -17.41% |

## 13. CAPITAL SOCK

The details of the Company's stockholders as of March 31, 2013 and 2012 are as follows:

| Stockholders | Number of shares | Percentage of Ownership (%) | Shares value |
|---|---|---|---|
| Tech Mahindra Limited | 495,000 | 99 | 495,000.00 |
| Mr. Atanu Sarkar | 5,000 | 1 | 5,000.00 |
| **Total** | **500,000** | **100** | **500,000.00** |

**Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes as of March 31, 2013 and March 31, 2012.

The capital considered by the Company consists of the following:

| | 2013 | 2012 |
|---|---|---|
| Capital stock | **500,000.00** | 500,000.00 |
| Retained earnings | **8,962,682.69** | 6,680,289.89 |
| **Total** | **9,462,682.69** | 7,180,289.89 |

## 14. REVENUE

The details of this account are as follows:

| | 2013 | 2012 |
|---|---|---|
| PT Hutchinson CP Telecommunications | **15,130,682.50** | 17,308,524.78 |
| PT Axis Telekom Indonesia | **3,969,745.80** | 3,819,812.22 |
| PT Badak Natural Gas Liquefaction | **2,100,328.18** | 1,200,000.00 |
| PT Hero Supermarket Tbk | **504,587.25** | 564,810.00 |
| PT Huawei Tech Investment | **141,192.00** | - |
| PT Mitra Integrasi | **120,000.00** | - |
| PT Soltius Indonesia | **52,612.50** | - |
| PT Kaltim Nitrate Indonesia | **-** | 217,361.00 |
| PT DC Solutions | **-** | 22,649.82 |
| **Total** | **22,019,148.23** | 23,133,157.82 |

**15. COST OF REVENUE**

This account represents the costs incurred in developing the billing and customer care system which consist of hardware, software and services. In 2013 and 2012, cost of revenue amounted to USD 11,093,931.70 and USD 13,013,893.75, respectively.

**16. OPERATING EXPENSES**

| | 2013 | 2012 |
|---|---|---|
| Salaries | **5,545,359.94** | 6,606,741.49 |
| Travel | **691,058.29** | 854,026.43 |
| Other allowances | **419,089.22** | - |
| Variable performance Allowance | **235,391.82** | - |
| Insurance | **179,093.77** | 150,402.81 |
| Employee benefits (note 12) | **50,241.00** | 78,614.00 |
| Printing and stationery | **93,821.33** | 22,780.09 |
| Professional fees | **85,439.27** | 166,630.12 |
| Miscellaneous expense | **73,526.67** | - |
| School fees - overseas | **72,194.38** | - |
| Leave encashment | **69,722.14** | - |
| Telecommunication | **57,887.40** | 82,539.61 |
| Rental | **56,582.75** | 47,667.32 |
| Staff welfare | **47,148.16** | 14,667.49 |
| Rates and taxes | **32,821.97** | - |
| Depreciation (Note 7) | **20,877.03** | 22,306.50 |
| Bank charges | **12,042.59** | 18,205.76 |
| Training fees | **9,846.48** | - |
| Audit fee | **9,670.59** | 12,573.29 |
| Pantry expenses | **7,754.41** | 14,408.21 |
| Business promotion expenses | **2,098.58** | - |
| Entertainment exp | **2,014.21** | - |
| Commencement allowance | **1,399.99** | - |
| Courier expenses | **804.47** | 412.05 |
| Recruitment | **638.77** | 27,753.04 |
| Provision for impairment (Note 5) | **-** | 699,425.50 |
| Insurance - Jamsostek | **-** | 62,209.58 |
| Meals | **-** | 17,376.65 |
| Other tax | **-** | 14,602.99 |
| Airport tax | **-** | 2,076.45 |
| Electricity | **-** | 832.86 |
| Others (each account below USD 100.00) | **-** | 23,140.06 |
| **Total** | **7,776,525.23** | 8,939,392.30 |

**17. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

In the normal course of the business, the Company engaged in transactions with related parties consisting of the following:

a. The related trade payables and cost of revenue arising from trade services obtained by the Company from related parties are as follows:

| | 2013 | 2012 |
|---|---|---|
| Tech Mahindra Limited | **1,138,903.65** | 3,654,064.35 |
| Satyam Computer Services Ltd | **1,530,856.32** | 24,655.92 |
| Canvas M | **26,646.98** | - |
| Comviva Technologies Ltd | **132,890.40** | 259,460.00 |
| **Total** | **2,829,297.35** | 3,938,180.27 |
| **Percentage to total liabilities** | **54.61%** | 54.45% |

Purchases from related parties for years ended March 31, 2013 and 2012 amounted USD 3,257,586 or 29.36% of the total cost of revenue and USD 2,259,891 or 17.37% of the total cost of revenue, respectively.

b. The Company also has several non - trade transactions with related parties as follows:

| | 2013 | 2012 |
|---|---|---|
| Other payables | | |
| Satyam Computer Services Ltd | **-** | 568,958.43 |
| Canvas M | - | 36,440.00 |
| Total | - | 605,398.43 |
| Percentage to total liabilities | - | 8.96% |

c. Details of transactions with related parties are as follows:

| | Tech Mahindra Limited | Satyam Computer Limited | Canvas M | Comviva Technologies |
|---|---|---|---|---|
| Opening balance as of April 1, 2012 | 3,654,064.00 | 593,614.00 | 36,440.00 | 259,460.00 |
| Service income charges to holding corporation cost of services charged | 1,192,000.00 | 1,494,276.00 | 70,446.00 | 453,246.00 |
| Other reimbursement - net | 131,696.00 | - | - | - |
| Overhead cost | 2,862,489.00 | - | - | - |
| Taxes | - | (376,550.00) | (21,377.00) | (5,400.00) |
| Provision | - | (180,483.68) | (57,873.02) | - |
| Payments | (6,701,346.00) | - | - | (574,416.00) |
| Advances | - | - | - | - |
| **Ending balance** | **1,138,903.65** | **1,530,856.32** | **26,646.98** | **132,890.00** |

d. Total remuneration incurred by the Company for its key management personnel amounted to USD 2,009,435.99 and Rp 3,938,040,842.16 in 2013 and USD 1,761,501.68 and Rp 4,761,593,680.00 in 2012 respectively.

e. Nature of transactions and relationship with related parties are as follows:

| Related Parties | Relationship | Transaction |
|---|---|---|
| Tech Mahindra Limited | Stockholder | Trade services |
| Satyam Computer Services Ltd | Affiliate | Trade services |
| Canvas M | Affiliate | Trade services |
| Comviva Technologies Ltd | Affiliate | Trade services |

**18. SIGNIFICANT CONTRACT**

In 2006, the Company entered into an agreement with PT Hutchison CP Telecommunication (HCPT). The Company, as the Contractor, agreed to provide Billing and Customer Care System (System) Management Services to HCPT. Under the agreement, the Contractor shall supply a complete turnkey delivery of the System, which includes, but not limited to, HCPT Customer Care, order management, provisioning, mediation, product management/ catalogue, resource management, billing and invoicing, payment and collection, interconnect accounting, dealer and partner management, fraud management, reporting, revenue sharing and settlement, rating engine, tarif management, account and balance management and voucher management system. The System shall include hardware, software and services. HCPT may terminate this agreement at the end of initial term which is on February 2009. In the absence of Initial Termination Notice, the agreement shall continue to be effective for a further period of two (2) years which is referred to as the "Renewal Term", in the absence of Renewal Termination Notice at the end of the Renewal Term, the agreement shall continue to be effective for a further period of another two (2) years which is referred to as "Second Renewal Term".

**19. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Company has risk management policies and has established processes to monitor and control the risks inherent in its business and activities. The existing risk management policies and processes focus on the unpredictability of the market and seek to minimize potential adverse effects on the Company's financial performance.

The Company has exposure to the following risks from its use of financial instruments:

**1. Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Company has maintained prudent analyzes and credit approval and also monitored receivable balances continuously in order to minimize the exposure to bad debts.

As of March 31, 2013 and 2012, the maximum Company's exposure of the credit risk approximates the net carrying amounts of the outstanding cash in bank and trade receivables with details as follows :

| | **2013** | 2012 |
|---|---|---|
| Cash in bank | **6,811,536.50** | 3,409,676.01 |
| Trade receivables | **6,114,467.40** | 8,870,218.29 |
| **Total** | **12,926,003.90** | 12,279,894.30 |

The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

The following table provides the credit quality and age analysis of the Company financial assets according to the Company credit ratings of debtors as of March 31, 2013:

| | | **Past due but not impaired** | | | | | |
|---|---|---|---|---|---|---|---|
| | **Neither past due nor impaired** | **<30 Days** | **30-60 Days** | **61-180 Days** | **> 180 Days** | **Past due and impaired** | **Total** |
| Cash in bank | 6,811,536.50 | - | - | - | - | - | 6,811,536.50 |
| Trade receivables | - | 3,290,047.27 | 1,555,932.62 | 1,090,256.89 | 722,871.69 | 544,641.07 | 6,659,108.47 |
| | 6,811,536.50 | 3,290,047.53 | 1,555,932.62 | 1,090,256.89 | 722,871.69 | 544,641.07 | 13,470,644.97 |

The credit quality of financial instruments is managed by the Company using internal credit ratings. Financial instruments classified under "neither past due nor impaired" includes high grade credit quality instruments because there was few or no history of default on the agreed terms based on the letter of authorization, letter of guarantee or promissory note. "past due but not impaired" are items with history of frequent default nevertheless the amount due are still collectible. Lastly, "past due and impaired" are those that are long outstanding and has been provided with allowance for impairment loss on receivables.

**2. Market Risk**

Foreign exchange currency risk

The Company is exposed to market risks, in particular foreign currency exchange risk.

Foreign currency exchange risk is the risk that arises from the changes of exchange rate of US Dollar as the reporting currency against foreign currency, especially Rupiah.

Foreign currency exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations comes from the exchange rate difference between US Dollar and Rupiah. The significant portion of the foreign currency exchange risk is contributed by Rupiah denominated cash on hand and in bank and trade payables.

The Company's exposure to exchange rate fluctuations comes from the exchange rate between US Dollar and Rupiah. The significant portion of the foreign exchange risk is contributed by the cash in bank and trade payable denominated in Indonesian Rupiah.

The Company closely monitors the foreign exchange rate fluctuation and market expectation so it can take necessary actions benefited most to the Company in due time. The management currently does not consider the necessity to enter into any currency forward/swaps.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate against Rupiah, with all other variables held constant, to the Company income before tax for the year ended March 31, 2013:

| | Increase (decrease) in IDR rate | Effect on income before tax |
|---|---|---|
| March 31, 2013 | 2.0% | (3,200,937) |
| | (2.0%) | 3,200,937 |

The Company had monetary assets and liabilities denominated in foreign currencies as of March 31, 2013 and 2012 and were presented in Note 21.

### 3. Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due. The Company evaluates and monitors cash-in flow and cash-out flow to ensure the availability of fund to settle the due obligation. In general, fund needed to settle the current liabilities is obtained from collection of trade receivables from the customers.

All of the financial liabilities of the Company are due within one year from the end of the reporting period with details as follows:

| | **2013** | 2012 |
|---|---|---|
| Financial Liabilities | | |
| Trade payables | | |
| Third parties | **1,011,842.57** | 1,405,981.04 |
| Related parties | **2,829,297.35** | 3,678,720.27 |
| Accrued expenses | **136,567.19** | 90,721.31 |
| Other payables | **774,353.59** | 1,298,431.22 |
| | **4,752,060.70** | 6,473,853.84 |

## 20. FINANCIAL INSTRUMENTS

The tables set forth the carrying values and estimated fair values of the Company's financial instruments that are carried in the statement of financial position as of March 31, 2013 and 2012:

| | **2013** | | 2012 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| **FINANCIAL ASSETS** | | | | |
| Loans and receivables | | | | |
| Cash on hand and in bank | **6,816,470.86** | **6,816,470.86** | 3,412,072.76 | 3,412,072.76 |
| Trade receivables | **6,114,467.40** | **6,114,467.40** | 8,870,218.29 | 8,870,218.29 |
| Advances to employees | **124,613.73** | **124,613.73** | 181,468.82 | 181,468.82 |
| Rental deposits | **64,576.24** | **64,576.24** | 14,258.24 | 14,258.24 |
| **Total Financial Assets** | **13,120,128.23** | **13,120,128.23** | 12,478,018.11 | 12,478,018.11 |
| **FINANCIAL LIABILITIES** | | | | |
| **Financial liabilities measured at amortized cost** | | | | |
| **Trade payables** | | | | |
| Third parties | **1,011,842.57** | **1,011,842.57** | 1,405,981.04 | 1,405,981.04 |
| Related parties | **2,829,297.35** | **2,829,297.35** | 3,678,720.27 | 3,678,720.27 |
| Accrued expenses | **136,567.19** | **136,567.19** | 90,721.31 | 90,721.31 |
| Other payables | **774,353.59** | **774,353.59** | 1,298,431.59 | 1,298,431.59 |
| **Total Financial Liabilities** | **4,752,060.70** | **4,752,060.70** | 6,473,854.21 | 6,473,854.21 |

The fair values of all the financial instruments approximate their carrying amounts largely due to the short - term maturities of these instruments.

## 21. ASSET AND LIABILITY DENOMINATED IN FOREIGN CURRENCY

As of March 31, 2013 and 2012, the Company had monetary asset and liability denominated in foreign currency which are as follows:

| | **2013** | | | 2012 | |
|---|---|---|---|---|---|
| | | **Original Currency** | **US Dollar Equivalent** | Original Currency | US Dollar Equivalent |
| **ASSET** | | | | | |
| Cash on hand and in bank | **IDR** | **1,010,698,928.33** | **103,992.07** | IDR 583,124,163.00 | 63,521.15 |
| LIABILITY | | | | | |
| Trade payables | **IDR** | **850,933,437.22** | **87,553.60** | IDR 1,540,082,791.80 | 167,765.01 |
| **NET LIABILITY** | | **159,765,491.11** | **16,438.47** | (956,958,628.80) | (104,243.86) |

As of April 30, 2013, the exchange rate published by Bank Indonesia was Rp 9,722.00 to 1 USD. If such exchange rate had been used as of March 31, 2013, the net liability will decrease by USD 59.11.

## INDEX TO SUPPLEMENTARY INFORMATION
## MARCH 31, 2013 AND 2012
## (Expressed in Indian Rupee, unless otherwise stated)

| Schedule | Description |
|---|---|
| A | Note to Supplementary Information |
| B | Statements of Financial Position |
| C | Statements of Comprehensive Income |
| D | Statements of Changes in Stockholders' Equity |
| E | Statements of Cash flows |
| F | Details of Accounts |

**SCHEDULE A**
**NOTES TO THE SUPPLEMENTARY INFORMATION**
**MARCH 31, 2013 AND 2012**
**(Expressed in Indian Rupee, unless otherwise stated)**

**Preparation of Indian Rupee Accounts**

The Company's statutory financial statements are presented in United States Dollar (US Dollar). The translation of the US Dollar amounts into Indian Rupee is presented solely for the purpose of additional analysis of the ultimate holding company and therefore, should not be used for any other purposes. The translation of the US Dollar financial statements balances into Indian Rupee should not be construed as representing that the US Dollar amount have been, could have been, or could be in the future, converted into Indian Rupee at the exchange rates applied in the translation of US Dollar amount into Indian Rupee or any other exchange rate.

The US Dollar amounts are translated for convenience into Indian Rupee, at the exchange rates of INR 54.29 and INR 55.01 for the years ended March 31, 2013 and 2012 respectively, which are the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2013 and 2012.

**SCHEDULE B**

**STATEMENTS OF FINANCIAL POSITION**
**MARCH 31, 2012 AND 2011**
**(Expressed in Indian Rupee, unless otherwise stated)**
**(UNAUDITED)**

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash on hand and in bank | A | **370,066,202.99** | 185,241,430.14 |
| Trade receivables - net | | **331,954,435.15** | 481,564,150.96 |
| Prepaid tax | F | **15,387,082.45** | 11,543,608.32 |
| Prepaid expenses and advances | | **120,774,999.29** | 43,887,627.21 |
| **Total Current Assets** | | **756,747,719.87** | 722,236,816.63 |
| **NON - CURRENT ASSETS** | | | |
| Deferred tax asset | F | **10,654,193.71** | 12,142,205.52 |
| Estimated claims for tax refund | F | **26,300,235.66** | 20,617,485.28 |
| Fixed assets - | | | |
| net of accumulated depreciation | B | **1,248,263.37** | 1,603,751.03 |
| **Total Non - Current Assets** | | **38,202,692.74** | 34,363,441.83 |
| **TOTAL ASSETS** | | **794,950,412.60** | 756,600,258.46 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade payable | C | | |
| Third parties | | **54,932,933.13** | 76,330,710.66 |
| Related party | | **153,602,553.13** | 199,717,723.46 |
| Accrued expenses | D | **7,414,232.75** | 2,881,312.60 |
| Taxes payables | F | **11,403,071.60** | 5,987,004.56 |
| Other payables | E | **42,039,656.40** | 70,491,851.03 |
| Total Current Liabilities | | **269,392,447.00** | 357,452,549.63 |
| **NON - CURRENT LIABILITY** | | | |
| Employee benefits liability | | **11,828,922.36** | 9,329,790.79 |
| **TOTAL LIABILITIES** | | **281,221,369.36** | 366,782,340.42 |
| **EQUITY** | | | |
| Capital stock - USD 1 par value per share | | | |
| Authorized - 1,000,000 share | | | |
| Issued and fully paid - 500,000 share | G | **27,145,000.00** | 27,145,000.00 |
| Retained earnings | G | **486,584,043.24** | 362,672,918.04 |
| **Total Equity** | | **513,729,043.24** | 389,817,918.04 |
| **TOTAL LIABILITIES AND EQUITY** | | **794,950,412.60** | 756,600,258.46 |

**SCHEDULE C**

**STATEMENTS OF COMPREHENSIVE INCOME**
**YEARS ENDED MARCH 31, 2013 AND 2012**
**(Expressed in Indian Rupee, unless otherwise stated)**
**(UNAUDITED)**

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **REVENUE** | H | **1,195,419,557.41** | 1,255,899,138.05 |
| **COST OF REVENUE** | | **(602,289,552.00)** | (706,524,291.69) |
| **GROSS PROFIT** | | **593,130,005.41** | 549,374,846.36 |
| **OPERATING EXPENSES** | I | **422,187,554.79** | 485,319,607.97 |
| **INCOME FROM OPERATIONS** | | **170,942,450.62** | 64,055,238.39 |
| **OTHER INCOME (CHARGES)** | | | |
| Loss on foreign exchange | | **(8,377,982.88)** | (4,361,925.17) |
| Interest income | | **50,493.50** | 53,159.68 |
| Others | | **8,627,984.60** | 2,360,556.35 |
| **Other Income (Charges) - Net** | | **300,495.22** | (1,948,209.14) |

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **INCOME BEFORE INCOME TAX EXPENSE** | | **171,242,945.84** | 62,107,029.25 |
| **INCOME TAX EXPENSE** | F | | |
| Current | | **(45,843,808.88)** | (29,914,589.15) |
| Deferred | | **(1,488,011.70)** | 10,862,696.09 |
| **NET INCOME** | | **(47,331,820.58)** | (19,051,893.06) |
| **TOTALCOMPREHENSIVE INCOME** | | **123,911,125.26** | 43,055,136.19 |

**SCHEDULE D**

**PT TECH MAHINDRA INDONESIA**

**STATEMENTS OF CHANGES IN EQUITY**

**YEARS ENDED MARCH 31, 2013 AND 2012**

(Expressed in Indian Rupee, unless otherwise stated)

(UNAUDITED)

| | Note | Capital Stock | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance as of March 31, 2011** | **G** | **27,145,000.00** | **319,617,781.85** | **346,762,781.85** |
| Total comprehensive income | | - | 43,055,136.19 | 43,055,136.19 |
| **Balance as of March 31, 2012** | | **27,145,000.00** | **362,672,918.04** | **389,817,918.04** |
| Total comprehensive income | | - | 123,911,125.26 | 123,911,125.26 |
| **Balance as of March 31, 2013** | | **27,145,000.00** | **486,584,043.24** | **513,729,043.24** |

**SCHEDULE E**

**PT TECH MAHINDRA INDONESIA**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED MARCH 31, 2013 AND 2012**

(Expressed in Indian Rupee, unless otherwise stated)

(UNAUDITED)

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **CASH FLOWS FROM** | | | |
| **OPERATING ACTIVITIES** | | | |
| Net income | | **123,911,125.26** | 43,055,136.19 |
| Adjustments to reconcile net income to | | | |
| Net cash provided by operating activities: | | | |
| Depreciation | B | **1,133,413.96** | 1,211,019.89 |
| Deferred tax asset | | **1,488,011.49** | (10,862,696.09) |
| Employee benefits | | **2,499,131.57** | 4,267,954.06 |
| Changes in operating assets and liabilities: | | | |
| Trade receivables | | **149,609,715.82** | (41,628,032.88) |
| Other receivables | | **(222,900.62)** | (349,996.23) |
| Advances to suppliers | | **(2,154,874.88)** | 833,894.40 |
| Advances to employees | | **3,086,662.84** | (431,530.58) |
| Prepaid tax and expenses | | **(4,733.55)** | (718,952.70) |
| Trade payables | | **(67,512,947.86)** | 140,430,168.26 |
| Other payables | | **(28,452,194.68)** | 13,072,049.36 |
| Taxes payable | | **5,416,067.04** | (34,028,230.40) |
| Accrued expenses | | **2,488,973.37** | 1,858,675.70 |
| Estimated claim for tax refund | | **(5,682,750.37)** | (20,617,485.28) |
| **Net Cash Provided by Operating Activities** | | **185,602,699.15** | 96,091,973.70 |
| **CASH FLOWS FROM INVESTING ACTIVITY** | | | |
| Acquisitions of fixed assets | | **(777,926.30)** | (94,399.99) |
| **NET INCREASE IN CASH ON HAND AND IN BANK** | | **184,824,772.85** | 95,997,573.70 |
| **CASH ON HAND AND IN BANK AT THE BEGINNING OF THE YEAR** | A | **185,241,430.14** | 89,243,856.44 |
| **CASH ON HAND IN BANK AT THE END OF THE YEAR** | A | **370,066,202.99** | 185,241,430.14 |

**SCHEDULE F**

**PT TECH MAHINDRA INDONESIA**

**DETAILS OF ACCOUNTS**

**YEARS ENDED MARCH 31, 2013 AND 2012**

(Expressed in Indian Rupee, unless otherwise stated)

(UNAUDITED)

**A. CASH ON HAND AND IN BANK**

Details are as follows:

| | 2013 | 2012 |
|---|---|---|
| Cash on hand | **267,886.40** | 130,119.56 |
| Cash in bank | | |
| US Dollar | **364,420,473.51** | 181,792,866.90 |
| Rupiah | **5,377,843.08** | 3,318,443.68 |
| **Total** | **370,066,202.99** | 185,241,430.14 |

**B. FIXED ASSETS**

The details of fixed assets are as follows:

| | 2013 | 2012 |
|---|---|---|
| Cost | **11,408,959.35** | 10,631,033.05 |
| Accumulated depreciation | **(10,160,695.98)** | (9,027,282.02) |
| **Total** | **1,248,263.37** | 1,603,751.03 |

## C. TRADE PAYABLES

Details are as follows:

| | 2013 | 2012 |
|---|---|---|
| **Third Parties** | | |
| Intec System (Asia) Sdn Bhd | **6,597,863.70** | 9,255,902.10 |
| PT Hewlett-Packard Berce Servicindo | **6,403,387.15** | - |
| PT Oracle Indonesia | **5,075,679.59** | 933,268.99 |
| Openet Telcom Malaysia Sdn Bhd | **4,419,494.82** | 4,629,162.80 |
| PT Convergys Indonesia | **3,492,524.56** | 3,492,524.56 |
| PT. Niagaprima Paramitra | **3,418,914.92** | - |
| PT Focus Com | **3,414,500.60** | 6,773,594.46 |
| PT Berca Hardaya Perkasa | **3,411,075.45** | 1,887,943.98 |
| Elite Technologies Ltd | **2,774,903.05** | 7,337,304.36 |
| PT Mitra Integrasi | **2,371,354.08** | 10,861,875.76 |
| Subex Azure Ltd | **1,764,622.07** | 2,826,056.72 |
| Six DEE Telecom Solutions Pvt. Ltd. | **1,602,301.49** | - |
| Tibco Software Inc | **1,371,908.30** | 1,371,908.30 |
| VIZ Sector Consultant | **1,203,820.49** | 1,203,820.49 |
| Servion Global Solutions Pte Ltd | **985,906.40** | - |
| PT Radinka Anugra | **908,814.60** | - |
| PT Iditya Putra | **700,591.82** | 104,574.48 |
| Tectacle Technologies MSC | **656,039.27** | 656,039.27 |
| HQ Global Workplaces | **547,942.46** | 676,866.00 |
| Bharti Telesoft Ltd | **458,207.60** | 458,207.60 |
| Landsat Communication Pte, Ltd | **434,320.00** | 434,320.00 |
| CIBA | **411,343.39** | 202,609.19 |
| PT Madawani Mandiri | **386,979.12** | 386,979.12 |
| PT Rasuna Residence Development (Aston Rasuna) | **359,022.48** | 451,686.29 |
| PT Datacraft Indonesia | **328,278.06** | 328,278.06 |
| Allianz | **295,887.56** | 191,548.15 |
| P T Dimension Data Indonesia | **234,532.80** | - |
| Kosasih nurdiyaman tjahjo & rekan | **188,121.91** | - |
| Infogain Systems Pvt Ltd | **179,157.00** | 179,157.00 |
| Tiendas Law Offices | **143,124.18** | 242,801.17 |
| PT Arsena Solusindo | **95,062.33** | 95,062.33 |
| PT Sumber Daya Info Prima | **67,220.79** | 67,220.79 |
| PT Aero Globe Indonesia (Aerotravel) | **59,798.81** | 59,798.81 |
| PT VisoNet Internasional | **37,374.86** | - |
| Sati Safarijah SH | **19,445.05** | - |
| Student advisory centre (SAC)-ITS | **12,222.31** | - |
| PT IMSI | **8,794.98** | - |
| Atreus Global | **8,306.37** | - |
| Bahwan Cybertek | **977.22** | - |
| PT Techking Enterprises Indonesia | **-** | 923,468.56 |
| 6D Technologies | **-** | 1,880,787.47 |
| PT Amanja Mega Persada | **-** | 1,728,865.05 |
| PT Astra Graphia Tbk (Xprint) | **-** | 944,617.23 |
| PT Anabatic Technologies | **-** | 1,325,735.74 |
| Others | **83,111.48** | 332,642.43 |
| **Total third parties** | **54,932,933.13** | 62,244,627.26 |
| **Related Parties** | **153,602,553.13** | 213,803,806.86 |
| **Total** | **208,535,486.26** | 276,048,434.12 |

## D. ACCRUED EXPENSES

Details are as follows:

| | 2013 | 2012 |
|---|---|---|
| Salaries | **3,158,066.13** | 1,654,148.44 |
| Medical claims | **2,521,064.19** | 1,501,173.88 |
| Payable to employees | **1,513,981.97** | 1,548,817.15 |
| Travel | **221,120.46** | 221,120.45 |
| **Total** | **7,414,232.75** | 4,925,259.92 |

## E. OTHER PAYABLES

Details are as follows:

| | 2013 | 2012 |
|---|---|---|
| Provision for expenses | **35,118,588.04** | 62,045,412.28 |
| Leave encashment liabilities | **6,921,068.36** | 8,446,330.16 |
| **Total** | **42,039,656.40** | 70,491,742.44 |

## F. TAXATION

This account consists of:

a. As of Mach 31, 2013 and 2012, prepaid tax amounting to INR 15,387,082.45 and INR 11,543,608.32, respectively, pertains to VAT on import purchases.

Based on the prevailing tax regulations, VAT on import purchases is allowed to be offset against VAT Output Payable upon payment to State Treasury.

b. Taxes payable consist of:

| | 2013 | 2012 |
|---|---|---|
| Income taxes: | | |
| Article 4 (2) | **7,203,255.29** | 18,977.62 |
| Article 21 | **3,711,067.33** | 5,194,140.37 |
| Article 23 | **475,829.05** | 319,224.11 |
| Article 26 | **12,919.93** | 454,662.46 |
| **Total** | **11,403,071.60** | 5,987,004.56 |

c. Current income tax

Reconciliation between income before income tax expense, as shown in the statements of comprehensive income and estimated taxable income for years ended March 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|---|---|
| **Income before income tax expense per statements of comprehensive income** | **171,242,945.84** | 62,107,029.25 |
| Permanent differences: | | |
| Insurance | **9,723,000.77** | 8,110,807.10 |
| Staff welfare | **2,562,535.23** | 796,298.03 |
| Offshore - Lease Breakage | **660,323.84** | - |
| Rent | **1,425,367.11** | 1,269,886.53 |
| Communication | **1,229,487.17** | 2,240,537.98 |
| Meals | **420,986.92** | 943,378.33 |
| Entertainment | **109,351.46** | - |
| Rate and taxes | **1,781,904.75** | - |
| **Income already subjected to final income tax:** | | |
| Interest on bank balance | **(50,493.50)** | (53,159.68) |
| Other | **-** | 792,796.33 |
| Temporary differences: | | |
| Employee benefits | **2,727,583.89** | 4,267,954.06 |
| Provision for impairment | **(8,442,342.56)** | 37,971,810.40 |
| Depreciation | **(15,415.10)** | 1,211,019.34 |
| **Total** | **12,132,289.67** | 57,551,328.42 |
| **Estimated taxable income** | **183,375,235.28** | 119,658,357.67 |

The computation of current income tax expense and estimated claim for tax refund for the years ended March 31, 2013 and 2012, are as follows:

| | 2013 | 2012 |
|---|---|---|
| Estimated taxable income | **183,375,235.28** | 119,658,357.68 |
| Current income tax expense | **45,843,808.82** | 29,914,589.15 |
| Prepayments of income tax: | | |
| Withholding tax article 23 | **(30,672,577.99)** | (21,049,163.53) |
| Advance tax | **(20,853,981.21)** | (29,482,910.90) |
| Claim for tax refund | **(5,682,750.37)** | (20,617,485.28) |

**Claim for tax refund consist of:**

| | 2013 | 2012 |
|---|---|---|
| March 31, 2013 | **5,682,750.37** | - |
| March 31, 2012 | **20,617,485.28** | 20,617,485.28 |
| **Total** | **26,300,235.66** | 20,617,485.28 |

d. Deferred income tax benefit, computed on the tax benefit of significant temporary differences between financial and tax reporting, using 25% which is the maximum tax rate is as follows:

| | 2013 | 2012 |
|---|---|---|
| Employee benefits | **(624,782.89)** | 1,002,525.03 |
| Provision for impairment | **2,110,585.53** | 8,919,423.35 |
| Depreciation | **2,209.06** | 284,463.71 |
| **Total** | **1,488,011.70** | 10,206,412.09 |

e. Deferred tax assets consist of:

| | 2013 | 2012 |
|---|---|---|
| Employee benefits | **2,957,230.56** | 2,332,447.70 |
| Provision for impairment | **7,392,154.72** | 9,502,740.27 |
| Depreciation | **304,808.43** | 307,017.55 |
| **Total** | **10,654,193.71** | 12,142,205.52 |

## G. CAPITAL STOCK

The details of the Company's shareholdings as of March 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|---|---|
| Capital stock | **27,145,000.00** | 27,145,000.00 |
| Retained earnings | **486,584,043.24** | 362,672,918.04 |
| **Total** | **513,729,043.24** | 389,817,918.04 |

## H. REVENUE

Details are as follows:

| | 2013 | 2012 |
|---|---|---|
| PT Hutchinson CP Telecommunications | **821,444,752.93** | 939,679,810.31 |
| PT Axis Telekom Indonesia | **215,517,499.48** | 207,377,605.42 |
| PT Badak Natural Gas Liquefaction | **114,026,816.89** | 65,148,000.00 |
| PT Hero Supermarket Tbk | **27,394,041.80** | 30,663,534.90 |
| PT Huawei Tech Investment | **7,665,313.68** | - |
| PT Mitra Integrasi | **6,514,800.00** | - |
| PT Soltius Indonesia | **2,856,332.63** | - |
| PT Kaltim Nitrate Indonesia | **-** | 11,800,528.69 |
| PT DC Solutions | **-** | 1,229,658.73 |
| **Total** | **1,195,419,557.41** | 1,255,899,138.05 |

**I. OPERATING EXPENSES**

Details are as follows:

| | **2013** | 2012 |
|---|---|---|
| Salaries | **301,057,591.14** | 358,679,995.49 |
| Travel | **37,517,554.56** | 46,365,094.88 |
| Other allowances | **22,752,353.75** | - |
| Variable performance allowance | **12,779,421.91** | - |
| Insurance | **9,723,000.77** | 8,165,368.55 |
| Employee benefits | **2,727,583.89** | 4,267,954.06 |
| Printing and stationery | **5,093,560.01** | 1,236,731.09 |
| Professional fees | **4,638,497.97** | 9,046,349.21 |
| Miscellaneous expense | **3,991,762.91** | - |
| School fees - overseas | **3,919,432.89** | - |
| Leave encashment (P&L) | **3,785,214.98** | - |
| Telecommunication | **3,142,706.95** | 4,481,075.43 |
| Rental | **3,071,877.50** | 2,587,858.80 |
| Staff welfare | **2,559,673.61** | 796,298.03 |
| Rates & taxes | **1,781,904.75** | - |
| Depreciation (Note 7) | **1,133,413.96** | 1,211,019.89 |
| Bank charges | **653,792.21** | 988,390.71 |
| Training expenses - Fees | **534,565.40** | - |
| Audit fee | **525,016.33** | 682,603.91 |
| Pantry expenses | **420,986.92** | 782,221.72 |
| Business promotion expenses | **113,931.91** | - |
| Entertainment expense | **109,351.46** | - |
| Commencement allowance | **76,005.46** | - |
| Courier expenses | **43,654.59** | 22,370.19 |
| Recruitment | **34,698.96** | 1,506,712.54 |
| Provision for impairment | **-** | 37,971,810.40 |
| Insurance - Jamsostek | **-** | 3,377,358.10 |
| Meals | **-** | 943,378.33 |
| Other tax | **-** | 792,796.33 |
| Airport tax | **-** | 112,730.47 |
| Electricity | **-** | 45,215.97 |
| Others (each account below USD 100.00) | **-** | 1,256,273.87 |
| **Total** | **422,187,554.79** | 485,319,607.97 |

# CANVASM TECHNOLOGIES LIMITED

**Board of Directors**

Mr. Vineet Nayyar - Chairman

Mr. Ulhas N. Yargop

Mr. L. Ravichandran

Mr. Manoj Bhat

**Registered Office**

Oberoi Gardens Estate,

Chandivali,

Off Saki Vihar Road,

Andheri (E)

Mumbai 400 072

**Bankers**

HSBC Bank

**Auditors**

Deloitte Haskins & Sells,

Chartered Accountants

# DIRECTORS' REPORT

Your Directors present their Seventh Annual Report together with the audited Accounts of the Company for the year ended March 31, 2013.

**FINANCIAL RESULTS**

**(Figures in ₹)**

| For the year ended March 31, | 2013 | 2012 |
|---|---|---|
| Income | **1,541,296,039** | 1,197,380,717 |
| Expenditure | **1,082,641,176** | 885,182,981 |
| Depreciation | **155,754,749** | 96,937,138 |
| Profit/(Loss) Before Tax & Extra Ordinary items | **302,900,114** | 215,260,598 |
| Provision for Taxation | **98,430,552** | 78,901,018 |
| Deferred Taxes Charge/ (Credit) | **(2,689,082)** | (25,260,170) |
| Profit/ (Loss) after Tax | **207,158,644** | 161,619,750 |
| Profit Carried forward to Balance Sheet | **207,158,644** | 161,619,750 |

**DIVIDEND**

Your Directors do not recommend any dividend for the year under review.

**BUSINESS OVERVIEW**

Value Added Services (VAS) has evolved from a mere communication service to a plethora of information and varied customized services to serve the consumer requirements spanning from livelihood to lifestyle. In the changing market scenario, VAS is being seen fueling its expansion in emerging markets like MEA & APAC where large chunks of revenues are expected to flow in the near future.

CanvasM has been focusing on building, operating and managing end-to-end solutions for customers spanning across Telcos & Enterprises with focus on Enterprise Mobility, VAS Services, VAS SI/MS and Device Testing

Your Company is well positioned to contribute to the VAS landscape, through evolved offerings and 360 degree service delivery expertise spanning across Telco's from Tech Mahindra and cross–domain eco-system partners like Banks, Media houses, etc. from Mahindra Satyam.

In this area, we are focusing on two pronged strategy which is as follows:-

- CanvasM has planned and in process of launching few VAS services on D2C model for Indian market spanning across VAS verticals like Voice based solutions for the bottom of the pyramid segment, Commerce solutions for enabling contact less payments, Digital promotion solutions replacing paper based coupons with mobile coupons powered by quick response technology and Entertainment solutions with focus on aggregation of niche content like education etc. Besides contributing to top line of CanvasM these VAS services would also enable our positioning as potential VAS Managed Services partners for our customers and create a set of services that will become ubiquitous with the consumers lifestyle.
- Leveraging the installed Telco customer base of Tech Mahindra across the focus geographies of North America, Europe, India, MEA & APAC to cross sell and up sell VAS solutions. Dedicated pre-sales / sales teams have been set up for each of these focus geos. In these customers CanvasM is focused on providing VAS solutions around platforms and applications providing content, location and commerce solutions.
- CanvasM's Enterprise Mobility practice offers solutions to leverage enterprises with the power of Mobility for increased productivity (B2E), enhanced user-experience (B2C), synergistic partnerships (B2B), seamless connectivity (M2M) and quantifiable business benefits. Solutions span various verticals like BFSI, Logistics, Telecom, Retail, Healthcare, Retail and Manufacturing. The company's UMP (Unified Mobility Platform) is a modular & scalable MEAP platform with compartmentalization. It allows near code-free development using IDEs, and reduces effort by 60%.
- CanvasM has a mature Device Testing practice, the only one of its kind in India. Capabilities include 3G and LTE Device Testing, Application testing, Field testing, content testing, GCF-PTCRB testing. Going forward, the practice plans to foray into non traditional device testing like Medical Equipment, Automated cars, Smart Homes. It is also well on its way to becoming a complete certified test house (GCF, PTCRB, CCF, CTIA, NFC).

**HUMAN RESOURCE MANAGEMENT**

Recognizing the value of human resources as the Company's growth potential, your company has been focusing on development and management of human resources in the Company. The Company has put in place a scalable recruitment and human resource management process, enabling it to attract and retain high caliber employees.

The Company recognizes the fact that to grow and compete in an extremely fierce competitive environment it needs to retain and grow the best talent in the industry. A number of steps were taken during the year to further strengthen the HR Processes within the Company.

**FIXED DEPOSITS**

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

**SUBSIDIARY COMPANIES**

During the year under review, a wholly owned subsidiary in USA namely CanvasM (Americas) Inc. has been merged with Tech Mahindra (Americas) Inc. effective from 1st September 2012.

**SCHEME OF AMALGAMATION**

The Hon'ble High Court of Bombay has passed an Order dated September 28, 2012 approving the Scheme of Amalgamation and Arrangement (the "Scheme"). The Scheme is however pending for approval of the Hon'ble Andhra Pradesh High Court.

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Your Company has an adequate system of internal controls commensurate with the size of the Company and the nature of its business which ensures that transactions are recorded, authorized and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and disposition.

The internal control system is supplemented by well documented policies, guidelines and procedures. An extensive programme of internal audit by a firm of chartered accountants and management review of the same is in place.

**DIRECTORS**

Mr. Vineet Nayyar and Mr. Ulhas Yargop, Directors are liable to retire by rotation and being eligible offers themselves for re-appointment.

**AUDITORS**

M/s Deloitte Haskins & Sells, Chartered Accountants, the Auditors of your Company, hold office up to the conclusion of the forthcoming Annual General Meeting of the Company and have given their consent for re-appointment. The shareholders will be required to elect auditors for the current year and fix their remuneration. Your Company has received a written confirmation from M/s Deloitte Haskins & Sells to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224 (1B) of the Companies Act, 1956.The Board recommends the re-appointment of M/s Deloitte Haskins & Sells as the Auditors of the Company.

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. **Conservation of Energy**

   The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption. As energy costs comprise a very small part of your company's total expenses, the financial impact of these measures is not material.

2. **Research & Development (R&D)**

   Research and development of new services, designs, frameworks, process and methodologies continue to be of importance to the Company. This allows your Company to increase quality, productivity and customer satisfaction through continuous innovation.

3. **Foreign Exchange earnings and outgo**

   The foreign exchange earnings of your Company during the year were ₹ 76,846,682 (Previous Year – ₹ 627,258,893) while the outgoings were ₹ 276,498,306 (Previous Year – ₹ 488,974,789).

**PARTICULARS OF EMPLOYEES**

The Information required under Section 217(2A) of the Companies Act, 1956, and the Rules made there under is available for inspection at the Registered Office of the Company. A copy will be provided to member on receipt of written request for same.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the profit of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, STPI, regulatory and governmental authorities in India and abroad and its shareholders.

For and on behalf of the Board

Place : New Delhi
Date: May 17, 2013

**Vineet Nayyar**
Chairman

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF**

**CANVASM TECHNOLOGIES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **CANVASM TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 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 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 March 31, 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 March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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)

**Vijay Agarwal**
Partner
(Membership No. 094468)

Place : Gurgaon
Date : May 17, 2013

## ANNEXURE TO THE AUDITORS' REPORT

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

Having regard to the nature of Company's business during the year, clauses (x) and (xiii) of paragraph 4 of the Order are not applicable to the Company.

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) The Company being a service company provides value added services which includes VAS platform, application and product development, integration, hosting and deployment services and device testing services including purchase of certain hardware which is specific to customer requirements and are issued/ included as a part of service contract and accordingly does not hold any inventories. Accordingly, clauses (ii)(a), (ii)(b) and (ii)(c) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the 'Order') are not applicable to the Company.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b) to (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services and its related products. There are no purchases and sale of goods during the year. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, we are of the opinion that during the year, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section. Accordingly, paragraphs 4(v) (a) and (b) of the Order are not applicable.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business

(viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records by the company under Section 209(1)(d) of the Companies Act, 1956, for the business activities of the Company.

(ix) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it and generally been regular in depositing Service Tax and Taxes Deducted at Source with the appropriate authorities.

We are informed that the provisions of Employees' State Insurance are not applicable to the Company and the operations of the Company during the year did not give rise to any Investor Education and Protection Fund, Wealth Tax, Sales Tax and Excise Duty.

We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues in respect of Sales Tax, Wealth Tax, Excise Duty, Customs Duty, Service Tax and Cess, which have not been deposited. The following are the particulars of dues of Income-tax which has not been deposited by the Company on account of disputes as at March 31, 2013:

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount involved (₹)* |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | AY 2008-09 | 1,431,043 |
| | | Commissioner of Income-tax (Appeals) | AY 2009-10 | 55,894,790 |

* Amount as per demand order including interest and penalty wherever indicated in the order.

(x) The Company has neither taken loans from any financial institutions or banks nor has issued any debentures during the year.

(xi) In our opinion and according to the explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xiii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.

(xiv) The Company has not obtained any term loans during the year.

(xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xvi) The Company has not made any preferential allotment of shares during the year.

(xvii) The Company has not issued any debentures during the year.

(xviii) The Company has not raised any money by way of public issue during the year.

(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

**Vijay Agarwal**
Partner
(Membership No. 094468)

Place : Gurgaon
Date : May 17, 2013

# BALANCE SHEET AS AT MARCH 31, 2013

₹

| | Note | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | | | |
| **1 Shareholders' funds** | | | | | |
| (a) Share capital | 3 | **576,733,000** | | 576,733,000 | |
| (b) Reserves and surplus | 4 | **582,554,032** | **1,159,287,032** | 375,395,388 | 952,128,388 |
| **2 Non-current liabilities** | | | | | |
| (a) Long Term Provisions | 5 | **27,554,680** | **27,554,680** | 25,626,190 | 25,626,190 |
| **3 Current liabilities** | | | | | |
| (a) Trade payables | 6 | **212,999,777** | | 196,834,955 | |
| (b) Other current liabilities | 7 | **59,998,280** | | 185,400,693 | |
| (c) Short-term provisions | 8 | **5,678,030** | **278,676,087** | 4,370,278 | 386,605,926 |
| | | | **1,465,517,799** | | 1,364,360,504 |
| **II. ASSETS** | | | | | |
| **1 Non-current assets** | | | | | |
| (a) Fixed assets | | | | | |
| (i) Tangible assets | 9 | **207,941,407** | | 245,825,084 | |
| (ii) Intangible assets | | **27** | **207,941,434** | 5 | 245,825,089 |
| (b) Non-current investments | 10 | | **-** | | 4,425 |
| (c) Deferred tax assets | 30 | | **66,361,007** | | 63,671,925 |
| (d) Long-term loans and advances | 11 | | **133,404,178** | | 17,465,148 |
| (e) Other non-current assets | 12 | | **-** | | - |
| **2 Current assets** | | | | | |
| (a) Current investments | 13 | **-** | | 401,505,071 | |
| (b) Trade receivables | 14 | **297,178,271** | | 426,989,424 | |
| (c) Cash and cash equivalents | 15 | **61,103,805** | | 97,138,446 | |
| (d) Short-term loans and advances | 16 | **374,607,760** | | 109,523,207 | |
| (e) Other current assets | 17 | **324,921,344** | **1,057,811,180** | 2,237,769 | 1,037,393,917 |
| | | | **1,465,517,799** | | 1,364,360,504 |

**See accompanying notes forming part of the financial statements**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

(Vijay Agarwal)
Partner

Place: Gurgaon
Date : May 17, 2013

For and on behalf of the Board of Directors

Vineet Nayyar
Director

Ulhas N Yargop
Director

Yogesh Kandalgaonkar
Company Secretary

Place: New Delhi
Date : May 17, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

₹

| | | Note | **Year ended March 31, 2013** | Year ended March 31, 2012 |
|---|---|---|---|---|
| I. | Revenue from operations | 18 | **1,480,413,039** | 1,098,450,234 |
| II. | Other income | 19 | **60,883,000** | 98,930,483 |
| **III.** | **Total Revenue (I + II)** | | **1,541,296,039** | 1,197,380,717 |
| IV. | Expenses: | | | |
| | Employee benefit expense | 20 | **562,291,210** | 426,827,186 |
| | Finance costs | 21 | **5,989,014** | 2,521,432 |
| | Depreciation/Amortisation | 9 | **155,754,749** | 96,937,138 |
| | Other expenses | 22 | **514,360,952** | 455,834,363 |
| | Total expenses | | **1,238,395,925** | 982,120,119 |
| **V.** | **Profit before tax (III- IV)** | | **302,900,114** | 215,260,598 |
| VI. | Tax expense: | | | |
| | (1) Current tax | | **98,430,552** | 78,901,018 |
| | (2) Deferred tax | | **(2,689,082)** | (25,260,170) |
| **VII.** | **Profit for the year (V - VI)** | | **207,158,644** | 161,619,750 |
| VIII. | Earnings per equity share: | 25 | | |
| | (1) Basic | | **35.92** | 28.02 |
| | (2) Diluted | | **35.92** | 28.02 |

**See accompanying notes forming part of the financial statements**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

(Vijay Agarwal)
Partner

Place: Gurgaon
Date : May 17, 2013

For and on behalf of the Board of Directors

Vineet Nayyar
Director

Ulhas N Yargop
Director

Yogesh Kandalgaonkar
Company Secretary

Place: New Delhi
Date : May 17, 2013

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2013

₹

| | Note | For the Year ended March 31, 2013 | For the Year ended March 31, 2012 |
|---|---|---|---|
| **I. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Net Profit before tax** | | **302,900,114** | 215,260,598 |
| Adjusted for: | | | |
| Interest on fixed deposit | | **(93,159)** | (384,066) |
| Depreciation | | **155,754,749** | 96,937,138 |
| Dividend Income from Investments | | **(18,775,069)** | (28,154,357) |
| Interest on Inter Corporate Deposit | | **(19,830,137)** | - |
| Provision for dimunition in value of Investments written back | | **-** | 90,506 |
| Provision for dimunition in value of Investments | | **(96,247)** | - |
| Unrealised Exchange Loss/(Gain) (net) | | **(25,230)** | 13,360,411 |
| Profit on sale of investments | | **(42,278)** | (2,227,855) |
| Profit on sale of fixed assets | | **(3,396)** | - |
| Loss on sale of investments | | **3,103** | - |
| Provision for doubtful trade receivables | | **1,871,566** | 4,556,646 |
| Investments written off | | **4,425** | - |
| Sundry Balances written back | | **(1,017,695)** | (4,441,000) |
| Interest on Income tax refund | | **(1,109,076)** | (685,061) |
| Provision for doubtful advances | | **-** | 1,148,809 |
| Assets written off | | **7,077** | 313,065 |
| **Operating profit before working capital changes** | | **419,548,747** | 295,774,834 |
| Adjusted for: | | | |
| Trade Receivables | | **127,939,587** | 10,799,008 |
| Other Current Assets | | **(323,067,641)** | (1,853,703) |
| loans and advances | | **68,878,703** | (78,119,374) |
| Current liabilities and Provisions | | **(92,815,895)** | 81,347,041 |
| **Cash generated from Operations** | | **200,483,501** | 307,947,807 |
| Income taxes Paid | | **(198,351,415)** | (82,704,902) |
| Interest on income tax refund | | **1,109,076** | 685,061 |
| **NET CASH FROM/(USED IN) OPERATING ACTIVITIES** | | **3,241,162** | 225,927,966 |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2013

₹

| | | Note | For the Year ended March 31, 2013 | For the Year ended March 31, 2012 |
|---|---|---|---|---|
| **II.** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| | Inter Corporate Deposit given | | **(350,000,000)** | - |
| | Purchase of Investments | | **(254,055,387)** | (333,613,418) |
| | Sale of Investments | | **655,695,879** | 313,400,759 |
| | Proceeds from sale of fixed assets | | **6,350** | - |
| | Dividend Income from Investments | | **18,775,069** | 28,154,357 |
| | Capital Expenditure on fixed assets, including capital advances | | **(130,030,306)** | (189,443,698) |
| | Interest on Inter Corporate Deposit | | **19,830,137** | - |
| | Interest on fixed deposit | | **477,225** | - |
| | **NET CASH FROM/(USED IN) INVESTING ACTIVITIES** | | **(39,301,033)** | (181,502,000) |
| **III.** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | **-** | - |
| | **Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III)** | | **(36,059,871)** | 44,425,966 |
| | **Cash and cash Equivalents at the beginning of the year** | | **97,138,446** | 66,072,891 |
| | Unrealised Gain/(Loss) on reinstatement of foreign currency bank account | | **25,230** | (13,360,411) |
| | **Cash and Cash Equivalents at the end of the year*** | 15 | **61,103,805** | 97,138,446 |

*includes fixed deposit of ₹ Nil (previous year 8,800,000) which is held as security against bank guarantee for earnest money

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

(Vijay Agarwal)
Partner

Place: Gurgaon
Date : May 17, 2013

For and on behalf of the Board of Directors

Vineet Nayyar
Director

Ulhas N Yargop
Director

Yogesh Kandalgaonkar
Company Secretary

Place: New Delhi
Date : May 17, 2013

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BACKGROUND

CanvasM Technologies Limited ('the Company') was incorporated in India on July 28, 2006 and received certificate of commencement of business on September 13, 2006. The Company is a closely held company with its equity shares being held by Tech Mahindra Limited and provides its partners a one-stop shop for all Value Added Service (VAS) requirements which includes VAS platform, application and product development, Integration, hosting and deployment services and device testing services.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2013.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### i) Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the accounting standards notified under the Companies Accounting Standard Rules, 2006 and the provisions of the Companies Act, 1956.

The Company follows the mercantile system of accounting and recognises items of income and expenditure on an accrual basis.

### ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates.

### iii) Revenue Recognition

Revenue from services priced on a time and material basis is recognised as services are performed on the basis of billable time spent by employees working on the project, priced at the contracted rate.

Revenue from services on fixed price contracts is recognised on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract.

Revenue from interest on bank deposits is recognised on accrual basis.

Dividend income from units in mutual funds is recognised on receipt.

### iv) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

### v) Depreciation

Depreciation on all fixed assets is provided on the straight line method over the estimated useful life of the assets at rates, which are higher than that specified in Schedule XIV to the Companies Act, 1956. The depreciation rates used by the Company is as follows:

| Category of Assets | Rates of Depreciation |
|---|---|
| Office Equipments | 20.00% |
| Furniture and Fixtures | 20.00% |
| Data Processing Machines including Computers | 33.33% |
| Plant and Machinery | 33.33% |
| Software | 100% |

Depreciation on addition to fixed assets is provided on pro-rata basis for completed months commencing from the month in which the assets are put to use. Depreciation on sale/deduction from fixed assets is provided for upto the completed month of sale, deduction, discardment as the case may be.

All assets costing ₹ 5,000 or below are depreciated in full by way of a one-time depreciation charge.

### vi) Impairment of Assets

Whenever events indicate that assets may be impaired, the assets are subject to a test of recoverability based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognised where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

### vii) Leases

Lease rentals are expensed with reference to lease terms.

### viii) Investments

Long term investments are stated at cost, less provision for diminution in value of investments, which is considered to be permanent. Current investments are stated at lower of cost or fair market value. Cost includes original cost of acquisition, including brokerage and stamp duty.

### ix) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the monthly exchange rates prevailing in the month of the transaction. Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognised in the Statement of Profit and Loss account other than in case of long term foreign currency monetary liabilities relating to acquisition of fixed assets, the loss or gain on translations are included in the carrying amount of the related fixed assets and liabilities in accordance with the Notification No. G.S.R. 378(E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

**x) Employee Benefits**

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to Provident Fund is charged to the Statement of Profit and Loss account.

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the Statement of Profit and Loss account. The expected return on plan assets is based on the assumed rate of return of such assets.

Leave encashment benefits payable to employees while in service, on retirement, death while in service or on termination of employment with respect to accumulated leaves outstanding at the year end are accounted for on the basis of an actuarial valuation as at the balance sheet date.

**xi) Income Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Income taxes are accounted for on the basis of estimated taxes payable and adjusted for timing differences between the taxable income and accounting income as reported in the financial statements. Current income tax has been provided using the tax rates that have been enacted or substantively enacted by the Balance sheet date.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as 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 realised.

**xii) Earnings per Share**

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

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

**xiii) Material Events**

Material events occurring after the Balance Sheet date are taken into cognizance.

**xiv) Operating Cycle**

Based on the nature of products / 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.

# NOTES TO THE FINANCIAL STATEMENTS

**Note 3: Share Capital**

| Particulars | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | Number | ₹ | Number | ₹ |
| **Authorised** | | | | |
| Equity Shares of ₹100 each with voting rights | **10,000,000** | **1,000,000,000** | 10,000,000 | 1,000,000,000 |
| **Issued** | | | | |
| Equity Shares of ₹100 each with voting rights | **5,767,330** | **576,733,000** | 5,767,330 | 576,733,000 |
| **Subscribed and paid up** | | | | |
| Equity Shares of ₹100 each fully paid up | **5,767,330** | **576,733,000** | 5,767,330 | 576,733,000 |
| | **5,767,330** | **576,733,000** | 5,767,330 | 576,733,000 |

**Number of shares outstanding at the beginning and at the end of March 31, 2013**

| Particulars | As at March 31, 2012 | Issued during the year | Buyback during the year | As at March 31, 2013 |
|---|---|---|---|---|
| **Authorised** | | | | |
| Number of equity shares of ₹ 100 each with voting rights | 10,000,000 | - | - | **10,000,000** |
| **Issued, subscribed and paid up** | | | | |
| Number of equity shares of ₹100 each with voting rights | 5,767,330 | - | - | **5,767,330** |
| | 5,767,330 | - | - | **5,767,330** |

**Shares in the Company held by each shareholder holding more than 5% shares**

| Name of the Shareholder | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | Number | % to total | Number | % to total |
| Tech Mahindra Limited (Holding company) | **5,767,330** | **100.00** | 5,767,330 | 100.00 |
| **Total** | **5,767,330** | **100.00** | 5,767,330 | 100.00 |

**Note:**

- The Company has not issued any shares pursuant to a contract without payment being received in cash or by way of bonus shares and has not bought back any shares.
- The Company has only one class of shares referred to as equity shares having a par value of Rs 100/-. Each holder of equity share is entitled to one vote per share.
- The dividend should be paid out of the profits at the rate declared at the General Meeting but not exceeding as recommended by the Board in proportion to the capital paid up on shares after providing for depreciation.

**Note 4: Reserves and Surplus**

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Surplus in Statement of Profit and Loss** | | |
| Opening balance | **375,395,388** | 213,775,638 |
| (+) Net Profit for the year | **207,158,644** | 161,619,750 |
| Closing Balance | **582,554,032** | 375,395,388 |

**Note 5: Long Term Provision**

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Provision for employee benefits | | |
| i) Provision for gratuity | **17,436,960** | 14,975,065 |
| ii) Payables for compensated absences | **10,117,720** | 10,651,125 |
| | **27,554,680** | 25,626,190 |

### Note 6: Trade Payables

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Trade Payables* | | |
| Due to subsidiary company - CanvasM (Americas) Inc. | - | 112,815,162 |
| Total outstanding dues of trade payable other than micro and small enterprises# | 212,999,777 | 84,019,793 |
| **Total** | **212,999,777** | 196,834,955 |

* Trade Payables do not include any amount outstanding as on March 31, 2013, which are required to be credited to Investor Education and Protection Fund

# Includes ₹ 80,133,071 (previous year ₹ 14,528,641) payable to holding company (Tech Mahindra Limited)

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors Based on the information available with the Company, there are no dues to Micro and Small Enterprises as defined under the " The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2013.

### Note 7: Other Current Liabilities

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Unearned Income | **456,568** | 99,214,136 |
| (b) Other payables | | |
| i) Statutory remittances | **15,749,760** | 30,383,385 |
| ii) Payables on purchase of fixed assets | **43,652,702** | 55,641,553 |
| iii) Others | **139,250** | 161,619 |
| **Total** | **59,998,280** | 185,400,693 |

### Note 8: Short term provisions

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Provision for taxation (net of advance tax) | **-** | 178,908 |
| (b) Provision for employee benefits | | |
| i) Provision for gratuity | **2,314,380** | 1,687,580 |
| ii) Payables for compensated absences | **3,363,650** | 2,503,790 |
| **Total** | **5,678,030** | 4,370,278 |

### Note 9: Fixed Assets

₹

| | Gross Block | | | | | Accumulated Depreciation/Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2012 | Additions during the year | Disposals during the year | Effect of foreign currency exchange differences* | Balance as at March 31, 2013 | Balance as at April 1, 2012 | Depreciation charge for the year | Disposals during the year | Balance as at March 31, 2013 | Balance as at March 31, 2013 | Balance as at March 31, 2012 |
| **(i) Tangible Assets** | | | | | | | | | | | |
| Plant and Machinery | 392,692,318 | 78,947,258 | - | 1,659,808 | 473,299,384 | 161,673,017 | 114,754,826 | - | 276,427,843 | 196,871,541 | 231,019,301 |
| Furniture and Fixtures | 3,140,206 | 32,550 | - | - | 3,172,756 | 1,843,893 | 633,462 | - | 2,477,355 | 695,401 | 1,296,313 |
| Computers | 26,899,929 | 5,088,923 | - | - | 31,988,852 | 13,474,634 | 8,313,727 | - | 21,788,361 | 10,200,491 | 13,425,295 |
| Office Equipments | 248,482 | 161,925 | 76,739 | - | 333,668 | 164,307 | 62,095 | 66,708 | 159,694 | 173,974 | 84,175 |
| **Total** | **422,980,935** | **84,230,656** | **76,739** | **1,659,808** | **508,794,660** | **177,155,851** | **123,764,110** | **66,708** | **300,853,253** | **207,941,407** | 245,825,084 |
| **(ii) Intangible Assets** | | | | | | | | | | | |
| Software | 10,087,446 | 31,990,661 | - | - | 42,078,107 | 10,087,441 | 31,990,639 | - | 42,078,080 | 27 | 5 |
| **Total** | **10,087,446** | **31,990,661** | **-** | **-** | **42,078,107** | **10,087,441** | **31,990,639** | **-** | **42,078,080** | **27** | **5** |
| **Grand Total** | **433,068,381** | **116,221,317** | **76,739** | **1,659,808** | **550,872,767** | **187,243,292** | **155,754,749** | **66,708** | **342,931,333** | **207,941,434** | |
| Previous Year | 218,246,822 | 213,866,600 | 481,856 | 1,436,815 | 433,068,381 | 90,474,945 | 96,937,138 | 168,791 | 187,243,292 | | 245,825,089 |

*During the year, net exchange loss of ₹ 1,659,808 capitalised (previous year ₹ 1,436,815) in line with the notification No. G.S.R. 913(E) dated December 29, 2011 issued by The Ministry of Corporate Affairs, Government of India. Depreciation charged in current year is ₹ 1,454,886 due to capitalisation (previous year ₹. 513,993))

### Note 10: Non Current Investments

(Valued at cost unless there was permanent fall in value thereof)

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **A Other Investments** | | |
| Unquoted | | |
| (a) Investment in Equity instruments of subsidiary* (100 No. of shares of ₹ 44.25 each fully paid up) | - | 4,425 |
| | - | 4,425 |
| Less : Provision for dimunition in the value of Investments | - | - |
| | - | 4,425 |
| Aggregate amount of unquoted investments | - | 4,425 |

* Refer Note no. 31(ii)

### Note 11: Long Term Loans and Advances

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Capital Advances | | |
| Unsecured, considered good | **1,966,215** | 1,805,885 |
| | **1,966,215** | 1,805,885 |
| (b) Balance with government authorities | | |
| Unsecured, considered good | | |
| (i) Service tax credit receivable | **16,696,008** | - |
| | **16,696,008** | - |
| (c) Security Deposits | | |
| Unsecured, considered good* | **15,000,000** | 15,000,000 |
| | **15,000,000** | 15,000,000 |
| (d) Loans and advances to employees | | |
| Unsecured, considered good | - | 250,000 |
| | - | 250,000 |
| (e) Prepaid expenses | | |
| Unsecured, considered good* | - | 409,263 |
| | - | 409,263 |
| (f) Advance Income Taxes (Net of provisions) | | |
| Unsecured, considered good | **99,741,955** | - |
| | **99,741,955** | - |
| | **133,404,178** | 17,465,148 |

*Represents amount held with Tech Mahindra Limited, the holding company

### Note 12: Other Non-current assets

| Particulars | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Long-term trade receivables | | |
| Doubtful | - | 23,281,968 |
| Less: Provision for doubtful trade receivables | - | (23,281,968) |
| | - | - |

### Note 13: Current Investments

(Valued at lower of Cost or fair value)

| Particulars | March 31, 2013 | March 31, 2012 |
|---|---|---|
| (a) Investments in Mutual Funds | - | 401,601,318 |
| Less : Provision for dimunition in the value of Investments | - | (96,247) |
| | - | 401,505,071 |
| Aggregate amount of unquoted investments as give below: | - | 401,601,318 |

Detail of Investments in Mutual Funds

| Sr. No. | Name of Mutual Fund | Subsidiary/ Associate/ JV/Controlled Entity/Others | No. of Units | | Quoted / Unquoted | Partly Paid / Fully paid | Extent of Holding (%) | | Amount (₹) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | As at March 31, 2013 | As at March 31, 2012 | | | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| 1 | Kotak Quarterly Interval Plan Series 1 - Dividend | Others | - | 4,433,314 | Unquoted | N.A. | N.A. | N.A. | - | 44,345,552 |
| 2 | B132WD Birla Sun life Savings Fund - Instl - Weekly Dividend - Reinvestment | Others | - | 824,625 | Unquoted | N.A. | N.A. | N.A. | - | 82,564,965 |
| 3 | Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan | Others | - | 38,533 | Unquoted | N.A. | N.A. | N.A. | - | 38,586,193 |
| 4 | 1542 ICICI Prudential Floating Rate Plan D - Daily Dividend | Others | - | 310,252 | Unquoted | N.A. | N.A. | N.A. | - | 31,038,498 |
| 5 | B1034G Birla Sun Life Fixed Term Plan Series EM Growth | Others | - | 5,499,850 | Unquoted | N.A. | N.A. | N.A. | - | 54,997,501 |
| 6 | IDFC Fixed Maturity Quarterly Series 69 Dividend | Others | - | 5,000,000 | Unquoted | N.A. | N.A. | N.A. | - | 50,000,000 |
| 7 | IDFC Fixed Maturity Quarterly Series 70 Dividend | Others | - | 5,006,861 | Unquoted | N.A. | N.A. | N.A. | - | 50,068,609 |
| 8 | DSP Black Rock FMP - Series 35 - 3M | Others | - | 5,000,000 | Unquoted | N.A. | N.A. | N.A. | - | 50,000,000 |
| | | | | | | | | | - | 401,601,318 |

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Note 14: Trade Receivables** | | |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | **77,984,921** | 11,151,075 |
| Unsecured, considered doubtful | **9,515,549** | 45,099,152 |
| Less: Provision for doubtful trade receivables | **(9,515,549)** | (45,099,152) |
| | **77,984,921** | 11,151,075 |
| Other trade receivables | | |
| Unsecured, considered good* | **219,193,350** | 415,838,349 |
| Unsecured, considered doubtful | **-** | 15,435,151 |
| Less: Provision for doubtful trade receivables | **-** | (15,435,151) |
| | **219,193,350** | 415,838,349 |
| | **297,178,271** | 426,989,424 |

* Includes ₹ 142,561,459 (previous year ₹ 120,847,555) recoverable from Tech Mahindra Limited, the holding company and ₹ Nil (Previous year ₹ 197,011,790) recoverable from CanvasM (Americas) Inc. 100% subsidiary of the company. Also Refer Note 31 (ii)

**Note 15: Cash and Cash equivalents**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| a. Balances with banks | | |
| i) in Current Account | **51,352,734** | 25,056,746 |
| ii) in EEFC Account | **9,751,071** | 63,281,700 |
| iii) in Deposit Account* | **-** | 8,800,000 |
| | **61,103,805** | 97,138,446 |

*Represents fixed deposit which is held as security against bank guarantee for earnest money

**Note 16: Short term loans and advances**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Security Deposits | | |
| Unsecured, considered good | **3,136,000** | 282,000 |
| | **3,136,000** | 282,000 |
| (b) Loans and advances to employees | | |
| Unsecured, considered good | **1,734,056** | 855,285 |
| Doubtful | **1,148,809** | 1,148,809 |
| Less:Provision for doubtful loans and advances | **(1,148,809)** | (1,148,809) |
| | **1,734,056** | 855,285 |
| (c) Prepaid expenses - Unsecured, considered good * | **7,030,456** | 15,529,634 |
| | **7,030,456** | 15,529,634 |
| (d) Balance with government authorities Unsecured,considered good | | |
| (i) Service tax credit receivable | **4,753,656** | 23,421,221 |
| (ii) Deposits | **680,800** | 680,800 |
| | **5,434,456** | 24,102,021 |
| Advance to suppliers | | |
| (e) Inter Corporate Deposit Unsecured, considered good** | **350,000,000** | - |
| | **350,000,000** | - |
| (f) Advance to suppliers Unsecured, considered good | **480,000** | 66,049,183 |
| | **480,000** | 66,049,183 |
| (g) Others*** | **6,792,792** | 2,705,084 |
| | **6,792,792** | 2,705,084 |
| | **374,607,760** | 109,523,207 |

*Includes ₹ 410,010 (previous year ₹ 821,822) with Tech Mahindra Limited, the holding company

**Represents amount recoverable from Tech Mahindra Limited, the holding company

***Represents amount recoverable from related parties towards reimbursement of expenses

**Note 17: Other current assets**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Unbilled revenue* | **324,921,344** | 1,853,703 |
| Interest accrued but not due on fixed deposits | **-** | 384,066 |
| | **324,921,344** | 2,237,769 |

*Includes amount recoverable ₹ 283,310,988 (previous year ₹ Nil) from TechMahindra Limited, the holding company.

**Note 18: Revenue from operations**

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Sale of services | **1,480,413,039** | 1,098,450,234 |
| | **1,480,413,039** | 1,098,450,234 |

₹

| Particulars | Year ended March 31, 2013 | March 31, 2012 |
|---|---|---|
| **Note 19: Other Income** | | |
| (a) Interest on: | | |
| i) Income tax refund | **1,109,076** | 685,061 |
| ii) Fixed deposit | **93,159** | 384,066 |
| iii) Inter corporate deposit | **19,830,137** | - |
| (b) Dividend Income | **18,775,069** | 28,154,357 |
| (c) Foreign exchange gain(net) | **19,603,856** | 24,116,351 |
| (d) Provision for dimunition in value of investments written back | **96,247** | - |
| (e) Profit on sale of investments | **42,278** | 2,227,855 |
| (f) Profit on sale of fixed assets | **3,396** | - |
| (g) Sundry balances written back | **1,017,695** | 4,441,000 |
| (h) Other income | **312,087** | 38,921,793 |
| | **60,883,000** | 98,930,483 |
| **Note 20: Employee Benefits expenses** | | |
| (a) Salaries and Bonus | **540,413,736** | 412,215,710 |
| (b) Contribution to Provident and other funds | **19,730,815** | 13,097,423 |
| (c) Staff welfare expenses | **2,146,659** | 1,514,053 |
| | **562,291,210** | 426,827,186 |
| **Note 21: Finance Cost** | | |
| (a) Interest expense on: | | |
| i) delayed payment of service tax | **5,341,177** | 1,366,663 |
| ii) delayed payment of tax deducted at source | **96,895** | 21,788 |
| (b) Bank charges | **550,942** | 1,132,981 |
| | **5,989,014** | 2,521,432 |

**Note 22: Other Expenses**

| Particulars | | Year ended March 31, 2013 | March 31, 2012 |
|---|---|---|---|
| (a) Rent | | **6,205,380** | 3,835,159 |
| (b) Rates and taxes | | **2,498,496** | - |
| (c) Communication expenses | | **8,908,261** | 7,651,220 |
| (d) Travelling and conveyance | | **65,786,333** | 38,274,542 |
| (e) Training | | **3,502,485** | 2,282,535 |
| (f) Car lease rental | | **695,671** | 501,110 |
| (g) Sub-contracting costs-services | | **330,066,537** | 241,520,614 |
| (h) Professional and legal fees | | **7,016,413** | 6,015,305 |
| (i) Repairs and maintenance: | | | |
| Machinery (includes prior period expense of ₹ 799,972) | **40,474,815** | | |
| Others | **3,555,808** | **44,030,623** | 16,121,173 |
| (j) Printing and stationery | | **673,839** | 242,760 |
| (k) Software,hardware and project specific expenses | **103,378,075** | | |
| Less: Provision made in the earlier year * | **(66,331,256)** | **37,046,819** | 128,341,570 |
| (l) Advertising, marketing and selling expenses | | **572,355** | 488,610 |
| (m) Business promotion expenses | | **499,527** | 606,395 |
| (n) Trade receivables written off | **17,137,074** | | |
| Less: Provision for doubtful trade receivables | **(17,137,074)** | **-** | - |
| (o) Conference and seminar expenses | | **1,253,550** | - |
| (p) Membership and subscription | | **1,246,647** | 551,113 |
| (q) Provision for dimunition in value of Investments (net of written back) | | **-** | 90,506 |
| (r) Auditor's remuneration | | | |
| - Statutory Audit | | **750,000** | 550,000 |
| - Other services | | **450,000** | 650,000 |
| (s) Provision for doubtful trade receivables (net of written back) | | **1,871,566** | 4,556,646 |
| (t) Provision fordoubtful advances | | **-** | 1,148,809 |
| (u) Advances written off | | **290,416** | - |
| (v) Donation | | **30,000** | 35,000 |
| (w) Loss on sale of investments | | **3,103** | - |
| (x) Investments written off ** | | **4,425** | - |
| (y) Assets written off | | **7,077** | 313,065 |
| (z) Miscellaneous expenses | | **951,429** | 2,058,231 |
| | | **514,360,952** | 455,834,363 |

*Refer Note no. 32

**Refer Note no. 31 (ii)

**23.**

**i. Contingent liability not provided for:**

₹

| **Particulars** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Claims not acknowledged as debts: | | |
| - Stamp duty matter | **-** | 2,042,400 |
| - Income tax matter | **57,325,833** | 24,915,760 |
| - Others | **-** | 2,700,000 |

The above matter is subject to legal proceeding in the ordinary course of business. In the opinion of the management the legal proceeding, when ultimately concluded, will not have a material effect on result of operations or financial position of the Company.

**ii. Capital Commitments**

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| - Tangible assets | **40,234,343** | 35,207,155 |
| - Intangible assets | **24,212,925** | - |

**iii. Other Commitments**

The Company has other commitments arising from purchase and sale of services, employee contracts, etc. It does not have any long-term commitment or material non-cancellable contractual commitments/contracts which might have material impact on the financial statements.

**24.** The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise is as follows:

| Particulars | **As at March 31, 2013 ₹** | As at March 31, 2012 ₹ | **As at March 31, 2013 FC** | As at March 31, 2012 FC |
|---|---|---|---|---|
| i) Trade and Other Receivables in Foreign Currency | **69,162,284** | 323,129,226 | **USD 1,273,942** | USD 6,352,059 |
| | **36,288,430** | 43,876,662 | **SGD 830,000** | SGD 1,083,000 |
| | **856,475** | | **CAD 16,038** | |
| | **2,206,398** | | **EURO 31,744** | |
| | **190,030** | | **IDR 34,031,107** | |
| ii) Trade and Other Payables in Foreign Currency | **68,047,575** | 189,331,938 | **USD 1,253,409** | USD 3,721,878 |
| | **19,113,629** | 19,024,650 | **EURO 274,993** | EURO 279,725 |
| | | 54,361 | | SGD 1,341 |
| | | 135,464 | | THB 82,000 |

**25. Earnings per Share**

The following is a computation of earnings per share and a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share.

₹

| | Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| a) | Net Profit after Taxation | 207,158,644 | 161,619,750 |
| b) | Weighted average number of equity shares outstanding | 5,767,330 | 5,767,330 |
| c) | Effect of dilutive potential equity share equivalents | - | - |
| d) | Weighted average number of equity shares and potential equity share equivalents outstanding | 5,767,330 | 5,767,330 |
| e) | Nominal Value of Equity Shares (₹) | 100 | 100 |
| f) | Basic Earnings per Share (₹) | 35.92 | 28.02 |
| g) | Diluted Earnings per Share (₹) | 35.92 | 28.02 |

**26. Leases**

The Company is a lessee under various operating leases. Rental expense for operating leases for the year ended March 31, 2013 is ₹ 6,205,380 (Previous year ₹ 3,835,159). There is no non-cancellable lease as on March 31, 2013.

**27. Employee benefit plans**

**a) Defined Contribution Plan:**

The Company makes Provident Fund contributions to defined contribution plan for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹19,730,815 (Previous year ₹13,097,423) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plan by the Company are at rates specified in the rules of the scheme.

**b) Defined Benefit Obligation**

The status of the gratuity plan including reconciliation of the closing balance of the present value of defined benefit obligations and the fair value of plan assets are as follows:

₹

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Present value of obligations** | | |
| Balance as at the beginning of the year | **16,662,640** | 7,405,420 |
| Service Cost | **4,965,260** | 2,231,390 |
| Interest Cost | **1,390,450** | 543,890 |
| Benefits Paid | **(989,250)** | (683,740) |
| Actuarial (Gain)/Loss | **(2,277,760)** | 7,165,680 |
| **Balance as at the end of the year** | **19,751,340** | 16,662,640 |
| **Fair value of plan assets** | | |
| Balance as at the beginning of the year | **-** | - |
| **Balance as at the end of the year** | **-** | - |
| Reconciliation of the present value of obligations and the fair value of plan assets to the assets and liabilities recognised in the balance sheet date | | |
| Fair value of plan assets as at the end of the period | **-** | - |
| Present value of defined benefit obligations as at the end of the year | **19,751,340** | 16,662,640 |
| **Liability recognised in the balance sheet as at the end of the year** | **19,751,340** | 16,662,640 |
| **Gratuity cost for the year** | | |
| Service Cost | **4,965,260** | 2,231,390 |
| Interest Cost | **1,390,450** | 543,890 |
| Net Actuarial (Gain)/Loss | **(2,277,760)** | 7,165,680 |
| **Net Gratuity Cost** | **4,077,950** | 9,940,960 |

| **Actuarial Assumptions** | | |
|---|---|---|
| Discounting rate | **8.00%** | 8.60% |
| Future salary increase | **9%** | 11% for 2012, and 9% thereafter |
| Mortality | **LIC (2006-08) ultimate** | LIC (1994-96) ultimate |
| Withdrawal Rates | **Service Based:** | Age 21 to 29 - 20% |
| | **0-10 yrs - 20%** | Age 30 to 34 - 16% |
| | **10 yrs & above -10%** | Age 35 to 49 - 12% |
| | | Age 50 to 59 - 10% |
| | | Thereafter 4% |

**Experience Adjustments**

| Particular | Year ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2009 ₹ | 2010 ₹ | 2011 ₹ | 2012 ₹ | 2013 ₹ |
| Defined Benefit Obligation | (3,576,280) | (4,591,440) | (7,405,420) | (16,662,640) | (19,751,340) |
| Plan Assets | - | - | - | - | - |
| Surplus/(Deficit) | (3,576,280) | (4,591,440) | (7,405,420) | (16,662,640) | (19,751,340) |
| Experience Gain/ (Loss) adjustments on Plan Liabilities | (644,700) | 144,350 | (1,026,140) | (6,763,000) | 2,135,020 |
| Experience Gain/ (Loss) adjustments on Plan Assets | - | - | - | - | - |
| Actuarial gain/(loss) due to change in assumptions | 50,410 | 298,270 | (11,850) | (402,680) | 142,740 |

**Actuarial assumptions for long - term compensated absences.**

| **Actuarial Assumptions** | | |
|---|---|---|
| Discounting rate | **8.00%** | 8.60% |
| Future salary increase | **9%** | 11% for 2012 and 9% thereafter |
| Expected Return on Assets | **-** | - |
| Mortality | **LIC (2006-08)ultimate** | LIC (1994-96) ultimate |
| Withdrawal Rates | Service Based: | Age 21 to 29 - 20% |
| | Age 0-10 yrs - 20% | Age 30 to 34 - 16% |
| | Age 10 yrs & above - 10% | Age 35 to 49 - 12% |
| | | Age 50 to 59 - 10% |
| | | Thereafter 4% |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

## 28. Related Party Transactions

In the normal course of business, the Company enters into transactions with affiliated companies, its parent and key management personnel. The names of related parties of the Company as required to be disclosed under Accounting Standard 18 are as follows:

| | | |
|---|---|---|
| a) Holding Company | : | Tech Mahindra Limited |
| b) Enterprise having substantial interest in the Company | : | Mahindra & Mahindra Limited<br>Tech Mahindra (Americas) Inc<br>Tech Mahindra (Singapore) Pte Limited<br>PT Tech Mahindra Indonesia<br>Tech Mahindra (Thailand) Limited<br>Tech Mahindra (Nigeria) Limited<br>Satyam Computer Services Limited<br>**Related parties upto February 3, 2012:**<br>Motorola Inc.<br>Motorola Arabia Inc<br>Motorola Solutions India Private Limited (formerly known as Motorola India Private Limited) |
| c) Subsidiary Company | : | CanvasM (Americas) Inc (upto August 31,2012) Refer Note 31(ii) |

Included in the financial statements are the following amounts relating to transactions with related parties:

| **Particulars** | **Year ended** | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| a) **Revenue and other income** | | |
| *Holding company* | | |
| Tech Mahindra Limited | | |
| - Sales (Includes unbilled) | **1,179,794,059** | 416,121,688 |
| - Other income : Interest on Inter corporate deposit | **19,830,138** | - |
| *Subsidiary company* | | |
| CanvasM (Americas) Inc | | |
| - Sales | **-** | 519,998,197 |
| *Enterprise having substantial interest in the Company* | | |
| Tech Mahindra (Nigeria) Limited | | |
| - Sales | **435,040** | - |
| Satyam Computer Services Limited | | |
| - Sales (Includes unbilled) | **222,834,796** | 36,167,652 |
| TechMahindra (Singapore) Pte Limited | | |
| - Sales | **-** | 43,360,920 |
| PT Tech Mahindra Indonesia | | |
| - Sales (Includes Unbilled) | **9,645,957** | 1,785,924 |
| Mahindra & Mahindra Limited | | |
| - Sales | **4,210,000** | - |
| b) **Expenses** | | |
| *Holding company* | | |
| Tech Mahindra Limited | | |
| - Purchased Services | **314,525,530** | 1,897,019 |
| - Reimbursement of Salaries and Wages paid on behalf of the Company (includes flexi-components) | **87,869,016** | 101,171,414 |
| - Rent | **2,979,000** | 2,979,011 |

| Particulars | Year ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| - Reimbursement of rent paid on behalf of the Company | **3,185,895** | 840,842 |
| - Reimbursement for assets purchased on behalf of the Company | **-** | 2,768,027 |
| - Reimbursement for other expenses on behalf of the Company | **3,309,345** | 546,064 |
| *Subsidiary company* | | |
| CanvasM (Americas) Inc | | |
| - Purchased Services | **5,692,851** | 209,649,782 |
| *Enterprise having substantial interest in the Company* | | |
| Tech Mahindra (Singapore) Pte Limited | | |
| - Reimbursement for other expenses on behalf of the Company | **55,454** | 52,800 |
| Tech Mahindra (Thailand) Limited | | |
| - Reimbursement for professional expenses on behalf of the Company | **-** | 147,874 |
| Tech Mahindra (Americas) Inc. | | |
| - Reimbursement for professional expenses on behalf of the Company | **-** | 195,550 |
| Motorola Solutions India Private Limited | | |
| - Purchased Services | **-** | 2,674,793 |
| Tech Mahindra (Americas) Inc. | | |
| - Reimbursement for assets purchased on behalf of the Company | **-** | 4,698,133 |
| **Reimbursement of expenses incurred/paid on behalf of** | | |
| *Holding company* | | |
| Tech Mahindra Limited | | |
| - Flexi components | **-** | 1,916,948 |
| - Others | **-** | 25,167,388 |
| **Inter corporate deposit given** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **350,000,000** | - |
| **Advances given to employees reimbursed by** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **5,293,840** | 10,136,519 |
| *Enterprise having substantial interest in the Company* | | |

| Particulars | Year ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Tech Mahindra (Americas) Inc. | **3,761,194** | 1,034,052 |
| Tech Mahindra (Singapore) Pte Limited | **-** | 106,075 |
| **c) Balance outstanding as at the year end Receivables** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **425,872,447** | 120,847,555 |
| *Subsidiary company* | | |
| CanvasM (Americas) Inc | **-** | 197,011,790 |
| *Enterprise having substantial interest in the Company* | | |
| Satyam Computer Services Limited | **85,734,802** | 9,619,388 |
| Tech Mahindra (Singapore) Pte Limited | **36,288,430** | 43,755,120 |
| PT Tech Mahindra Indonesia | **4,588,774** | 1,853,703 |
| Tech Mahindra (Americas) Inc. | **36,637,226** | - |
| Tech Mahindra (Nigeria) Limited | **434,320** | - |
| Mahindra & Mahindra Limited | **4,257,320** | - |
| **Other Receivables** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **1,997,899** | 1,389,429 |
| *Enterprise having substantial interest in the Company* | | |
| Tech Mahindra (Singapore) Pte Limited | **-** | 121,542 |
| Tech Mahindra (Americas) Inc. | **4,794,893** | 1,017,400 |
| Satyam Computer Services Limited | **-** | 176,713 |
| **Security Deposit Given** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **15,000,000** | 15,000,000 |
| **Inter Corporate Deposit Given** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **350,000,000** | - |
| **Prepaid Expenses** | | |
| *Holding company* | **410,010** | 1,227,789 |
| Tech Mahindra Limited | | |
| **Payables** | | |
| *Holding company* | | |
| Tech Mahindra Limited | **80,133,071** | 14,528,641 |
| *Subsidiary company* | | |
| CanvasM (Americas) Inc | **-** | 112,815,162 |
| *Enterprise having substantial interest in the Company* | | |
| Tech Mahindra (Thailand) Limited | **-** | 135,464 |
| Tech Mahindra (Singapore) Pte Ltd | **-** | 54,362 |
| Tech Mahindra (Americas) Inc. | **5,560,490** | 5,611,300 |

**29. Segment Reporting**

The Company is a wholly owned subsidiary of Tech Mahindra Limited providing its partners a one-stop shop for all Value Added Service (VAS) requirements which includes VAS platform, application and product development, Integration, hosting and deployment services and device testing services. The disclosures as required under Accounting Standard 17 on segment reporting have not been provided as theCompany deals in one business segment.

Information on the geographic segment in respect of sale of services is as follows:

(₹)

| Location | Year ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Domestic | **1,403,566,357** | 471,191,341 |
| Americas | **52,026,617** | 528,600,761 |
| ROW | **24,820,065** | 98,658,132 |
| Total | **1,480,413,039** | 1,098,450,234 |

Information on operating income, net income, assets and liabilities has not been provided by location of customers as such information is not realistically allocable and identifiable.

**30. Income - taxes**

In accordance with Accounting Standard-22, Accounting for Taxes on Income, the tax effect of significant timing differences that reverse in one or more subsequent years gave rise to the following deferred tax assets as at March 31, 2013 :

₹

| Particulars | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Deferred tax assets in relation to :** | | |
| Depreciation | **51,440,393** | 26,399,470 |
| Provision for doubtful trade receivables | **3,234,335** | 27,194,189 |
| Provision for employee benefits | **11,295,799** | 9,674,307 |
| Others | **390,480** | 403,959 |
| **Total** | **66,361,007** | 63,671,925 |

31.

i. The Board of Directors of Tech Mahindra Limited in their meeting held on March 21, 2012 have approved the scheme of amalgamation and arrangement (the "Scheme") which provides for the amalgamation of Venturbay Consultants Private Limited (Venturbay), Satyam Computer Services Limited (MSAT), C&S System Technologies Private Limited (C&S), Mahindra Logisoft Business Solutions Limited (Logisoft) and CanvasM Technologies Limited (CanvasM) with Tech Mahindra Limited (TechM) under sections 391 to 394 read with sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956. The appointed date of the scheme is April 1, 2011.

The Bombay Stock Exchange and the National Stock Exchange have conveyed to the Company, their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme. TechM has also received approval of Competition Commission of India for the said Scheme. The Scheme was approved by the requisite majority of the equity shareholders of TechM and MSAT in the court convened meetings held on June 7, 2012 and June 8, 2012 respectively.

Thereafter, TechM, Venturbay, C&S, Logisoft and CanvasM had filed Petition on June 25, 2012 with the Hon'ble Bombay High Court seeking approval for the proposed Scheme. The Petition were admitted by the Hon'ble Bombay High Court on July 20, 2012. The Hon'ble Bombay High Court has approved the Scheme of Amalgamation and passed an order to that effect on September 28, 2012. MSAT had filed its Petition on June 27, 2012 with the Hon'ble High Court of Andhra Pradesh, and the said petition was admitted on July 9, 2012.

Since the Hon'ble High Court of Andhra Pradesh has not yet approved the above scheme, the effect of the above mentioned scheme is not effectuated in these financial statements.

ii. During the current year, the Company has approved merger of CanvasM (Americas) Inc. (CAI), a wholly owned subsidiary of the Company, with Tech Mahindra (Americas) Inc. (TMA), a wholly owned subsidiary of Tech Mahindra Limited w.e.f. September 1, 2012, and as per the approval, investment in CanvasM (Americas) Inc. has been cancelled. Consequently, CanvasM (Americas) Inc., whose book value of net assets is ₹ 2.43 crores (represented by bank balances) as at August 31, 2012, ceased to be a subsidiary and accordingly, the Company has written off its investment of ₹ 4,425 as no consideration has been received.

Based on the legal opinion obtained by the Company's management, there is no tax liability on merger of CAI with TMA for which no consideration to shareholders of CanvasM Technologies Limited had been given and shares of CAI had been cancelled pursuant to the Scheme of merger. Accordingly no provision for tax in the books of account of CanvasM Technologies Limited is required as at March 31, 2013.

All assets and liabilities have been transferred to TMA other than the liability of ₹ 35,672,200 which has been transferred to the Company. In case this liability is required to be paid by the Company, it would be recovered from TMA.

**32.** During the current year, the Company has foreclosed the Multiplay system contract with one of its customers. The provision for doubtful trade receivables in respect of this customer of ₹ 66,331,256 made in an earlier year has been reclassified against advances to suppliers outstanding as at March 31, 2012, during the current year. Thereafter, this provision has been adjusted against software, hardware and project specific expenses, booked against those advances during the year.

**ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

**33.**

**i) Value of Imports on C.I.F. Basis**

(₹)

| Particulars | Year ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Capital Goods | **99,222,582** | 203,682,874 |

**ii) Expenditure in foreign currency**

(₹)

| **Particulars** | **Year ended** | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Travelling and Conveyance | **40,683,551** | 23,093,766 |
| Purchased Services | **112,733,103** | 355,484,059 |
| Salary | **89,002,124** | 100,179,787 |
| Repairs and Maintenance | **30,173,630** | 7,946,366 |
| Professional charges | **2,720,932** | 979,819 |
| Others | **1,184,966** | 1,290,992 |
| | **276,498,306** | 488,974,789 |

**iii) Earnings in foreign currency**

(₹)

| **Particulars** | **Year ended** | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Revenue | **76,846,682** | 627,258,893 |

**34. Reclassification**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| Place: New Delhi | Vineet Nayyar | Ulhas N Yargop |
| Date : May 17, 2013 | Director | Director |

Yogesh Kandalgaonkar
Company Secretary

# TECH MAHINDRA (MALAYSIA) SDN. BHD.

**Board of Directors**

Mr. Chillara Krishnadas

Ms. Chong Li Khuen

Mr. Rohit Gandhi

Mr. Milind Vasant Kulkarni

Ms. Oon Guat Nagoh

**Registered Office**

35-3, Jalan SS,
15/8A, 47500,
Subang Jaya,
Selangor Darul Ehsan,
Malaysia

**Bankers**

HSBC Limited

**Auditors**

SSY Partners

TECH MAHINDRA (MALAYSIA) Sdn. Bhd.
(Incorporated in Malaysia)

# DIRECTORS' REPORT

## for the year ended March 31, 2013

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended March 31, 2013.

**Principal activities**

The principal activities of the Company are to act as developer, advisor, consultants and implementer of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of service facility and generally, any type of business in connection therein.

There have been no significant changes in the nature of these activities during the financial year.

**Financial results**

| | RM |
|---|---|
| Profit for the year | 826,076 |

**Dividends**

No dividends were paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 31 March 2013.

**Reserves and provisions**

There were no material transfers to or from reserves or provisions during the financial year.

**Issue of shares and debentures**

There were no issue of shares or debentures during the financial year.

**Directors**

The Directors of the Company who held office since the date of the last report are as follows:

Milind Vasant Kulkarni
Krishnadas Chillara
Oon Guat Ngoh
Chong Li Khuen
Rohit Gandhi (Appointed on 2.8.2012)
Jagdish Mitra (Resigned on 2.8.2012)

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

**Directors' interests**

According to the Register of Directors' shareholdings, none of the Directors in office at the end of the financial year held any interest in the shares of the Company during the financial year.

**Directors' benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Other statutory information**

Before the financial statements of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet their obligations when they fall due.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

**Holding corporation**

The Directors regard Tech Mahindra Limited, a company incorporated in India, as the immediate holding corporation, and Mahindra & Mahindra Ltd., a corporation incorporated in India, as the ultimate holding corporation.

**Auditors**

The auditors, Messrs SSY Partners, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated May 3, 2013.

| | |
|---|---|
| **Milind Vasant Kulkarni** | **Rohit Gandhi** |
| Director | Director |

Pune, India

TECH MAHINDRA (MALAYSIA) Sdn. Bhd.
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Milind Vasant Kulkarni and Rohit Gandhi, being two of the Directors of Tech Mahindra (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out here in are drawn up in accordance with the Companies Act 1965 and Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Company as at March 31, 2013 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated May 9, 2013

**Milind Vasant Kulkarni**
Director

**Rohit Gandhi**
Director

Pune, India

## STATUTORY DECLARATION

## PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Milind VasantKulkarni, being the Director primarily responsible for the financial management of Tech Mahindra (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out here in are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the India Notary Act 1952.

Subscribed and solemnly declared by
the abovenamed Milind Vasant Kulkarni
at Pune on May 9, 2013.

**Milind Vasant Kulkarni**
Director

Before me,

# Independent Auditors' Report to the Members of Tech Mahindra (Malaysia) Sdn. Bhd.

**(Company No: 775522-U)**

**(Incorporated in Malaysia)**

## Report on the Financial Statements

We have audited the financial statements of Tech Mahindra (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at March 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out here in.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Companies Act 1965 and Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that 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 Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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, the financial statements have been properly drawn up in accordance with the Companies Act 1965 and Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Company as at March 31, 2013 and of its financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

## Other Matters

This report is made solely to the Members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

| | |
|---|---|
| **SSY Partners** | **Jason Sia Sze Wan** |
| AF: 0040 | No. 2376/05/12 (J) |
| Chartered Accountants | Partner |

Subang Jaya, May 9, 2013.

TECH MAHINDRA (MALAYSIA) Sdn. Bhd.
(Incorporated in Malaysia)

## Statement of Financial Position as at March 31, 2013

| | Note | **31.3.2013 RM** | 31.3.2012 RM |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Equipment | 5 | **11,307** | 2,767 |
| **Current assets** | | | |
| Trade and other receivables | 6 | **4,560,050** | 5,632,862 |
| Amount due from holding corporation | 7 | **-** | 448,733 |
| Cash and bank balances | | **11,279,195** | 390,975 |
| | | **15,839,245** | 6,472,570 |
| **TOTAL ASSETS** | | **15,850,552** | 6,475,337 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holder of the Company** | | | |
| Share capital | 8 | **312,822** | 312,822 |
| Retained earnings | | **2,531,135** | 1,705,059 |
| **TOTAL EQUITY** | | **2,843,957** | 2,017,881 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 9 | **7,119,541** | 4,457,456 |
| Taxation | | **90,671** | - |
| Amount due to holding corporation | 7 | **5,796,383** | - |
| **TOTAL LIABILITIES** | | **13,006,595** | 4,457,456 |
| **TOTAL EQUITY AND LIABILITIES** | | **15,850,552** | 6,475,337 |

The accompanying notes form an integral part of these financial statements.

## Statement of Comprehensive Income for the year ended March 31, 2013

| | Note | **2013** RM | 2012 RM |
|---|---|---|---|
| **Revenue** | | | |
| Service income | | **34,992,260** | 31,285,178 |
| Cost of services | | **(32,305,137)** | (28,543,139) |
| Gross profit | | **2,687,123** | 2,742,039 |
| Other operating income | | **48,946** | 216,818 |
| Administrative expenses | | **(1,727,405)** | (2,131,076) |
| Profit before taxation | 10 | **1,008,664** | 827,781 |
| Taxation | 12 | **(182,588)** | - |
| Profit for the year | | **826,076** | 827,781 |

## Statement of Changes in Equity for the year ended March 31, 2013

| | **Share capital** RM | **Retained earnings** RM | **Total** RM |
|---|---|---|---|
| At 1 April 2012 | **312,822** | **1,705,059** | **2,017,881** |
| Profit for the year | **-** | **826,076** | **826,076** |
| At 31 March 2013 | **312,822** | **2,531,135** | **2,843,957** |
| | | | |
| At 1 April 2011 | 312,822 | 877,278 | 1,190,100 |
| Profit for the year | - | 827,781 | 827,781 |
| At 31 March 2012 | 312,822 | 1,705,059 | 2,017,881 |

The accompanying notes form an integral part of these financial statements.

TECH MAHINDRA (MALAYSIA) Sdn. Bhd.
(Incorporated in Malaysia)

## Statement of Cash Flows for the year ended March 31, 2013

| | Note | **2013** RM | 2012 RM |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Profit before taxation | | **1,008,664** | 827,781 |
| Adjustments for: | | | |
| Depreciation on equipment | | **2,956** | 4,167 |
| Loss/(gain) on foreign exchange - unrealised | | **27,391** | (10,255) |
| Equipment written off | | **1,100** | - |
| Allowance for doubtful debts | | **1,101,653** | 1,002,598 |
| Operating profit before working capital changes | | **2,141,764** | 1,824,297 |
| (Increase)/decrease in trade and other receivables | | **(28,841)** | 880,935 |
| Decrease/(increase) in amount due from holding corporation | | **448,733** | (448,733) |
| Increase in trade and other payables | | **2,634,694** | 1,292,963 |
| Increase/(decrease) in amount due to holding corporation | | **5,796,383** | (4,868,091) |
| Cash generated/(used in)from operating activities | | **10,992,733** | (1,318,635) |
| Tax paid | | **(91,917)** | - |
| Net cash generated from/(used in) from operating activities | | **10,900,816** | (1,318,635) |
| **Cash flows from investing activities** | | | |
| Purchase of equipment | | **(12,596)** | - |
| Net cash used in investing activities | | **(12,596)** | - |
| **Net increase/(decrease) in cash and cash equivalents** | | **10,888,220** | (1,318,635) |
| Cash and cash equivalents at beginning of the year | | **390,975** | 1,709,610 |
| **Cash and cash equivalents at end of the year** | 13 | **11,279,195** | 390,975 |

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements for the year ended March 31, 2013

**1. Corporate information**

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 35-3, Jalan SS 15/8A, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Suite 3B-10-5, Level 10, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470, Kuala Lumpur.

The principal activities of the Company are to act as developer, advisor, consultants and implementer of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of service facility and generally, any type of business in connection therein. There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Company at the end of the financial year was 63 (2012: 53).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated May 9, 2013.

**2. Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with the Companies Act 1965 and Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with the Companies Act 1965 and Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

**3. Significant Accounting Policies**

All significant accounting policies set out below are consistent with those applied in the previous financial year except as disclosed in Note 4.

**(a) Equipment and depreciation**

Equipment is initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent to recognition, equipment is stated at cost less accumulated depreciation and impairment losses.

All assets are depreciated on a straight line basis to write off the cost of each asset to its residual value over their estimated useful lives at the following annual rates:

| | % |
|---|---|
| Computer | 25 |

Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

**(b) Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the year end.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank balances.

**(d) Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services costs.

**(e) Revenue recognition**

Revenue is recognised upon delivery of goods and customers' acceptances, if any, or performance of services.

**(f) Impairment of assets**

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

**(g) Financial instruments**

**Financial assets**

Financial assets are recognised in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

**i Financial assets at 'fair value through profit or loss'**

Financial assets are classified as at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial assets (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significant reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or
- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

**ii 'Held-to-maturity' investments**

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that and the Company has the positive intention and ability to hold to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

**iii Loans and receivables**

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

**iv 'Available-for-sale' financial assets**

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the 'available-for-sale' financial assets are derecognised. At that time, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

**v Investment in unquoted equity instruments carried at cost**

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

**vi Impairment of financial assets**

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

**vii Derecognition of financial assets**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Company transfers the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

**Financial liabilities**

Financial liabilities are recognised on the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

**i Financial liabilities at 'fair value through profit or loss'**

Financial liabilities are classified as at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss'arerecognised in profit or loss.

**ii Financial liabilities at amortised cost using the effective interest method**

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts.

Estimate future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities. After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

**iii Derecognition of financial liabilities**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

**(h) Equity instruments**

Ordinary shares are classified as equity.

**(i) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the statement of financial position date.

Deferred tax is provided for, using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

**(j) Foreign currency**

i Reporting currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

ii Foreign currency transactions and balances

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transactions dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the statement of financial position date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statement of comprehensive income.

iii Closing rates

The principal closing rates used in translation of foreign currency amounts are as follows:

| | **2013** | 2012 |
|---|---|---|
| | **RM** | RM |
| 1 United States Dollar (USD) | **3.0975** | 3.0600 |

**4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations**

On November 19, 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ('MFRS 141') and IC Interpretation 15 Agreements for Construction of Real Estate ('IC 15'), including its parent, significant investor and venture (herein called 'Transitioning Entities'). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after January 1, 2014.

The Company does not fall within the scope of the Transitioning Entities and thus, during the financial year, the Company has adopted the following new and revised Malaysian Financial Reporting Standards and Interpretations (collectively referred to as 'MFRSs'), issued by the Malaysian Accounting Standards Board ('MASB') and effective for the financial periods beginning on or after April 1, 2012:

**MFRSs that do not have any or significant impacts on these financial statements**

The following new and revised MFRSs issued by the MASB, effective for financial periods beginning on or after April 1, 2012, have been adopted, but the adoptions do not have any or significant impact on the financial statements:

| | |
|---|---|
| MFRS 2: | Share-based Payment |
| MFRS 3: | Business Combinations |
| MFRS 4: | Insurance Contracts |
| MFRS 5: | Non-current Assets Held for Sale and Discontinued Operations |
| MFRS 6: | Exploration for and Evaluation of Mineral Resources |
| MFRS 7: | Financial Instruments: Disclosures |
| MFRS 8: | Operating Segments |
| MFRS 10: | Consolidated Financial Statements |
| MFRS 101: | Presentation of Financial Statements |
| MFRS 102: | Inventories |
| MFRS 107: | Statement of Cash Flows |
| MFRS 108: | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 110: | Events After the Reporting Period |
| MFRS 111: | Construction Contracts |
| MFRS 112: | Income Taxes |
| MFRS 116: | Property, Plant and Equipment |
| MFRS 117: | Leases |
| MFRS 118: | Revenue |
| MFRS 119: | Employee Benefits |
| MFRS 120: | Accounting for Government Grants and Disclosure of Government Assistance |
| MFRS 121: | The Effects of Changes in Foreign Exchange Rates |
| MFRS 123: | Borrowing Costs |
| MFRS 124: | Related Party Disclosures |
| MFRS 126: | Accounting and Reporting by Retirement Benefit Plans |
| MFRS 127: | Consolidated and Separate Financial Statements |
| MFRS 128: | Investments in Associates |
| MFRS 129: | Financial Reporting in Hyperinflationary Economies |
| MFRS 131: | Interests in Joint Ventures |
| MFRS 132: | Financial Instruments: Presentation |
| MFRS 133: | Earnings per Share |
| MFRS 134: | Interim Financial Reporting |
| MFRS 136: | Impairment of Assets |
| MFRS 137: | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138: | Intangible Assets |
| MFRS 139: | Financial Instruments: Recognition and Measurement |
| MFRS 140: | Investment Property |
| MFRS 141: | Agriculture |

**MFRSs that have been issued but are not yet effective**

The Company has not adopted the following MFRSs that have been issued by the MASB but are not yet effective:

| | |
|---|---|
| MFRS 9: | Financial Instruments |
| MFRS 10: | Consolidated Financial Statements |
| MFRS 11: | Joint Arrangements |
| MFRS 12: | Disclosure of Interest in Other Entities |
| MFRS 13: | Fair Value Measurement |
| Amendment to MFRS 7: | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| Amendment to MFRS 101: | Presentation of Items of Other Comprehensive Income |
| Amendment to MFRS 116: | Property, Plant and Equipment |
| Amendment to MFRS 119: | Employee Benefits |
| Amendment to MFRS 127: | Separate Financial Statements |
| Amendment to MFRS 128: | Investment in Associates and Joint Ventures |
| Amendment to MFRS 132: | Financial Instruments: Presentation |
| Amendment to MFRS 134: | Interim Financial Reporting |

The new MFRSs will take effect on January 1, 2013, and the Company will adopt these MFRSs during the financial year beginning on April 1, 2013.

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Interpretation 112 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control shall be classified. IC Interpretation 113 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method or proportionate consolidation accounting.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiary, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. MFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards.

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant changes relate to the accounting for defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

At the date the financial statements are authorised for issue, the impacts of the adoptions of these MFRSs are yet to be reasonably estimated. Hence, the impacts on the adoption of new accounting policies are not disclosed.

The following revised MFRS will take effect on January 1, 2013, and the Company will adopt this MFRS during the financial year beginning on April 1, 2013:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

MFRSs that affect the reported results and/or financial position

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The impact of the changes is disclosed, as follows:

Transition to the Malaysian Financial Reporting Standards ('MFRS Framework')

On November 19, 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The financial statements of the Company for the year ended March 31, 2012 are the first financial statements prepared in accordance with the MFRS Framework. Previously, the Company prepared its financial statements in accordance with the Financial Reporting Standards in Malaysia.

Accordingly, the Company has prepared its financial statements which comply with MFRS applicable for periods beginning on or after April 1, 2012, together with the comparatives period data as at and for the year ended March 31, 2012, as described in the accounting policies. In preparing these financial statements, the Company's opening statements of financial position were prepared as at April 1, 2011, the Company's date of transition to MFRS.

Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing the current year financial statements are consistent with those of audited financial statements for the year ended March 31, 2012.

## 5. Equipment

| | Computer RM |
|---|---|
| Carrying amount | |
| At April 1, 2012 | 2,767 |
| Additions | 12,596 |
| Write-offs | (1,100) |
| Depreciation charge | (2,956) |
| **At March 31, 2013** | **11,307** |
| | |
| **At March 31, 2013** | |
| Cost | 34,548 |
| Accumulated depreciation | (23,241) |
| Carrying amount | 11,307 |
| Carrying amount | |
| At April 1, 2011 | 6,934 |
| Additions | (4,167) |
| **At March 31, 2012** | **2,767** |
| | |
| **At March 31, 2012** | 25,252 |
| Cost | (22,485) |
| Carrying amount | **2,767** |

## 6. Trade and other receivables

| | **2013 RM** | 2012 RM |
|---|---|---|
| Trade receivables | **6,122,275** | 6,457,374 |
| Less: Allowance for doubtful debts | **(2,190,984)** | (1,089,331) |
| | **3,931,291** | 5,368,043 |
| Other receivables | **628,759** | 264,819 |
| | **4,560,050** | 5,632,862 |

The currency exposure profile of trade and other receivables is as follows:

| | **2013 RM** | 2012 RM |
|---|---|---|
| Ringgit Malaysia | **877,268** | 1,029,285 |
| United States Dollar | **3,682,782** | 4,508,091 |
| Indian Rupee | **-** | 95,486 |
| | **4,560,050** | 5,632,862 |

The ageing analysis of the trade receivables is as follows:

| | **2013 RM** | 2012 RM |
|---|---|---|
| Neither past due nor impaired | **910,186** | 501,659 |
| Past due, not impaired | | |
| - 1 to 30 days past due, not impaired | **1,499,242** | 3,056,183 |
| - 31 to 60 days past due, not impaired | **1,382,409** | 224,524 |
| - 61 to 90 days past due, not impaired | **106,429** | 87,047 |
| - 91 to 180 days past due, not impaired | **33,025** | 1,498,630 |
| | **3,021,105** | 4,866,384 |
| Past due and impaired | **2,190,984** | 1,089,331 |
| | **6,122,275** | 6,457,374 |

The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

## 7. Holding corporation

The Directors regard Tech Mahindra Limited, a corporation incorporated in India as the immediate holding corporation.

Amounts due from/(to) holding corporation is unsecured, interest free and repayable on demand.

The significant account balances with holding corporation are as follows:

| | **2013 RM** | 2012 RM |
|---|---|---|
| Amount due from holding corporation | **1,529,984** | 3,521,040 |
| Amount due to holding corporation | **(7,326,367)** | (3,072,307) |
| Net amount due (to) / from holding corporation | **(5,796,383)** | 448,733 |

The currency exposure profile of holding corporation is as follows:

| | **2013 RM** | 2012 RM |
|---|---|---|
| Ringgit Malaysia | **(5,796,383)** | 3,521,040 |
| Indian Rupee | **-** | (3,072,307) |
| | **(5,796,383)** | 448,733 |

**8. Share capital**

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| **Authorised:** | | |
| 5,000,000 ordinary shares of RM1 each | **5,000,000** | 5,000,000 |
| **Issued and fully paid:** | | |
| 312,822 ordinary shares of RM1 each | **312,822** | 312,822 |

**9. Trade and other payables**

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| Other payables | **632,498** | 730,409 |
| Advance billings | **-** | 1,680,194 |
| Amount due to affiliated corporation [Note 14(ii)] | **6,034,681** | 1,693,807 |
| Provision for expenses | **452,362** | 353,046 |
| | **7,119,541** | 4,457,456 |

Advance billing represent invoices issued to customers of which goods or services sold have not been completed and have been included under trade receivables.

Amount due to affiliated corporation, Satyam Computer Services Ltd. is unsecured, interest free and repayable on demand.

The currency exposure profile of trade and other payables is as follows:

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| Ringgit Malaysia | **768,992** | 2,819,034 |
| United States Dollar | **6,345,927** | 1,638,422 |
| Indian Rupee | **4,622** | - |
| | **7,119,541** | 4,457,456 |

**10. Profit before taxation**

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| **Profit before taxation is arrived at after charging:** | | |
| Staff costs (Note 11) | **7,441,034** | 7,333,949 |
| Depreciation on equipment | **2,956** | 4,167 |
| Loss on foreign exchange - unrealised | **27,391** | - |
| Auditors' remuneration | **5,800** | 14,800 |
| Allowance for doubtful debts | **1,101,653** | 1,002,598 |
| Rental of premises | **90,500** | 511,894 |
| Equipment written off **and crediting:** | **1,100** | - |
| Gain on foreign exchange - unrealised | **-** | 10,255 |
| Gain on foreign exchange - realised | **47,777** | 206,563 |

**11. Staff costs**

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| Salaries and allowances | **7,086,370** | 6,950,929 |
| EPF and SOCSO | **71,915** | 81,062 |
| Leave encashment and other emoluments | **282,749** | 301,958 |
| | **7,441,034** | 7,333,949 |

**12. Taxation**

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| **Malaysian income tax** | | |
| Current year | **182,588** | - |

A reconciliation of income tax expense applicable to the results of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| Profit before taxation | **1,008,664** | 827,781 |
| Taxation at Malaysian statutory tax rate of 25% | **252,166** | 206,945 |
| Tax effect of expenses not deductible for tax purposes | **17,379** | 20,633 |
| Tax exempt income | **(325,384)** | (227,578) |
| | **182,588** | - |

The Company was awarded MSC Malaysia Status and is eligible for income tax exemption on statutory income from November 15, 2007 to November 14, 2012.

**13. Cash and cash equivalents**

| | 2013 | 2012 |
|---|---|---|
| | RM | RM |
| Cash in hand | **2** | 2 |
| Cash at bank (US Dollar) | **92,366** | 342,821 |
| Cash at bank | **11,186,827** | 48,152 |
| | **11,279,195** | 390,975 |

**14. Significant related party transactions**

The Company has transactions with its holding corporation and the financial statements reflect the effects of these transactions on the basis agreed upon between the Company and its holding corporation which basis might be different from the transactions with unrelated parties.

Significant transactions with holding corporation during the year consist of:

| | **2013** | 2012 |
|---|---|---|
| | **RM** | RM |
| **Revenue** | | |
| Service income charged to holding corporation | **17,819,742** | 14,641,802 |
| **Expenses** | | |
| Cost of services charged by holding corporation | **17,172,518** | 16,643,376 |
| Cost of services charged by affiliated corporation | | |
| - Satyam Computer Services Ltd. | **4,098,269** | 1,693,807 |

**Additional information**

i. Analysis of movement of amount due to holding corporation

| | **2013** | 2012 |
|---|---|---|
| | **RM** | RM |
| At April 1, 2012 / 2011 | **448,733** | (4,868,091) |
| Service income charges | **17,819,742** | 14,641,802 |
| Cost of services charged | **(17,172,518)** | (16,643,376) |
| Other reimbursement (net) | **(655,008)** | (3,093,559) |
| Payments | **13,577,374** | 22,855,875 |
| Receipts | **(19,814,706)** | (12,443,918) |
| At March 31, 2013 / 2012 | **(5,796,383)** | 448,733 |

ii. Analysis of movement of amount due to affiliated corporation

| | **2013** | 2012 |
|---|---|---|
| | **RM** | RM |
| At April 1, 2012/2011 | **(1,693,807)** | - |
| Cost of services charged | **(4,098,269)** | (1,693,807) |
| Other reimbursement (net) | **(242,605)** | 453,396 |
| Payments | **-** | (453,396) |
| At 31 March 2013 / 2012 | **(6,034,681)** | (1,693,807) |

**15. Financial risk management policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

**(a) Credit risk**

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

(b) Foreign currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly United States Dollars (USD) and Indian Rupee (INR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

**Sensitivity analysis**

The following table demonstrates the sensitivity of the Company's profit after tax and equity to a reasonably possible change in the exchange rates against the respective functional currencies of the Company's entities, with all other variables held constant.

| | **Profit after tax RM** | Equity RM |
|---|---|---|
| **2013** | | |
| **USD/RM** | | |
| – strengthened by 5% | **128,540** | 128,540 |
| – weakened by 5% | **(128,540)** | (128,540) |
| **2012** | | |
| **USD/RM** | | |
| – strengthened by 5% | **(85,253)** | (85,253) |
| – weakened by 5% | **85,253** | 85,253 |

**(c) Liquidity and cash flow risks**

The Company relies on its management of working capital to ensure that the cash flow within the operating cycle are sustainable. In the event of additional funds required to operate the Company, the financial support from its holding company and related companies is necessary to meet its short term funding needs.

**16. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

**17. Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ["L&R"]

(b) Other financial liabilities ["OFL"]

| | Note | Carrying amount RM | L&R RM | OFL RM |
|---|---|---|---|---|
| **2013** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 6 | 4,560,050 | 4,560,050 | - |
| Cash and bank balances | | 11,279,195 | 11,279,195 | - |
| At March 31, 2013 | | **15,839,245** | **15,839,245** | **-** |
| **Financial liabilities** | | | | |
| Trade and other payables | 9 | 7,119,541 | - | 7,119,541 |
| Amount due to holding corporation | | 5,796,383 | - | 5,796,383 |
| At March 31, 2013 | | **12,915,924** | **-** | **12,915,924** |
| **2012** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 6 | 5,632,862 | 5,632,862 | - |
| Amount due from holding corporation | 7 | 448,733 | 448,733 | - |
| Cash and bank balances | | 390,975 | 390,975 | - |
| At March 31, 2012 | | **6,472,570** | **6,472,570** | **-** |
| **Financial liabilities** | | | | |
| Trade and other payables | 9 | 4,457,456 | - | 4,457,456 |
| At March 31, 2012 | | **4,457,456** | **-** | **4,457,456** |

# TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

**Board of Directors**

Mr. C. P. Gurnani - Chairman

Mr. Chillara Krishnadas

Mr. Rohit Gandhi

**Registered Office**

Room 2925 of 29F Block C,

Central International Trade Center,

6A Jian Guo Men Wai Avenue,

Chao Yang District, Beijing

**Bankers**

HSBC Limited

**Auditors**

Zhong Sheng Jia Hua

Certified Public Accountants

Beijing

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended December 31, 2012.

**Financial Results**

| For the year ended December 31, | 2012 RMB | 2011 RMB |
|---|---|---|
| Income | 2,582,318 | 3,160,500 |
| Profit/(Loss) before tax | 3,226,744 | 756,500 |
| Profit/(Loss)after tax | 3,226,744 | 756,500 |

**Review of Operations:**

The Company continued its marketing activities and on income of RMB 2,582,318 there was a profit of RMB 3,226,744

**Directors**:

During the year under review Mr. Vineet Nayyar has resigned from the office of Director & Chairman and Mr. Sujit Baksi as Director of the Company. Mr. C. P. Gurnani has been appointed as the Chairman of the Company. Mr. Rohit Gandhi has been appointed as new director of the Company.

**Outlook for the current year:**

The Company is optimistic of getting business in near future.

**Acknowledgements:**

Your Directors gratefully acknowledge the co-operation and assistance received from the employees, bankers, State and other Government Authorities and support from the shareholder.

For Tech Mahindra (Beijing) IT Services Limited

**C. P. Gurnani**
Chairman

Place: Beijing
Date: February 25, 2013

# REPORT OF THE AUDITORS

**Shengjiawaishenzi[2013]No.003**

**TO TECH MAHINDRA (BEIJING) IT SERVICES LIMITED**

We have accepted the entrustment from Tech Mahindra (Beijing) IT Services Ltd. and have audited the accompanying balance sheet of the Company as of 31 December 2012 and the related consolidated cash flow statements, profit/loss and profit distribution statements for the year then ended.

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

The Company's management is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China's Auditing Standards for the Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. 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 entity's preparation 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 accounting policies used and the reasonableness of 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 audit opinion.

**Opinion**

In our opinion, the financial statements of the Company comply with the requirements of the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and the results of operations and cash flows of the Company for the year ended 31 December 2012.

This report is only used as the corresponding part of the chinese part of this year, but not for other usage.

**Beijing Zhong Sheng Jia Hua**
**Certified Public Accountants Co.,Ltd**

**Name of CPA: Wu Bo**
**Name of CPA: He Liping**

**Beijing•China**

**February 25, 2013**

# BALANCE SHEET (AS OF 31 DECEMBER 2012)

RMB Yuan

| Assets | No. | Beginning of period | End of period | Liabilities and Shareholders Equity | No. | Beginning of period | End of period |
|---|---|---|---|---|---|---|---|
| Current assets | | | | Current liabilities: | | | |
| Cash and bank | 1 | 799,627.16 | **405,107.16** | Short-term loans | 68 | | |
| Short-term investment | 2 | | | Bills payable | 69 | | |
| Bills receivable | 3 | | | Accounts payable | 70 | - | **776,773.00** |
| Dividend receivable | 4 | | | Advances on sales | 71 | | |
| Interest receivable | 5 | | | Wages and salaries unpaid | 72 | 47,057.17 | **-** |
| Accounts receivable | 6 | 366,052.45 | **1,788,883.66** | Staff welfare fund unpaid | 73 | | |
| Other receivables | 7 | 3,405.76 | **3,405.76** | Dividend unpaid | 74 | | |
| Prepayments | 8 | 54,612.99 | **13,962.99** | Tax unpaid | 75 | 22,238.00 | **43,686.67** |
| Subsidy receivable | 9 | | | Other outstanding payments | 80 | 3,173,342.15 | **36,190.28** |
| Inventories | 10 | | | Other expenses | 81 | | |
| Deferred expenses | 11 | | | Contingent liabilities | 82 | | |
| Long-term investment in bonds to be expired within one year | 21 | | | | 83 | | |
| Other current assets | 24 | | | Long-term liabilities to be expired within one year | 86 | | |
| Total current assets | 31 | 1,223,698.36 | **2,211,359.57** | Other current liabilities | 90 | - | **12,639.68** |
| Long-term investment: | | | | | | | |
| Long-term investment in stocks | 32 | | | Total current liabilities | 100 | 3,242,637.32 | **869,289.63** |
| Long-term investment in bonds to be expired within one year | 34 | | | Long-term liabilities: | | | |
| Total long-term investment | 38 | | | Long-term loans | 101 | | |
| Fixed assets | | | | Bonds payable | 102 | | |
| Fixed assets,at cost | 39 | 27,369.20 | **25,319.20** | Long-term accounts payable | 103 | | |
| Less: Accumulated depreciation | 40 | 13,892.79 | **19,012.47** | Specific payable | 106 | | |
| Fixed assets, net value | 41 | 13,476.41 | **6,306.73** | Other long-term liabilities | 108 | | |

| **Assets** | **No.** | **Beginning of period** | **End of period** | **Liabilities and Shareholders Equity** | **No.** | **Beginning of period** | **End of period** |
|---|---|---|---|---|---|---|---|
| Less:Provision for devaluation of fixed assets | 42 | | | Total long-term liabilities | 110 | | |
| Fixed assets, net amount | 43 | 13,476.41 | **6,306.73** | Deferred taxation: | | | |
| Construction materials | 44 | | | Deferred tax, credit | 111 | | |
| Construction in progress | 45 | | | Total liabilities | 114 | 3,242,637.32 | **869,289.63** |
| Disposal of fixed assets | 46 | | | | | | |
| Total fixed assets | 50 | 13,476.41 | **6,306.73** | Shareholders' Equity: | | | |
| Intangible and other assets: | | | | Share capital | 115 | 3,314,450.50 | **3,441,546.02** |
| intangible assets | 51 | | | Less:Investment Returned | 116 | | |
| Long-term deferred expenses | 52 | | | Paid-up capital (stock) | 117 | 3,314,450.50 | **3,441,546.02** |
| Other deferred expenses | 53 | | | Capital reserve fund | 118 | | |
| Total intangible and other assets | 60 | | | Surplus reserve fund | 119 | | |
| | | | | Including: Staff welfare fund | 120 | | |
| Deferred taxation: | | | | Undistributed profit | 121 | (5,319,913.05) | **(2,093,169.35)** |
| Deferred taxation, debit | 61 | | | Shareholders' Equity: | 122 | (2,005,462.55) | **1,348,376.67** |
| Total Assets | 67 | 1,237,174.77 | **2,217,666.30** | Total Liabilities and Shareholders' Equity | 135 | 1,237,174.77 | **2,217,666.30** |

# INCOME STATEMENT( FOR THE YEAR 2012)

RMB Yuan

| Item | No. | Last year cumulative | Current year cumulative |
|---|---|---|---|
| 1. Principal operating revenues | 1 | 3,160,500.36 | **2,582,318.04** |
| Less: Operating cost | 4 | - | **776,773.00** |
| Operating tax and subsidies | 5 | 173,827.53 | **95,669.37** |
| 2. Principal operating profit | 10 | 2,986,672.83 | **1,709,875.67** |
| Add: Other operating profit | 11 | | |
| Less: Operating expense | 14 | 1,546,733.78 | **1,074,899.82** |
| Administration expense | 15 | 656,333.69 | **561,334.22** |
| Financial expense | 16 | 2,436.48 | **5,351.61** |
| 3. Operating profit | 18 | 781,168.88 | **68,290.02** |
| Add: Investment income | 19 | | |
| Subsidy income | 22 | | |
| Non-operating income | 23 | - | **3,159,251.00** |
| Less: Non-operating expense | 25 | 24,668.77 | **797.32** |
| 4. Total profit | 27 | 756,500.11 | **3,226,743.70** |
| Less: Income tax payable | 28 | | |
| 5. Net profit | 30 | 756,500.11 | **3,226,743.70** |
| 6. Net profit | 48 | 756,500.11 | **3,226,743.70** |
| Add: (i) Beginning balance of Retained Earnings | 49 | (6,076,413.16) | **(5,319,913.05)** |
| (ii) Surplus to compensate for loss | 50 | | |
| (iii) Other adjustment factor | 51 | | |
| 7. Profit available for distribution | 52 | (5,319,913.05) | **(2,093,169.35)** |
| Less: (i) statutory surplus reserve | 53 | | |
| (ii) The statutory public welfare fund | 54 | | |
| (iii) Staff bonus and welfare fund | 55 | | |
| (iv) Withdrawal reserve fund | 56 | | |
| (v) Appropriation of Enterprise Expansion Fund | 57 | | |
| (vi) Profit capitalized on return of investment | 58 | | |
| (vii) Supplementary current capital | 59 | | |
| (viii) Single retained profit | 60 | | |
| (ix) Other | 61 | | |

# INCOME STATEMENT( FOR THE YEAR 2012) (Contd.)

Prepared by Tech Mahindra (Beijing) IT Services Ltd

RMB Yuan

| **Item** | **No.** | **Last year cumulative** | **Current year cumulative** |
|---|---|---|---|
| 8. Distributable profit for investors | 62 | (5,319,913.05) | **(2,093,169.35)** |
| Less: (i) Dividend payable on preferred stock | 63 | | |
| (ii) Discretionary surplus reserve | 64 | | |
| (iii) Common stock dividends payable (profits payable) | 65 | | |
| (iv) Transferred to capital (capital stock) common stock dividend | 66 | | |
| (v) Other | 67 | | |
| 9. Undistributed profits | 68 | (5,319,913.05) | **(2,093,169.35)** |
| Among which: Annual pre-tax profits after irreparable loss. | 69 | | |
| Supplementary information | 70 | | |
| (i) sale, disposal or investment sector units proceeds | 71 | | |
| (ii) the loss of natural disasters (loss to "+" to fill a column) | 72 | | |
| (iii) changes in accounting policies influence the profit total amount | 73 | | |
| (iv) change in accounting estimate affects the profit total amount | 74 | | |
| (v) debt recombination losses (loss to "+" to fill a column) | 75 | | |
| (vi) other non-recurring gains and losses (gains with "+" to fill a column) | 76 | | |

# CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31,2012)

RMB Yuan

| Items | No. | Amount |
|---|---|---|
| **1. Cash flows from operating activities** | | |
| Cash inflow from sale of goods and provision of services | 1 | 2,582,318.04 |
| Repayment of tax received | 3 | |
| Other cash inflow relating to operating activities | 8 | |
| **Total cash inflow** | 9 | 2,582,318.04 |
| Payments for purchase of goods and receipt of services | 10 | |
| Payments to and for staff | 12 | 515,572.04 |
| Taxation paid | 13 | 250,000.01 |
| Other Payments relating to operating activities | 18 | 2,340,411.51 |
| **Total cash outflow** | 20 | 3,105,983.56 |
| **Net cash inflow/outflow generated from operations** | 21 | (523,665.52) |
| **2. Cash flow from investing activities** | | |
| Cash inflow from retirement of investment | 22 | |
| Cash inflow from profit of investment | 23 | |
| Cash gain of disposal of fixed assets, intangible assets, and other long-term investment | 25 | |
| Other proceeds relating to investment activities | 28 | |
| Total cash inflow | 29 | |
| Purchase of fixed assets, intangible assets and other long-term assets | 30 | (2,050.00) |
| Cash paid for investment | 31 | |
| Other cash paid relating to investment activities | 35 | |
| **Total cash outflow** | 36 | (2,050.00) |
| **Net cash inflow/outflow generated from investment activities** | 37 | 2,050.00 |
| **3. Cash flows from financing activities:** | | |
| Absorption of investment | 38 | 127,095.52 |
| Borrowings raised | 40 | |
| Other cash inflow relating to financing activities | 43 | |
| Total cash inflow | 44 | 127,095.52 |
| Borrowings repaid | 45 | |
| Dividend, interest and profit paid | 46 | |
| Other cash outflow relating to financing activities | 52 | |
| **Total cash outflow** | 53 | |
| **Net cash inflow/outflow generated from financing activities** | 54 | 127,095.52 |
| **4. Influence of fluctuation of exchange rate** | **55** | |
| **5. Net increase in cash and cash equivalents** | **56** | **(394,520.00)** |

# CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2012)

Supplementary information

RMB Yuan

| Supplementary information | No. | Amount |
|---|---|---|
| **1. Adjustment of net profit to cash flows generated from operations:** | | |
| Net profit | 57 | 3,226,743.70 |
| Add: Provision for devaluation of assets | 58 | |
| Depreciation of fixed assets | 59 | 5,119.68 |
| Amortization of intangible assets | 60 | |
| Amortization of long-term expense | 61 | |
| Decrease of deferred expenses (Less: increase) | 64 | 22,850.88 |
| Increase of pre-paid expense (Less: decrease) | 65 | |
| Loss on disposal of fixed assets, intangible assets and other long-term assets (less: gain) | 66 | |
| Loss on retirement of fixed assets | 67 | |
| Financial expense | 68 | |
| Investment loss (less: investment gain) | 69 | |
| Deferred tax, credit (less: debit) | 70 | |
| Decrease of inventories (less: increase) | 71 | |
| Decrease of receivables in operations (less: increase) | 72 | (1,388,685.93) |
| Increase of payables in operations (less: decrease) | 73 | (2,366,842.97) |
| Others | 74 | - |
| **Net cash inflow/outflow generated from operations** | 75 | (523,665.52) |
| **2. Investing and financing activities not relating to cash flows** | | |
| Capital transferred from liabilities | 76 | |
| Transferable bonds to be expired within one year | 77 | |
| Fixed assets transferred from financing activities | 78 | |
| **3. Net increase in cash and cash equivalents** | | |
| Cash and bank balances at end of period | 79 | 405,107.16 |
| Less: Cash and bank balances at beginning of period | 80 | 799,627.16 |
| Cash equivalent at end of period | 81 | - |
| Less: Cash equivalent at beginning of period | 82 | - |
| **Net increase in cash and cash equivalents** | 83 | (394,520.00) |

# NOTES TO FINANCIAL STATEMENTS 31 DEC. 2012

**(The currency are presented in RMB except otherwise stated)**

**I. The Company's General Profile**

As a wholly foreign-owned enterprises, Tech Mahindra (Beijing) IT Services Limited was invested and established by Tech Mahindra. The Company was approved to be established by Beijing Municipal Government according to policy document SWZJZZ[2007]No.05422, obtained Enterprise's Legal Person Registration in the Industry and Commerce Administration Bureau of Beijing on Sep.24, 2007 with the Business License QDJZZ No.0535505.The registered capital of the company is US$500,000.00. The Company's registered address is C-292,29th Floor, ZhongHuanShiMao Building,No.A6 JianGuoMenWai Street, Chaoyang District, Beijing. Legal representative: Mr. Jagdish Mitra.

Scope of Business: Technical services, technical advice, design, development, production and computer networking, telecommunications and electronic technology-related applications; product sales of assets.

**II. Basis of Preparation**

According to ASBE (Accounting Standards for Business Enterprise) and Enterprise Accounting System issued by the Ministry of Finance of PRC, make confirmation and measurement and formulate financial statement on this basis.

**III. Compliance of Accounting Standards of Business Enterprises**

The financial statements prepared by the Company are subject to requirements from the Accounting Standards and present fairly the Company's financial position, operation results, cash flow and other related information.

**IV. Significant Accounting Policies and Accounting Estimates**

**1. Accounting period**

The accounting period of the Company is from 1 January to 31 December.

**2. Book-keeping Currency**

The company's financial records and the financial statements are stated in Renminbi.

**3. Principles of accounting and measurement (Measurement attribute)**

The Company uses the accrual method as its basis of accounting. All assets are measured at history cost, except for financial assets for trading and financial assets available-for-sale which are measured at fair value.

**4. Foreign exchange translation**

The foreign currency running business involved in the accounting year of this company shall be converted into RMB for bookkeeping in accordance with the market exchange rate (middle rate) of actual occurring date of business. The ending balance of foreign currency of the account of all foreign currencies shall be adjusted by converting as standard money as per the year-ending market exchange rate. The balance occurred shall be counted as exchange gain or loss.

As for the subcompanies taking foreign currency as bookkeeping recording base money, all the assets and items of liabilities when formulating the current-year RMB financial statements shall be converted as the bookkeeping standard money of the parent company in line with the market exchange rate on the day of consolidated financial statements.

All the owner's equity items except "Undistributed Profit" shall be converted as the standard money of the parent company in line with the market exchange rate on the day.

Items of profits and losses and items of the related amount incurred in the profit distributed table shall be converted as the standard money of the parent company as per the average exchange rate during the consolidated financial statements

Items of income and fees in cash flow statements shall be converted as the standard money of the parent company as per the average exchange rate during the consolidated financial statements

The increased and decreased items related to long-term liabilities, long-term investment, fixed assets, deferred assets and intangible assets shall be converted as the bookkeeping standard money of the parent company as per the average exchange rate of the consolidated financial statements on final settlement day. Items of net increases amount related to assets shall be converted into the bookkeeping standard money the parent company as per the exchange rate when occurring. The settlement differences produced due to different exchange rate shall be reflected in the items of conversion balance of foreign currency statements.

**5. Recognition of Cash and cash equivalents**

5.1 Cash in the cash flow statement indicates the cash on hand and the deposit in bank available for a payment at any time.

5.2 Cash equivalents in the cash flow statement are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

**6. Business accounting methods of short-term investment**

Short-term investment refers to the investment which was bought by the company, converted into cash and the holding time shall not be more than one year, including stocks, securities and fund.

Short-term investment shall be actual cost evaluation after getting, that is, the cash dividends deducting from the actual paid cost, declared but not got, or interests due the payment date and not got.

When disposing short-term investment, confirm the balance between the received disposal income and short-term book value as the investment income of the current period.

At the end of period, make valuation as per the lower one of cost and market price. The balance which the market price is lower than the cost shall be prepared in line with the short-term investment depreciation of single-item accrual. If the market price rises in the succeeding year, it shall be transferred back within the amount form the confirmed investment loss.

**7. Accounting Methods of Bad Debt**

7.1 Standards confirming accounts payables as bad debt

(1) The debtor has been dead. After the heritage is paid off, the debt can still be taken back.

(2) The debtor goes bankruptcy. After the bankruptcy property is paid off, the debt can still be taken back.

(3) The debtor has not fulfilled the liabilities payment in a long period and there is enough evidence to prove it impossible or very little possibility to take back.

7.2 The accounting methods of this company's bad debt adopt allowance method. The counting and drawing method of bad debt preparation adopts single-item specific identification method. Confirm the bad debt preparation for counting and drawing as per customers respectively.

**8. Inventory Accounting Method**

8.1 Classification of inventory: the inventory of this company includes the raw materials stored for sales or consumption during the production and management process, inventory goods, finished products, goods in process (in research), entrusted processing materials, outsourcing semi-finished products, low priced and easily worn articles and wrappage, etc.

8.2 Valuation method of getting and issuing: the raw materials, entrusted processing materials, goods in process (in research) shall be valued as per the actual cost. The sent raw materials and goods in process (in research) shall be valued as per the method of weighted mean.

8.3 Amortization method of low priced and easily worn articles and wrappage: low priced and easily worn articles shall be amortized through once write-off method according to the actual conditions when receiving.

8.4 Inventory system of stock: the stock method of this company's inventory quantity is perpetual inventory system.

8.5 The confirmation standard and counting and drawing method of inventory falling price reserves: adopt the valuation principle of "the lower one of book cost and net realizable value" at the end of period. Principally, accrue the inventory falling price reserves according to the balance of single-item net realizable value lower than the cost. Net realization value is determined by deducting the estimated cost, estimated selling expenses and the related taxes when completion from the estimated selling price of inventory.

Accrue inventory falling price reserves in the case of following conditions:

A. Market price continues to fall and may not rise in the foreseeable future.

B. The product cost of using the raw materials production is greater than the selling price of the products.

C. Due to product upgrade, the original inventory materials fail to meet the requirement of new products. The market price of the original materials is lower than the book value.

D. The outmoded products and service supply or change of consumers' preference makes the market's requirement changed, causing the market price gradually fall.

E. Other cases proving the inventory decrease in value

In the case of next item or some other items, transfer the book value of inventory to the profits and losses of current period completely. Write off it once.

(1) Inventory already mildewed and rotten

(2) Inventory dated and no transferring value

(3) Inventory not required in production, without using value and transferring value.

(4) Other inventory proven without using value and transferring value.

**9. Long-term investment accounting method**

9.1 Long-term equity investment

- Investment of stocks

  The actually paid total amount shall be calculated into the cost for what purchases stocks in monetary capital in this company. If the actually-paid amount includes the declared issued dividend, then take the net amount deducting the declared issued dividend from actually paid amount as the initial investment cost. In case of converting into shares in the form of material object and intangible assets take the value of agreed agreement and contract and confirmed value after assets appraisal as the cost.

- Other equity investment

  The part investing in the form of monetary capital shall be converted into the cost as per the actually paid amount. The investment cost of long-term equity got by deserting non-cash assets shall be determined by the book value of deserted non-cash assets adding related payable taxes and fees.

- Determining method of income

  If adopting cost method accounting, determine the investment income when the invested unit declares issuing cash dividends; if adopting equity method, determine the investment income in accordance with the shared invested unit's realized net profits or incurred net losses at every accounting period end. Adjust the book value of long-term equity investment.

  As for the stock investment or other equity investment, if parent company holds the capital sum of the invested unit with voting right less than 20%, or though holding the capital sum of the invested unit with voting right more than 20% and without significant impact, account as per the cost method.

  If parent company holds the capital sum of the invested unit with voting right more than 20%, or less than 20% but with significant impact, count as per the equity method.

  If parent company holds the capital sum of the invested unit with voting right more than 50%, or less than 50% but with actually-controlled subcompanies, count as per the equity method and combined financial statements.

9.2 Long-term equity investment

- Confirming method of cost

  Take the balance after deducting the paid taxes, commission charge and other additional expenses, and paid counted interests from issuance to purchase in line with the actually paid amount as the actual cost. Take the balance of actual cost and securities book value as the premium or discounted amount. The premium or discounted amount of securities shall be amortized when confirming the income of the related securities interest during the securities continual period. The method of amortization is straight line method.

- Confirming method of income

  Equity investment shall be collected interests counting as per period. The counted equity investment interest income after adjusting the premium of equity investment and amortization of discounted price shall be confirmed as the current period investment income. Other receivable interests of other equity investment counted as period shall be confirmed as the investment income of the current period.

  (1) Confirming standards and counting and drawing methods of the depreciation preparation of long-term investment

  Count and draw the depreciation preparation for the long-term investment with market value in case of the following conditions.

  - Market price has been lower than the account value for consecutive two years;
  - The investment has been suspended for transaction over 1 year.
  - The invested unit is under heavy loss in that year;
  - The invested unit has been under heavy loss for consecutive two years;
  - The invested unit has been liquidated, rectified and cleared. Or unsustainable running conditions occur.

    Confirming standards and counting and drawing methods of the depreciation preparation of long-term investment
  - Political and legal environmental change affecting the management of invested unit
  - The market requirement changes due to the outmoded products or changed consumer's preference of the provided goods or service of the invested unit so that the financial status of the invested unit aggravates heavily.
  - The producing technology of the invested unit's industry changes so greatly that the invested unit loses its competitiveness and its financial status aggravates heavily.
  - Evidence indicates that there are other cases in which this item of investment cannot bring forth economic interest for the enterprise virtually.

If the above-mentioned conditions cause the recoverable amount of long-term investment is lower than the book value and the lowered value cannot be restored within the foreseeable future period, count and draw the depreciation reserves of long-term investment in line with the balance of the recoverable amount lower than the book value of long-term investment. First, offset the capital reserve item of the investment. The balance which cannot be offsetted shall be confirmed as the current profits and losses. What the value with long-term investment with confirmed loss can be recovered shall be transferred back within the amount of originally confirmed investment loss.

**10. Evaluation of entrusted loan, interests confirming methods and confirming standards and accrual methods of depreciation reserves of entrusted loans**

10.1 Evaluation of entrusted loan

The entrusted loan of this company shall be recorded into the account as per the amount of the actual entrusted loan initially and count and draw interests in each period, counting into profits and losses. That is to say, at each counting period end, count and draw the receivable interests as per the regulated interest rate to increase the book value of entrusted loan correspondingly.

10.2 Confirming method of interest

If the accrual interest cannot be taken back on schedule, stop accrual interest and offset the accrued interest.

10.3 Confirming methods and counting and drawing methods of entrusted loan deprecation reserves

Thoroughly check the entrusted loan principal at the period end. If evidence shows that the entrusted loan principals is higher than the recoverable amount, then count and draw the corresponding deprecation reserves and offset the investment income by accrued deprecation reserves.

## 11. Fixed Assets

11.1 Recognition of fixed assets

Fixed assets are defined as the tangible assets which are held for the purpose of producing goods, rendering services, leasing for operation & management. The useful life of fixed assets is more than one year. In the meanwhile meet the following conditions to confirm the fixed assets:

1) And the fixed assets related to the economic benefits are likely to flow into the enterprise.

2) The cost of the fixed asset can be measured reliably.

11.2 Classification of fixed assets

The company fixed assets is divided into buildings and structures, machinery and equipment, transportation tools, land, office equipment, and other equipment.

11.3 Measurement of fixed assets

Fixed assets are recorded at actual cost. Cost of purchased fixed asset includes purchase price, customs and duty on importing and all related cost on making fixed asset available for use.

11.4 Method of depreciation

The depreciation of fixed assets is calculated by straight-line method based on useful lives of assets. Useful lives are:

| Categories | Useful lives (year) |
|---|---|
| Electronic equipment | 5 |

## 12. Projects under construction

12.1 The projects under construction of this company shall be counted respectively according to the project items, including advance-phrase preparation before construction, architectural engineering under construction, erecting engineering, technological transformation engineering and overhaul engineering. Determine the engineering cost according to the actually incurred payment.

12.2 Standards of projects under construction transferring as fixed assets

Starting from the date the projects under construction reach the usable state, transfer as fixed assets according to the engineering budget, cost of construction or engineering actual cost. The estimated part which has not been transacted final settlement of works completion transfers as the fixed assets. Count and draw the depreciation of fixed assets in accordance with the regulations of accrual fixed assets depreciation and stop capitalization of interest.

12.3 Confirming methods and accrual methods of the depreciation reserves of the project under construction

Thoroughly check the projects under construction of the company at the period end. In the case of the one or variant conditions as follows, count and draw the project under construction deprecation reserves as per the balance of recoverable amount less than the book value.

(1) The project is suspended for a long time and will not restart within the coming three years;

(2) The building project is backward in terms of performance and technology. It will cause substantial uncertainty to the economic interest for the enterprise.

(3) Other cases proving that the project under construction decreases in value.

**13. Intangible Assets**

13.1 Definition and recognition of intangible assets

The intangible assets of the Company including purchased software etc. Intangible asset is recorded at its original actual cost at acquisition. The cost of purchased intangible assets includes the actual purchase price and other necessary expenditures for purchase. The cost of intangible assets invested by investors is measured at the contract or agreement, except for those with unfair value in the contract or agreement.

13.2 Amortisation of intangible asset

Intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is accounted into the cost of related assets or current profit and loss according to the beneficial items.

The Company makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at the end of each year and makes adjustment if needed. The Company assesses the estimated useful life of intangible assets with uncertain useful life during each accounting period. If there are evidences to prove the useful life of intangible assets is limited, the Company will estimate their useful life and amortize the intangible assets within the estimated lifetime.

**14. Long-term deferred expenses**

Long-term deferred expenses are general expenses which are paid by the amortization period is over 1 year (excluding 1year).

Except purchasing and building fixed assets, the cost occurring in the preparing period, shall be transferred into the profits and losses of the current month of starting production and operation since that month. If some long-term deferred expense item of book value can't gain profits in the future accounting period, the rest value of unamortized value shall be transferred into the current profits and losses.

**15. Borrowing costs**

15.1 Confirming principles of borrowing costs

Where the borrowing costs meet the following conditions, capitalization can start.

(1) Assets payment has occurred

(2) Borrowing costs have been produced

(3) Necessary purchasing and constructing activities have started to make assets be the expected usable and sellable state.

15.2 Capitalization period of borrowing cots

Capitalization period refers to the period from the time point of starting capitalization of borrowing costs to the time point of stopping capitalization, excluding the period suspending the capitalization of borrowing costs. Other borrowing interest, the amortization and exchange balance of value discounting and premium shall be counted into the current profits and losses.

15.3 The counting method of the capitalization amount of borrowing costs.

The interest capitalization amount during every accounting period shall be determined by the accumulated payment weighted average and capitalization rate of structuring fixed assets at the current period end, but the amortized capitalization amount of interest, value discounting and premium shall not exceed the interest actually occurring at the current special borrowings and the amortized amount of value discounting and premium.

**16. Estimated liabilities**

16.1 Confirming principles of estimated liabilities

If the obligations related to contingency meet the following conditions at the same time, this company will confirm it as liabilities.

(1) The obligation is the current obligation shouldered by the enterprise;

(2) The obligation fulfillment may cause economic interest outflowing the enterprise.

(3) The amount of the obligations can be reliably counted.

16.2 Counting method of estimated liabilities

Confirming the estimated liabilities amount is the best estimate of payment requiring paying off to liabilities. If the required payment has a scope of amount, then the best estimate shall be confirmed by the average number of the upper and floor amount. If the required payment has a scope of amount, then the best estimate can be determined by the following methods.

(1) When contingency involves a single item, the best estimate shall be determined by the amount the most likely to occur;

(2) When contingency involves several single items, the best estimate shall be determined by the amount incurred possibly and the probability of occurrence.

The required payment of confirmed liabilities shall be completely or partially offsetted by the third party or other parties. When the offset amount is basically confirmed to be received, it can be confirmed separately as assets. The confirmed offset amount shall not exceed the book value of confirmed liabilities.

**17. Income**

The company confirms the realization of the business revenue as per the following regulations, keeps accounts as per the realized income and records into the current profits and losses.

17.1 Confirming principles and methods of goods sales income

This company has transferred the major risks and remuneration of the property in the goods to the goods purchasing party. The company shall not continue to adopt management right and actual control right to the goods again. The related revenue has received or got the evidence of collection. When it can be reliably counted with the cost related to sell the goods, confirm the realization of the business revenue.

17.2 Confirming principles and methods of providing service revenue

Providing services is to confirm the related service revenue as per the Percentage-of-completion Method. When confirming the service revenue, take the premises of reliably confirming the total income of services contract and completion degree of services, smooth inflow of the price and amount related to transactions and reliably counting the occurred cost and required cost to complete the services.

17.3 Provide the receivable using fees income for others to use the intangible assets of this enterprise. Confirm the realization of business revenue according to the charging time and methods regulated by the related contracts and agreements.

**18. Revenue of construction contract**

18.1 Confirming principles of construction contract revenue

(1) Adopt once settlement for completion to confirm the income for the projects starting and ending within a same year. And the following conditions must be met simultaneously.

- Sign the project award contract and definitely regulate the settlement way and price amount of project price;
- This Company has got the confirmation report related to the project progress of settlement time point issued by the project contracting party or supervising department.
- The income (project final payment like project quality margin) which cannot be confirmed for realization shall not be confirmed at the current period. It can be confirmed after actually receiving it.
- The income exceeding the contract settlement price must be granted the certificate signing materials signed and sealed by the contract awarding units.

(2) Cross-year construction items shall be generally confirmed the income separately as per the project image progress and meet the following conditions simultaneously.

- Sign a project contracting agreement. Where the contract agreement has regulated the project price settlement method and price amount, it shall be confirmed the income as per the project progress percentage. Where the contract does not regulate the total project price amount and settles the income as per the construction quota, the enterprise must formulate the construction drawing budget as per the project settlement progress. Formulate the project pre-settlement statement accordingly and make it as the basis of confirming income.
- This Company has got the confirmation report about the project progress related the project settlement time point issued by the project contract awarding unit or the supervising unit.
- The income (project final payment like project quality margin) which cannot be confirmed for realization shall not be confirmed at the current period. It can be confirmed after actually receiving it.

**19. Accounting Disposal Method of Income Tax**

Accounting disposal method of the company's income tax adopts taxes payable method. Confirm the method of current income taxes and fees according to the payable income tax counted at the current period.

The income tax of this company shall be prepaid by season and paid off at the end of year.

**V. Accounting policies, changes in accounting estimates, a major early correction of errors and other matters adjustment is described**

**VI. Taxation**

1. The company mainly taxes and tax rates

| **Principal Taxation** | **The statutory tax rate** | **Preferential tax policy** |
|---|---|---|
| Business Tax | 5% | - |
| Urban construction and maintenance tax | 7% | - |
| Corporate Income Tax | 25% | - |
| education fee | 3% | - |
| Local education fee | 2% | - |

**VII. Main Notes to the Financial Statements**

**1. Monetary funds**

| **Item** | **Ending balance** | **Beginning balance** |
|---|---|---|
| Cash on hand | **22.10** | 327.10 |
| In which: RMB | **22.10** | 327.10 |
| Cash in bank | **405,085.06** | 799,300.06 |
| In which: RMB | **262,096.28** | 794,553.21 |
| Dollar | **142,988.78** | 4,746.85 |
| Other monetary funds | | |
| Total | **405,107.16** | 799,627.16 |

**2. Accounts receivable**

| Item | Ending balance | | Beginning balance | |
|---|---|---|---|---|
| | Book balance | Bad debt provision | Book balance | Bad debt provision |
| In 1 years ((Included 1 years ) | **1,788,883.66** | | 366,052.45 | |
| 1-2 years (Included (2 years ) | | | | |
| 2-3 years ((Included 3 years ) | | | | |
| More than 3 years | | | | |
| Total | **1,788,883.66** | | 366,052.45 | |

**3. Other Receivable**

| Item | Ending balance | | Beginning balance | |
|---|---|---|---|---|
| | Book balance | Bad debt provision | Book balance | Bad debt provision |
| In 1 years ((Included 1 years ) | **3,405.76** | | 3,405.76 | |
| 1-2 years (Included (2 years ) | | | | |
| 2-3 years ((Included 3 years ) | | | | |
| More than 3 years | | | | |
| Total | **3,405.76** | | 3,405.76 | |

**4. Prepayments**

| Item | Ending balance | Beginning balance |
|---|---|---|
| In 1 years ((Included 1 years ) | **13,962.99** | 54,612.99 |
| 1-2 years (Included (2 years ) | | |
| 2-3 years ((Included 3 years ) | | |
| More than 3 years | | |
| Total | **13,962.99** | 54,612.99 |

**5. Fixed Assets**

| Item | Beginning balance | Current period Increases | Current period Decreases | Ending balance |
|---|---|---|---|---|
| 1. Original Cost | 27,369.20 | | 2,050.00 | **25,319.20** |
| Electronic equipment | 27,369.20 | | 2,050.00 | **25,319.20** |
| 2. Accumulated amortisation | 13,892.79 | 5,119.68 | | **19,012.47** |
| Electronic equipment | 13,892.79 | 5,119.68 | | **19,012.47** |
| 3. Impairment provision | | | | |
| Electronic equipment | | | | |
| 4. Net book value | 13,476.41 | | | **6,306.73** |
| Electronic equipment | 13,476.41 | | | **6,306.73** |

6. **Accounts Payable**

| Item | Ending balance | Beginning balance |
|---|---|---|
| In 1 years ((Included 1 years ) | **776,773.00** | |
| 1-2 years (Included (2 years ) | | |
| 2-3 years ((Included 3 years ) | | |
| More than 3 years | | |
| Total | **776,773.00** | |

7. **Wages and salaries unpaid**

| Item | Beginning balance | Current period Increases | Current period Decreases | Ending balance |
|---|---|---|---|---|
| 1. Wages, bonuses, allowances and subsidies | 47,057.17 | 515,572.04 | 562,629.21 | |
| 2. Employee benefit expenses | | | | |
| Total | 47,057.17 | 515,572.04 | 562,629.21 | |

8. **Tax unpaid**

| Item | Beginning balance | This year should pay | This year has been submitted | Ending balance |
|---|---|---|---|---|
| Business Tax | 9,030.00 | 82,417.00 | 91,447.00 | |
| Value added tax | | 28,019.35 | | **28,019.35** |
| Personal income tax | 12,305.00 | 147,759.96 | 147,759.96 | **12,305.00** |
| Urban construction and maintenance tax | 632.10 | 7,730.55 | 6,040.10 | **2,322.55** |
| Education surcharge | 270.90 | 5,521.82 | 4,752.95 | **1,039.77** |
| Total | 22,238.00 | 271,448.68 | 250,000.01 | **43,686.67** |

9. **Other outstanding payments**

| Item | Ending balance | | Beginning balance | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| In 1 years (1 years ) | **48,829.63** | **100.00** | 3,173,342.15 | 100.00 |
| 1-2 years (2 years ) | | | | |
| 2-3 years (3 years ) | | | | |
| More than 3 years | | | | |
| Total | **48,829.63** | **100.00** | 3,173,342.15 | 100.00 |

10. **Paid- in capital**

| Investor Name | Beginning balance | | Current period Increases | Current period Decreases | Ending balance | |
|---|---|---|---|---|---|---|
| | Amount of investment | Proportion (%) | | | Amount of investment | Proportion (%) |
| Total | 3,314,450.50 | 100.00 | 127,095.52 | | **3,441,546.02** | **100.00** |
| Tech M India | 3,314,450.50 | 100.00 | 127,095.52 | | **3,441,546.02** | **100.00** |

**11. Capital reserve fund0**

| Item | Beginning balance | Current period Increases | Current period Decreases | Ending balance |
|---|---|---|---|---|
| Share premium | | 0 | | **0** |
| Other Capital reserve fund | | | | |
| Total | | 0 | | **0** |

**12. Undistributed profit**

| Item | Amount of this year | Amount of last year |
|---|---|---|
| Opening balance | **(5,319,913.05)** | (6,076,413.16) |
| Current period Additions | **3,226,743.70** | 756,500.11 |
| Including: Transfer of net profits of this year | **3,226,743.70** | 756,500.11 |
| Other adjusting factors | | |
| Current period Disposals | | |
| Including: accrued surplus reserves of this year | | |
| Accrued general risks reserve of this year | | |
| Distributed cash dividend of this year | | |
| Transfer increased capital | | |
| Other decreased items | | |
| Closing balance | **(2,093,169.35)** | (5,319,913.05) |

**13. Operating revenues and operating cost**

| Items | Current year cumulative | | Last year cumulative | |
|---|---|---|---|---|
| | Operating Revenues | Operating Cost | Operating Revenues | Operating Cost |
| 1. Subtotal of main businesses | **2,582,318.04** | | 3,160,500.36 | 776,773.00 |
| Income of main businesses | **2,582,318.04** | | 3,160,500.36 | 776,773.00 |
| 2. Subtotal of other businesses | | | | |
| Income of other businesses | | | | |
| **Total** | **2,582,318.04** | | **3,160,500.36** | **776,773.00** |

**14. Non-operating income**

| Item | Current year cumulative | Last year cumulative |
|---|---|---|
| Other profit | **3,159,251.00** | |
| Total | **3,159,251.00** | |

**15. Non-operating expense**

| Item | Current year cumulative | Last year cumulative |
|---|---|---|
| Fines spending | **797.32** | |
| Other profit | | 24,668.77 |
| Total | **797.32** | 24,668.77 |

**VIII. Contingent Events**

Without the contingent event this year.

**IX. Events after the balance sheet date**

Without the need for disclosure of events after the balance sheet date this year.

**X. Related Party and Transactions**

Without the related party and transactions this year.

**XI. The transfer and sale of important assets**

The year without the significant transfers of assets and sell.

**XII. Enterprise merger, spin-off items**

Without a merger, division and other matters this year.

**XIII. Exchange of non-monetary assets and debt restructuring**

This year only monetary assets exchange and debt restructuring.

**XIV. Other significant matters**

No other significant matters required to explain this year.

**XV. Financial statements for approval**

The annual financial statements have been approved by the board of directors of the company.

**XVI. Other contents to be disclosed as per the related financial accounting and system**

Other contents requiring no disclosure this year.

**TECH MAHINDRA (BEIJING) IT SERVICES LIMITED**

**Febrary 25, 2013**

## Foreign rights and interests of foreign-invested enterprises confirmation form audit report

## TECH MAHINDRA (BEIJING) IT SERVICES LIMITED:

We have audited the accompanying TECH MAHINDRA (BEIJING) IT SERVICES LIMITED. (hereinafter referred to as the Company) 2012 year foreign-invested enterprises the foreign interests confirmation table. In accordance with the relevant provisions of the foreign exchange management, true and complete preparation of foreign-invested enterprises in foreign interests confirmation form is the responsibility of the Company's management. While our responsibility is to perform the audit work on the basis of the foreign interests of foreign-invested enterprises confirmation form whether in all material respects, in accordance with the relevant requirements of the national foreign exchange management audit conclusions. We are not provide assurance to the Company's foreign exchange balance behaviour compliance.

We perform the audit work in accordance with the "foreign-invested enterprises by the Chinese Institute of CPAs guidance" which developed by the Chinese Institute of CPAs. In the audit process, we ask to check the records and documents, recalculations and other procedures as we considered necessary. We believe that our audit provides a reasonable basis for the audit conclusions.

We believe that the the foreign interests confirmation table of the foreign-invested enterprises in all material respects comply with the requirements of the national foreign exchange management.

This report is intended for your confirmation form submitted to the foreign interests of foreign-invested enterprises to the national foreign exchange management departments, and may not be used for any other purpose.

Beijing Zhong Sheng Jia Hua

Certified Public Accountants Co. Ltd.

Beijing China

Chinese Institute of Certified Public Accountant: Wu Bo

Chinese Institute of Certified Public Accountant: He Liping

February 25, 2013

## Foreign Rights and Interests of Foreign-invested Enterprises Confirmation Form

**Prepared by : TECH MAHINDRA (BEIJING) IT SERVICES LIMITED Fill time: Feb 25, 2013**

| **Organization Code : 66690378-3** | **Unit: RMB Yuan** | |
|---|---|---|
| **Indicators** | **Beginning** | **Ending** |
| 1. The actual investment of the foreign investor | 3,314,450.50 | 3,441,546.02 |
| Of which: foreign real to the registered capital | 3,314,450.50 | 3,441,546.02 |
| 2. Amount of reserve and retained earnings of foreign enjoyed | **(5,319,913.05)** | **(2,080,529.67)** |
| 2.1 Capital reserve | | 12,639.68 |
| 2.2 Surplus reserve | | |
| 2.3 Undistributed profit | (5,319,913.05) | (2,093,169.35) |
| 3. Foreign dividend that allocated but not yet exported outside | | |
| 4. Foreign currency account balances (Including regular items and capital items) | 4,746.85 | 142,988.78 |

Note:

1. This year has been to export the amount of foreign profits is: 0.00Yuan.
2. The external guarantees new adding amount is 0.00 U.S.dollars this year, reducing amount of the guarantee is 0.00 U.S. dollars, year-end balance is USD 0.00.

Person in charge of the unit : Mr. Jagdish Mitra

Person in charge of accounting department: Mr. Ashish Kabra

Lister : Sunjing

# VENTURBAY CONSULTANTS PRIVATE LIMITED

**Board of Directors**

Mr. Vineet Nayyar - Chairman

Mr. Milind Kulkarni

Mr. Ulhas N. Yargop

**Registered Office**

Sharda Centre,
Off Karve Road,
Pune - 411 004

**Bankers**

HSBC Bank

**Auditors**

Deloitte Haskins & Sells

Chartered Accountants

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Ninth Annual Report together with the audited Accounts of your Company for the year ended March 31, 2013.

**FINANCIAL RESULTS**

(₹ in Thousands)

| For the year ended March 31 | 2013 | 2012 |
|---|---|---|
| Total Income | **NIL** | NIL |
| Loss for the year before Tax | **698** | 679 |
| Provision for Tax | **NIL** | NIL |
| Loss for the year | **698** | 679 |
| Loss brought forward from the previous years | **711,291** | 710,612 |
| Loss carried to Balance Sheet | **711,989** | 711,291 |

**DIVIDEND**

In view of the losses, your Directors do not recommend any dividend for the year under review.

**DIRECTORS**

Mr. Vineet Nayyar retires by rotation and being eligible, offer himself for reappointment.

**PUBLIC DEPOSITS AND LOANS/ADVANCES**

The Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company - Tech Mahindra Limited.

**UPDATE ON AMALGAMATION OF THE COMPANY WITH TECH MAHINDRA LIMITED**

Hon'ble Bombay High Court has passed an order dated September 28, 2012 approving the Scheme of Amalgamation and Arrangement (the "Scheme"). The Scheme is pending for approval of the Hon'ble Andhra Pradesh High Court.

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

In view of the nature of activities that are being carried on by your Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively are not applicable to your Company.

**PARTICULARS OF EMPLOYEES AS REQUIRED BY SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER**

The Company had no employee who was in receipt of remuneration of not less than ₹ 6,000,000 during the year ended 31st March, 2013 or not less than ₹ 500,000 per month during any part of the said year.

**AUDITORS**

M/s. Deloitte Haskins & Sells, Chartered Accountants, the Auditors of your Company, hold office upto the conclusion of forthcoming Annual General Meeting of the Company and have given their consent for re-appointment. The shareholders will be required to elect auditors for the current year and fix their remuneration. Your Company has received a written confirmation from M/s. Deloitte Haskins & Sells to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224(1B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. Deloitte Haskins & Sells as the Auditors of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the loss of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors are thankful for the co-operation and assistance received from bankers, regulatory and Governmental authorities and its shareholders and look forward to their continued support in the future.

For and on behalf of the Board

Place: New Delhi — Vineet Nayyar
Date: May 17, 2013 — Chairman

# INDEPENDENT AUDITORS' REPORT

**To the Members of**
**Venturbay Consultants Private Limited**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of VENTURBAY CONSULTANTS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st 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 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 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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. 117366W)

Place: Pune
Dated: 17th May, 2013

**Hemant M. Joshi**
Partner
Membership No. 38019

**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/ activities/ results during the year, clauses (ii), (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the company.

(ii) In respect of its fixed asset:

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

b) The fixed asset was 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 discrepancies were noticed on such verification.

c) The Company has not disposed off any fixed asset during the year. Accordingly sub clause (c) of Clause (i) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

(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 an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services and during the course of our audit we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register referred to in Section 301 of the Companies Act, 1956.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(vii) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Accordingly, the provisions of Clause (viii) of paragraph 4 of Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

(ix) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed dues in respect of Tax Deducted at Source with the appropriate authorities.As explained to us, the Company did not have any dues in respect of Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) There are no dues of Sales tax, Income tax, Customs duty, Wealth Tax, Service tax, Excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute.

(x) The accumulated losses of the Company at the end of the financial year are not more than fifty percent of its Net Worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the year nor any debentures are outstanding as of the year end. There are no dues payable to banks or financial institutions.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) 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.

(xiv) The Company has not availed any term loans during the year.

(xv) 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 funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

(xvi) According to the information and explanations given to us, 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.

(xvii) According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xviii) As informed to us, during the period covered by our audit report, the Company has not raised any money by public issues.

(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117366W)

Place: Pune
Dated: 17th May, 2013

**Hemant M. Joshi**
Partner
Membership No. 38019

# Balance Sheet as at March 31, 2013

**₹ in Thousands**

| | | | Note | | **March 31, 2013** | March 31, 2012 |
|---|---|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES** | | | | | |
| **1** | **Shareholders' funds** | | | | | |
| | (a) | Share capital | 2 | **304,723** | | 304,723 |
| | (b) | Reserves and surplus | 3 | **29,414,249** | | 29,414,947 |
| | | | | | **29,718,972** | 29,719,670 |
| **2** | **Current liabilities** | | | | | |
| | (a) | Trade payables | 4 | | **562** | 562 |
| | | | | | **29,719,534** | 29,720,232 |
| **II.** | **ASSETS** | | | | | |
| | **Non-current assets** | | | | | |
| 1 | (a) | Fixed assets | 5 | | | |
| | (i) | Tangible assets | | | **1,252** | 1,252 |
| | (b) | Non-current investments | 6 | **29,695,331** | | 29,695,331 |
| | (c) | Long-term loans and advances | 7 | **22,228** | | 22,228 |
| | | | | | **29,717,559** | 29,717,559 |
| | | | | | **29,718,811** | 29,718,811 |
| **2** | **Current assets** | | | | | |
| | (a) | Cash and cash equivalents | 8 | | **723** | 1,421 |
| | | | | | **29,719,534** | 29,720,232 |
| See accompanying notes to the financial statements | | | 1 To 21 | | | |

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Hemant M. Joshi
Partner
Place : Pune
Date : 17th May, 2013

**For Venturbay Consultants Private Limited**

Sonjoy Anand
Director

Milind Kulkarni
Director

Place : Delhi
Date : 17th May, 2013

# Statement of Profit and Loss for the year ended March 31, 2013

**₹ in Thousands**

| | | Note | **March 31, 2013** | March 31, 2012 |
|---|---|---|---|---|
| **I** | **Income:** | | | |
| | Other income | | **-** | - |
| | Total Income | | **-** | - |
| **II** | **Expenses:** | | | |
| | Operating and other expenses | 9 | **698** | 679 |
| | Total expenses | | **698** | 679 |
| **III** | Loss before tax (I-II) | | **(698)** | (679) |
| **IV** | Tax expense: | | | |
| | (1) Current tax | | **-** | - |
| | (2) Deferred tax | | **-** | - |
| **V** | Deficit in statement of Profit and Loss (III-IV) | | **(698)** | (679) |
| | Loss per share in ₹ (Refer Note 14 ) | | | |
| | (1) Basic | | **0.02** | 0.02 |
| | (2) Diluted | | **0.02** | 0.02 |
| | **See accompanying notes to the financial statements** | 1 To 21 | | |

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Hemant M. Joshi
Partner
Place : Pune
Date : 17th May, 2013

**For Venturbay Consultants Private Limited**

Sonjoy Anand
Director

Milind Kulkarni
Director

Place : Delhi
Date : 17th May, 2013

# Cash Flow Statement for the year ended March 31, 2013

**₹ in Thousands**

| | | Note | **March 31, 2013** | March 31, 2012 |
|---|---|---|---|---|
| **A** | **Cash flow from operating activities** | | | |
| | Net Loss Before Taxation | | **(698)** | (679) |
| | Operating (Loss)/Profit Before Working Capital Changes | | | |
| | Adjustments for : | | | |
| | Long-Term Loans and Advances | - | | 1 |
| | Trade and Other Payables | - | **-** | 12 |
| | Cash Used in Operations | | **-** | 13 |
| | Net cash used in operating activities | | **(698)** | (666) |
| **B** | **Cash flow from investing activities** | | **-** | - |
| **C** | **Cash Flow From Financing Activities** | | | |
| | Proceeds from Issue of Equity Shares (net of Share Issue Expenses) | | **-** | - |
| | Net Cash From / (Used In) Financing Activities | | **-** | - |
| | Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | | **(698)** | (666) |
| | Cash and Cash Equivalents at the Beginning of the Year | | **1,421** | 2,087 |
| | Cash and Cash Equivalents at the End of the Year | | **723** | 1,421 |

**Note :**

1 Components of cash and cash equivalents includes Bank balances in current accounts as disclosed under

| | **March 31, 2013** | March 31, 2012 |
|---|---|---|
| **Cash and cash equivalents :** | | |
| Cash and Bank Balances | **723** | 1,421 |
| Less Fixed Deposits with Original Maturity Over Three Months | **-** | - |
| Total Cash and Cash Equivalents | **723** | 1,421 |

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Hemant M. Joshi
Partner

Place : Pune
Date : 17th May, 2013

**For Venturbay Consultants Private Limited**

Sonjoy Anand
Director

Milind Kulkarni
Director

Place : Delhi
Date : 17th May, 2013

# NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013**

1. Significant Accounting Policies:

(a) Basis for preparation of accounts

The accompanying financial statements have been prepared to comply in all material aspects with generally applicable accounting principles in India, the Accounting Standards and the relevant provisions of the Companies Act, 1956.

(b) Fixed Assets including intangible assets:

Fixed assets are stated at cost less accumulated depreciation. Costs comprise of purchase price and attributable costs, if any.

(c) Depreciation / amortisation on fixed assets:

i) The Company computes depreciation for all fixed assets including for assets taken on lease using the straight-line method based on estimated useful lives. Depreciation is charged on a pro-rata basis for assets purchased or sold during the year. Management's estimate of the useful life of fixed assets is as follows:

| | |
|---|---|
| Buildings | 28 years |
| Computers | 3 years |
| Plant and Equipment | 5 years |
| Furniture and fixtures | 5 years |
| Vehicles | 5 years |
| Office Equipments | 5 years |

ii) Leasehold land is amortised over the period of lease.

iii) Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.

(d) Investments:

Long term investments are carried at cost. Provision is made to recognise a decline other than temporary in the carrying amount of long term investment. Current investments are carried at lower of cost and fair value.

(e) Impairment of Assets:

At the end of each period, the company determines whether a provision should be made for impairment loss on assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on ''Impairment of Assets''. Where the recoverable amount of any asset is lower than its carrying amount, a provision for impairment loss on assets is made for the difference. Recoverable amount is the higher of an assets 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 assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss if any, is recognised immediately as income in the Statement of Profit and Loss

(f) Revenue Recognition:

Revenue from software services and business process outsourcing services include revenue earned from services performed on 'time and material' basis, time bound fixed price engagements and system integration projects. The related revenue is recognized as and when services are rendered.

(g) Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

## Schedules forming part of the Balance Sheet

**Note 2 : Share Capital**

₹ in Thousands

| | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | **Number** | **₹** | Number | ₹ |
| **Authorised** | | | | |
| Equity Shares of ₹10/- each | **35,000,000** | **350,000** | 35,000,000 | 350,000 |
| **Issued, Subscribed & Paid up** | | | | |
| Equity Shares of ₹10/- each Fully Paid up. | **30,472,300** | **304,723** | 30,472,300 | 304,723 |
| | **30,472,300** | **304,723** | 30,472,300 | 304,723 |

**Disclosure pursuant Part I of Schedule VI to the Companies Act, 1956**

**Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

₹

| **Particulars** | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **Equity Shares** | | Equity Shares | |
| | **Number** | **₹** | Number | ₹ |
| Shares outstanding at the beginning of the year | **30,472,300** | **304,723,000** | 30,472,300 | 304,723,000 |
| Shares Issued during the year | **-** | **-** | - | - |
| Shares outstanding at the end of the year | **30,472,300** | **304,723,000** | 30,472,300 | 304,723,000 |

No of shares held by each shareholder holding more than 5 percent equity shares of the company are as follows:

| **Name of Shareholder** | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **No. of Shares held** | **% of Holding** | No. of Shares held | % of Holding |
| Tech Mahindra Limited | **30,472,300** | **100** | 30,472,300 | 100 |

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share.

**Note 3: Reserves and Surplus**

₹ in Thousands

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| a. Securities Premium Reserve | | |
| Opening Balance | **30,126,238** | 30,126,238 |
| Add : Received during the year | **-** | - |
| | **30,126,238** | 30,126,238 |
| b. Statement of Profit and Loss | | |
| Opening balance | **(711,291)** | (710,612) |
| (+) Deficit in statement in profit and loss | **(698)** | (679) |
| Closing Balance | **(711,989)** | (711,291) |
| | **29,414,249** | 29,414,947 |

**Note 4: Trade Payables**

₹ in Thousands

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Trade Payables (refer note 15) | **562** | 562 |
| | **562** | 562 |

**NOTE 5: FIXED ASSETS**

₹ **in Thousands**

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Description of Assets | Cost as at April 01, 2012 | Additions during the year | Deductions during the year | **Cost as at March 31, 2013** | As at April 01, 2012 | Additions during the year | Deductions during the year | **Upto March 31, 2013** | **As at March 31, 2013** | As at March 31, 2012 |
| **Tangible Fixed Assets :** | | | | | | | | | | |
| Freehold Land | 1,252 | - | - | **1,252** | - | - | - | - | **1,252** | 1,252 |
| **Total** | 1,252 | - | - | **1,252** | - | - | - | - | **1,252** | 1,252 |
| Previous year | 1,252 | - | - | 1,252 | - | - | - | - | 1,252 | |
| | | | | | | | | Total | **1,252** | 1,252 |

**Note 6 : Non Current Investments**

₹ **in Thousands**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Long Term: Quoted: (at cost) Trade; Investment in Associate Co.** | | |
| 501,843,740 (Previous year 501,843,740) equity shares of Satyam Computer Services Limited of ₹ 2/- each, fully paid up Percentage of Holding : 42.63% (refer note 16 ) | **29,695,331** | 29,695,331 |
| | **29,695,331** | 29,695,331 |

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Aggregate amount of quoted investments | **29,695,331** | 29,695,331 |
| Market value of quoted investments | **64,436,736** | 40,448,605 |
| Aggregate amount of unquoted investments | **-** | - |
| Aggregate amount of provision for diminution in value of investments | **-** | - |

**Note 7: Long-term loans and advances**

₹ **in Thousands**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Unsecured, considered good unless otherwise stated | | |
| a. Tax Deducted at Source | **22,228** | 22,228 |
| | **22,228** | 22,228 |

**Note 8: Cash and Cash equivalents**

₹ **in Thousands**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Balances with Banks | **723** | 1,421 |
| | **723** | 1,421 |

**Note 9: Operating and Other expenses**

₹ **in Thousands**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Auditors Remuneration (refer note 12) | **674** | 624 |
| Professional and Legal Fees | **24** | 55 |
| | **698** | 679 |

10. The Company did not have any employee on payroll during the year ended March 31, 2013 and therefore the disclosure as required under Accounting Standard 15 on 'Employees Benefits' (AS-15) is not applicable for the year ended March 31, 2013.

11. For the year ended March 31, 2013 Company had no operating income, hence the disclosure of information as required under Accounting Standard 17 on 'Segmental reporting (AS - 17)' is not required.

12. Payment to Auditors*:

₹ in Thousands

| **Particulars** | **For the year ended 31st March 2013** | **For the year ended 31st March 2012** |
|---|---|---|
| Audit Fees | **500** | 500 |
| Other Services | **100** | 100 |
| Total | **600** | 600 |

* Excluding Service Tax

13. As required under Accounting Standard 18 "Related Party Disclosures" (AS – 18), following are details of transactions for the year ended March 31, 2013 with the related parties of the Company as defined in AS – 18:

(a) List of Related Parties and Relationships

| **Name of Related Party** | **Relation** |
|---|---|
| Mahindra & Mahindra Ltd. | Promoter of the holding company holding more than 20% stake and having significant influence |
| Tech Mahindra Limited | Holding Company |
| Tech Mahindra (Americas) Inc, USA | Fellow Subsidiary Company |
| Tech Mahindra GmbH | Fellow Subsidiary Company |
| Tech Mahindra (Singapore) Pte Ltd. | Fellow Subsidiary Company |
| Tech Mahindra (Thailand) Ltd. | Fellow Subsidiary Company |
| PT Tech Mahindra Indonesia | Fellow Subsidiary Company |
| CanvasM Technologies Ltd. | Fellow Subsidiary Company |
| CanvasM (Americas) Inc (refer note 1 below) | Fellow Subsidiary Company |
| Tech Mahindra (Malaysia) SDN. BHD | Fellow Subsidiary Company |
| Tech Mahindra (Beijing) IT Services Ltd. | Fellow Subsidiary Company |
| Tech Mahindra Foundation | Fellow Subsidiary Company |
| Tech Mahindra (Bahrain) Ltd. SPC | Fellow Subsidiary Company |
| Tech Mahindra (Nigeria) Ltd. | Fellow Subsidiary Company |

| Name of Related Party | Relation |
|---|---|
| Tech Mahindra Brazil Servicecos De Informatica Ltd (refer note 4 below) | Fellow Subsidiary Company |
| Mahindra Logisoft Business Solutions Limited | Fellow Subsidiary Company |
| Tech Talenta Inc., USA | Fellow Subsidiary Company |
| Hutchison Global Services Limited (refer note 2 below) | Fellow Subsidiary Company |
| Comviva Technologies Limited (refer note 3 below) | Fellow Subsidiary Company |
| Comviva Technologies Inc. (refer note 3 below) | Fellow Subsidiary Company |
| Comviva Technologies Nigeria Ltd. (refer note 3 below) | Fellow Subsidiary Company |
| Comviva Technologies Pte Ltd. (refer note 3 below) | Fellow Subsidiary Company |
| Comviva Technologies FZ-LLC Ltd. (refer note 3 below) | Fellow Subsidiary Company |
| Tech Mahindra South Africa (Pty) Ltd. (refer note 5 below) | Fellow Subsidiary Company |
| Satyam Computer Services Limited | Associate company |

**Notes**

1) Merged with Tech Mahindra (Americas) Inc, USA wef 1 September 2012
2) W.e.f. 4th September 2012 and converted into Public Limited w.e.f. 27th December 2012.
3) W.e.f. 13th December 2012.
4) Closed w.e.f 18th December 2012
5) W.e.f. 20th March 2013.

b) Related party transactions for the year ended March 31, 2013.

₹ in Thousands

| Transactions | Holding Company |
|---|---|
| **Reimbursement:**<br>Tech Mahindra Limited | 69 |
| Debit / (Credit) balances (Net) outstanding as on March 31, 2013: | - |
| Tech Mahindra Limited | [-] |

Figures in brackets "[ ]"are for the previous year ended March 31, 2012

14. Earnings per share is calculated as follows:

₹ in Thousands except earnings per share

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Deficit in statement of Profit and Loss** | **698** | 679 |
| Equity Shares outstanding as at the end of the year (in nos.) | **30,472,300** | 30,472,300 |
| Weighted average Equity Shares outstanding as at the end of the year (in nos.) | **30,472,300** | 30,472,300 |
| **Weighted average number of Equity Shares used as denominator for calculating Basic Earning Per Share** | **30,472,300** | 30,472,300 |
| Add: Diluted number of Shares | **-** | - |
| **Weighted average Number of Equity Shares used as denominator for calculating Diluted Earning Per Share** | **30,472,300** | 30,472,300 |
| Nominal Value per Equity Share (₹) | **10** | 10 |
| **Loss Per Share** | | |
| Loss Per Share (Basic) (₹) | **0.02** | 0.02 |
| Loss Per Share (Diluted) (₹) | **0.02** | 0.02 |

15. Based on the information available with the Company, no creditors have been identified as "supplier" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act 2006".

16. The Board of directors of Satyam Computer Services Limited (Satyam) on April 13, 2009 selected the Company as the highest bidder to acquire a controlling stake in Satyam Computer Services Limited and upon the Honorable Company Law Board's approval on April 16, 2009, the Company was declared as the winning bidder. The Company had deposited a sum of ₹ 29,106,937 Thousands in April 2009 in escrow account to cover the cost of 31% preferential equity issue by Satyam and 20% open offer.

 The 31% (302,764,327 equity shares) equity shares were allotted on May 05, 2009 to the Company. The letter of offer for balance 20% open offer was filed with Securities and Exchange Board of India on May 06, 2009 and the tender offer was filed with Securities Exchange Commission (SEC) on June 08, 2009. A total 420,915 shares were validly tendered by the Indian and American Depository Shares (ADS) upon the closure of the offer and these shares were transferred to the Company on July 10, 2009. Further on July 10, 2009, Satyam made a preferential allotment of 198,658,498 additional shares to the Company after the approval by the Honorable Company Law Board on July 06, 2009. Consequently, the Company holds equity shares 501,843,740, which is 42.63%, as on March 31, 2013.

 As per the share subscription agreement dated April 13, 2009, these investments have lock-in period of three years from the date of allotment.

17. The company has incurred expenditure of ₹ 588,394 Thousands on acquisition of shares in Satyam and the same has been added to the cost of investment.

18. No provision for current income tax under the provisions of the Income-tax Act, 1961 is made since in the opinion of the company there is no taxable income.

 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", (AS 22), Deferred tax asset in respect of carry forward losses is not recognised in view of no virtual certainty of future taxable income.

19. The company has exercised the option given vide notification number G.S.R. 225 (E) dated March 31, 2009 issued by the

Ministry of Corporate Affairs, Government of India on provisions of Accounting Standard 11, however this does not have any impact on the financial statements, as the Company does not have any long term foreign currency monetary items.

20. The Board of Directors of the Tech Mahindra Ltd in their meeting held on March 21, 2012 have approved the “Scheme of Amalgamation and Arrangement (the “Scheme”) which provides for the amalgamation of Venturbay Consultants Private Limited (Venturbay),Satyam Computer Services Limited(MSAT), C&S System Technologies Private Limited(C&S), Mahindra Logisoft Business Solutions Limited (Logisoft) and CanvasM Technologies Limited(CanvasM) with Tech Mahindra Limited (Tech M) under sections 391 to 394 read with sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956. The Scheme also provides for the consequent reorganization of the securities premium of Tech M.The Appointed date of the Scheme is April 1, 2011.

    The Board of Directors of Tech M has recommended to issue 2 fully paid up Equity Shares of ₹ 10 each of Tech M for every 17 fully paid Equity Shares of ₹ 2 each of MSAT. As the other amalgamating companies are wholly owned by TechM/MSAT, no shares would be issued to shareholders of these companies.

    The Bombay Stock Exchange and the National Stock Exchange have conveyed to TechM, their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme. TechM has also received approval of Competition Commission of India for the said Scheme. The Scheme was approved by the requisite majority of the equity shareholders of TechM and MSAT in the court convened meetings held on 7th June 2012 and 8th June 2012 respectively. A separate Special Resolution was also passed at the above mentioned meeting of the equity shareholders of TechM held on 7th June 2012, whereat the requisite majority of the equity shareholders approved the reduction of its securities premium account.

    Thereafter, TechM, Venturbay, C&S, Logisoft and CanvasM had filed Petitions on 25th June 2012 respectively with the Honorable Bombay High Court seeking approval for the proposed Scheme. The Petitions were admitted by the Honorable Bombay High Court on 20th July 2012. The Honorable Bombay High Court has approved the Scheme of Amalgamation and passed an order to that effect on 28th September 2012. MSAT had filed its Petition on 27th June 2012 with the Honorable High Court of Andhra Pradesh, and the said petition was admitted on 9th July 2012.

    The merger is effective only on the last of the dates on which the certified copies of the orders of the High Court of Judicature at Bombay and the High Court of Judicature at Andhra Pradesh are filed with the Registrar of Companies (‘ROC’), Mumbai and Pune, Maharashtra, and the ROC, Hyderabad, Andhra Pradesh respectively; and as the Approvals of High Court of Judicature at Andhra Pradesh is yet to be received, the effect of the merger is not considered in the financial statements.

21. Previous year figures have been regrouped and reclassified wherever necessary.

**For Venturbay Consultants Private Limited**

| | | |
|---|---|---|
| Place : Delhi | Sonjoy Anand | Milind Kulkarni |
| Date : 17th May 2013. | Director | Director |

# MAHINDRA LOGISOFT BUSINESS SOLUTIONS LIMITED

**Board of Directors**

Mr. Vineet Nayyar - Chairman

Mr. Ulhas N. Yargop

Mr. Atanu Sarkar

Mr. Anil Khatri

**Registered Office**

Gateway Building,
Apollo Bunder,
Mumbai - 400 001

**Bankers**

ICICI Bank Limited

**Auditors**

Deloitte Haskins & Sells

Chartered Accountants

# DIRECTORS' REPORT

Your Directors present their Fourteenth Report together with the audited accounts of your Company for the year ended March 31, 2013.

**Financial Results**

**(₹ in Millions)**

| Particulars | **2013** | 2012 |
|---|---|---|
| Income | **72.33** | 64.67 |
| Profit before Depreciation | **17.13** | 19.68 |
| Depreciation | **(0.37)** | (0.20) |
| Profit before tax | **16.76** | 19.48 |
| Provision for tax | **4.23** | 0.68 |
| Profit after tax | **12.53** | 18.81 |
| Balance/(Loss) brought forward from the previous years | **(4.85)** | (23.66) |
| Profit/(Loss) carried forward | **7.68** | (4.86) |

**Operations**

Your Company's gross revenue for the year was ₹ 72.33 Million, an increase of 12% over the previous year. The Profit After Tax is ₹ 12.53 Million, reduction of 33% over the previous year. The Company continued to focus on Dealership Management Systems, Applications Management Services and Infrastructure management (computers and peripherals).

**Dividend**

Your Directors do not recommend any dividend for the year under review.

**Current Year**

Your Company will continue to focus on Dealership Management Systems and Applications Management Services. The Company continues to be cautiously optimistic of growth in revenue and profit.

**Update on amalgamation of the Company with Tech Mahindra Limited**

Hon'ble Bombay High Court has passed an order dated September 28, 2012 approving the Scheme of Amalgamation and Arrangement (the "Scheme"). The Scheme is pending for approval of the Hon'ble Andhra Pradesh High Court.

**Directors**

Mr. Ulhas N. Yargop and Mr. Atanu Sarkar retires by rotation, and being eligible, offers themselves for re-appointment.

**Directors' Responsibility Statement**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. as mentioned in the Notes on Accounts, the annual accounts have been prepared on a going concern basis.

**Auditors**

Messrs Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members will be required to appoint Auditors for the current year and fix their remuneration. As required under the provisions of section 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from Messrs Deloitte Haskins & Sells, Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

**Code of Conduct**

The Company had adopted Code of Conduct for Corporate Governance ("the Code") for its Directors and Senior Management Personnel and Employees. The Code enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members and the Senior Management Personnel and Employees of the Company affirming compliance with the Code.

**Public Deposits and Loans/Advances**

The Company has not accepted any deposits from the public or its employees during the year under review.

**Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

**Particulars of employees as required under section 217(2A) of the Companies Act, 1956 and Rules framed thereunder**

The Company had no employee who was in receipt of remuneration of not less than ₹ 6,000,000 during the year ended March 31, 2013 or not less than ₹ 500,000 per month during any part thereof.

**Acknowledgements**

Your Directors are thankful for the co-operation and assistance received from bankers, regulatory and Governmental authorities, employees at all levels and its shareholders and look forward to their continued support in the future.

**For and on behalf of the Board**

| | | |
|---|---|---|
| Place : New Delhi | **Vineet Nayyar** | **Atanu Sarkar** |
| Date : May 17, 2013 | Director | Director |

# ANNEXURE TO THE DIRECTORS' REPORT

**PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2013.**

**A. CONSERVATION OF ENERGY**

a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

c) Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in relatively reduced Energy consumption.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of industries specified in the schedule: Not Applicable.

**B. TECHNOLOGY ABSORPTION**

Research & Development (R & D)

1. Areas in which Research & Development is carried out: None
2. Benefits derived as a result of the above efforts: Not Applicable
3. Future plan of action: None
4. Expenditure on R & D: Nil
5. Technology absorption, adaptation and innovation: None
6. Imported Technology for the last 5 years: None

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The foreign exchange earnings of your Company during the year were ₹ Nil (Previous Year ₹ Nil) while the outgoings were ₹ Nil (Previous Year ₹ Nil).

**For and on behalf of the Board**

| | | |
|---|---|---|
| Place : New Delhi | **Vineet Nayyar** | **Atanu Sarkar** |
| Date : May 17, 2013 | Director | Director |

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF**
**MAHINDRA LOGISOFT BUSINESS SOLUTIONS LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA LOGISOFT BUSINESS SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st 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 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 31st 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Place: Mumbai
Date : May 17, 2013

**Rajesh K Hiranandani**
Partner
(Membership No. 36920)

# 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/ activities/result, clauses (ii), (vi), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 listed 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 an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of software licenses and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

(v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

(vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax and other material statutory dues applicable to the Company, in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax and Service Tax which have not been deposited as on March 31, 2013 on account of dispute.

(viii) The company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year and in the immediately preceding financial year.

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

(x) To the best of our knowledge and according to the information and explanations given to us, no material 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
(Registration No. 117366W)

**Rajesh K Hiranandani**
Partner
(Membership No. 36920)

Place: Mumbai
Date : May 17, 2013

# Balance Sheet as at March 31, 2013

₹

| | | Note No. | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES :** | | | |
| | **1. SHAREHOLDERS' FUNDS :** | | | |
| | (a) Share Capital | 2 | **124,500,000** | 124,500,000 |
| | (b) Reserves and surplus | 3 | **7,677,594** | (4,855,341) |
| | **Total** | | **132,177,594** | 119,644,659 |
| | **2. NON-CURRENT LIABILITIES :** | | | |
| | Long-term provisions | 4 | **2,790,830** | 2,350,354 |
| | **3. CURRENT LIABILITIES :** | | | |
| | (a) Trade payables | | **282,533** | 1,237,154 |
| | (b) Other current liabilities | 5 | **1,139,984** | 521,110 |
| | (c) Short-term provisions | 6 | **1,031,560** | 1,191,804 |
| | | | **2,454,077** | 2,950,068 |
| | **Total** | | **137,422,501** | 124,945,081 |
| **II.** | **ASSETS** | | | |
| | **1. NON-CURRENT ASSETS :** | | | |
| | (a) Fixed assets | | | |
| | (i) Tangible assets | 7A | **1,062,035** | 883,709 |
| | (ii) Intangible assets | 7B | **-** | - |
| | | | **1,062,035** | 883,709 |
| | (b) Non-current investments | 8 | **3,000** | 3,000 |
| | (c) Deferred tax assets (net) | 9 | **1,253,083** | - |
| | (d) Long-term loans and advances | 10 | **20,212,492** | 19,557,992 |
| | (e) Other non-current assets | 11 | **2,704** | 2,704 |
| | **Total** | | **22,533,314** | 20,447,405 |
| | **2. CURRENT ASSETS :** | | | |
| | (a) Trade receivables | 12 | **19,138,852** | 10,488,591 |
| | (b) Cash and bank balances | 13 | **88,779,300** | 91,576,611 |
| | (c) Short-term loans and advances | 14 | **172,662** | 319,002 |
| | (d) Other current assets | 15 | **6,798,373** | 2,113,472 |
| | | | **114,889,187** | 104,497,676 |
| | **Total** | | **137,422,501** | 124,945,081 |
| | **Significant accounting policies** | 1 | | |
| | See accompanying notes forming part of the financial statements | 1 to 28 | | |

In terms of our report attached

**For Deloitte Haskins & Sells**
Chartered Accountants

**Rajesh K Hiranandani**
Partner

Mumbai : May 17, 2013

**For Mahindra Logisoft Business Solutions Limited**

**Ulhas N. Yargop**
Director

**Vineet Nayyar**
Director

**Atanu Sarkar**
Director

**Anil Khatri**
Director

**Sarang Deshpande**
Company Secretary

Pune : May 17, 2013

# Statement of Profit and Loss for the year ended March 31, 2013

₹

| | | Note No. | Current Year March 31, 2013 | Previous Year March 31, 2012 |
|---|---|---|---|---|
| I | **Revenue from operations** | 16 | **64,853,445** | 57,450,446 |
| II | **Other income** | 17 | **7,474,896** | 7,218,280 |
| III | **Total Revenue (I + II)** | | **72,328,341** | 64,668,726 |
| IV | **EXPENSES** | | | |
| | Employee benefits expense | 18 | **44,779,667** | 35,970,803 |
| | Depreciation and amortisation | | **368,687** | 198,941 |
| | Other expenses | 19 | **10,421,135** | 9,016,365 |
| | **Total Expenses** | | **55,569,489** | 45,186,109 |
| V | **Profit before tax (III - IV)** | | **16,758,852** | 19,482,617 |
| VI | **Tax Expenses** | | | |
| | (a) Current tax | | **5,479,000** | 3,898,472 |
| | (b) Less: MAT credit entitlement | | **-** | (3,221,424) |
| | (c) Net current tax expense | | **5,479,000** | 677,048 |
| | (d) Deferred tax | | **(1,253,083)** | - |
| | **Net tax expense** | | **4,225,917** | 677,048 |
| VII | **Profit for the period (V-VI)** | | **12,532,935** | 18,805,569 |
| | Basic and diluted earnings per equity share (nominal value of share ₹ 10) | 25 | **1.01** | 1.51 |
| | Significant accounting policies | 1 | | |
| | See accompanying notes forming part of the financial statements | 1 to 28 | | |

In terms of our report attached

**For Deloitte Haskins & Sells**
Chartered Accountants

**Rajesh K Hiranandani**
Partner

Mumbai : May 17, 2013

**For Mahindra Logisoft Business Solutions Limited**

**Ulhas N. Yargop**
Director

**Vineet Nayyar**
Director

**Atanu Sarkar**
Director

**Anil Khatri**
Director

**Sarang Deshpande**
Company Secretary

Pune : May 17, 2013

# Cash Flow Statement for the year ended March 31, 2013

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| | Particulars | For the year ended March 31, 2013 | | For the year ended March 31, 2012 | |
|---|---|---|---|---|---|
| **A** | **Cash Flow from operating activities** | | | | |
| | Net Profit before tax | | **16,758,852** | | 19,482,617 |
| | Adjustments for: | | | | |
| | Depreciation and amortisation | **368,687** | | 198,941 | |
| | Interest income | **(7,474,896)** | | (7,096,541) | |
| | | | **(7,106,209)** | | (6,897,600) |
| | Operating profit before working capital changes | | **9,652,643** | | 12,585,017 |
| | Changes in working capital: | | | | |
| | Adjustments for (increase) / decrease in operating assets: | | | | |
| | Trade receivables | **(8,650,262)** | | (5,661,463) | |
| | Short-term loans and advances | **146,339** | | (168,587) | |
| | Other current assets | **(5,060,369)** | | - | |
| | Long-term loans and advances | **(38,670)** | | (19,387) | |
| | | | **(13,602,962)** | | (5,849,437) |
| | Adjustments for increase / (decrease) in operating liabilities: | | | | |
| | Trade payables | **(954,621)** | | 930,333 | |
| | Other current liabilities | **618,874** | | (174,525) | |
| | Short-term provisions | **(160,244)** | | 442,158 | |
| | Long-term provisions | **440,476** | | 195,612 | |
| | | | **(55,515)** | | 1,393,578 |
| | | | **(13,658,477)** | | (4,455,859) |
| | Net income tax paid (net of refunds and adjustments) | | **(6,094,831)** | | (5,127,594) |
| | **Net cash flow used in operating activities** | | **(10,100,665)** | | 3,001,564 |
| **B** | **Cash flow from investing activities** | | | | |
| | Capital expenditure on fixed assets | **(547,011)** | | (663,468) | |
| | Interest received | **7,850,365** | | 6,827,197 | |
| | Deposits placed with banks other than considered in cash and cash equivalents | **-** | | (50,005,000) | |
| | **Net cash generated from investing activities** | | **7,303,354** | | (43,841,271) |
| **C** | **Cash flow from financing activities** | | **-** | | - |
| | **Net (decrease) / increase in cash and cash equivalents - (A+B+C)** | | **(2,797,311)** | | (40,839,707) |
| | **Cash and cash equivalents at the beginning of the year, comprising:** | | | | |
| | Balances with banks - In deposit accounts | | **41,571,611** | | 82,411,318 |
| | **Cash and cash equivalents at the end of the period, comprising:** | | | | |
| | Balances with banks: | | | | |
| | In deposit accounts | | **38,774,300** | | 41,571,611 |
| | Net (decrease) / Increase as disclosed above | | **(2,797,311)** | | (40,839,707) |

In terms of our report attached

**For Deloitte Haskins & Sells**
Chartered Accountants

**Rajesh K Hiranandani**
Partner

Mumbai : May 17, 2013

**For Mahindra Logisoft Business Solutions Limited**

**Ulhas N. Yargop**
Director

**Vineet Nayyar**
Director

**Atanu Sarkar**
Director

**Anil Khatri**
Director

**Sarang Deshpande**
Company Secretary

Pune : May 17, 2013

# Notes Forming part of the Financial Statements March 31, 2013

## 1. SIGNIFICANT ACCOUNTING POLICIES

### i. Basis for preparation of financial statements

The accounts have been prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

### ii. Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognised in the period in which the results are known / materialised.

### iii. Fixed assets

(a) Tangible Assets:

Tangible assets are stated at cost less depreciation. Costs comprise of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(b) Intangible Assets:

Software products are stated at initially incurred cost less accumulated amortisation.

### iv. Depreciation / amortisation on fixed assets

Depreciation on tangible assets is provided, pro-rata for its period of use, on the straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except on computer software and hardware which are amortised / depreciated over a period of four years and three years respectively, based on technical evaluation of their useful economic life.

### v. Revenue recognition

(a) Sale of software licenses and services are recognized when the services are rendered and no significant uncertainty as to determination of realisation exists.

(b) Interest income is recognised on a time proportion basis.

(c) Other income is recognised when no significant uncertainty as to determination or realisation exists.

### vi. Investments

Investments, all of which being long term, are stated at cost and provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

### vii. Taxation

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income-tax at normal rates during the specified period. The carrying amount of MAT credit entitlement is reviewed at each Balance Sheet date.

### viii. Employee Benefits

(a) Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

(b) Long term employee benefits:

(i) Defined Contribution plan

1. Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Employees Provident Fund Organisation. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to the Statement of Profit and Loss as incurred.

(ii) Defined benefit plan:

1. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company makes provision for gratuity based on an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

2. Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment /availment. The Company makes provision for compensated absences based on an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

## Notes Forming part of the Financial Statements March 31, 2013

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| | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| **NOTE 2** | **Number of shares** | **In ₹** | Number of shares | In ₹ |
| **SHARE CAPITAL:** | | | | |
| **Authorised** | | | | |
| Equity shares of ₹10/- each | **14,100,000** | **141,000,000** | 14,100,000 | 141,000,000 |
| **Issued, subscribed & paid-up** | | | | |
| Equity shares of ₹10/- each fully paid-up | **12,450,000** | **124,500,000** | 12,450,000 | 124,500,000 |
| | **12,450,000** | **124,500,000** | 12,450,000 | 124,500,000 |

**Note:**

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

| **Particulars** | **As at March 31, 2013** | | As at March 31, 2012 | |
|---|---|---|---|---|
| At the beginning of the year | **12,450,000** | **124,500,000** | 12,450,000 | 124,500,000 |
| Add: Issued during the year | **-** | **-** | - | - |
| Outstanding at the end of the year | **12,450,000** | **124,500,000** | 12,450,000 | 124,500,000 |

There is no movement in the share capital of the company during the year.

b) The entire equity shares are held by Tech Mahindra Limited, the holding company (including 6 equity shares held jointly). The Company has only one class of shares, namely, equity shares.

c) The equity share have rights, preferences and restrictions which are in accordance with the provision of law in particular the Companies Act,1956.

₹

| **Particulars** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **NOTE 3** | | |
| **RESERVES AND SURPLUS:** | | |
| **Surplus/(Deficit) in the Statement of Profit and Loss** | | |
| Balance as per last balance sheet | **(4,855,341)** | (23,660,910) |
| Profit for the year | **12,532,935** | 18,805,569 |
| **Closing balance** | **7,677,594** | (4,855,341) |
| **NOTE 4** | | |
| **LONG - TERM PROVISION** | | |
| Provision for employee benefits: | | |
| (i) Provision for gratuity (refer Note 24) | **1,449,877** | 1,010,941 |
| (ii) Provision for compensated absences | **1,340,953** | 1,339,413 |
| **Total** | **2,790,830** | 2,350,354 |

₹

| **Particulars** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **NOTE 5** | | |
| **OTHER CURRENT LIABILITIES** | | |
| Advances from customers | **34,806** | 22,901 |
| Employee accruals | **472,362** | 154,549 |
| Payables to statutory authorities | **632,816** | 343,660 |
| ( This includes statutory dues such as TDS, Service Tax, VAT, Provident Fund, ESI and Professional tax) | | |
| **Total** | **1,139,984** | 521,110 |
| **NOTE 6** | | |
| **SHORT-TERM PROVISIONS** | | |
| Provision for employee benefits: | | |
| (i) Provision for gratuity (refer Note 24) | **464,529** | 504,244 |
| (ii) Provision for compensated absences | **567,031** | 687,560 |
| **Total** | **1,031,560** | 1,191,804 |

# Notes Forming part of the Financial Statements March 31, 2013

**NOTE 7**
**FIXED ASSETS**

₹

| Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION AND AMORTISATION | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2012 | Additions | Balance as at March 31, 2013 | As at April 01, 2012 | For the year | Balance as at March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| **(A) Tangible assets** | | | | | | | | |
| Computers | 2,826,031 | 547,011 | 3,373,042 | 2,179,452 | 349,121 | 2,528,573 | 844,469 | (646,579) |
| | (2,162,563) | (663,468) | (2,826,031) | (2,000,077) | (179,375) | (2,179,452) | - | - |
| Furniture and fixtures | 1,150 | - | 1,150 | 1,150 | - | 1,150 | - | (-) |
| | (1,150) | - | (1,150) | (1,150) | - | (1,150) | | |
| Office equipment | 437,929 | - | 437,929 | 200,799 | 19,566 | 220,365 | 217,564 | (237,130) |
| | (437,929) | - | (437,929) | (181,233) | (19,566) | (200,799) | | |
| **Sub-total (A)** | **3,265,110** | **547,011** | **3,812,121** | **2,381,401** | **368,687** | **2,750,088** | **1,062,033** | (883,709) |
| | (2,601,642) | (663,468) | (3,265,110) | (2,182,460) | (198,941) | (2,381,401) | | |
| **(B) Intangible assets** | | | | | | | | |
| Computer software | 70,100 | - | 70,100 | 70,100 | - | 70,100 | - | (-) |
| | (70,100) | - | (70,100) | (70,100) | - | (70,100) | | |
| Sub-total (B) | 70,100 | - | 70,100 | 70,100 | - | 70,100 | - | - |
| | (70,100) | - | (70,100) | (70,100) | - | (70,100) | | |
| **Total (A) + (B)** | **3,335,210** | **547,011** | **3,882,221** | **2,451,500** | **368,687** | **2,820,188** | **1,062,033** | (883,709) |
| Previous year | (2,671,742) | (663,468) | (3,335,210) | (2,252,560) | (198,941) | (2,451,501) | | |

Figures in bracket pertains to previous year

₹

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **NOTE 8** | | |
| **NON-CURRENT INVESTMENTS** | | |
| **Non-trade (Unquoted - at cost):** | | |
| In Government securities | **3,000** | 3,000 |
| National Savings Certificate | | |
| (deposited with Sales Tax authorities) | | |
| **Total** | **3,000** | 3,000 |
| **NOTE 9** | | |
| **DEFERRED TAX ASSETS (NET)** | | |
| Depreciation | **12,717** | - |
| Provision for compensated absences and gratuity | **1,240,366** | - |
| **Total** | **1,253,083** | - |
| **NOTE 10** | | |
| **LONG-TERM LOANS AND ADVANCES (Unsecured, Considered good)** | | |
| Security deposits | **3,000** | 3,000 |
| Taxes paid less provision (Refer Note 26) | **14,980,302** | 12,238,917 |
| MAT credit entitlement | **5,155,871** | 7,281,424 |
| Balances with government authorities - VAT credit receivables | **73,319** | 34,651 |
| **Total** | **20,212,492** | 19,557,992 |

₹

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **NOTE 11** | | |
| **OTHER NON-CURRENT ASSETS** | | |
| Interest accrued on investment | **2,704** | 2,704 |
| **Total** | **2,704** | 2,704 |
| **NOTE 12** | | |
| **TRADE RECEIVABLES** | | |
| **(Unsecured, Considered good)** | | |
| Outstanding for a period exceeding six months from the date they were due for payment | **159,327** | 191,280 |
| Others | **18,979,525** | 10,297,311 |
| **Total** | **19,138,852** | 10,488,591 |
| **N0TE 13** | | |
| **CASH AND CASH BALANCES** | | |
| Balances with banks - In deposit accounts [net of book overdraft of ₹ 207,826 in the linked current account(As at March 31, 2012 ₹ 494,520)] | **88,779,300** | 91,576,611 |
| | **88,779,300** | 91,576,611 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is | **38,774,300** | 41,571,611 |

## Notes Forming part of the Financial Statements March 31, 2013

₹

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **NOTE 14** | | |
| **SHORT-TERM LOANS AND ADVANCES** | | |
| **(Unsecured, Considered good)** | | |
| Advances for supply of services | **-** | 57,171 |
| Advances to employees | **18,101** | 89,223 |
| Prepaid expenses | **122,100** | 78,545 |
| Balances with government authorities - Service tax credit receivables | **32,461** | 94,063 |
| Total | **172,662** | 319,002 |
| **NOTE 15** | | |
| **OTHER CURRENT ASSETS** | | |
| Unbilled revenue | **5,060,369** | - |
| Interest accrued on bank deposits | **1,738,004** | 2,113,472 |
| Total | **6,798,373** | 2,113,472 |
| **NOTE 16** | | |
| **REVENUE FROM OPERATIONS** | | |
| Sale of software licenses | **8,037,000** | 6,833,100 |
| Sale of services (refer note 23) | **56,816,445** | 50,617,346 |
| Total | **64,853,445** | 57,450,446 |
| **NOTE 17** | | |
| **OTHERS INCOME** | | |
| Interest on deposits with banks | **7,474,896** | 7,096,541 |
| Interest on income-tax refund | **-** | 121,739 |
| Total | **7,474,896** | 7,218,280 |
| **NOTE 18** | | |
| **EMPLOYEE BENEFITS EXPENSE** | | |
| Salaries and wages | **41,963,535** | 33,426,099 |
| Contribution to provident and other funds (Refer Note 24) | **2,544,076** | 1,775,397 |
| Staff welfare expenses | **272,056** | 769,307 |
| Total | **44,779,667** | 35,970,803 |
| **NOTE 19** | | |
| **OTHER EXPENSES** | | |
| Rent (Refer Note 23) | **1,113,360** | 742,240 |
| Insurance | **679,360** | 694,890 |
| Repairs - others | **40,078** | 97,036 |
| Communication expenses | **681,079** | 456,973 |
| Travelling and conveyance | **5,096,140** | 5,206,273 |
| Legal and professional charges | **1,807,305** | 1,119,435 |
| Software expenses | **564,746** | 424,664 |
| Miscellaneous expenses | **439,067** | 274,854 |
| Total | **10,421,135** | 9,016,365 |

**20.** As the Company's business activity falls within a single segment viz. "Development of software and its management", and the sales being in the domestic market, the disclosure requirements of Accounting Standard - 17 "Segment Reporting", notified under the Companies Act, 1956 are not applicable.

**21.** There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose. This has been relied upon by the auditors.

**22. Auditors' remuneration (excluding service tax):**

₹

| **Particulars** | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Audit fees | **350,000** | 270,000 |
| Other services | **-** | 20,000 |
| Reimbursement of expenses | **1,910** | 1,179 |

**23. Related party transactions**

**Details of related parties:**

| **Description of relationship** | **Name of related party** |
|---|---|
| Holding Company | Tech Mahindra Limited |

**Details of transactions with Tech Mahindra Limited, the holding company and balances outstanding**

| | | **(₹)** |
|---|---|---|
| **Particulars** | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
| **1. Income** | | |
| Sale of services | **1,760,015** | 3,519,732 |
| **2. Expenses** | | |
| Rent | **1,113,360** | 742,240 |
| | | **(₹)** |
| **Particulars** | **As at March 31, 2013** | As at March 31, 2012 |
| **3. Balances outstanding at the end of the year** | | |
| - Trade receivables | **522,200** | - |
| - Trade payables | **83,397** | 736,821 |

# Notes Forming part of the Financial Statements March 31, 2013

## 24 Employee Benefits

### A. Defined Contribution Plan

Contribution to defined contribution plan, recognised in the Statement of Profit and Loss Account under Company's Contribution to provident and other funds in Note 18 for the period is as under:

(₹)

| Particulars | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| Employer's contribution to Provident Fund | **1,491,041** | 1,280,085 |
| Employer's contribution to ESIC | **566,755** | 456,386 |

### B. Defined Benefit Plan

| | Particulars | Gratuity (Unfunded) For the year ended March 31, 2013 | Gratuity (Unfunded) For the year ended March 31, 2012 |
|---|---|---|---|
| I. | Reconciliation of opening and closing balances of Defined Benefit Obligation | | |
| | Present value of Defined Benefit Obligation (Opening) | **1,515,185** | 1,123,691 |
| | Interest Cost | **135,420** | 102,445 |
| | Current Service Cost | **339,546** | 287,030 |
| | Net Actuarial losses | **(42,757)** | 223,339 |
| | Past Service Cost | **-** | - |
| | Benefits paid | **(32,988)** | (221,320) |
| | **Present value of Defined Benefit Obligation (Closing)** | **1,914,406** | 1,515,185 |
| II. | Reconciliation of fair value of Plan Assets | | |
| | Fair value of Plan Assets (Opening) | **-** | - |
| | Expected return on Plan Assets | **-** | - |
| | Net Actuarial Gain / (Loss) | **-** | - |
| | Employer's Contribution | **32,988** | 221,320 |
| | Benefits paid | **(32,988)** | (221,320) |
| | **Fair value of Plan Assets (Closing)** | **-** | - |
| III. | Net assets / (liabilities) recognised in the Balance Sheet | | |
| | Present value of Defined Benefit Obligation | **(1,914,406)** | (1,515,185) |
| | Fair value of Plan Assets | **-** | - |
| | **Net assets recognised in the Balance Sheet** | **(1,914,406)** | (1,515,185) |
| IV. | Components of Employer's expenses | | |
| | Current Service Cost | **339,546** | 287,030 |
| | Interest Cost | **135,420** | 102,445 |
| | Expected return on Plan Assets | **-** | - |
| | Net Actuarial losses | **(42,757)** | 223,339 |
| | Past Service Cost | **-** | - |
| | **The total expense recognised in note 18 under contribution to provident and other funds:** | **432,209** | 612,814 |

# Notes Forming part of the Financial Statements March 31, 2013

**24 Employee Benefits (continued)**

**V. Actuarial Assumptions**

| **Particulars** | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| (a) Mortality Table | **Assured Lives Mortality (2006-08) (Ult table)** | LIC (1994-96) (Ultimate) |
| (b) Discount rate | **7.95%** | 8.45% |
| (C) Expected rate of return on Plan Assets | **NA** | NA |
| (d) Salary escalation | **10% for first year and 8% thereafter** | 10% for first 2 years and 8% thereafter |

**VI.** Net (Liabilities) / Assets recognised in the Balance Sheet as at respective year ends and experience adjustments:

| | **Particulars** | **Year ended March 31, 2013** | **Year ended March 31, 2012** | **Year ended March 31, 2011** | **Year ended March 31, 2010** | **Year ended March 31, 2009** |
|---|---|---|---|---|---|---|
| **1.** | Present Value of Defined Benefit Obligation | **1,914,406** | 1,515,185 | 1,123,691 | 805,255 | 467,775 |
| **2.** | Fair Value of Plan Assets | **NA** | NA | NA | NA | NA |
| **3.** | Funded Status [(Deficit) / Surplus] | **(191,406)** | (1,515,185) | (1,123,691) | (805,255) | (467,775) |
| **4.** | Net (Liability) / Assets | **(191,406)** | (1,515,185) | (1,123,691) | (805,255) | (467,775) |
| **5.** | Experience adjustment arising on: | | | | | |
| | a. Plan Liabilities [Loss / (Gain)] | **(88,579)** | 257,368 | 77,404 | 174,724 | (392,070) |
| | b. Plan Assets [Loss / (Gain)] | **NA** | NA | NA | NA | NA |

**VII.** a. The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

b. The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of the post-employment benefit obligations.

**VIII.** The above information is as certified by the actuary and relied upon by the auditors.

**25 Earnings per share**

| | | | **(₹)** |
|---|---|---|---|
| | **Particulars** | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
| A | Profit for the year | **12,532,935** | 18,805,569 |
| B | Weighted average number of equity shares outstanding during the period (Nos.) | **12,450,000** | 12,450,000 |
| C | Nominal value per equity share | **10** | 10 |
| D | Earnings per share - Basic and Diluted | **1.01** | 1.51 |

**26** The company has pending refunds of ₹ 7,353,603 mainly pertaining to Financial Year 2007-08 from Income tax department which in the opinion of the management is recoverable. The management is following up for recovering the same from the Income tax department.

**27** The Board of Directors of the Company has, at its meeting held on March 21, 2012, unanimously approved the Scheme of Amalgamation and Arrangement ('Scheme') of Mahindra Logisoft Business Solutions Limited with Tech Mahindra Limited, the Holding Company, under Sections 391 to 394 of the Companies Act, 1956 subject to the shareholders and other statutory approvals. The appointed date for the said Scheme is April 1, 2011. The Petitions were admitted by the Honorable Bombay High Court on 20th July 2012 and subsequently the Hon'ble Bombay High Court has approved the Scheme of Amalgamation and passed an order to that effect on 28th September 2012.

The merger is effective only on the last of the dates on which the certified copies of the orders of the High Court of Judicature at Bombay and the High Court of Judicature at Andhra Pradesh are filed with the Registrar of Companies ('ROC'), Mumbai and Pune, Maharashtra, and the ROC, Hyderabad, Andhra Pradesh respectively; and as the Approvals of High Court of Judicature at Andhra Pradesh is yet to be received, the effect of the merger is not considered in the financial statements.

**28** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / dislcosure.

**For Mahindra Logisoft Business Solutions Limited**

| | | |
|---|---|---|
| **Ulhas N. Yargop**<br>Director | **Vineet Nayyar**<br>Director | **Atanu Sarkar**<br>Director |
| **Anil Khatri**<br>Director | **Sarang Deshpande**<br>Company Secretary | |

Pune : May 17, 2013

# TECH MAHINDRA (BAHRAIN) LTD S.P.C.

**Board of Directors**

Mr. Milind Kulkarni

Mr. Anil Khatri

Mr. Chillara Krishnadas

**Registered Office**

Flat 1126, Building 722

Road 1708, Block 317

Manama,

Kingdom of Bahrain

**Bankers**

Ahli United Bank B.S.C.

HSBC Middle East Limited

**Auditors**

Grant Thornton - Abdulaal

P O Box 11175

12th Floor, Al Nakeel Tower

Seef District, Kingdom of Bahrain

# DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Tech Mahindra (Bahrain) Ltd. S.P.C. (the "Company") have great pleasure in presenting the annual report and the audited financial statements of the Company for the year ended 31 March 2013.

**Principal activities**

The Company is engaged in the activities of computers support, power supply system and spare parts, supply and installation of computer mounts, computer software design, development and maintenance, internal wiring for computer communications networks and their maintenance, consultant for computer hardware and software, installation and maintenance of computers energy supply systems.

**Results**

The total income of the Company for the year ended 31 March 2013 was BD5,295,505 (INR 762,399,150) as compared to previous year's income of BD7,772,758 (INR1,119,051,742). The Company has reported a profit of BD110,514 (INR 15,910,812) for the year ended 31 March 2013 as compared to profit of BD172,798 (INR24,877,901) for the year ended 31 March 2012.

**Director and Management**

The following served as Directors and were in charge of the Management of the Company during the year ended 31 March 2013.

Mr. Milind Vasant Kulkarni - Director

Mr. Anil Mohanlal Khatri - Director

**Auditors**

The financial statements have been audited by Grant Thornton - Abdulaal who has expressed their willingness and considered themselves eligible for appointment.

The Directors take this opportunity to place on record their sincere appreciation to the staff for their loyalty and dedication, which has greatly helped to maintain the reputation and results of the Company.

On behalf of the Directors

**Milind Kulkarni**
Director

**Anil Khatri**
Director

Place: Pune
Date: April 25, 2013

# INDEPENDENT AUDITORS' REPORT

**To the Proprietor of**
**Tech Mahindra (Bahrain) Ltd. S.P.C.**

**Report on financial statements**

We have audited the accompanying financial statements of **Tech Mahindra (Bahrain) Ltd. S.P.C.** (the **"Company"**) which comprise the statement of financial position as at March 31, 2013, and the related statements of comprehensive income, changes in equity and the cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Director's responsibility for the financial statements**

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 International Standards on Auditing. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on other regulatory matters**

Further, in accordance with the requirements of the Bahrain Commercial Companies Law, we report that we have obtained all the information that we considered necessary for the purpose of our audit, the financial information contained in the report of the Directors is consistent with the financial statements, the Company has maintained proper books of accounts and nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law or its Memorandum and Articles of Associations which would materially affect its activities or its financial position.

Grant Thornton

April 25, 2013
Manama, Kingdom of Bahrain

# Statement of Financial Position

| | Notes | March 31, 2013 | | March 31, 2012 | |
|---|---|---|---|---|---|
| | | BD | INR | BD | INR |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Plant and equipment | 3 | **-** | **-** | **1,394** | **200,696** |
| **Current assets** | | | | | |
| Accounts and other receivables | 4 | 1,222,983 | 176,074,085 | 2,339,388 | 336,804,030 |
| Cash and cash equivalents | 5 | 617,357 | 88,881,505 | 493,312 | 71,022,622 |
| | | **1,840,340** | **264,955,590** | **2,832,700** | **407,826,652** |
| **Total assets** | | **1,840,340** | **264,955,590** | **2,834,094** | **408,027,348** |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Share capital | 9 | 50,000 | 7,198,550 | 50,000 | 7,198,550 |
| Statutory reserve | 10 | 25,000 | 3,599,275 | 25,000 | 3,599,275 |
| Retained earnings | | 833,729 | 120,032,798 | **723,215** | **104,121,987** |
| | | **908,729** | **130,830,623** | **798,215** | **114,919,812** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Employees' terminal benefits | 8 | **32,396** | **4,664,085** | **58,888** | **8,478,164** |
| **Current liabilities** | | | | | |
| Accounts and other payables | 6 | 375,085 | 54,001,362 | 688,546 | 99,130,656 |
| Amount due to related party | 7 | 524,130 | 75,459,520 | 1,288,445 | 185,498,716 |
| | | **899,215** | **129,460,882** | **1,976,991** | **284,629,372** |
| **Total liabilities** | | **931,611** | **134,124,967** | **2,035,879** | **293,107,536** |
| **Total equity and liabilities** | | **1,840,340** | **264,955,590** | **2,834,094** | **408,027,348** |

These financial statements were approved by the Directors on April 25, 2013.

**Mr. Milind Vasant Kulkarni**
Director

**Mr. Anil Mohanlal Khatri**
Director

The accounting policies and the notes here in form an integral part of these financial statements.

# Statement of Comprehensive Income

| | Notes | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|---|
| | | **BD** | **INR** | **BD** | **INR** |
| **Income** | | | | | |
| Revenue | 11 | 5,162,546 | 743,257,054 | 7,772,758 | 1,119,051,742 |
| Other income | | 132,959 | 19,142,096 | - | - |
| | | **5,295,505** | **762,399,150** | **7,772,758** | **1,119,051,742** |
| **Expenses** | | | | | |
| Direct costs | 12 | (5,080,406) | (731,431,132) | (7,454,246) | (1,073,195,251) |
| General and administrative expenses | 13 | (103,191) | (14,856,510) | (143,727) | (20,692,520) |
| Depreciation | 3 | (1,394) | (200,696) | (1,987) | (286,070) |
| | | **(5,184,991)** | **(746,488,338)** | **(7,599,960)** | **(1,094,173,841)** |
| Profit for the year transferred to retained earnings | | **110,514** | **15,910,812** | **172,798** | **24,877,901** |

These financial statements were approved by the Directors on April 25, 2013.

**Mr. Milind Vasant Kulkarni**
Director

**Mr. Anil Mohanlal Khatri**
Director

The accounting policies and the notes here in form an integral part of these financial statements.

# Statement of Changes in Equity

| | Share capital | | Statutory reserve | | Retained earnings | | Total | |
|---|---|---|---|---|---|---|---|---|
| | BD | INR | BD | INR | BD | INR | BD | INR |
| At April 1, 2011 | 50,000 | 7,198,550 | 25,000 | 3,599,275 | 550,417 | 79,244,087 | 625,417 | 90,041,912 |
| Profit for the year | - | - | - | - | 172,798 | 24,877,900 | 172,798 | 24,877,900 |
| **At March 31, 2012** | **50,000** | **7,198,550** | **25,000** | **3,599,275** | **723,215** | **104,121,987** | **798,215** | **114,919,812** |
| At April 1, 2012 | 50,000 | 7,198,550 | 25,000 | 3,599,275 | 723,215 | 104,121,987 | 798,215 | 114,919,812 |
| Profit for the year | - | - | - | - | 110,514 | 15,910,811 | 110,514 | 15,910,811 |
| **At March 31, 2013** | **50,000** | **7,198,550** | **25,000** | **3,599,275** | **833,729** | **120,032,798** | **908,729** | **130,830,623** |

The accounting policies and the notes here in form an integral part of these financial statements.

# Statement of Cash Flows

| | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| **Operating activities** | | | | |
| Profit for the year | 110,514 | 15,910,811 | 172,798 | 24,877,901 |
| Adjustments for: | | | | |
| Depreciation | 1,394 | 200,696 | 1,987 | 286,070 |
| Provision for employees' terminal benefits | (26,492) | (3,814,079) | 26,592 | 3,828,477 |
| Operating profit before working capital changes | 85,416 | 12,297,428 | 201,377 | 28,992,448 |
| Changes in operating assets and liabilities: | | | | |
| Change in accounts and other receivables | 1,116,405 | 160,729,945 | (632,629) | (91,080,230) |
| Change in accounts and other payables | (313,461) | (45,129,294) | 289,850 | 41,729,995 |
| Change in amount due to related party | (764,315) | (110,039,196) | (193,702) | (27,887,471) |
| Net cash used in operating activities | **124,045** | **17,858,883** | **(335,104)** | **(48,245,258)** |
| **Net change in cash and cash equivalents** | 124,045 | 17,858,883 | (335,104) | (48,245,258) |
| Cash and cash equivalents, beginning of the year | 493,312 | 71,022,622 | 828,416 | 119,267,880 |
| **Cash and cash equivalents, end of the year** | **617,357** | **88,881,505** | **493,312** | **71,022,622** |
| Comprises: | | | | |
| Bank balances | **617,357** | **88,881,505** | **493,312** | **71,022,622** |

The accounting policies and the notes here in form an integral part of these financial statements.

# Notes to the financial statements for the year ended March 31, 2013

1. **Organisation and activities**

   Tech Mahindra (Bahrain) Ltd. S.P.C. (the "Company'') is a single person company registered in the Kingdom of Bahrain with the Ministry of Industry and Commerce under commercial registration number 73221-1 dated November 3, 2009.

   The Company is engaged in the activities of computers support, power supply system and spare parts, supply and installation of computer mounts, computer software design, development and maintenance, internal wiring for computer communications networks and their maintenance, consultant for computer hardware and software, installation and maintenance of computers energy supply systems.

   The Company's registered office is situated in the Kingdom of Bahrain.

2. **Summary of significant accounting policies**

   2.1 **Basis of preparation**

   The Company's financial statements have been prepared on basis of historical cost. The Company's financial statements are presented in Bahrain Dinars. All values are rounded to the nearest Bahrain Dinar.

   2.2 **Convenience translation**

   The Company's functional currency is Bahrain Dinars (BD). In addition to presenting the financial statements in BD, supplementary information in Indian Rupees (INR) has been presented for the convenience of users of the financial statements. All amounts in the financial statements including comparatives are translated from BD to INR at the mid market rate at March 31, 2013 of INR143.971 per 1 BD.

   2.3 **Statement of compliance**

   The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Bahrain Commercial Companies Law.

   2.4 **Standards effective and not relevant to the Company**

   Certain other new standards and interpretations have been issued but are not relevant to the Company and have no material effect on the Company's financial position and its results of operation.

   - Revised IFRS 7, "Financial Instrument Disclosures Transfer of Financial Assets" (effective for annual periods beginning on or after July 1, 2011);
   - IFRS 1, "Severe Hyperinflation and Removal of Fixed Dates for First-time adopters (Amendments to IFRS 1) (effective for annual periods beginning on or after July 1, 2011); and
   - IAS 12, "Deferred Tax: Recovery of Underlying Assets (Amendments to IAS12)" (effective for annual periods beginning on or after January 1, 2012).

   2.5 **Standards and interpretations not yet effective**

   Certain other new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

   - IAS 1, "Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)" (effective for annual periods beginning on or after July 1, 2012);
   - IAS 19, "Employee Benefits (Revised 2011)" (effective for annual periods beginning on or after January 1, 2013)
   - IAS 32, "Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)" (effective for annual periods beginning on or after January 1, 2014);
   - IFRS 1, "Government Loans (Amendments to IFRS 1)" (effective for annual periods beginning on or after January 1, 2013);
   - IFRS 7, "Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)" (effective for annual periods beginning on or after January 1, 2013);
   - IAS 27, "Separate Financial Statements" - consequential amendments (effective for annual periods beginning on or after January 1, 2013);
   - IAS 28, "Investments in Associates and Joint Ventures" - consequential amendments (effective for annual periods beginning on or after January 1, 2013);
   - IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after January 1, 2015);
   - IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013);
   - IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after January 1, 2013);
   - IFRS 12, "Disclosure of Interest in Other Entities" (effective for annual periods beginning on or after January 1, 2013);
   - "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)" (effective for annual periods beginning on or after January 1, 2013);
   - IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after January 1, 2013);

     Notes to the financial statements for the year ended March 31, 2013
   - IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after January 1, 2013);
   - Annual Improvements to IFRS 2009-2011 cycle- "IFRS1 First-time Adoption of International Financial Reporting Standards- repeated application of IFRS1 and Borrowing Costs" (effective for annual periods beginning on or after January 1, 2013);
   - Annual Improvements to IFRS 2009-2011 cycle- "IAS 1 Presentation of Financial Statements-clarification requirements for comparative information" (effective for annual periods beginning on or after January 1, 2013);
   - Annual Improvements to IFRS 2009-2011 cycle- "IAS 16 Property, Plant and Equipment-Classification of servicing equipment" (effective for annual periods beginning on or after January 1, 2013);
   - Annual Improvements to IFRS 2009-2011 cycle- "IAS 32 Financial instruments: Presentation- Tax effect of distribution to holders of equity instruments" (effective for annual periods beginning on or after January 1, 2013); and
   - Annual Improvements to IFRS 2009-2011 cycle- "IAS 34 Interim Financial Reporting –Interim financial reporting and segment information for total assets and liabilities" (effective for annual periods beginning on or after January 1, 2013).

   Management does not expect the above standards to have a material effect on the Company's financial position and results of its operations.

   . 2.6 **Plant and equipment**

   Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

   The cost of the plant and equipment includes the cost of bringing them to their present location and condition. The cost of replacing part of an item of plant and equipment is recognised in carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other cost are recognised in the statement of comprehensive income as expenditure incurred.

   Depreciation is recognised on a straight-line basis to write down the cost or valuation less estimated residual value of plant and equipment. The estimated useful lives of plant and equipment for the depreciation purpose are as follows:

| | |
|---|---|
| Furniture | 3 years |
| Computer equipment | 1 year |

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'other income' or 'other expenses'.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of fair value less cost to sell and value in use.

2.7 **Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Recoverable amount is higher of fair value less cost to sell and value in use. All impairment losses are recognised in the statement of comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been change in the estimates used to determine the recoverable amount.

2.8 **Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise of bank balances.

2.9 **Provisions**

Provisions are recognised by considering an obligation of the Company as on date resulting from past events, and where it is probable that such obligation will result in outflow of economic resources and amount can be reliably estimated.

2.10 **Employees' terminal benefits**

Employees' terminal benefits and entitlements to annual leave, holiday, air passage and other short term benefits are recognized as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain. The Company's share of contribution to this funded scheme which is defined contribution scheme under IAS-19, is recognised as an expense in the statement of comprehensive income.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law for private sector 1976, based on length of service and final salary. Provision for this, which is unfunded and which represent a defined benefit plan under IAS-19 -Employee benefits has been made by calculating the notional liability had all employees left at the reporting date. The provision is classified as a non-current liability in the statement of financial position.

2.11 **Revenue recognition**

Revenue is recognized when the services are rendered by the Company during the year.

2.12 **Foreign currency transactions**

Transactions in foreign currencies are translated into Bahrain Dinars and recorded at the appropriate rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bahrain Dinars at the exchange rates prevailing at the financial position date. The resultant exchange gains and losses are recognized in the statement of comprehensive income.

2.13 **Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and liabilities are measured subsequently as described below:

a. **Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and accounts and other receivables fall into this category of financial instruments.

b. **Financial liabilities**

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income. The Company's financial liabilities include accounts and other payables and amount due to related party.

2.14 **Significant accounting judgments and estimates**

The Company's financial statements prepared under IFRS require the Company to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Future events may occur which may cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the Company's financial statements as they become reasonably determinable.

a. **Judgments**

Judgment and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Leases. In applying the classification of leases, management considers its leases of office as operating lease arrangement which does not transfer substantially all the risk and rewards incidental to ownership.

b. **Use of estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of depreciable assets. Management reviews the useful lives of depreciable assets at each reporting date. At March 31, 2013 Management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analysed in Note 3. Actual results, however, may vary due to technical obsolescence.

# Notes to financial statements for the year ended March 31, 2013

**3. Plant and equipment**

| | Furniture | | Computer equipment | | Total | |
|---|---|---|---|---|---|---|
| | BD | INR | BD | INR | BD | INR |
| **Costs** | | | | | | |
| At April 1, 2012 and at 31 March 2013 | **5,882** | **846,838** | **578** | **83,215** | **6,460** | **930,053** |
| **Accumulated depreciation** | | | | | | |
| At April 1, 2012 | 4,488 | 646,142 | 578 | 83,215 | 5,066 | 729,357 |
| Charge for the year | 1,394 | 200,696 | - | - | 1,394 | 200,696 |
| At March 31, 2013 | **5,882** | **846,838** | **578** | **83,215** | **6,460** | **930,053** |
| **Net book value** | | | | | | |
| At March 31, 2012 | **-** | **-** | **-** | **-** | **-** | **-** |

| | Furniture | | Computer equipment | | Total | |
|---|---|---|---|---|---|---|
| | BD | INR | BD | INR | BD | INR |
| **Costs** | | | | | | |
| At April 1, 2011 and at March 31, 2012 | **5,882** | **846,838** | **578** | **83,215** | **6,460** | **930,053** |
| **Accumulated depreciation** | | | | | | |
| At April 1, 2011 | 2,501 | 341,837 | 578 | 83,215 | 3,079 | 425,052 |
| Charge for the period | 1,987 | 304,305 | - | - | 1,987 | 304,305 |
| At March 31, 2012 | **4,488** | **646,142** | **578** | **83,215** | **5,066** | **729,357** |
| **Net book value** | | | | | | |
| At March 31, 2012 | **1,394** | **200,696** | **-** | **-** | **1,394** | **200,696** |

**4. Accounts and other receivables**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Accounts receivables | 869,490 | 125,181,345 | 2,004,382 | 288,572,881 |
| Unbilled receivables | 89,631 | 12,904,265 | 172,147 | 24,784,176 |
| Advances | 263,862 | 37,988,475 | 162,859 | 23,446,973 |
| | **1,222,983** | **176,074,085** | **2,339,388** | **336,804,030** |

Unbilled receivables pertain to work performed by the Company which is certified by the engineers for the work performed as of March 31, 2013 but not yet billed to the client.

All amounts are short term. The net carrying value of accounts and other receivables is considered a reasonable approximation of fair value at the financial position date. The age of accounts and other receivables past due but not impaired are disclosed in Note 15(e).

**5. Cash and cash equivalents**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Bank balances | **617,357** | **88,881,505** | **493,312** | **71,022,622** |

There are no restrictions on bank balances at the time of approval of the financial statements.

**6. Accounts and other payables**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Accounts payable | 185,633 | 26,725,769 | 432,706 | 62,297,116 |
| Accrued expenses | 151,847 | 21,861,565 | 186,458 | 26,844,543 |
| Leave salary | 37,605 | 5,414,028 | 69,382 | 9,988,997 |
| | **375,085** | **54,001,362** | **688,546** | **99,130,656** |

The carrying values of accounts and other payables are considered to be reasonable approximate of fair value at the financial position date.

**7. Amount due to related party**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Tech Mahindra Limited, India | **524,130** | **75,459,520** | **1,288,445** | **185,498,716** |

Amount due to related party is unsecured, bears no interest and has no fixed repayment terms.

**8. Employees' terminal benefits**

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| At April 1 | 58,888 | 8,478,164 | 32,296 | 4,649,687 |
| Amount provided for the year (net) | (26,492) | (3,814,079) | 26,592 | 3,828,477 |
| At March 31 | **32,396** | **4,664,085** | **58,888** | **8,478,164** |

The number of staff employed by the Company at March 31, 2013 was 43 (2012: 124).

**9. Share capital**

The authorized share capital of the Company consists of 500 shares of BD100 each, issued and fully paid up.

| | Number of shares | % | Amount | |
|---|---|---|---|---|
| | | | BD | INR |
| Tech Mahindra Limited, India | **500** | **100** | **50,000** | **7,198,550** |

**10. Statutory reserve**

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's profit for the year before appropriations is required to be transferred to a non-distributable reserve account up to a minimum of 50% of the issued share capital. The Company discontinued such transfer since the reserve has reached 50% of the paid up share capital (2012: Nil).

**11. Revenue**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Service revenue – costs plus 5% (i) | 2,320,328 | 334,060,086 | 3,628,765 | 522,436,926 |
| STC – Pass through (ii) | 2,842,218 | 409,196,968 | 4,143,993 | 596,614,816 |
| | **5,162,546** | **743,257,054** | **7,772,758** | **1,119,051,742** |

(i) The Company has an agreement with Tech Mahindra Limited, India (the "Parent") whereby the Company charges the Parent with a mark up of 5% on the aggregate of direct and indirect cost incurred during the year, except for pass through transactions on behalf of the Parent. Accordingly, the revenue has been represented on gross basis inclusive of pass through transactions in the amount of BD2,842,218 (2012: BD4,143,993).

(ii) This amount pertains to billings made by the Company to customers on behalf of the Parent. This also includes unbilled receivables pertain to work performed by the Company which is certified by the engineers for the work performed as of March 31, 2013 but not yet billed to the client (Note 4).

**12. Direct costs**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Tech Mahindra Limited - India cost | 2,842,218 | 409,196,968 | 4,143,993 | 596,614,816 |
| Staff costs | 1,924,302 | 277,043,683 | 1,910,445 | 275,048,677 |
| Project specific costs | 3,357 | 483,311 | 1,186,346 | 170,799,420 |
| Travelling expenses | 58,401 | 8,408,050 | 115,214 | 16,587,475 |
| Subcontractor charges | 252,128 | 36,299,120 | 98,248 | 14,144,863 |
| | **5,080,406** | **731,431,132** | **7,454,246** | **1,073,195,251** |

**13. General and administrative expenses**

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Professional charges | 54,297 | 7,817,193 | 64,305 | 9,258,055 |
| Foreign exchange loss | 3,997 | 575,452 | 29,449 | 4,239,802 |
| Rent | 7,681 | 1,105,841 | 5,040 | 725,614 |
| Transportation | 10,903 | 1,569,716 | 13,348 | 1,921,725 |
| Telephone and mobile charges | 5,057 | 728,061 | 6,687 | 962,734 |
| Office expenses | - | - | 4,749 | 683,718 |
| Miscellaneous expenses | 21,256 | 3,060,248 | 20,149 | 2,900,872 |
| | **103,191** | **14,856,511** | **143,727** | **20,692,520** |

**14. Related party transactions**

The Company's related parties include its Proprietor, key management personnel, director, their close relatives and businesses under their control. The Company's transactions with related parties are at arm's length and in the ordinary course of business. The balances with related parties at the financial position date have been separately disclosed in the financial statements.

The Company's transactions with its related parties are as follows:

| | | 2013 | | 2012 | |
|---|---|---|---|---|---|
| **Name of related party** | **Nature of transactions** | BD | INR | BD | INR |
| Tech Mahindra Limited, India | Pass through revenue | 2,842,218 | 409,196,968 | 4,143,993 | 596,614,816 |
| Tech Mahindra Limited, India | Service revenue | 2,320,328 | 334,060,086 | 3,628,765 | 522,436,926 |

The movement of amount due to Tech Mahindra Limited, India are as follows;

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| At 1 April | 1,288,445 | 185,498,716 | 1,482,147 | 213,386,186 |
| Service income (Note 11) | (2,320,328) | (334,060,086) | (3,628,765) | (522,436,926) |
| Cost of services (Note 12) | 2,842,218 | 409,196,968 | 4,143,993 | 596,614,816 |
| Other reimbursements | 348,450 | 50,166,837 | 457,643 | 65,887,322 |
| Payments | (4,173,379) | (600,845,548) | (4,867,808) | (700,823,186) |
| Receipts | 2,538,724 | 365,502,633 | 3,701,235 | 532,870,504 |
| At 31 March | **524,130** | **75,459,520** | **1,288,445** | **185,498,716** |

**15. Financial assets and liabilities and risk management**

The Company's principal financial instruments comprise of cash and cash equivalents, accounts and other receivables, amount due to related party and accounts and other payables.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Directors approve policies for managing each of these risks, which are summarized below.

**a. Interest rate risk**

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company is not exposed to the risk of changes in the market interest rates as the Company has no interest bearing financial assets and financial liabilities.

**b. Liquidity risk**

Liquidity risk is the risk arising from the Company not being able to meet its obligations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents.

The following table shows the maturity profile of financial liabilities as at March 31, 2013:

| Particulars | Due within 1 year | |
|---|---|---|
| | BD | INR |
| Accounts and other payables | 337,480 | 48,587,334 |
| Amount due to related party | 524,130 | 75,459,520 |
| | **861,610** | **124,046,854** |

The following table shows the maturity profile of financial liabilities as at March 31, 2012:

| Particulars | Due within 1 year | |
|---|---|---|
| | BD | INR |
| Accounts and other payables | 619,164 | 89,141,659 |
| Amount due to related party | 1,288,445 | 185,498,716 |
| | **1,907,609** | **274,640,375** |

**c. Foreign currency risk**

The Company's primary exposure to the risk of changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

The Company manages this risk by maintaining foreign currency bank accounts, which are used for foreign currency transactions to minimize the impact of foreign exchange fluctuations.

**d. Credit risk**

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. A regular annual review and evaluation of these accounts are carried out to assess the credit standing of the customers.

The table below shows the gross maximum exposure to the Company's credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as at March 31:

| Particulars | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Accounts and other receivables | 959,121 | 138,085,610 | 2,176,529 | 313,357,057 |
| Bank balances | 617,357 | 88,881,505 | 493,312 | 71,022,622 |
| | **1,576,478** | **226,967,115** | **2,669,841** | **384,379,679** |

**e. Credit quality per class of financial asset**

The Company continuously monitors defaults of the customer and other counterparty, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are neither past due or impaired for each of the reporting dates under review are of good credit quality.

The table below shows the age analysis of the Company's financial assets as at March 31 2013.

| Particulars | Neither past due or impaired | |
|---|---|---|
| | BD | INR |
| Accounts and other receivables | 959,121 | 138,085,610 |
| Bank balances | 617,357 | 88,881,505 |
| | **1,576,478** | **226,967,115** |

The table below shows the age analysis of the Company's financial assets as at March 31, 2012.

| Particulars | Neither past due or impaired | |
|---|---|---|
| | BD | INR |
| Accounts and other receivables | 2,176,529 | 313,357,057 |
| Bank balances | 493,312 | 71,022,622 |
| | **2,669,841** | **384,379,679** |

## 16. Capital management policy

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize Proprietor's value.

The Company monitors capital using capital to overall financing ratio, which is capital divided by overall financing.

The Company ensures that its capital management ratio is within the acceptable levels prescribed by its Proprietor or at least at par with its peers in the industry.

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | BD | INR | BD | INR |
| Total equity | 908,729 | 130,830,623 | 798,215 | 114,919,812 |
| Less: Cash and cash equivalents | (617,357) | (88,881,505) | (493,312) | (71,022,622) |
| Capital | **291,372** | **41,949,118** | **304,903** | **43,897,190** |
| Total equity | 908,729 | 130,830,623 | 798,215 | 114,919,812 |
| Overall financing | **908,729** | **130,830,623** | **798,215** | **114,919,812** |
| Capital to overall financing | 0.32 | 0.32 | 0.38 | 0.38 |

## 17. Post- reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

## 18. Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the presentation in the current year's financial statements.

# TECH MAHINDRA (NIGERIA) LIMITED

**Board of Directors**

Mr. Milind Kulkarni (Indian)

Mr. Atanu Sarkar (Indian)

Chief (Mrs) Faidat Oreagba (Nigerian)

Mr. Sujit Baksi (Indian)

Mr. Anil Khatri (Indian)

**Registered Office**

No 10 Amodu Ojikutu Street
Off Saka Tinubu Street
Victoria Island, Lagos.

**Secretary**

Probitas Partners & Co
70 Queens Street
Off Herbert Macaulay Way
Yaba Lagos, Nigeria

**Bankers**

Citibank Nigeria Limited

**Auditors**

Spiropoulos, Adiele, Okpara & Co.
(Chartered Accountants)
Member Firm, Grant Thornton International
3rd & 4th Floors
294 Herbert Macaulay Way
Sabo-Yaba
Lagos, Nigeria

# REPORT OF THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2013

**DIRECTORS' REPORT**

The Directors submit their report together with the Audited Financial Statements for the year ended 31st March, 2013.

**1 LEGAL FORM**

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on August 18, 2009. It commenced full operation in January 2011.

**2 PRINCIPAL ACTIVITY**

The principal activity of the company is to provide global solution on information technology to various sector of the economy. It is engaged in directing, operating, managing, investing in or provide telecommunication, networking, communication, internet information and other information technology related services.

**3 DIRECTORS SHAREHOLDING**

The direct and indirect interests of directors in the issued share capital of the company as recorded in the register of directors shareholding and /or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act 2004.

| Name | Number of Ordinary Shares held | |
|---|---|---|
| | Direct Shareholding | Indirect Shareholding |
| Mr. Milind Kulkarni | 1 | - |

**4 DIRECTORS INTERESTS IN CONTRACTS**

For the purpose of section 277 of the Companies and Allied Matters Act 2004, none of the directors had direct or indirect interest in contracts or proposed contracts with the company during the year.

**5 DONATIONS AND CHARITABLE GIFTS**

There were no donations made during the year.

**6 POST BALANCE SHEET EVENTS**

There are no post balance sheet events which could have a material effect on the financial position of the company as at March 31, 2013 and loss attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

**7 HUMAN RESOURCES**

**a) Employment of Disabled Persons**

The company maintains a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment. The Company had no physically challenged person in its employment as at March 31, 2013

**b) Health, safety and welfare at work**

The Company takes the health, safety and welfare of its employees very serious, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performance at all times.

**c) Employees consulting and training:**

The company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**8 AUDITORS**

In accordance with section 357 (2) of the Companies & Allied Matters Act, C20 LFN 2004, Messrs Spiropoulos, Adiele, Okpara & Co. (Chartered Accountants) having indicated their willingness to do so, will continue in office as Auditors to the company. A resolution will be proposed authorising the Directors to fix their remuneration.

By order of the Board

| | | |
|---|---|---|
| Lagos, Nigeria | **Milind Kulkarni** | **Anil Khatri** |
| Date: April 26, 2013 | Director | Director |

## FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

### RESULTS AT A GLANCE

| | 2013<br>NGN | 2012<br>NGN |
|---|---|---|
| **Profit and Loss:** | | |
| Turnover | **2,182,330,085** | 2,813,886,520 |
| Profit Before Taxation | **(78,001,583)** | 343,037,207 |
| Profit After Taxation | **(93,127,960)** | 232,128,500 |
| **Balance Sheet:** | | |
| Debtors and Prepayment | **1,320,397,140** | 1,163,514,278 |
| Creditors and Accruals | **1,383,600,595** | 1,117,908,086 |
| Shareholders' Funds | **342,111,912** | 435,239,873 |
| **Per Share Data:** | | |
| Earnings Per Share (Kobo) | **(61)** | 152 |
| Net Assets Per Share (N) | **2** | 3 |

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act, Cap C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act; Cap C20 LFN 2004.
- Establishes adequate internal controls to safequard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in confirmity with the Nigerian Accounting Standards and the Companies and Allied Matters Act, Cap C20 LFN 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit and loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from that date of this statement.

Signed on behalf of the board of directors by:

| | |
|---|---|
| Milind Kulkarni<br>Director | Anil Khatri<br>Director |

Date: April 26, 2013

# REPORT OF THE AUDITORS TO THE MEMBERS OF TECH MAHINDRA (NIGERIA) LIMITED

We have audited the financial statements of Tech Mahindra (Nigeria) Limited for the year ended March 31, 2013 set out on pages 10 to 19, which have been prepared in accordance with the accounting policies set out herein.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 6, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with Nigeria Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statements, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of presentation of information in the financial statements, and assessed whether the company's books of accounts had been properly kept.

**OPINION**

In our opinion, the Company's books of accounts have been properly kept. The financial statements referred to above, which are in agreement with the books of accounts, give a true and fair view of the state of affairs of the company as at March 31, 2013 and of the profit and cash flow statement for the year ended, and have been properly prepared in accordance with the provisions of the Companies and Allied Matters Act (CAMA), Cap C20 LFN 2004 and relevant statements of accounting standards issued by the Financial Reporting Council (FRC).

**Spiropoulos, Adiele, Okpara & Co.**
**Chartered Accountants**
**Lagos, Nigeria.**
Date: April 26, 2013

# STATEMENT OF ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the company in the preparation of its financial statements:

**1 Basis of Accounting**

The financial statements have been prepared under the historical cost convention basis.

**2 Fixed Assets**

Fixed Assets are stated at cost or valuation less accumulated depreciation. The cost of an asset shall comprise of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The expenditure for maintenance and repairs is charged to Profit and Loss.

**3 Depreciation**

Depreciation on fixed assets is calculated on a straight line basis at annual rates estimated to write off their cost over their expected useful lives as follows:

| Asset | Rate % |
|---|---|
| Plant and Machinery | 20 |
| Furniture & Fittings | 20 |
| Computer | 33 1/3 |
| Motor Vehicle | 33 1/3 |

**4 Foreign Currency Transactions**

Transactions in foreign currencies are translated to Naira at the rates of exchange ruling at the date of transaction. Foreign currencies balances are converted to Naira at rates of exchange ruling at the balance sheet date. All differences arising from conversion are dealt with in the Profit and Loss account.

**5 Taxation**

(i) Income tax

Income tax is provided on the taxable profit at the current statutory rate.

(ii) Deferred taxation

Deferred taxation arises from timing differences in the recognition of items for accounting and tax purposes. This is calculated using the liability method. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the assets are realised or the liabilities settled, based on the tax rates and tax laws that have been enacted at the balance sheet date.

**6 Debtors**

Debtors are stated after deduction of specific provisions for any debts considered to be doubtful of collection.

**7 Provision**

The Company recognises provision when there is a present obligation as a result of past event for which it is probable that an outflow of economic resources will be required to settle such obligation in accordance with the Statement of Accounting Standards (SAS) 23.

**8 Turnover**

Sales represents invoiced value, excluding value added tax.

**9 Basic Earnings Per Share**

Basic earnings per share are calculated by dividing net earnings for the year by the weighted average number of ordinary shares in issue during the year.

# BALANCE SHEET AS AT MARCH 31, 2013

| | Notes | 2013 NGN | 2012 NGN |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| At Cost Less Accum. Depreciation | 6 | **18,826,578** | 15,422,678 |
| **CURRENT ASSETS** | | | |
| Debtors and Prepayment | 8 | **1,320,397,140** | 1,163,514,278 |
| Bank Balance | 9 | **674,729,531** | 528,509,994 |
| Deferred Taxation | | **23,857,045** | 599,925 |
| | | **2,018,983,716** | 1,692,624,197 |
| **CURRENT LIABILITIES** | | | |
| Amount falling due within 1 year: | | | |
| Creditors and Accruals | 10 | **1,383,600,595** | 1,117,908,086 |
| | | **1,383,600,595** | 1,117,908,086 |
| **Net Current Assets** | | **635,383,121** | 574,716,111 |
| **Amount falling due after 1 year:** | | | |
| Unsecured Loan from Tech Mahindra Limited | 11 | **312,097,786** | 154,898,916 |
| Total Assets Less Liabilities | | **342,111,912** | 435,239,873 |
| **FINANCED BY:** | | | |
| Share Capital | 12 | **153,040,026** | 153,040,026 |
| Profit and Loss Account | | **189,071,886** | 282,199,847 |
| | | **342,111,912** | 435,239,873 |

**For Tech Mahindra (Nigeria) Limited**

| | | |
|---|---|---|
| Milind Kulkarni (Indian) | Anil Khatri (Indian) | Chief (Mrs) Faidat. Oreagba (Nigerian) |
| Director | Director | Director |

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2013

| | Notes | 2013<br>NGN | 2012<br>NGN |
|---|---|---|---|
| Turnover | 1 | **2,182,330,085** | 2,813,886,520 |
| Direct Expenses | 2 | **(673,344,046)** | (1,620,676,260) |
| | | **1,508,986,038** | 1,193,210,260 |
| Interest Expense/Similar Charges | 3 | **(11,855,329)** | (8,406,483) |
| **Less Expenses:** | | | |
| Administrative Expenses | 4 | **(1,579,000,974)** | (844,850,151) |
| | | **(81,870,264)** | 339,953,626 |
| Other Income | 5 | **3,868,682** | 3,083,581 |
| Profit/(Loss) Before Taxation | | **(78,001,583)** | 343,037,207 |
| Taxation | 7 | **(15,126,378)** | (110,908,707) |
| Profit/(Loss) After Taxation | | **(93,127,960)** | 232,128,500 |
| Retained Profit/(Loss) for the Year | | **(93,127,960)** | 232,128,500 |
| Retained Profit Brought Forward | | **282,199,847** | 50,071,347 |
| Retained Profit Carried Forward | | **189,071,886** | 282,199,847 |
| **Per Share Data:** | | | |
| **Earnings/(Loss) per share (Kobo)** | | **(61)** | 152 |
| **Net Assets per share (N)** | | **2** | 3 |

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2013

| | **2013 NGN** | 2012 NGN |
|---|---|---|
| **Cash Flow From Operating Activities** | | |
| Profit/(Loss) Before Tax | **(78,001,583)** | 343,037,207 |
| **Adjustment** | | |
| Depreciation | **7,948,669** | 5,597,174 |
| **Operating Profit/(Loss) Before Working Capital Changes:** | **(70,052,914)** | 348,634,381 |
| (Increase)/Decrease in Debtors and Prepayment | **(156,882,862)** | (828,596,027) |
| Increase/(Decrease) in Creditors and Accruals | **379,722,462** | 648,456,115 |
| | **222,839,600** | (180,139,912) |
| Tax Paid | **(152,413,450)** | (21,995,956) |
| **Net Cash Flow from Operating Activities** | **373,236** | 146,498,513 |
| **Cash Flow from Investing Activities:** | | |
| Purchase of Fixed Assets | **(11,352,569)** | (16,349,000) |
| **Net Cash Flow from Investing Activities** | **(11,352,569)** | (16,349,000) |
| **Cash Flow from Financing Activities:** | | |
| Share Capital | **-** | 137,790,000 |
| Unsecured Loan from Tech Mahindra Limited | **157,198,870** | **154,898,916** |
| **Net Cash Flow from Financing Activities** | **157,198,870** | 292,688,916 |
| Net Inflow in Cash and Cash Equivalent | **146,219,537** | 422,838,429 |
| Cash and Cash Equivalent as at April 1, 2012 | **528,509,994** | 105,671,565 |
| Cash and Cash Equivalent as at March 31, 2013 | **674,729,531** | 528,509,994 |
| **Cash and Cash Equivalent Consist of :** | | |
| Bank | **674,729,531** | 528,509,994 |
| | **674,729,531** | 528,509,994 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| | | 2013 NGN | 2012 NGN |
|---|---|---|---|
| 1 | **TURNOVER** | | |
| | Sales | **2,182,330,085** | 2,813,886,520 |
| 2 | **DIRECT EXPENSES** | **673,344,046** | 1,620,676,260 |
| 3 | **INTEREST EXPENSES/ SIMILAR CHARGES** | | |
| | Bank Charges | **11,855,329** | 8,406,483 |
| 4 | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries and Wages | **1,036,822,491** | 583,975,033 |
| | Guest House Expenses | **49,351,112** | 26,286,213 |
| | Staff Welfare | **10,253,223** | 7,396,708 |
| | Staff Recruitment | **45,284,869** | 3,359,652 |
| | Telephone, Internet and Postage | **10,346,757** | 12,416,248 |
| | Rent | **3,425,470** | 3,699,945 |
| | Motor Running Expenses | **7,543,250** | 2,595,353 |
| | Audit Fees | **8,000,000** | 4,920,000 |
| | Entertainment | **-** | 242,251 |
| | Office Running Expenses | **84,092,309** | 36,260,028 |
| | Business Promotion Expenses | **12,119,844** | 13,665,779 |
| | Repairs and Maintenance | **9,720,050** | 7,568,895 |
| | Insurance | **89,900,895** | 27,683,216 |
| | Legal Expenses and Professional Fees | **29,600,366** | 21,582,518 |
| | Travelling and Conveyance | **127,676,789** | 39,934,568 |
| | Depreciation | **7,948,669** | 5,597,174 |
| | Miscellaneous Expenses | **25,377,713** | 17,919,769 |
| | Exchange Loss | **5,264,505** | 11,540,010 |
| | Sec Fee | **-** | 16,723,764 |
| | Printing and Stationeries | **1,467,773** | 1,483,026 |
| | Provision for Doubtful Debts | **14,754,888** | - |
| | Institutional Membership fees | **50,000** | - |
| | | **1,579,000,974** | 844,850,151 |
| 5 | **OTHER INCOME** | | |
| | Interest Received | **2,627,303** | 2,978,865 |
| | Exchange Gain - Unrealized/Realized | **1,241,379** | 104,716 |
| | | **3,868,682** | 3,083,581 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| 6 FIXED ASSETS | MOTOR VEHICLE | PLANT & MACHINERY | COMPUTER | FURNITURE & FITTINGS | OFFICE EQUIPMENT | TOTAL |
|---|---|---|---|---|---|---|
| | NGN | NGN | NGN | NGN | NGN | NGN |
| **COST** | | | | | | |
| As At April 1, 2012 | 11,993,950 | 2,367,040 | 2,110,455 | 4,677,800 | - | 21,149,245 |
| Additions during the year | 7,907,250 | 1,826,183 | 1,022,936 | 174,200 | 422,000 | 11,352,569 |
| As At March 31, 2013 | **19,901,200** | **4,193,223** | **3,133,391** | **4,852,000** | **422,000** | **32,501,814** |
| **DEPRECIATION** | | | | | | |
| As At April 1, 2012 | 3,120,451 | 1,678,690 | 267,424 | 660,002 | - | 5,726,567 |
| Charge for the year | 5,652,650 | 328,169 | 964,022 | 961,631 | 42,198 | 7,948,669 |
| As At March 31, 2013 | **8,773,101** | **2,006,859** | **1,231,446** | **1,621,633** | **42,198** | **13,675,236** |
| **NET BOOK VALUE** | | | | | | |
| As At March 31, 2013 | **11,128,099** | **2,186,364** | **1,901,945** | **3,230,367** | **379,802** | **18,826,578** |
| As At March 31, 2012 | **8,873,499** | **688,350** | **1,843,031** | **4,017,798** | **-** | **15,422,678** |

| | **2013** | 2012 |
|---|---|---|
| | **NGN** | NGN |
| **7 TAXATION** | | |
| **Charge:** | | |
| Current Tax: | | |
| Education Tax | **-** | 7,088,494 |
| Technology Tax | **-** | 3,430,372 |
| Income Tax Charge | **38,383,497** | 103,511,087 |
| Deferred Tax | **(23,257,120)** | (3,121,245) |
| Charge for the year | **15,126,378** | 110,908,707 |
| **Payable** | | |
| At Start of the Year | **114,029,952** | 21,995,956 |
| Tax Paid | **(152,413,450)** | (21,995,956) |
| Income Tax Charge | **38,383,497** | 114,029,952 |
| At End of the Year | **(1)** | 114,029,952 |
| | | |
| **8 DEBTORS AND PREPAYMENTS** | | |
| **Amount falling due within one year:** | | |
| Accounts Receivable | **553,158,807** | 881,477,945 |
| Unearned Income | **-** | (80,969,514) |
| Provision for Doubtful Receivables | **(14,754,888)** | - |
| | **538,403,919** | 800,508,431 |
| Withholding Tax Receivable | **302,874,249** | 200,390,134 |
| Advance Payment to Suppliers | **74,000,031** | 6,464,447 |
| Staff Debtors | **2,528,216** | 6,240,104 |
| Prepaid Expenses | **402,590,724** | 149,911,162 |
| | **1,320,397,140** | 1,163,514,278 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| | | 2013 NGN | 2012 NGN |
|---|---|---|---|
| 9 | **BANK AND CASH** | | |
| | Bank Balance | **674,729,531** | 528,509,994 |
| 10 | **CREDITORS AND ACCRUALS** | | |
| | **Amount falling Due within one year** | | |
| | Accounts Payable | **973,033,409** | 827,411,332 |
| | Corporate Taxation | **(1)** | 114,029,952 |
| | Accrued Expenses | **378,690,658** | 117,031,958 |
| | VAT Payable | **22,056,751** | 54,635,068 |
| | Advances From Customers | **9,819,779** | 4,799,776 |
| | | **1,383,600,595** | 1,117,908,086 |
| 11 | **Amount falling Due after one year** | | |
| | Unsecured Loan from Tech Mahindra Limited India | **312,097,786** | 154,898,916 |
| 12 | **SHARE CAPITAL** | | |
| | **Authorised** | | |
| | 153,790,000 Ordinary Shares of N1.00 each | **153,790,000** | 153,790,000 |
| | **Issued and Fully Paid-Up** | | |
| | 153,040,026 Ordinary Shares of N1.00 each | **153,040,026** | 153,040,026 |
| 13 | **PROFIT AND LOSS ACCOUNT** | | |
| | The profit for the year is arrived at after charging the following: | | |
| | Depreciation | **7,948,669** | 5,597,174 |
| | Auditors Remuneration | **8,000,000** | 4,920,000 |
| 14 | **EMPLOYEES** | | |
| | The number of persons employed by the Company during the year were 810 | | |
| 15 | **SUBSTANTIAL INTEREST IN SHARES** | | |
| | TECH MAHINDRA LIMITED INDIA | **153,040,025** | 153,040,025 |
| | MILIND KULKARNI | **1** | 1 |
| | | **153,040,026** | 153,040,026 |

**16 FINANCIAL COMMITMENT**

The Directors are of the opinion that all known liabilities and financial commitments have been taken into consideration in the preparation of these financial statements.

**17 CONTINGENT LIABILITIES**

At the balance sheet date, there were no claims, guarantees, or litigations against the company likely to result in any significant liability.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

| | | 2013<br>NGN |
|---|---|---|
| **18** | **RELATED PARTY TRANSACTIONS** | |
| | Beginning Balance Due to Parent company on 1/4/2012 | **635,600,232** |
| | Subcontractors for subs cost to parent company | **183,098,840** |
| | Reimbursement of expenses receivable from parent | **(49,505,229)** |
| | Interest loan taken from parent company | **3,669,573** |
| | Reimbursement of expenses payable to parent company | **20,948,111** |
| | Amount received from parent in December | **45,187,223** |
| | **Closing Balance as at March 31, 2013** | **838,998,750** |
| | **Loan from Tech Mahindra Limited India** | **312,097,786** |
| | **Associate Company - Satyam Computer Services Limited** | |
| | Beginning Balance as at 1/4/2012 | **124,029,118** |
| | Subcontractors for subs cost to Associates Company | **126,541,719** |
| | Reimbursement of expenses receivable from Associate Company | **(16,742,883.51)** |
| | Payments to Associate Company | **(65,229,262)** |
| | Withholding Tax | **9,104,177** |
| | **Due to Associate Company** | **177,702,869** |

**19 APPROVAL OF ACCOUNT**

These financial statements were approved by the board of the directors of the Company on April 26, 2013

## STATEMENT OF VALUE ADDED FOR THE YEAR ENDED MARCH 31, 2013

| | 2013 NGN | % | 2012 NGN | % |
|---|---|---|---|---|
| **Turnover** | **2,182,330,085** | | 2,813,886,520 | |
| Brought in Materials and Services | **(1,205,307,283)** | | (1,873,880,398) | |
| | **977,022,801** | **100** | 940,006,122 | 100 |
| **APPLIED AS FOLLOWS:** | | | | |
| To Pay Employee's Salaries, Wages and Fringe Benefits. | **1,047,075,714** | **107** | 591,371,741 | 63 |
| To Provide For Depreciation of Fixed Assets. | **7,948,669** | **1** | 5,597,174 | 1 |
| To Pay Tax to Government | **15,126,378** | **2** | 110,908,707 | 12 |
| To be Retained for Company's Growth. | **(93,127,960)** | **(10)** | 232,128,500 | 25 |
| | **977,022,801** | **100** | 940,006,122 | 100 |

# HUTCHISON GLOBAL SERVICES LIMITED

**Board of Directors**

Mr. C. P. Gurnani

Mr. Sujit Baksi

Mr. Milind Kulkarni

**Registered Office**

Spectrum Towers,
Mindspace, Chincholi Bunder Link Road,
Malad (West), Mumbai-400064. India

**Bankers**

Kotak Mahindra Bank Limited

**Auditors**

Deloitte Haskins & Sells

Chartered Accountants

# DIRECTORS' REPORT

Your Directors present their Eighth Annual Report together with the audited Accounts of the Company for the year ended March 31, 2013.

**Financial Results**

(₹)

| Particulars | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Income | **8,36,23,84,711** | 8,34,46,47,453 |
| Expenditure | **6,94,71,11,809** | 7,01,30,89,802 |
| Depreciation | **31,08,60,172** | 28,27,11,770 |
| Profit/(Loss) Before Tax & Extra Ordinary items | **1,10,44,12,730** | 1,04,88,45,881 |
| Provision for Taxation | **51,93,23,279** | 1,10,09,96,160 |
| Deferred Taxes Charge/ (Credit) | **(6,37,78,210)** | (1,53,22,985) |
| Profit/ (Loss) after Tax | **64,88,67,661** | (3,68,27,294) |
| Profit /(Loss) Carried forward to Balance Sheet | **64,88,67,661** | (3,68,27,294) |

**Business Overview**

The operational income during the financial year 2012-13 is ₹ 8,362 Mn. The profit before tax is ₹1,105 Mn.

**Change in Ownership**

The ownership of the Company has changed with effect from 4th September 2012. Tech Mahindra Limited (TML), a leading provider of solutions and services to the telecommunications industry, has bought the entire stake of the Company held by Hutchison 3 Global Services Holdings Limited thereby making the Company as a wholly owned subsidiary of TML. Subsequently with effect from 27th December 2012, your Company has been converted into Public Limited Company.

**Dividend**

Your Directors do not recommend any dividend for the year under review.

**Human Resource Management**

Employees are our most valuable assets. We have created a favorable work culture that encourages and drives high performance in a competitive business environment. We have a scalable recruitment and human resources management process, which enables us to attract and retain high potential employees. We recruited 4086 new hires of which 40% were referred by our own internal employees. Through our robust performance management process we have nurtured talent and created opportunities for both personal and professional growth of our employees. In our effort to give back to our society, we partnered with a NGO and counseled students on 'How to prepare for a Job Interview' helping them build a successful career.

**Fixed Deposits**

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

**Internal Control Systems And Adequacy**

Your Company has an adequate system of internal controls commensurate with the size of the Company and the nature of its business which ensures that transactions are recorded, authorized and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and disposition.

The internal control system is supplemented by well documented policies, guidelines and procedures. An extensive programme of internal audit by a firm of chartered accountants and management review of the same is in place.

**Directors**

During the year the management and control of the Company has changed consequent to the change of ownership. Accordingly, Mrs. Chow Woo Mo Fong Susan, Mr. Christopher John Sanderson, Ms. Edith Shih, Mr. Sanjay Luthra and Mr. Geoffrey Carolan have resigned from the office of director with effect from 4th September 2012.

Mr. C. P. Gurnani, Mr. Sujit Baksi and Mr. Milind Kulkarni were appointed as Additional Directors with effect from 4th September 2012. They hold office upto the date of the ensuing Annual General Meeting. The Company has received Notices from Members under Section 257(1) of the Companies Act, 1956, along with the requisite amount of deposit, signifying their intention to propose the candidatures of Mr. C. P. Gurnani, Mr. Sujit Baksi and Mr. Milind Kulkarni as Directors of the Company, at the forthcoming Annual General Meeting.

**Directors' Responsibility Statement**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the profit of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis.

**Auditors**

M/s Deloitte Haskins & Sells, Chartered Accountants (Regn. No. 117366W), the Auditors of your Company, hold office up to the conclusion of the forthcoming Annual General Meeting of the Company and have given their consent for re-appointment. The shareholders will be required to elect auditors for the current year and fix their remuneration. Your Company has received a written confirmation from M/s Deloitte Haskins & Sells to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224 of the Companies Act, 1956.The Board recommends the re-appointment of M/s Deloitte Haskins & Sells as the Auditors of the Company.

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

1. **Conservation of Energy & Technology Absorption**

The Company being in the service industry, the rules pertaining to conservation of energy does not apply to the Company. The Company is constantly acquiring new hardware and software solutions and upgrading its existing hardware and software to provide more and better services to its customers.

2. **Foreign Exchange earnings and outgo**

The foreign exchange earnings of your Company during the year were ₹ 8,212 Mn. (Previous Year – ₹ 8,188 Mn.) while the outgoings were ₹18 Mn. (Previous Year – ₹ 94 Mn.).

**PARTICULARS OF EMPLOYEES**

The Information required under Section 217(2A) of the Companies Act, 1956, and the Rules made there under is available for inspection at the Registered Office of the Company. A copy will be provided to member on receipt of written request for same.

**ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, STPI, regulatory and governmental authorities in India and abroad and its shareholders.

**For and on behalf of the Board**

| | | |
|---|---|---|
| Place : Pune | **C. P. Gurnani** | **Milind Kulkarni** |
| Date : 20th May, 2013 | Director | Director |

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF**
**HUTCHISON GLOBAL SERVICES LIMITED (Formerly known as Hutchison Global Services Private Limited)**

### Report on the Financial Statements

We have audited the accompanying financial statements of **HUTCHISON GLOBAL SERVICES LIMITED** ("the Company") (Formerly known as Hutchison Global Services Private Limited) which comprise the Balance Sheet as at 31st 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 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 31st 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Place: Pune
Date : May 20, 2013

**Hemant M. Joshi**
Partner
(Membership No. 38019)

# 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 / activities / results during the year, clauses (ii), (x), (xiii) and (xiv) of paragraph 4 of the order are not applicable to the company.

(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 major portions of 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(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 an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register referred to in Section 301 of the Companies Act, 1956.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

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

(viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Accordingly, the provisions of Clause (viii) of paragraph 4 of Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

(ix) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax / VAT, Wealth Tax, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

As explained to us, the Company did not have any dues in respect of Investor Education and Protection Fund and Custom Duty.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax / VAT, Wealth Tax, Service Tax, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax / VAT, Service Tax and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

(₹ in miilion)

| Name of Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount involved |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | Financial Year 2007-08 | 65 |
| Finance Act, 1994 | Service Tax | Commissioner of Service Tax | Financial Year 2007-08 to 2012-13 | 32 |

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders. According to the information and explanations given to us, there are no dues payable to financial institutions.

(xi) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xii) 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.

(xiii) The Company has not availed any term loans during the year.

(xiv) 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 funds raised on short-term basis have, prima facie, not been used during the year for long- term investment.

(xv) According to the information and explanations given to us, 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.

(xvi) According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xvii) As informed to us, during the period covered by our audit report, the Company has not raised any money by public issues.

(xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Place: Pune
Date : May 20, 2013

**Hemant M. Joshi**
Partner
(Membership No. 38019)

# Balance Sheet as at March 31, 2013

₹ in Million

| | Note No. | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | | |
| **1 Shareholders' Funds** | | | | |
| (a) Share Capital | 3 | **1** | | 0 |
| (b) Reserves and Surplus | 4 | **2,580** | | 1,931 |
| | | | **2,581** | 1,931 |
| **2 Non-Current Liabilities** | | | | |
| Long-Term Provisions | 5 | | **121** | 86 |
| **3 Current Liabilities** | | | | |
| (a) Trade Payables | 6 | **292** | | 238 |
| (b) Other Current Liabilities | 7 | **555** | | 284 |
| (c) Short-Term Provisions | 8 | **812** | | 1,011 |
| | | | **1,659** | 1,533 |
| | | | **4,361** | 3,550 |
| **II. ASSETS** | | | | |
| **1 Non-Current Assets** | | | | |
| (a) Fixed Assets | 9 | | | |
| (i) Tangible Assets | | **309** | | 435 |
| (ii) Intangible Assets | | **110** | | 148 |
| (iii) Capital Work-in-Progress | | **43** | | 21 |
| | | | **462** | 604 |
| (b) Deferred Tax Asset (refer note 33) | 10 | | **112** | 48 |
| (c) Long-Term Loans and Advances | 11 | | **478** | 348 |
| | | | **1,052** | 1,000 |
| **2 Current Assets** | | | | |
| (a) Current Investments | 12 | **1,632** | | - |
| (b) Trade Receivables | 13 | **955** | | 1,104 |
| (c) Cash and Cash Equivalents | 14 | **469** | | 1,098 |
| (d) Short-Term Loans and Advances | 15 | **253** | | 343 |
| (e) Other Current Assets | | **0** | | 5 |
| | | | **3,309** | 2,550 |
| | | | **4,361** | 3,550 |
| See accompanying notes to the financial statements | 1 To 38 | | | |

In terms of our report attached

**For Deloitte Haskins & Sells**
Chartered Accountants

**Hemant M. Joshi**
Partner

Pune, Dated : May 20, 2013

**For Hutchison Global Services Limited**

**C. P. Gurnani**
Director

**Milind Kulkarni**
Director

Pune, Dated : May 20, 2013

# Statement of Profit and Loss for the year ended March 31, 2013

₹ in Million

| | | Note No. | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|---|
| I | **Revenue From Operations** | | **8,212** | 8,188 |
| II | **Other income** | 17 | **151** | 156 |
| III | **Total Revenue (I + II)** | | **8,363** | 8,344 |
| IV | **EXPENSES** | | | |
| | Employee Benefits Expense | 18 | **5,325** | 5,209 |
| | Operating and Other Expenses | 19 | **1,622** | 1,694 |
| | Finance Costs | 20 | **-** | 109 |
| | Depreciation and Amortisation Expense | 9 | **311** | 283 |
| | **Total Expenses** | | **7,258** | 7,295 |
| V | **Profit before tax (III - IV)** | | **1,105** | 1,049 |
| VI | **Tax Expense** | | | |
| | (1) Current tax | | **225** | 429 |
| | (2) MAT Credit Entitlement Utilised | | **189** | 179 |
| | (3) Deferred Tax [refer note 33] | | **(64)** | (15) |
| | (4) For the earlier years - Current Tax [refer note 21 & 34] | | **106** | 493 |
| | | | **456** | 1,086 |
| VII | **Profit for the period (V-VI)** | | **649** | (37) |
| | Earnings per equity share (in ₹) | | | |
| | **Basic and Diluted [ In ₹] [Face Value ₹ 10] - [refer note 29]** | | **22,483** | (3,684) |
| | See accompanying notes to the financial statements | 1 to 38 | | |

In terms of our report attached

**For Deloitte Haskins & Sells**
Chartered Accountants

**Hemant M. Joshi**
Partner

Pune, Dated : May 20, 2013

**For Hutchison Global Services Limited**

**C. P. Gurnani**
Director

**Milind Kulkarni**
Director

Pune, Dated : May 20, 2013

# Cash Flow Statement

₹ in Million

| | | Year ended | |
|---|---|---|---|
| | | **March 31, 2013** | March 31, 2012 |
| **A.** | **Cash flow from operating activities:** | | |
| | Profit before taxation | **1,105** | 1,049 |
| | Adjustments for: | | |
| | Depreciation and Amortization | **311** | 283 |
| | Interest Income | **(116)** | (59) |
| | Dividend Income | **(17)** | - |
| | (Profit)/Loss on sale of Fixed Assets (net) | **(1)** | (1) |
| | Miscellaneous Expenditure written off | **-** | 1 |
| | Finance costs | **-** | 109 |
| | Unrealised foreign exchange loss / (gain) (net) | **11** | (33) |
| | **Operating profit before working capital changes** | **1,293** | 1,349 |
| | **Adjustments for changes in working capital:** | | |
| | - (Increase)/Decrease in Trade Receivables | **148** | (126) |
| | - (Increase)/Decrease in Loans and Advances | **(126)** | (82) |
| | - Increase/(Decrease) in Trade and Other Payables | **371** | 120 |
| | **Cash generated from operations** | **1,686** | 1,261 |
| | - Taxes Paid | **(643)** | (55) |
| | **Net cash flow from operating activities (A)** | **1,043** | 1,206 |
| **B.** | **Cash used in Investing activities:** | | |
| | Purchase of Fixed Assets (Including Capital Work-in-progress) | **(168)** | (244) |
| | Purchase of investments | **(3,060)** | - |
| | Redemption of Investment | **1,445** | - |
| | Dividend received on investment | **1** | - |
| | Proceeds from Sale of fixed assets | **1** | 3 |
| | Interest Received | **121** | 53 |
| | **Net cash used in investing activities (B)** | **(1,660)** | (188) |

| | Year ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| **C. Cash used in financing activities:** | | |
| Redemption of Preference Share Capital | **-** | (283) |
| Proceeds from issue of shares | **0** | - |
| Premium on Redemption of Preference shares | **-** | (230) |
| **Net cash used in financing activities (C)** | **0** | (513) |
| **Net Increase /(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)** | **(618)** | 505 |
| **Cash and Cash Equivalents at beginning of year** | **1,084** | 579 |
| **Cash and Cash Equivalents at the end of the year** | **466** | 1,084 |
| **Cash and cash equivalents comprise** | | |
| Cash in hand | **0** | 0 |
| Balances with Banks: | | |
| - Current Accounts | **399** | 331 |
| - Deposits Accounts | **67** | 753 |
| | **466** | 1,084 |
| Add: Unrealised (loss) / gain of foreign currency balances | **3** | 14 |
| **Cash and cash equivalents as per Balance Sheet** | **469** | 1,098 |

In terms of our report attached

**For Deloitte Haskins & Sells**
Chartered Accountants

**Hemant M. Joshi**
Partner

Pune, Dated : May 20, 2013

**For Hutchison Global Services Limited**

**C. P. Gurnani**
Director

**Milind Kulkarni**
Director

Pune, Dated : May 20, 2013

# Notes forming part of the Balance Sheet and the Statement of Profit and Loss

**Significant Accounting Policies and Notes on Accounts**

**1. General Information**

Hutchison Global Services Limited (the 'Company) head quartered in Mumbai, Maharashtra, India provides voice based call center services to 'Hutchison 3G UK Limited', 'Vodafone Hutchison Australia Pty Limited' and 'Hutchison 3G Ireland Limited'.

The Company was converted from a Private Limited Company to a Public Limited Company with effect from December 27, 2012.

**2. Significant Accounting Policies**

**2.1 Basis of Preparation of financial statements**

The financial statements of Hutchison Global Services Limited (hereafter referred to as the 'Company') are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, and the relevant provisions of the Companies Act, 1956 (the "Act").

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

**2.2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in statement of profit and loss in which the results are known / materialize.

**2.3 Revenue Recognition**

Revenue is recognized as per terms of contract when it is earned and no significant uncertainty exists as to its ultimate realization or collection.

**2.4 Tangible Assets**

a) Tangible Assets are stated at their cost of acquisition, including costs directly attributable to bring the assets to their working condition for the intended use and are net of accumulated depreciation / amortisation. Capital Work in Progress is stated at cost.

b) Tangible Assets taken over as a part of business transfer agreement in the year 2007-08 have been depreciated over the remaining useful life of the assets transferred. Tangible Assets individually costing less than rupees five thousand are fully depreciated in the year of purchase and carried forward at nominal value of rupee one.

c) Leasehold improvement are amortised over the primary period of the lease but not exceeding the period of 6 years.

d) Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher, as follows:

| **Asset** | **Useful life** |
| --- | --- |
| Plant and Machinery | 3 - 4 years |
| Computer Hardware | 4 years |
| Office Equipments | 3 - 4 years |
| Furniture and Fixtures | 3 - 6 years |
| Motor Vehicles | 4 years |

**2.5 Intangible Assets**

a) Intangible Assets are stated at their cost of acquisition, including costs directly attributable to bring the assets to their working condition for the intended use and is net of accumulated amortisation. Intangible assets under development are stated at cost.

b) Trademarks and Goodwill taken over as part of business transfer agreement in the year 2007-08 are amortised using Straight-Line method on pro-rata basis over their remaining useful life of 4 years at the time of transfer.

c) Amortisation of intangible assets is provided using Straight-Line method pro-rata to the period of use at the rate of 25%.

**2.6 Impairment of Assets**

At the end of each period, the company determines whether a provision should be made for impairment loss on assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any asset is lower than its carrying amount, a provision for impairment loss on assets is made for the difference. 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 pretax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount. Reversal of impairment loss if any is recognised immediately as income in the Statement of Profit and Loss.

**2.7 Investments**

Current investments are carried at lower of cost and fair value.

**2.8 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

Forward contracts with underlying assets are not intended for trading and speculation purposes. The premium or discount arising on the date of inception being the difference between the forward rate and the exchange rate of a forward contract is recognised as income or expense and is amortised over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which they arise. Any profit and loss arising on cancellation or renewal of the forward contract is recognized as income or expense for the period.

**2.9 Other Income**

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

**2.10 Employee Benefits**

a) **Defined Contribution Plans**

The Company contributes on a defined contribution basis to 'Employee's Provident Fund' and 'Employee's State Insurance Fund' towards post-employment benefits, all of which are administered by the respective Government authorities. The Company has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

b) **Defined Benefit Plans**

The Company has a defined benefit plan, namely Gratuity, for all its employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary as at the Balance Sheet date, which is calculated using the projected unit credit method.

Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.

c) **Employee Compensated absences:**

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary using the projected unit credit method as at the Balance Sheet date and charged to the Statement of Profit and Loss. Leave balances to be utilised in short term are provided for on the basis of cost to Company and charged to the Statement of Profit and Loss.

**2.11 Leases**

**Operating lease**

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on straight line basis.

**2.12 Taxation**

**a) Current Tax**

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income tax is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

**b) Deferred Tax**

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realization.

**2.13 Provision, Contingent Liabilities and Contingent Assets:**

Provision is recognised, when Hutchison Global Services Ltd has a present obligation as a result of arising out of past events and it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liabilities are not recognised in the Financial Statements. A Contingent asset is neither recognised nor disclosed in Financial Statements.

**Note 3: Share Capital**

| | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | **Number** | **₹ Million** | Number | ₹ Million |
| **Authorised** | | | | |
| 50,000 (March 31, 2012: 50,000) Equity Shares of ₹10 each | **50,000** | **1** | 50,000 | 1 |
| 676 (March 31, 2012: 676) Redeemable Non-Convertible Cumulative Preference Shares of ₹1,000,000 each | **676** | **676** | 676 | 676 |
| | | **677** | | 677 |
| **Issued, Subscribed & Paid up** | | | | |
| 50,000 (March 31, 2012: 10,000) Equity Shares of ₹10 each | **50,000** | **1** | 10,000 | 0 |
| Nil (March 31, 2012: Nil) Redeemable Non-Convertible Cumulative Preference Shares of ₹1,000,000 each | **-** | **-** | - | - |
| | **50,000** | **1** | 10,000 | 0 |

**a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

**i. Equity Shares:**

| **Particulars** | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **Number** | **₹** | Number | ₹ |
| Shares outstanding at the beginning of the year | **10,000** | **100,000** | 10,000 | 100,000 |
| Shares Issued during the year | **40,000** | **400,000** | - | - |
| Shares bought back during the year | **-** | **-** | - | - |
| Shares outstanding at the end of the year | **50,000** | **500,000** | 10,000 | 100,000 |

**ii. Preference Shares**

| **Particulars** | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **Number** | **₹** | Number | ₹ |
| Shares outstanding at the beginning of the year | **-** | **-** | 283 | 283 |
| Shares Issued during the year | **-** | **-** | - | - |
| Shares redeemed during the year | **-** | **-** | (283) | (283) |
| Shares outstanding at the end of the year | **-** | **-** | - | - |

**b. Rights, Preferences and restrictions attached to shares**

**Equity Shares:**

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 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

| c. Shares held by holding company and their associates | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| | **₹ in million** | ₹ in million |
| **Equity Shares :** | | |
| **Tech Mahindra Limited, the holding company** | | |
| 49,994 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Tech Mahindra Limited j/w Sonjoy Anand** | | |
| 1 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Tech Mahindra Limited j/w Atanu Sarkar** | | |
| 1 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Tech Mahindra Limited j/w Manoj Bhat** | | |
| 1 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Tech Mahindra Limited j/w Manoj Joshi** | | |
| 1 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Tech Mahindra Limited j/w Aniruddha Gadre** | | |
| 1 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Tech Mahindra Limited j/w Anil Khatri** | | |
| 1 (March 31, 2012: Nil) Equity shares of ₹10 each fully paid | **0** | - |
| **Hutchison 3 Global Services Holdings Limited, the holding company** | | |
| Nil (March 31, 2012: 9,999) Equity shares of ₹10 each fully paid | **-** | 0 |
| **Colonial Nominees (BVI) Ltd, the associate enterprises** | | |
| Nil (March 31, 2012:1) Equity shares of ₹10 each fully paid | **-** | 0 |

| d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | **No.** | **% holding in the class** | No. | % holding in the class |
| **Equity shares** | | | | |
| Tech Mahindra Limited, the holding company | **50,000** | **100%** | - | - |
| Hutchison 3 Global Services Holdings Limited, the holding company which pursuant to section 4(1)(c) of the Companies Act, 1956 is a subsidiary of Hutchison Whampoa Limited. | **-** | **-** | 9,999 | 99% |
| | **50,000** | **100%** | 9,999 | 99% |

**Note 4: Reserves and Surplus**

₹ in Million

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Capital Redemption Reserve** | | |
| Opening Balance | **676** | 393 |
| Add: Transfer from Statement of Profit and Loss | **-** | 283 |
| Closing Balance | **676** | 676 |
| **Surplus in Statement of Profit and loss** | | |
| Opening Balance | **1,255** | 1,805 |
| Add: Net Profit for the Year | **649** | (37) |
| Less: Transfer to Capital Redemption Reserve | **-** | (283) |
| Less: Premium on Redemption of Preference Share | **-** | (230) |
| Closing Balance | **1,904** | 1,255 |
| | **2,580** | 1,931 |

**Note 5: Long term provisions**

₹ in Million

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| - Provision for Gratuity [refer note 23] | **76** | 49 |
| - Provision for Compensated Absences | **45** | 37 |
| | **121** | 86 |

**Note 6: Trade Payables**

₹ in Million

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Trade Payable** | | |
| Total outstanding dues of Micro, Small and Medium Enterprises [refer note 36] | **-** | - |
| Total outstanding dues of Creditors other than Micro, Small and Medium Enterprises | **292** | 238 |
| | **292** | 238 |

**Note 7: Other Current Liabilities**

₹ in Million

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Customer Payables | **201** | 85 |
| Accrued Salary and Benefits | **272** | 129 |
| Others* | **82** | 70 |
| | **555** | 284 |

*Others mainly includes withholding and other taxes payable.

**Note 8: Short-term provisions**

₹ in Million

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| - Provision for Gratuity [refer note 23] | **27** | 19 |
| - Provision for Compensated Absences | **27** | 21 |
| Provision for Taxation (Net of Advance Tax) | **758** | 971 |
| | **812** | 1,011 |

**Note 9 : Fixed Assets**

₹in Million

| | | Gross Block | | | | Accumulated Depreciation / Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at April 01, 2012 | Additions during the year | Deletions during the year | As at March 31, 2013 | As at April 01, 2012 | For the year | Deductions during the year | As at March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| a | **Tangible Assets** | | | | | | | | | | |
| | Plant and Machinery | 194 | 8 | 0 | 202 | 114 | 35 | 0 | 149 | 53 | 80 |
| | Computers Hardware | 550 | 72 | 21 | 601 | 396 | 91 | 21 | 466 | 135 | 154 |
| | Office Equipments | 94 | 0 | 0 | 94 | 40 | 18 | 0 | 58 | 36 | 54 |
| | Furniture and Fixtures | 89 | 13 | 0 | 102 | 52 | 17 | 0 | 69 | 33 | 37 |
| | Leasehold Improvement | 246 | 11 | - | 257 | 140 | 67 | - | 207 | 50 | 106 |
| | Motor Vehicles | 7 | - | 1 | 6 | 3 | 2 | 1 | 4 | 2 | 4 |
| | **Total** | 1,180 | 104 | 22 | 1,262 | 745 | 230 | 22 | 953 | 309 | 435 |
| | Previous year | 998 | 197 | 15 | 1,180 | 545 | 214 | 14 | 745 | 435 | |
| b | **Intangible Assets** | | | | | | | | | | |
| | Trademarks | 32 | - | - | 32 | 32 | - | - | 32 | 0 | 0 |
| | Goodwill | 2 | - | - | 2 | 2 | - | - | 2 | 0 | 0 |
| | Computer software | 375 | 44 | - | 419 | 227 | 81 | - | 308 | 110 | 148 |
| | **Total** | 409 | 44 | - | 453 | 261 | 81 | - | 343 | 110 | 148 |
| | Previous year | 334 | 75 | - | 409 | 192 | 69 | - | 261 | 148 | |
| | **Grand Total (a+b)** | 1,589 | 148 | 22 | 1,715 | 1,006 | 311 | 22 | 1,296 | 419 | 583 |
| | Previous year | 1,332 | 272 | 15 | 1,589 | 737 | 283 | 14 | 1,006 | 583 | - |
| c | **Capital Work In Progress** | | | | | | | | | 43 | 21 |
| | **Total** | | | | | | | | | 462 | 604 |

**Note 10: Deferred Tax Assets**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Deferred tax assets [refer note 33] arising on account of timing differences in : | | |
| - Depreciation, Gratuity and Leave Encashment | **112** | 48 |
| | **112** | 48 |

**Note 11: Long Term Loans and Advances**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| (Unsecured, Considered Good unless otherwise stated) | | |
| Capital Advances | **2** | 1 |
| Security Deposits | **240** | 232 |
| Balances with Excise and other Authorities* | **27** | 8 |
| Advance Tax (Net of Provision) | **208** | 106 |
| Advance Fringe Benefit Tax (Net of Provision) | **1** | 1 |
| | **478** | 348 |

*This amount pertains to Service Tax refunds claimed by company and rejected by Assistant Commissioner of Service Tax against which company has gone into Appeal before Commissioner of Appeal. The company belives that the outcome of the same would be in the company's favour.

**Note 12 : Current Investments**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| **Unquoted - at Cost** | | |
| **Investment in Mutual Fund** | | |
| 9,600,877.241 (As at March 31,2012: Nil) units of ₹100.2837 each fully paid up of Birla Sun life Cash Plus Daily Dividend - Direct Plan | **962** | - |
| 159.256 (As at March 31,2012: Nil) units of ₹100.2837 each fully paid up of Birla Sun life Cash Plus Daily Dividend - Regular Plan | **0** | - |
| 6,690,314.129 (As at March 31,2012: Nil) units of ₹100.0947 each fully paid up ICICI Prudential Liquid - Direct Plan-Daily Dividend | **670** | - |
| 144.151 (As at March 31,2012: Nil) units of ₹100.0942 each fully paid up ICICI Prudential Liquid - Regular Plan-Daily Dividend | **0** | - |
| | **1,632** | - |

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Aggregate amount of quoted investments | **-** | - |
| Aggregate amount of unquoted investments | **1,632** | - |
| Aggregate amount of provision for diminution in value of investments | **-** | |
| | **1,632** | - |

**Note 13: Trade Receivables**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| (Unsecured, Considered Good unless otherwise stated) | | |
| Trade Receivables | | |
| (a) Due over six months | | |
| (i) Considered good | **-** | - |
| (ii) Considered doubtful | **-** | - |
| (b) Others | | |
| (i) Considered good | **955** | 1,104 |
| (ii) Considered doubtful | **-** | - |
| | **955** | 1,104 |
| Less: Provision for doubtful Advances | **-** | - |
| | **955** | 1,104 |

**Note 14: Cash and Cash equivalents**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Cash and Cash Equivalents | | |
| (a) Cash on hand | **0** | 0 |
| (b) Balances with Banks | | |
| (i) In current accounts | **402** | 345 |
| (ii) In Deposits Account * | **67** | 753 |
| [net of book overdraft of ₹ 21 million (As at March 31, 2012: ₹ 102 million) in the linked current account with fixed deposits] | | |
| *includes deposit of ₹ Nil (As at March 31, 2012: ₹ 330 million) which have an original maturity of more than 3 months. Also includes deposits amounting to ₹ Nil (As at March 31, 2012: ₹6 million) which have an original maturity of more than 12 months and the same are earmarked against the bank gurantee issued to Government of India custom authorities. | | |
| | **469** | 1,098 |

**Note 15: Short-term loans and advances**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| (Unsecured, Considered Good unless otherwise stated) | | |
| Advances to related party | **41** | 41 |
| Advance recoverable in cash or in kind for value to be received | | |
| Considered good | **48** | 43 |
| Considered doubtful | **-** | 3 |
| | **48** | 46 |
| Less: Provision for doubtful Advances | **-** | (3) |
| | **48** | 43 |
| Balances with Excise and other Authorities | **164** | 70 |
| MAT Credit Entitlement | **-** | 189 |
| | **253** | 343 |

**Note 16: Other Current Assets**

₹ in Million

| | As at | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Interest accrued on Deposits | **0** | 5 |
| | **0** | 5 |

**Note 17: Other Income**

₹ in Million

| | Year Ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| (a) Interest on: | | |
| Deposit with Banks | **66** | 59 |
| Inter Corporate Deposit | **50** | - |
| | **116** | 59 |
| (b) Dividend income on Current investment | **17** | - |
| (c) Profit on sale of fixed assets (net) | **1** | 1 |
| (d) Foreign exchange (loss) / gain - Net | **6** | 91 |
| (e) Miscellaneous income | **11** | 5 |
| | **151** | 156 |

**Note 18: Employee Benefits Expenses**

₹ in Million

| | Year Ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| (a) Salaries and Bonus | **4,980** | 4,857 |
| (b) Contribution to Provident and Other Funds [refer note 23] | **96** | 80 |
| (c) Gratuity [refer note 23] | **49** | 31 |
| (d) Staff welfare expenses | **200** | 241 |
| | **5,325** | 5,209 |

**Note 19: Operating and Other Expenses**

₹ in Million

| | Year Ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Network Costs | **170** | 124 |
| Rent | | |
| - Leased Premises | **460** | 432 |
| - Equipments, Furniture and Fixtures | **-** | 85 |
| Repairs and Maintenance | | |
| - Plant and Machinery | **180** | 158 |
| - Leased Premises | **19** | 25 |
| Recruitment Expenses | **54** | 61 |
| Training Expenses | **14** | 24 |
| Travelling and Conveyance | **38** | 53 |
| Hire Charges | **346** | 383 |
| Communication and Postage Expenses | **14** | 17 |
| Marketing, Branding and Public Relations Expenses | **4** | 12 |
| Legal and Professional Fees (refer note 24) | **36** | 36 |
| Insurance Charges | **51** | 45 |
| Power and Fuel Expenses | **163** | 157 |
| General Office Expenses | **72** | 81 |
| Miscellaneous Expenses | **1** | 1 |
| | **1,622** | 1,694 |

**Note 20: Finance Cost**

₹ in Million

| | Year Ended | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| **Interest expense:** | | |
| Interest on short fall of advance tax | **-** | 109 |
| | **-** | 109 |

**21. Capital commitments and Contingent Liabilities**

**Capital commitments**

Estimated amount of contracts remaining to be executed on capital account (net of capital advances), and not provided for as at March 31, 2013 ₹ **127 million** (March 31, 2012: ₹29 million).

**Contingent liabilities**

**i. Income Tax matters**

Assessment Year 2008-09

The assessing officer had passed a draft assessment order making adjustments of ₹ **427 million** mainly on account of transfer pricing adjustments and has raised a demand of ₹ **180 million** during the year ended March 31 2012. The Company had filed an objection against the said order with the Dispute Resolution Panel (DRP). Accordingly, the Company has provided an amount of ₹ **54 million** in previous year ended 31st March 2012 [Refer Note. 22]. DRP has passed an order on 25th September 2012 and ordered the TPO/AO to verify the computations made by the assessee and rectify the figures wherever necessary. In response to the order of DRP, AO has passed the final order on 30th November 2012 making adjustments of ₹ **210 million** mainly on account of transfer pricing adjustments and has raised a demand of ₹ **80 million**. The company has filed an appeal against the order of AO to Income Tax Appellate Tribunal Mumbai.

Assessment Year 2009-10

The assessing officer had passed a draft assessment order making adjustments of ₹ **1057 million** mainly on account of transfer pricing adjustments. The Company has filed an objection against the said draft assessment order with Dispute Resolution Panel (DRP).

**Service Tax**

The Company has received show cause cum demand notice from Commissioner of Service Tax for non-payment of service tax ₹ 31.54 million for receiving import services (reverse charge basis) for the period 2007-08 to 2012-13. The company is in process of filing the reply against show cause cum demand notice.

**ii. Bank Guarantees**

Bank Guarantees given by a bank to custom authority on behalf of the Company ₹ **6 million** (March 31, 2012: ₹ 6 million)

22. The Company charges its customers a margin of 15% on operating costs & these customers were associated enterprises until the Company's entire shareholding was bought by Tech Mahindra Ltd on September 4, 2012. The Assessing Officer while passing draft order for AY 2008 09 in December 2011 determined arm's length margin of 32.33% & proposed consequent adjustments. The Company out of an abundant caution decided to make a tax provision in respect of potential transfer pricing disputes for Assessment Year 2008–09 to Assessment Year 2012-13 in previous year ending 31st March 2012. The said provision had been made on the basis of an arm's length margin of 24%, which is at the higher end of the arm's length band agreed in the MAP cases, along with Interest though the company is confident of successfully defending transfer pricing methodology of cost plus 15%.

Post the purchase of the entire shareholding of the Company in the current year by Tech Mahindra Ltd, the customers are not associated enterprises & the transfer pricing regulations are not applicable to the Company.

**23. Employee Benefits**

**i. Defined Contribution Plan**

Contribution to Defined Contribution Plans recognised as expenses for the year ended are as under:

Amount in ₹ Million

| Particulars | **For year ended March 31st 2013** | For year ended March 31st 2012 |
|---|---|---|
| Employer's Contribution to Provident Fund | **96** | 78 |
| Employer's Contribution to Employee's State Insurance | **0** | 0 |

**ii. Defined Benefit Plan unfunded (Gratuity)**

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation for leave encashment is recognised in the same manner as gratuity.

**a) Change in Benefit Obligation**

Amount in ₹ Million

| Particulars | **For year ended March 31st 2013** | For year ended March 31st 2012 |
|---|---|---|
| Defined benefit obligation at the beginning of the year | **68** | 45 |
| Interest cost | **6** | 4 |
| Current Service Cost | **13** | 8 |
| Benefit Paid | **14** | 8 |
| Actuarial (Gain)/ Loss | **30** | 19 |
| Projected benefit obligation, at the end of the year | **103** | 68 |

**b) Components of expenses recognized in the statement of Profit and Loss for year ended are as under:**

Amount in ₹ Million

| Particulars | **For year ended March 31st 2013** | For year ended March 31st 2012 |
|---|---|---|
| Interest cost | **6** | 4 |
| Service cost | **13** | 8 |
| Actuarial (Gain)/Loss | **30** | 19 |
| **Total** | **49** | 31 |

**c) Experience Adjustments**

Amount in ₹ Million

| **Particulars** | **March 31st, 2013** | **March 31st, 2012** | **March 31st, 2011** | **March 31st, 2010** |
|---|---|---|---|---|
| On Plan liability (gain) / loss | 27 | 16 | 3 | (8) |

**d) Actuarial Assumptions**

| Particulars | **March 31st 2013** | March 31st, 2012 |
|---|---|---|
| Discount Rate (per annum) | **8 %** | 8.50 % |
| Salary Escalation Rate (per annum) | **7.1 %** | 8 % |
| Attrition Rate | **0% to 55%** | 18%,25% and 55% |
| Mortality Rate | **LIC (1994-96) Ultimate tables** | LIC (1994-96) Ultimate tables |

The estimates of future salary escalations considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

**24. Payment to auditors (net of service tax)**

Amount in ₹ Million

| Particulars | For year ended March 31st 2013 | For year ended March 31st 2012 |
|---|---|---|
| Audit Fees(including quarterly audits) | **3** | 3 |
| For other services | **1** | 1 |
| For taxation matters | **-** | - |
| For reimbursement of expenses | **-** | 0 |
| **Total** | **4** | 4 |

**25. Value of imports calculated on C.I.F. basis in respect of:**

Amount in ₹ Million

| Particulars | For year ended March 31st 2013 | For year ended March 31st 2012 |
|---|---|---|
| Capital Goods | **84** | 38 |

**26. Expenditure in Foreign Currency:**

Amount in ₹ Million

| Particulars | For year ended March 31st 2013 | For year ended March 31st 2012 |
|---|---|---|
| Travelling and Conveyance | **12** | 18 |
| Training Expenses | **1** | 6 |
| Professional Fees | **1** | 7 |
| Software Licenses | **4** | 63 |
| Others | **0** | - |
| **Total** | **18** | 94 |

**27. Earnings in Foreign Currency:**

Amount in ₹ Million

| Particulars | For year ended March 31st 2013 | For year ended March 31st 2012 |
|---|---|---|
| Operational Income | **8,212** | 8,188 |

**28. Foreign currency exposures that have not been hedged by any derivative instrument or otherwise**

Amount in ₹ Million

| Particulars | Foreign Currency Amount | | Indian Rupees Equivalent (₹) | |
|---|---|---|---|---|
| | As at March 31st, 2013 | As at March 31st, 2012 | As at March 31st, 2013 | As at March 31st, 2012 |
| Trade Payable | **0** | 0 | **9** | 4 |
| Trade Receivables | **-** | USD 21 | **-** | 1,104 |
| Trade Receivables | **AUD 4** | - | **228** | - |
| Trade Receivables | **EUR 0** | - | **30** | - |
| Trade Receivables | **GBP 3** | - | **216** | - |

**29. Earnings Per Share is calculated as follows:**

₹ in Million except earnings per share

| Particulars | Year ended March 31st 2013 | Year ended March 31st, 2012 |
|---|---|---|
| **Net Profit / (Loss) attributable to shareholders** | **649** | (37) |
| Equity Shares outstanding as at the end of the year (in nos.) | **50,000** | 10,000 |
| Weighted average Equity Shares outstanding as at the end of year (in nos.) | **28,849** | 10,000 |
| **Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share** | **28,849** | 10,000 |
| Add: Diluted number of Shares | | |
| ESOP outstanding as at the end of year | **-** | - |
| **Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share** | **28,849** | 10,000 |
| Nominal Value per Equity Share (in ₹) | **10.00** | 10.00 |
| **Earnings / (Loss) Per Share** | | |
| Earnings Per Share (Basic) (in ₹) | **22,483** | (3,684) |
| Earnings Per Share (Diluted) (in ₹) | **22,483** | (3,684) |

**30. Segment Reporting**

Primary Segment:

The Company is engaged in the business of providing voice based call center services.As the Company is engaged in only one business segment, the Balance Sheet as at March 31,2013 and Statement of Profit and Loss for the year pertain to only one business segment.

Secondary Segment: Based on the geographical location the Revenue is as under:

Amount in ₹ Million

| Sr. No | Particulars | Within India | Outside India | Total |
|---|---|---|---|---|
| 1 | Segment revenue by location of customers | - | 8,212 | 8,212 |
| | | [-] | [8,188] | [8,188] |
| 2 | Carrying amount of segment asset (Gross) | 3,406 | 955 | 4,361 |
| | | [2,446] | [1,104] | [3,550] |
| 3 | Additions to tangible and intangible assets | 148 | - | 148 |
| | | [272] | [-] | [272] |

**31. Related Party Disclosures**

As required under Accounting Standard 18 "Related Party Disclosures" (AS – 18), following are details of transactions during the period with the related parties of the Company as defined in AS – 18:

**Names of related parties and nature of relationship:**

| Relation | Name of Related Party |
|---|---|
| Holding Company | Tech Mahindra Limited** |
| | Hutchison 3 Global Services Holdings Limited* |
| Ultimate Holding Company | Hutchison Whampoa Limited* |
| Associated Enterprise | Hutchison 3G UK Limited* |
| | Vodafone Hutchison Australia Pty Limited* |
| | Hutchison 3G Ireland Limited* |
| Entities over which Directors are able to exercise significant influence. | HTIL Info Systems Private Limited* |
| | Hutch Info Systems Private Limited* |
| | Three Info Systems Private Limited* |
| Fellow subsidiary company | Tech Mahindra (Americas) Inc, USA ** |
| Fellow subsidiary company | Tech Talenta Inc., USA ** |
| Fellow subsidiary company | Tech Mahindra GmbH ** |
| Fellow subsidiary company | Tech Mahindra (Singapore) Pte Limited** |
| Fellow subsidiary company | Tech Mahindra (Thailand) Limited** |
| Fellow subsidiary company | PT Tech Mahindra Indonesia** |
| Fellow subsidiary company | CanvasM Technologies Limited ** |
| Fellow subsidiary company | CanvasM (Americas) Inc ** |
| Fellow subsidiary company | Tech Mahindra (Malaysia) SDN. BHD** |
| Fellow subsidiary company | Tech Mahindra (Beijing) IT Services Limited** |
| Fellow subsidiary company | Venturbay Consultants Private Limited** |
| Fellow subsidiary company | Tech Mahindra Foundation** |
| Fellow subsidiary company | Mahindra Logisoft Business Solutions Limited** |
| Fellow subsidiary company | Tech Mahindra (Nigeria) Limited** |
| Fellow subsidiary company | Tech Mahindra (Bahrain) Limited S.P.C.** |
| Fellow subsidiary company | Tech Mahindra Brasil Servicecos De Informatica Limited** |
| Fellow Subsidiary Company | Comviva Technologies Limited*** |
| Fellow Subsidiary Companies (100% owned by Comviva Technologies Ltd.) | Comviva Technologies Inc. *** |
| | Comviva Technologies Nigeria Limited*** |
| | Comviva Technologies Singapore Pte. Ltd.*** |
| | Comviva Technologies FZ-LLC*** |
| Fellow subsidiary company | Tech Mahindra South Africa (Pty) Limited**** |
| Associate enterprise | Satyam Computer Services Limited** |

* Upto 4th September 2012

** w.e.f. 4th September 2012

*** w.e.f 13th December 2012

**** w.e.f 20th March 2013

**Details of transactions/ balances are as below:**

Amount in ₹ Million

| Transactions | Year ended March 31st 2013 | Year ended March 31st, 2012 |
|---|---|---|
| **Reimbursement of Expenses:** | | |
| Hutchison 3G Ireland Limited | **-** | 6 |
| **Rendering of Services:** | | |
| Hutchison 3G UK Limited | **5,039** | 4,918 |
| Vodafone Hutchison Australia Pty Limited | **2,809** | 2,906 |
| Hutchison 3G Ireland Limited | **364** | 364 |
| | **8,212** | 8,188 |
| **Inter Corporate Deposit given:** | | |
| Tech Mahindra Limited | **1,250** | - |
| | **1,250** | - |
| **Inter Corporate Deposit received back:** | | |
| Tech Mahindra Limited | **1,250** | - |
| | **1,250** | - |
| **Interest Income:** | | |
| Tech Mahindra Limited | **50** | - |
| **Reimbursement of Expenses received:** | | |
| Satyam Computer Services Limited | **2** | - |
| **Debit / (Credit) balances (Net) outstanding:** | | |
| Hutchison 3G UK Limited | **433** | 828 |
| Vodafone Hutchison Australia Pty Limited | **462** | 217 |
| Hutchison 3G Ireland Limited | **60** | 59 |
| HTIL Info Systems Private Limited | **41** | 41 |
| | **996** | 1,145 |

**32. Operating Lease**

**i. Premises**

The Company's significant leasing arrangements are in respect of office/ residential premises taken on leave and license basis. The aggregate lease rentals incurred are charged to the Statement of Profit and Loss as Rent under note 19 - Operating and other expenses.

The leasing arrangement, which is cancellable, ranges for a period up to nine years and is renewable by mutual consent on mutually agreeable terms. Under this arrangement, refundable interest free deposit has been given aggregating ₹ 240 million (March 31, 2012: ₹232 million).

The lease rentals recognized in the Statement of Profit and Loss for the year ended March 31st 2013 are ₹ 460 million (year ended March 31, 2012: 424 million)

Future minimum lease payments under non-cancellable agreements are as follows

Amount in ₹ Million

| Particulars | As at March 31st 2013 | As at March 31, 2012 |
|---|---|---|
| (a) Not later than one year | **215** | 128 |
| (b) Later than one year and not later than five years | **226** | 112 |

**ii. Equipments, Furniture and Fixtures**

The Company has taken certain equipments on operating lease. The lease rentals recognized in the Statement of Profit and Loss account for the year ended March 31st ,2013 are ₹ Nil (year ended March 31, 2012: 85 million).

33. The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Amount in ₹ Million

| Particulars | As at March 31st 2013 | As at March 31, 2012 |
|---|---|---|
| *Deferred tax asset :* | | |
| Gratuity and Leave Encashment | **59** | 36 |
| Depreciation | **53** | 12 |
| **Total Deferred Tax Asset** | **112** | 48 |

34. Current tax for the year ended 31st March 2013 includes an advance tax amount of ₹ 106 million (March 31, 2012: ₹ Nil) pertaining to earlier years.

The company had calculated its tax liability under Minimum Alternate Tax (MAT) and the MAT credit has been carried forward and set off against the future tax payable till March 31, 2011. In the current year ended March 31, 2013, the company has calculated its tax liability under normal provisions of the Income Tax Act, 1961 and utilized the brought forward MAT credit (net) of ₹ 189 Million (year ended March 31, 2012: ₹ 179 million).

35. On September 4th, 2012 the shareholders (i.e. Hutchison 3 Global Services Holdings Limited and Colonial Nominees (BVI) Ltd.) ("sellers") of the company entered into an agreement for sale and purchase with Tech Mahindra Limited ("purchaser") to sell 100% equity stake of theirs in the company for an upfront cash consideration of USD 87.1 Million (equivalent to ₹4,851 Million) which was remitted by the purchaser to the sellers on 4th September 2012, and on the same date the 100 % equity shares were transferred in the name of purchaser. Also on the same date, the erstwhile Board members resigned and nominees of Tech Mahindra Limited have been appointed on the Board of the company. Hence w.e.f. 4th September 2012, the company became the wholly owned subsidiary of Tech Mahindra Limited.

36. Based on the information available with the Company, no creditors have been identified as "supplier" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006".

37. The previous year figures have not been audited by the current auditor.

38. The previous year figures have been reclassified to conform to this year's classification.

**For Hutchison Global Services Limited**

| | |
|---|---|
| **C. P. Gurnani** | **Milind Kulkarni** |
| Director | Director |

Pune, Dated : May 20, 2013

# COMVIVA TECHNOLOGIES LIMITED

**Board of Directors**

Mr. Rakesh Bharti Mittal

Mr. Devendra Khanna

Mr. Ulhas Narayan Yargop

Mr. Vineet Nayyar

Mr. Manoranjan Mohapatra

Mr. Chander Prakash Gurnani

Mr. Jagdish Mitra

**Registered Office**

A-26, Info City, Sector-34

Gurgaon-122001

Haryana

**Bankers**

IDBI Bank Ltd.

Standard Chartered Bank

**Auditors**

S.R. Batliboi & Associates LLP

# DIRECTORS' REPORT

The Directors have pleasure in presenting their Fourteenth Annual Report and the Audited Accounts of your Company for the year ended March 31, 2013.

## FINANCIAL HIGHLIGHTS

(₹ in Million)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Sales | **4927.48** | 3697.72 |
| Other Income | **53.57** | 58.15 |
| Profit before Financial Expenses, Depreciation & Tax | **914.91** | 637.16 |
| Financial Expenses | **18.38** | 22.75 |
| Depreciation/Amortisation | **254.11** | 128.77 |
| Profit/(Loss) before Tax | **642.42** | 485.64 |
| Provision for Tax | **204.22** | 157.52 |
| Profit/(Loss) after Tax | **438.20** | 328.12 |

## BUSINESS REVIEW

Total Income for the year 2012-13 is ₹ 4,927.48 Mn as against ₹ 3,697.72 Mn in previous year.

During the year, company has seen a lot of traction internationally, particularly in Africa - which remains a strong market for the company and MENA region. It has won a large Messaging deal from a leading telecom operator in Africa and got a major breakthrough for the Winback solution with a deal from a leading operator in Africa & MENA. Company also signed its first public sector deal with Centre for Railway Information System (CRIS) for MSDP & USSD Flares in Asia Region. Order book of traditional products like Messaging, Lifestyle, and mobiquity® is also strong. Company's policy of entering framework agreements with leading operators is showing dividends as successful implementations in some properties are leading to further orders for other properties of these operators. Company continues to focus on developing economies and leveraging customer relationships for cross selling of entire product portfolio.

In the past few years, company has invested heavily in developing and diversifying its product portfolio. In addition to continued investment in Managed Services, Data Applications, mobiquity®; Revenue Plus – Winback is gaining popularity.

The company has been regularly participating in international events to take its visibility outside India to greater heights and has been able to achieve significant recognition internationally and nationally.

The company continues to be focussed towards recurring revenue business and to be closer to the customer via increased international presence.

## DIVIDEND

The Directors believe that there are tremendous growth opportunities for the Company and therefore the Company must invest in further expanding and strengthening its business operations. With a view to conserve cash, to fund the growth, the Directors do not recommend any dividend on Equity Shares for the year ended March 31, 2013. The Directors believe that this will increase Shareholder's value in the long term.

## SHARE CAPITAL

During the Financial 2012-13, Tech Mahindra Limited (TechM) acquired 55.67% interest in the paid-up Equity Capital from Bharti group Companies & other financial & strategic investors. Consequent to such acquisition of shares by TechM, the Company has become subsidiary of Tech Mahindra Limited.

Further, during the year under review, 7,663,763, Series A-0.001% Fully Convertible and Non Cumulative Preference Shares of ₹10/- each were converted into Equity Shares of the Company in the ratio of 1:1 on March 5, 2013.

## FUTURE PLANS

**Business Model:**

The shift in the Company's engagements with customers from one time sale/licence to a long term model either on a revenue sharing basis or on a managed services basis continues. Such contracts have started yielding results and are expected to yield significantly higher recurring revenues in the coming financial years. The Company is open to support customers by developing new and flexible commercial models that engender a stronger relationship whilst stimulating greater service uptake and market penetration. Further with expansion of business in Africa, Middle East, Europe and Americas company is contemplating to have onsite support centres to serve the customers better.

**New Product Initiatives:**

The company will continue to innovate and enhance existing product lines to meet the evolving needs of consumers in existing and new target markets. The company will invest in expanding its services offerings to deliver greater value to its customers in terms of end-to-end service management for mobile money, mobile music and complete VAS portfolio management. The company will also actively promote solutions that ensure an improved customer experience, taking products and product modules from across its portfolio to address specific operator challenges.

There will be a strong focus on pursuing rollout of company's Mobile Data Platform, which enables operators to both effectively monetize the growth in mobile data usage, as well as optimize the end user's service experience and effectively manage underlying costs. Company has deployed data solutions for over 80 operators to date and will focus on upgrading the deployments to its Mobile Data Platform to deliver greater value for end consumers and operator customers, as well as seek out new opportunities in its existing markets.

With Customer Experience an investment area for many operators, company has strengthened its Usage & Retention offering to enable dynamic pricing and real time analytics-driven promotions, with its Dynamic Discounting and Revenue Plus - Winback solutions, which enable operators to engage deeply with their consumer base to avoid churn and optimize revenue streams. Usage & Retention products will be promoted to enable operators to gain greater insight into consumer preferences – and act on these – to enhance overall value to end consumers and enhance operators' top line growth.

Mobile Financial Solutions will continue to deliver significant growth and the company will cement its position as the emerging market leader in mobile money and recharge solutions, with enhancement of the mobiquity® mobile financial platform to enable Near Field Communication (NFC) transactions and greater market penetration of PreTUPS, already the global leader in prepaid electronic recharge, into new markets.

Applications, social networking and content services, and facilitation of access to these services for the non-smartphone community, represents an important opportunity for revenue growth for company in the coming year. Hola! solution, a one-stop-shop solution enabling users to access various social networking sites, email services and popular web feeds and other relevant applications, via a mobile application or using SMS or USSD. This eliminates users' dependence on high-end devices and data plans, helping stimulate widespread adoption of networking services across all customer segments and building a long-term revenue stream for the operator and company.

**EXPANSION INTO NEW GEOGRAPHIES**

Company has extensive presence in Africa, the Middle East and the South Asia regions. Company will further penetrate its major customers in these markets, whilst expanding more aggressively into Latin America, Eastern Europe and South East Asia.

**AWARD AND RECOGNITION**

Company has been widely recognized by customers, industry associations, research houses, leading publications and event organizers across the globe for its products and services.

Company was awarded at GSMA Global Mobile Awards 2013 for Best Consumer Mobile Service for its mobiquity®mticketing solution to Bangladesh Railways

Company has won the Asia Communication Awards 2012 for mobiquity®mticketing solution in the Best Mobile Strategy category

Company has won the World Communication Awards 2012 for mobiquity®mticketing solution in the Best New Service category

Company was awarded at Aegis Gram Bell Awards 2012 for:

mobiquity® mobile payment solution for Innovation in mCommerce

Hola!, the consumer application for Innovation in Mobile App

Managed VAS services offering for most Innovative Business Model

Company was awarded Golden Peacock Award for Innovation for its Managed VAS Services

Company has won the ICT Achievers Awards 2012 for EcoCash (Econet Zimbabwe) deployment in the Top ICT Project of the Year category

**HUMAN RESOURCES**

At your Company, employees continue to be the key driving force of the organisation and remain a strong source of our competitive advantage. The Company's Management believes in aligning business priorities with the aspirations of employees leading to the development of an empowered and responsive human capital, and strives to create a work environment, which encourages innovation and creativity.

Through its strong Employer Brand, the Company is able to attract quality people with required skills who have become part of our competent and committed workforce. Appropriate measures are being planned by your Company to ensure talent retention and employee engagement on ongoing basis.

Your Company continued to support learning and development initiatives to enhance the functional as well as the behavioural competencies of our people. The executives of your Company were continuously enlisted for various high quality learning interventions. These programs supplemented with a combination of developmental activities, classroom and other trainings, have enabled our people to continuously learn, develop and grow.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956, Mr. Manoranjan Mohapatra, Director, retires by rotation and being eligible, offer himself for re-appointment in the forthcoming Annual General Meeting.

Consequent upon takeover of the management of Comviva Technologies Limited by Tech Mahindra Limited, the Board of Directors of your Company was restructured and thereby Mr. Vineet Nayyar, Mr. C.P. Gurnani, Mr. Ulhas Yargop and Mr. Jagdish Mitra were co-opted on the Board on December 13, 2012 and Mr. Devendra Khanna on December 31, 2012 as Additional Director(s) to hold office upto date of the ensuing Annual General Meeting.

Mr. Ambar Sur, Whole-time Director & Mr. Sarvjit Singh Dhillon, Director resigned from the Board of Directors of the Company with effect from December 7, 2012 & December 31, 2012 respectively. Further, Mr. Mohit Bhatnagar and Mr. Surendra Kumar Jain also resigned with effect from December 10, 2012. The Board places on record its appreciation of services rendered by them during their tenure as Directors of the Company.

The Company has received notices under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Vineet Nayyar, Mr. C.P. Gurnani, Mr. Ulhas Yargop, Mr. Jagdish Mitra and Mr. Devendra Khanna as Director(s) liable to retire by rotation.

Your Directors feel that the continued presence of Mr. Vineet Nayyar, Mr. C.P. Gurnani, Mr. Ulhas Yargop, Mr. Jagdish Mitra and Mr. Devendra Khanna as Directors on the Board would be of immense benefit to the Company and hence, they be appointed as Directors of the Company liable to retire by rotation.

**BOARD COMMITTEES**

(i) The Audit Committee consists of the following Directors:

Mr. Ulhas Yargop;

Mr. Devendra Khanna; and

Mr. C.P. Gurnani

Mr. Ulhas Yargop is Chairman of the said Committee.

(ii) The HR, Remuneration and ESOP Committee consists of the following Directors:

Mr. Vineet Nayyar;

Mr. Devendra Khanna and

Mr. C.P. Gurnani

Mr. Vineet Nayyar is Chairman of the said Committee.

**EMPLOYEES STOCK OPTION PLANS**

The Company has seven ESOP Schemes implemented for the employees of the Company. The details of Stock Options under the Schemes are provided in Note to accounts. The Shareholders may refer to the same.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

i in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii they have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2013 and of the profit of the company for that period;

iii they 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;

they have prepared the annual accounts on a going concern basis.

**AUDITORS**

The Statutory Auditors, M/s S.R. Batliboi & Associates LLP (earlier, M/s S.R. Batliboi & Associates), Chartered Accountants retire at the forthcoming Annual General Meeting and they have expressed their inability to continue as the Statutory Auditors of the Company for the financial year 2013-14. In view of the above, your Directors propose to appoint M/s Deloitte Haskins & Sells, Chartered Accountants as the Statutory Auditors of the Company.

Further, M/s Deloitte Haskins & Sells, Chartered Accountants have confirmed their willingness and eligibility for appointment and have also confirmed that the appointment, if made, would be within the limits as prescribed under Section 224 (1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

The Board has duly examined the Statutory Auditors Report to Accounts and clarifications, wherever necessary, have been included in the Notes to Accounts.

**FIXED DEPOSITS**

The Company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under the Non Banking Non Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

**STATUTORY STATEMENTS**

Statements pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are annexed hereto and form an integral part of this Report.

**SUBSIDIARY COMPANIES**

A copy of Balance Sheet, Profit and Loss Account, Directors Report and Auditors Report thereon of subsidiaries are attached herewith and forms integral part of this report.

The statement of Company's interest in its wholly owned subsidiaries, under Section 212 of the Companies Act, 1956 is annexed herewith and forms part of the Directors' Report.

**ACKNOWLEDGEMENT**

Your Directors on behalf of the Company and management express their gratitude for the co-operation and support received from Customers, Vendors, Shareholders, Bankers, various agencies and departments of Government.

The Directors also place on record their appreciation for the true team spirit, valued contributions and efforts put in by the employees at all levels.

For and on behalf of the Board

| | | |
|---|---|---|
| | Manoranjan Mohapatra | Devendra Khanna |
| Place: New Delhi<br>Date: May 17, 2013 | CEO & Executive Director | Director |

# ANNEXURE TO DIRECTORS' REPORT

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**(A) CONSERVATION OF ENERGY**

**a) Energy Conservation Measures Taken:**

Conservation of energy is utmost significance to the Company. Operations of the Company are not energy intensive. However, every effort is made to ensure optimum use of energy by using energy - efficient computers, processes and other office equipment. Constant efforts are made through regular/ preventive maintenance and upkeep of existing electrical equipment to minimize breakdowns and loss of energy.

**b) Impact of the Measures for Reduction of Energy Consumption:**

The implementation of the measures adopted for energy conservation result in savings in energy / fuel consumption/ cost.

**c) Total Energy Consumption & Energy Consumption Per Unit of Production as per Form A of the Rules in respect of Specified Industries:**

Details as per Form A are not required since the Company is not covered under the list of Specified Industries.

**(B) TECHNOLOGY ABSORPTION**

Details of efforts made in Technology Absorption are given in "Form B" hereunder, as specified in the Annexure to the aforesaid Rules.

**FORM – B**

**A. Research and Development (R & D)**

**(a) Specific Areas in which R & D carried out by the Company**

Research & Development of new features, designs, frameworks and methodologies continue to be of importance to the Company. It not only allows enhancing quality of products and customer satisfaction but also enhances the revenues of customer through robust and innovative products.

The Company is doing R&D in the areas of Data, mCommerce including mBanking, WEB Axn thus improving service capabilities having filed some patents in the field.

**(b) Benefits Derived as a Result of the above R & D**

Continuous R&D is instrumental in building expertise and increasing revenues through enhancement in functionalities and introduction of new products. The organization is receiving significant client traction for new market capabilities including WEBAxn, Mobiquity and Data Platforms.

**(c) Future Plan of Action**

Being a technology driven Company, it is committed to focus and increase its investment on R&D in Telecom Software space. Innovation will help to improve branding and revenue for the Company. The company continues to spend accordingly on R&D.

**(d) Expenditure on R & D**

(₹ In Million)

| Sl. No. | Particulars | Current year | Previous year |
|---|---|---|---|
| 1 | Capital | **20.9** | 25.5 |
| 2 | Recurring | **451.4** | 383 |
| 3 | Total | **472.3** | 408.5 |
| 4 | Total R&D expenditure as a percentage of total turnover | **10%** | 11% |

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company is continuously making efforts for induction of innovative technologies and techniques required for the business activities.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

**(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services ; and export plans :**

The Company is making continuous efforts to increase its sales in overseas markets and to explore new export markets. During the year under review, the Company has ventured into new markets. As a result, during the year under review, the Company's exports have increased substantially as compared to the last year.

**(b) Foreign Exchange Used and Earned:**

(₹ in Million)

| | Current Year | Previous Year |
|---|---|---|
| Foreign Exchange Inflow | 3952.00 | 2627.85 |
| Foreign Exchange Outflow | 814.77 | 586.21 |

For and on behalf of the Board

| | | |
|---|---|---|
| | Manoranjan Mohapatra | Devendra Khanna |
| Place : New Delhi | CEO & Executive | Director |
| Date : May 17, 2013 | Director | |

# INDEPENDENT AUDITOR'S REPORT

To the Members of Comviva Technologies Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Comviva Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then 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 accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 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.

**Auditor's 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 misstatement.

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 audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, 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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(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 sub-section (4A) of section 227 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

    (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration Number: 101049W

**per Yogesh Midha**
Partner
Membership Number: 94941

Place of Signature: Gurgaon
Date: May 17, 2013

# Annexure referred to in paragraph (1) of our report of even date

Re: Comviva Technologies Limited ('the Company')

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

(b) The capitalised fixed assets excluding software have been physically verified by the management according to the regular programme of verification to cover all the assets at its location and for the assets at third party location by obtaining confirmations over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its Asset. During the year physical verification was conducted for assets lying at third party location. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed asset during the year.

ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

v. In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

vi. The Company has not accepted any deposits from the public.

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

viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

ix (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax dues | 3,314,382* | A.Y. 2005-06 | Assistant Commissioner of Income Tax |
| Income Tax Act, 1961 | Income tax dues | 2,273,333 | A.Y. 2006-07 | Assistant Commissioner of Income Tax |
| Income Tax Act, 1961 | Income tax dues | 57,756,500 | A.Y. 2007-08 | Income Tax Appellant Tribunal. |
| Income Tax Act, 1961 | Income tax dues | 2,409,327** | A.Y. 2007-08 | Assistant Commissioner of Income Tax |
| Income Tax Act, 1961 | Income tax dues | 2,842,498 | A.Y. 2008-09 | Income Tax Appellant Tribunal. |

*Excluding amount paid under protest : ₹ 1,500,000 (Previous year : ₹ 1,500,000)

**Excluding amount paid under protest : ₹ 1,867,601 (Previous year : ₹ 1,867,601)

x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. 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 (as amended) are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv. According to the information and explanations given to us, the Company not given any guarantee for loans taken by others from bank or financial institutions.

xvi. The Company did not have any term loans outstanding during the year.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet, we report that the no funds raised on short term basis have been used for long-term investments.

xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix. The Company did not have any outstanding debentures during the year.

xx. The Company has not raised any money through a public issue during the year.

xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration Number: 101049W

**per Yogesh Midha**
Partner
Membership Number: 94941

Place of Signature: Gurgaon
Date: May 17, 2013

# Balance sheet as at March 31, 2013

| Particulars | Notes | March 31, 2013 | (Amount in ₹) March 31, 2012 |
|---|---|---|---|
| **Equity and Liabilities** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | **218,648,500** | 218,219,660 |
| Reserves and surplus | 4 | **2,237,059,774** | 1,826,209,192 |
| | | **2,455,708,274** | 2,044,428,852 |
| **Share application money pending allotment** | | **-** | 1,620,000 |
| **Non Current Liabilities** | | | |
| Other long term liabilities | 5 | **535,987** | 10,417,143 |
| Long term provisions | 6 | **23,259,033** | 38,577,685 |
| | | **23,795,020** | 48,994,828 |
| **Current Liabilities** | | | |
| Short term borrowing | 7 | **108,580,000** | - |
| Trade payables | 8 | **1,128,714,833** | 1,002,204,733 |
| Other current liabilities | 8 | **406,992,850** | 224,264,445 |
| Short term provisions | 6 | **222,918,593** | 45,588,582 |
| | | **1,867,206,276** | 1,272,057,760 |
| **TOTAL** | | **4,346,709,570** | 3,367,101,440 |
| **Assets** | | | |
| **Non current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 9 | **188,286,499** | 186,067,512 |
| Intangible assets | 10 | **2,873,059** | 68,376,705 |
| Capital work-in-progress | | **15,245,915** | 590,920 |
| Non-current investments | 11 | **7,195,683** | 7,195,683 |
| Deferred tax assets (net) | 12 | **289,120,000** | 196,341,772 |
| Long term loan & advances | 13 | **263,213,341** | 131,865,679 |
| Trade receivables | 14.1 | **9,971,556** | 21,951,095 |
| | | **775,906,053** | 612,389,366 |
| **Current Assets** | | | |
| Current Investment | 15 | **112,766,679** | 50,000,000 |
| Inventories | 16 | **97,090,632** | 273,617,166 |
| Trade receivables | 14.1 | **2,092,310,197** | 1,871,686,676 |
| Cash and bank balances | 17 | **470,263,688** | 130,737,392 |
| Short term loans and advances | 13 | **468,674,992** | 227,882,084 |
| Other current assets | 14.2 | **329,697,329** | 200,788,756 |
| | | **3,570,803,517** | 2,754,712,074 |
| **TOTAL** | | **4,346,709,570** | 3,367,101,440 |
| **Summary of significant accounting policies** | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

**per Yogesh Midha**
Partner
Membership No.: 94941

Place: Gurgaon
Date: May 17, 2013

For and on behalf of the Board of Directors of Comviva Technologies Limited

**Rakesh Bharti Mittal**
Chairman

**Manoranjan Mohapatra**
Whole Time Director

**C.P Gurnani**
Director

**Devendra Khanna**
Director

**Vineet Nayyar**
Director

**Ulhas N. Yargop**
Director

**Jagdish Mitra**
Director

**Sriram Gopalakrishnan**
CFO & Company Secretary

# Statement of Profit and Loss for the year ended March 31, 2013

**(Amount in ₹)**

| Particulars | Notes | March 31, 2013 | March 31, 2012 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | **4,927,478,210** | 3,697,724,939 |
| Other income | 19 | **53,572,632** | 58,146,600 |
| **Total revenue (I)** | | **4,981,050,842** | 3,755,871,539 |
| **Expenses** | | | |
| Purchase of Traded Goods | 20 | **787,597,256** | 614,042,564 |
| Decrease/(Increase) in Inventories of Traded Goods | 20 | **176,526,534** | (178,090,909) |
| Software services charges | | **117,221,382** | 89,901,158 |
| Employee benefits expense | 21 | **1,486,805,501** | 1,306,689,354 |
| Other expenses | 22 | **1,497,985,606** | 1,286,163,962 |
| **Total (II)** | | **4,066,136,279** | 3,118,706,129 |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)** | | **914,914,563** | 637,165,410 |
| Depreciation and amortisation expense | 23 | **254,106,718** | 128,767,574 |
| Finance costs | 24 | **18,382,774** | 22,754,694 |
| **Profit before tax** | | **642,425,071** | 485,643,142 |
| **Tax expenses** | | | |
| Current tax | | **297,000,000** | 158,402,276 |
| Foreign tax | | **-** | 53,729,365 |
| Deferred tax (credit) | | **(92,778,228)** | (54,608,219) |
| **Total tax expense** | | **204,221,772** | 157,523,422 |
| **Profit after tax for the year** | | **438,203,299** | 328,119,720 |
| **Earnings per Equity share [nominal value of ₹ 10 (March 31, 2012: ₹ 10)]** | | | |
| Basic | 25 | **29.65** | 15.04 |
| Diluted | | **20.02** | 14.49 |
| **Summary of significant accounting policies** | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

**per Yogesh Midha**
Partner
Membership No.: 94941

Place: Gurgaon
Date: May 17, 2013

For and on behalf of the Board of Directors of Comviva Technologies Limited

**Rakesh Bharti Mittal**
Chairman

**Manoranjan Mohapatra**
Whole Time Director

**C.P Gurnani**
Director

**Devendra Khanna**
Director

**Vineet Nayyar**
Director

**Ulhas N. Yargop**
Director

**Jagdish Mitra**
Director

**Sriram Gopalakrishnan**
CFO & Company Secretary

# Statement of Cash Flow for the year ended March 31, 2013

(Amount in ₹)

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| Net Profit before tax | **642,425,071** | 485,643,142 |
| Adjustment for: | | |
| Depreciation and Amortization | **254,106,718** | 128,767,574 |
| Interest Income | **(8,616,628)** | (3,937,590) |
| Dividend Income | **(6,327,873)** | (542,286) |
| Unrealised Foreign Exchange Difference (Net) | **96,971,162** | (46,942,078) |
| Employee Stock Compensation Expense | **20,452,061** | 33,240,832 |
| Loss on sale of Fixed assets | **464,651** | 404,743 |
| Provision for trade receivable and advances | **46,560,900** | (12,751,223) |
| Provision for Warranty | **(142,027)** | 144,000 |
| Provision for Gratuity and Leave Encashment | **26,529,871** | 17,074,798 |
| Provision for Slow moving stock | **7,779,301** | 359,390 |
| Lease Equalization Reserve | **(11,100,339)** | 2,378,161 |
| Interest Expenses | **5,921,741** | 12,139,832 |
| **Operating Profit before working capital changes** | **1,075,024,609** | 615,979,295 |
| Decrease/ (Increase) in inventory | **168,747,233** | (178,450,299) |
| (Increase)/Decrease in Trade receivables | **(287,103,583)** | (55,843,946) |
| (Increase)/ Decrease in Unbilled revenue | **(132,466,026)** | 150,769,512 |
| (Increase) Loans & Advances | **(236,772,943)** | (73,341,656) |
| Increase in Current Liabilities & Provisions | **226,255,392** | 267,717,872 |
| Cash Generated from Operations | **813,684,682** | 726,830,778 |
| Direct Taxes Paid | **(282,257,618)** | (201,518,417) |
| **A. Cash Flow from/(used in) Operating Activities** | **531,427,064** | 525,312,361 |
| **B. Cash Flow from Investing Activities** | | |
| Interest Received | **3,910,617** | 11,113,579 |
| Dividend Received | **6,327,873** | 542,286 |
| Proceeds from Sale of Investments | **1,495,418,490** | 125,000,000 |
| Purchase of Investments | **(1,558,185,170)** | (175,000,000) |
| Proceeds from Sale of Fixed Assets | **520,216** | 646,031 |
| Investment in Subsidiary | **-** | (3,756,163) |
| Advance given to Subsidiary ( Net of recovery) | **(16,489,711)** | - |
| Purchase of Fixed Assets | **(206,461,921)** | (185,769,780) |
| **B. Cash Flow (used in) Investing Activities** | **(274,959,606)** | (227,224,047) |
| **C. Cash Flow from Financing Activities** | | |
| Proceeds from Issuance of Equity Share Capital | **138,000** | 883,040 |
| Share application money received pending allotment | **-** | 1,620,000 |
| Payment to/(proceeds from) working capital loan | **109,039,429** | (245,973,698) |
| Interest Paid | **(5,807,694)** | (12,139,832) |
| **C. Cash Flow (used in)/from Financing Activities** | **103,369,735** | (255,610,490) |

| | | March 31, 2013 | March 31, 2012 |
|---|---|---|---|
| | | | (Amount in ₹) |
| **Net Increase in Cash and Cash Equivalents (A+B+C)** | | **359,837,193** | 42,477,824 |
| **Effect of exchange difference on cash & cash equivalents held in foreign currency** | | **(20,310,897)** | 1,740,911 |
| **Cash and Cash Equivalents (Opening)** | | **130,737,392** | 86,518,657 |
| **Cash and Cash Equivalents (Closing)** | | **470,263,688** | 130,737,392 |
| **Cash and Cash Equivalents include:** | | | |
| Cash and Cheques in Hand | | **56,987,597** | 2,538 |
| Balances with Banks | | **413,276,091** | 100,734,854 |
| - on deposit account | | **-** | 30,000,000 |
| Cash and Cash Equivalents in Cash Flow Statement | | **470,263,688** | 130,737,392 |
| **Summary of significant accounting policies** | **2.1** | | |

**Notes**

1. The above cash flow statement has been prepared under the indirect method set out in AS-3, notified pursuant to the Companies (Accounting Standards) Rules, 2006 ('as amended').
2. Figures in brackets denote cash outflow.

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Firm Registration No. 101049W
Chartered Accountants

**per Yogesh Midha**
Partner
Membership No.: 94941

Place: Gurgaon
Date: May 17, 2013

For and on behalf of the Board of Directors of Comviva Technologies Limited

**Rakesh Bharti Mittal**
Chairman

**Manoranjan Mohapatra**
Whole Time Director

**C.P Gurnani**
Director

**Devendra Khanna**
Director

**Vineet Nayyar**
Director

**Ulhas N. Yargop**
Director

**Jagdish Mitra**
Director

**Sriram Gopalakrishnan**
CFO & Company Secretary

# Notes to financial statements for the period ended March 31, 2013

All amounts in Indian ₹ unless otherwise stated

## 1. Corporate information

Comviva Technologies Limited ('the Company') is a public company domiciled in India and was incorporated on May 7, 1999, under the provisions of the Companies Act, 1956. The Company is an integrated value added services (VAS) solution provider for the mobile operations in the emerging markets. The Company's extensive portfolio includes mobile financial solutions, mobile music and video applications, messaging and business support systems.

The Company is operational from its facilities in Gurgaon and Bangalore and has overseas branches in Africa, Europe and Asia. The Company also has wholly owned subsidiaries in USA, Nigeria, United Arab Emirates and Singapore.

Effective December 13, 2012 the company has become subsidiary of Tech Mahindra Limited.

## 2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year subject to note 2.2 (c), (d),(i) and (j)

### 2.1 Summary of significant accounting policies

#### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from the estimates.

#### (b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### (c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

The company has used the following rates to provide depreciation on fixed assets:

| Category | Estimated Useful Life | |
|---|---|---|
| | Till September 30,2012 | From October 1,2012 |
| Plant and Machinery | | |
| -Computer and Network systems | 3 | 3 |
| -Electrical equipments and fittings | 5 | 5 |
| -Office equipments | 4 | 5 |
| Furniture and Fixture | 4 | 5 |

Leasehold improvements are depreciated over the estimated life or over the primary lease term, whichever is shorter. Fixed Assets costing up to ₹ 5,000 are fully depreciated in the month of purchase.

The Company effective October 1, 2012 has:

(i) Re-evaluated the life of office equipment (included under plant and machinery) and furniture and fixture on technical estimate and has accordingly charged depreciation on balance estimated useful life of assets.

(ii) Depreciated 100% value of the assets as against hitherto followed estimate of depreciating 95% value of the asset and has accordingly charged depreciation on balance estimated useful life of the assets.

The above change in estimated useful life is considered to result in more appropriate preparation and presentation of financial statements.

The depreciation charged for the period is

- Lower by ₹ 1,014,415 due to change in life of office equipment and Furniture and fixture.

- Higher by ₹ 20,603,150 due to depreciating 100% of the value of the asset.

Had the company continued to charge depreciation on estimate used before October 1, 2012 depreciation charge for period would have been lower by ₹ 19,588,735.

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit. Amortization is recognized in the statement of profit and loss

The company has used the following rates to provide depreciation on fixed assets

| **Category** | **Estimated Useful Life** | |
|---|---|---|
| | **Till September 30, 2012** | **From October 1, 2012** |
| Computer Software | | |
| - Project Related | 3 | Over initial Project Life/ Contract |
| -Non-Project Related | 3 | Fully depreciated in the month it is available for use |
| Intellectual Property Rights | 4 | 4 |

Intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The Company effective October 1, 2012 has :

(i) Fully depreciated cost of software purchased for internal use as against hitherto followed estimates of depreciating such software over a period of three years.

(ii) Depreciated software used on projects over the initial term of the project/contract as against hitherto followed estimates of depreciating such software over a period of three years.

The above change in estimated useful life is considered to result in more appropriate preparation and presentation of financial statements.

The depreciation charged for the period is:

(i) Is higher by ₹ 52,240,662 due to charging internally used software to the statement of profit and loss account.

(ii) Is higher by ₹ 658,965 by amortizing software over the project/contract life.

Had the company continued to charge depreciation on estimate used before October 1, 2012 depreciation charge for period would have been lower by ₹ 52,899,628.

Research and development costs

Research and development costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future sales from the related project, not exceeding ten years.

**(e) Leases**

**Where the company is lessee**

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

**Where the company is the lessor**

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**(f) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(g) Impairment of tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using weighted average cost of capital. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, are recognized in the statement of profit and loss..

**(h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(i) Inventories**

Inventories are valued at first in first out (FIFO) or net realizable value, whichever is lower.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

The Company effective October 1, 2012 has changed the method of valuation of closing stock from weighted average method or net realizable value, whichever is lower to First in First Out ( FIFO) or net realizable value, whichever is lower. Due to change of method the value of inventory as at March 31, 2013 is higher by ₹ 28,856.

**(j) Revenue recognition**

**Sale of goods**

Revenue (Net of discounts) from sale of goods (Comprising of Hardware and Software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods or on final acceptance. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

**Income from services**

- Revenue from fixed-price contracts are recognized as per the proportionate-completion method or completed contract method, as applicable provided that no further vendor obligations remain and collection is probable.
- Revenue in respect of time-and-material contracts is recognized as and when the related services are rendered.
- Annual technical services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which the services are rendered.

The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue

The company effective October 1, 2012 has recognized revenue under certain contracts on Percentage completion method which was hitherto recognized under completed contact method. The change in method is considered to result in more appropriate preparation and presentation of financial statements.

Due to change in policy the revenue for the period is higher by ₹313,840,202 (revenue from sale of services by ₹179,562,640 and for sale of traded goods by ₹134,277,562).

Had the company continued to recognized revenue on completed contract method the revenue for the period would have been lower by ₹313,840,202 and closing stock of inventory would have been higher by ₹145,771,587.

**Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Dividends**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

**(k) Foreign currency translation**

Foreign currency transactions and balances

**(i) Initial recognition**

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

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

**(iii) Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expense in the period in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India before accounting period commencing on or after December 7, 2006 are capitalized as a part of fixed asset.

**(iv)** Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

**Translation of integral foreign operation**

The financial statement of foreign operations for the purpose of consolidation are translated to Indian Rupee as follows:

(a) All incomes and expenses are translated at the average rate of exchange prevailing during the period.

(b) Assets and liabilities are translated at the closing rate as on the Balance Sheet date

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

Retirement benefit in the form of provident fund is a defined contribution scheme. The company contribution to the provident fund is charged to the statement of profit and loss for the year when the contributions are due.

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations as per the Projected Unit Credit Method at the end of each reporting period in accordance with Accounting Standard 15, "Employee Benefits" as notified pursuant to the Companies (Accounting Standards) Rules,2006 ('as amended'). The Company makes annual contributions to the LIC for the Gratuity Plan in respect of employees.

The company treats accumulated leave expected, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**(m) Income taxes**

Tax expense comprises of current tax, foreign tax and deferred 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

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

Deductions made by the overseas customers on account of withholding taxes, as applicable in respective countries, are claimable for refund and the group take the benefit of it while computing over all Tax provision.

**(n) Employee stock compensation cost**

Employees (including senior executives) of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the “Stock options outstanding account” in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

**(o) Segment reporting**

**Identification of segments**

The company’s operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The company generally accounts for intersegment sales and transfers as if sales and transfers are to third parties at current market price.

**Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**(p) Earnings Per Share**

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

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.

**(q) 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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**Warranty provisions**

Provision for warranty is made for completed projects based on previous experiences and technical estimates and projects revenue threshold .

**(r) 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 a contingent liability but discloses its existence in the financial statements.

**(s) Cash and cash equivalents**

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

**(t) Derivative instruments**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

**(u) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

# Notes to the financial statements for the year ended March 31, 2013

| Particulars | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| **3. Share capital** | | |
| **Authorised shares** | | |
| 25,500,000 (31 March 2012: 17,500,000) equity shares of ₹10 each | **255,000,000** | 175,000,000 |
| 8,000,000 (31 March 2012: 8,000,000) Series A 0.001% fully convertible non-cumulative preference shares of ₹10 each | **80,000,000** | 80,000,000 |
| **Issued, subscribed and fully paid up shares** | | |
| 21,864,850 (31 March 2012: 14,158,203) equity shares of ₹ 10 each fully paid up | **218,648,500** | 141,582,030 |
| Nil (31 March 2012: 7,663,763) Series A 0.001% fully convertible non-cumulative preference shares of ₹10 each | **-** | 76,637,630 |
| **Total issued, subscribed and fully paid-up share capital** | **218,648,500** | 218,219,660 |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

**Equity Shares**

| | March 31, 2013 | | March 31, 2012 | |
|---|---|---|---|---|
| | No. of shares | Amount (₹) | No. of shares | Amount (₹) |
| At the beginning of the period | **14,158,203** | **141,582,030** | 14,124,882 | 141,248,820 |
| Issued during the year - ESOP | **42,884** | **428,840** | 33,321 | 333,210 |
| Issued during the year on conversion of preference share into equity shares | **7,663,763** | **76,637,630** | - | - |
| Outstanding at the end of the year | **21,864,850** | **218,648,500** | 14,158,203 | 141,582,030 |
| **Preference Shares** | | | | |
| At the beginning of the period | **7,663,763** | **76,637,630** | 7,663,763 | 76,637,630 |
| Less: Conversion of preference share into equity shares | **(7,663,763)** | **(76,637,630)** | - | - |
| Outstanding at the end of the year | **-** | **-** | 7,663,763 | 76,637,630 |

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

**(c) Terms of conversion/ redemption of Series A 0.001% fully convertible non-cumulative preference shares**

During the Financial Year 2005-06, the Company allotted 7,663,763 Series A- 0.001% fully Convertible Non-cumulative Preference Shares of ₹10 each fully paid up in accordance with shareholders' agreement. The Preference Shares are convertible into equity shares in the ratio 1:1 (i.e. one Equity Share for each series A-0.001% Preference Share) at any time at the option of investors or in accordance with the provisions of the Articles of Association of the Company. During the year preference shares were converted into equity shares

**(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

| | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| **Tech Mahindra Limited-Holding company** | | |
| 12,172,658 (31 March 2012: Nil) equity shares of ₹10 each fully paid | **121,726,580** | NIL |

**(e) Details of shareholders holding more than 5% shares in the Company**

| | **March 31, 2013** | | March 31, 2012 | |
|---|---|---|---|---|
| | **No.** | **% holding** | No. | % holding |
| Equity share of ₹ 10 each, fully paid | | | | |
| Tech Mahindra Limited | **12,172,658** | **55.67%** | - | - |
| Bharti (SBM) Holdings Private Limited | **1,936,420** | **8.86%** | 4,392,017 | 31.02% |
| Bharti (RM) Holdings Private Limited | **1,210,262** | **5.54%** | 2,745,009 | 19.39% |
| Bharti (RBM) Holdings Private Limited | **1,210,262** | **5.54%** | 2,745,009 | 19.39% |
| West Bridge Ventures II Investment Holdings | **2,170,931** | **9.93%** | - | - |
| Bharti (Satya) Trustees Private Limited | **-** | **-** | 1,098,007 | 7.76% |
| Ambar Sur | **-** | **-** | 834,023 | 5.89% |
| Anil Gajwani | **-** | **-** | 776,128 | 5.48% |
| Series A 0.001% fully convertible non-cumulative preference shares of ₹ 10 each, fully paid | | | | |
| West Bridge Ventures II Investment Holdings | | | 4,541,567 | 59.26% |
| Sequoia Capital Mauritius | - | - | 1,844,952 | 24.07% |
| CSI BD (Mauritius) | - | - | 1,277,244 | 16.67% |

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(f) Shares reserved for issue under options**

For details of shares reserved for issue under the employees stock option plan (ESOP) of the Company, please refer Note 27.

For details of shares reserved for issue on conversion of CCPS, please refer note 3 (c) regarding terms of conversion/ redemption of preference shares.

| **4. Reserves and surplus** | **March 31, 2013 (₹)** | March 31, 2012 (₹) |
|---|---|---|
| **Securities premium account** | | |
| Balance as per the last financial statements | **564,151,941** | 562,948,435 |
| Add: additions on ESOPs exercised | **1,329,160** | 1,134,63 |
| Add: transferred from stock options outstanding | **1,161,002** | 68,876 |
| **Closing Balance** | **566,642,103** | 564,151,941 |
| **Employee stock options outstanding** | | |
| Gross employee stock compensation for options granted in earlier years | **92,975,334** | 48,130,225 |
| Add: Gross compensation for option granted during the year | **1,746,626** | 44,845,109 |
| Less: deferred employee stock compensation | **(785,783)** | (31,442,245) |
| Less: Transfer on account of cancellation of ESOP plan | **(49,133,974)** | - |
| Less: Transfer on account of ESOP unexercised | **(19,462,870)** | - |
| Less: Reversal on account of forfeiture rate | **(8,364,703)** | - |
| Less: transferred to securities premium on exercise of stock options for earlier years | **(14,243,675)** | (14,174,799) |
| Less: transferred to securities premium on exercise of stock options for current period | **(1,161,002)** | (68,876) |
| **Closing Balance** | **1,569,953** | 47,289,414 |
| **Surplus in the statement of profit and loss** | | |
| Balance as per last financial statements | **1,214,767,837** | 886,648,117 |
| Add: Transfer on account of ESOP unexercised | **15,876,582** | - |
| Profit for the period | **438,203,299** | 328,119,720 |
| Net surplus in the statement of profit and loss | **1,668,847,718** | 1,214,767,837 |
| **Total reserves and surplus** | **2,237,059,774** | 1,826,209,192 |

| 5. Other Long Term Liabilities | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| Unearned revenue | **535,987** | 6,849,485 |
| Rent accrued but not due | **-** | 3,567,658 |
| | **535,987** | 10,417,143 |

| | Long term | | Short Term | |
|---|---|---|---|---|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| **6. Provisions** | (₹) | (₹) | (₹) | (₹) |
| **Provision for employee benefits** | | | | |
| Provision for gratuity (note 26) | **23,259,033** | 38,577,685 | **28,585,964** | 3,500,000 |
| Provision for leave benefits | **-** | - | **53,123,141** | 36,360,582 |
| | **23,259,033** | 38,577,685 | **81,709,105** | 39,860,582 |
| **Other Provisions** | | | | |
| Provision for warranties | **-** | - | **5,585,973** | 5,728,000 |
| Provision for income tax ( Net of advances Tax) | **-** | - | **135,623,515** | |
| | **-** | - | **141,209,488** | 5,728,000 |
| | **23,259,033** | 38,577,685 | **222,918,593** | 45,588,582 |

**Provision for warranties**

The Company generally provides six month to one-year warranty on sale of products undertaking to fix the bugs or replace the product that fails to perform satisfactorily during the warranty period. Provisions made as at March 31, 2013, represents the expected cost of manpower required for meeting the obligations. The timing of the outflows is expected to be within a period of one year.

| | | |
|---|---|---|
| At the beginning of the year | **5,728,000** | 5,584,000 |
| Add: Additional provision during the year | **5,600,000** | 8,320,000 |
| Less: Provision utilized during the year | **(5,742,027)** | (8,176,000) |
| **Balance as at 31st March 2013** | **5,585,973** | 5,728,000 |
| Current portion | **5,585,973** | 5,728,000 |
| Non-current portion | **-** | - |

**7. Short-term borrowings**

| | | |
|---|---|---|
| Packing credit foreign currency loan (secured)* | **108,580,000** | - |
| | **108,580,000** | - |
| The above amount includes | | |
| Secured borrowings | **108,580,000** | - |

* The above facility is secured by hypothecation of book debts and stock of the Company.

**8. Other current liabilities**

| | | |
|---|---|---|
| Trade payables (refer note 34 for details of dues to micro and small enterprises) | **1,128,714,833** | 1,002,204,733 |
| **Other liabilities** | | |
| Unamortized Forward Cover Premium | **48,958,215** | 19,562,009 |
| Unearned revenue | **148,225,545** | 131,709,484 |
| Advance received from customers | **104,574,719** | 24,972,849 |
| Statutory dues payable | | |
| TDS Payable | **18,744,221** | 23,044,559 |
| Service tax payable | **39,159,408** | 5,117,661 |
| VAT payable | **40,008,164** | 11,377,898 |
| Other Statutory dues | **7,322,578** | 8,479,985 |
| | **406,992,850** | 224,264,445 |
| | **1,535,707,683** | 1,226,469,178 |

(Amount in ₹)

| **9. Tangible Assets** | **Leasehold Improvements** | **Plant & Machinery** | **Furniture & Fittings** | **Total** |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at April 1, 2011** | **27,727,980** | **357,446,093** | **21,906,137** | **407,080,210** |
| Additions during the year | - | 160,250,881 | 733,828 | 160,984,709 |
| Sale/ Adjustment during the year | 11,214,932 | 10,860,278 | 3,392,979 | 25,468,189 |
| **As at March 31, 2012** | **16,513,048** | **506,836,696** | **19,246,986** | **542,596,730** |
| Additions during the year | - | 133,845,296 | 83,606 | 133,928,902 |
| Sale/ Adjustment during the year | 4,524,753 | 25,745,557 | 3,435,212 | 33,705,522 |
| **As at March 31, 2013** | **11,988,295** | **614,936,435** | **15,895,380** | **642,820,110** |
| **Depreciation** | | | | |
| **As at April 1, 2011** | **23,411,673** | **256,073,815** | **16,305,417** | **295,790,905** |
| Charged for the year | 1,695,530 | 80,963,203 | 2,496,995 | 85,155,728 |
| Sale/ Adjustment during the year | 10,951,627 | 10,232,663 | 3,233,125 | 24,417,415 |
| **As at March 31, 2012** | **14,155,576** | **326,804,355** | **15,569,287** | **356,529,218** |
| Charged for the year | 1,588,456 | 127,188,905 | 1,947,687 | 130,725,048 |
| Sale/ Adjustment during the year | 4,513,443 | 24,773,334 | 3,433,878 | 32,720,655 |
| **As at March 31, 2013** | **11,230,589** | **429,219,926** | **14,083,096** | **454,533,610** |
| **Net Block** | | | | |
| **As at March 31, 2012** | **2,357,472** | **180,032,341** | **3,677,699** | **186,067,512** |
| **As at March 31, 2013** | **757,706** | **185,716,509** | **1,812,284** | **188,286,499** |

| **10. Intangible Assets** | **Computer Software** | **Intellectual Property Rights** | **Total** |
|---|---|---|---|
| **Cost** | | | |
| **As at April 1, 2011** | **163,599,243** | **6,512,711** | **170,111,954** |
| Additions during the year | 50,127,311 | - | 50,127,311 |
| Sale/ Adjustment during the year | - | - | - |
| **As at March 31, 2012** | **213,726,554** | **6,512,711** | **220,239,265** |
| Additions during the year | 57,878,024 | - | 57,878,024 |
| Sale/ Adjustment during the year | 14,764,434 | - | 14,764,434 |
| **As at March 31, 2013** | **256,840,144** | **6,512,711** | **263,352,855** |
| Depreciation | | | |
| **As at April 1, 2011** | **102,063,639** | **6,187,075** | **108,250,714** |
| Additions during the year | 43,611,846 | - | 43,611,846 |
| Sale/ Adjustment during the year | - | - | - |
| **As at March 31, 2012** | **145,675,485** | **6,187,075** | **151,862,560** |
| Charged for the year | 123,056,034 | 325,636 | 123,381,670 |
| Sale/ Adjustment during the year | 14,764,434 | - | 14,764,434 |
| **As at March 31, 2013** | **253,967,085** | **6,512,711** | **260,479,796** |
| Net Block | | | - |
| **As at March 31, 2012** | **68,051,069** | **325,636** | **68,376,705** |
| **As at March 31, 2013** | **2,873,059** | **-** | **2,873,059** |

(Amount in ₹)

| Particulars | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **11. Non-current investments** | | |
| **Trade investments (unquoted, valued at cost unless stated otherwise) in wholly owned subsidiaries** | | |
| 10,450 (March 31, 2012: 10,450) Common Stock of USD 10 each, fully paid up in Comviva Technologies Inc., USA. (At cost less provision for other than temporary diminution ₹1,500,000 (March 31, 2012: ₹ 1,500,000)) | **3,439,520** | 3,439,520 |
| 10,000,000 (March 31, 2012: 10,000,000) Common Stock of Naira 1 each, fully paid up in Comviva Technologies Nigeria Ltd., Nigeria. | **2,946,203** | 2,946,203 |
| 55 (March 31, 2012: 55) Common Stock of AED 1,000 each, fully paid up in Comviva Technologies FZ-LLC Ltd., UAE. | **767,800** | 767,800 |
| 1,000 (March 31, 2012: 1,000) Common Stock of SGD 1 each, fully paid up in Comviva Technologies Pte Ltd., Singapore. | **42,160** | 42,160 |
| **Total** | **7,195,683** | 7,195,683 |
| Gross amount of unquoted investments | **8,695,683** | 8,695,683 |
| Aggregate provision for diminution in value of investments | **1,500,000** | 1,500,000 |

**12. Deferred tax asset (net)**

| | | |
|---|---|---|
| **Deferred tax asset** | | |
| Provision for gratuity and leave encashment | **35,678,670** | 15,935,042 |
| Provision for warranty | **-** | 1,858,450 |
| Provision for doubtful trade receivables & advances | **58,516,929** | 40,750,384 |
| Provision for incentive & ex-gratia | **53,314,943** | 42,407,174 |
| Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes on payment basis | **128,520,370** | 103,405,278 |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | **13,089,088** | - |
| **Gross deferred tax asset** | **289,120,000** | 204,356,328 |
| **Deferred tax liability** | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | **-** | 8,014,556 |
| Gross deferred tax liability | **-** | 8,014,556 |
| **Net deferred tax asset** | **289,120,000** | 196,341,772 |

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | **March 31, 2013 (₹)** | 31 March 2012 (₹) | **March 31, 2013 (₹)** | 31 March 2012 (₹) |
| **13. Loans and advances** | | | | | |
| **Capital advances** | | | | | |
| Unsecured, considered good | | **14,721,570** | 358,978 | **-** | - |
| | **A** | **14,721,570** | 358,978 | **-** | - |
| **Security deposit** | | | | | |
| Unsecured, considered good | | **75,104,075** | 74,903,004 | **4,319,852** | 4,177,656 |
| Doubtful | | **345,830** | 345,830 | **-** | - |
| | | **75,449,905** | 75,248,834 | **4,319,852** | 4,177,656 |

| | Non-current | | Current | |
|---|---|---|---|---|
| | **March 31, 2013** | 31 March 2012 | **March 31, 2013** | 31 March 2012 |
| | **(₹)** | (₹) | **(₹)** | (₹) |
| **Provision for doubtful security deposit** | **(345,830)** | (345,830) | **-** | - |
| **B** | **75,104,075** | 74,903,004 | **4,319,852** | 4,177,656 |
| **Loan and advances (Unsecured considered good) (Note 30)** | **17,368,590** | 17,368,590 | **78,205,413** | 49,294,018 |
| **C** | **17,368,590** | 17,368,590 | **78,205,413** | 49,294,018 |
| **Advance Recoverable in Cash or Kind (Note 30)** | | | | |
| Unsecured, considered good | **-** | - | **186,514,986** | 92,274,587 |
| Unsecured, considered doubtful | **-** | - | **8,433,046** | 4,192,937 |
| | **-** | - | **194,948,032** | 96,467,524 |
| **Provision for doubtful advances** | **-** | - | **(8,433,046)** | (4,192,937) |
| **D** | **-** | - | **186,514,986** | 92,274,587 |
| **Other loans and advances** | | | | |
| **(Unsecured considered good)** | | | | |
| Advance income tax (net of provision for taxation) | **154,815,117** | 33,933,984 | **-** | - |
| Prepaid expenses | **1,203,989** | 5,301,123 | **36,871,421** | 40,598,320 |
| Balances Statutory/Government Authorities | | | | |
| Service tax credit receivable | **-** | - | **137,890,141** | 30,744,239 |
| VAT & CVD credit receivable | **-** | - | **24,873,179** | 10,793,264 |
| **E** | **156,019,106** | 39,235,107 | **199,634,741** | 82,135,823 |
| **Total (A+B+C+D+E)** | **263,213,341** | 131,865,679 | **468,674,992** | 227,882,084 |
| **Loans and advances to related parties include:** | | | | |
| Comviva Technologies Inc., USA | **299,043** | 299,043 | **-** | - |
| Comviva Technologies Nigeria Ltd | **79,547** | 79,547 | **63,912,693** | 46,336,458 |
| Comviva Singapore Pte. Ltd. | **-** | - | **14,292,720** | 70,550 |
| Comviva Technologies FZ-LLC | **-** | - | **-** | 2,887,010 |

**14. Trade receivables and other assets**

**14.1 Trade Receivables**

| | | | | |
|---|---|---|---|---|
| **Outstanding for a period exceeding six months from the date they are due for payment** | | | | |
| **Unsecured, considered good unless stated otherwise** | | | | |
| Unsecured, considered good | **-** | - | **517,072,322** | 313,999,550 |
| Doubtful | **150,468,802** | 115,231,165 | **-** | - |
| | **150,468,802** | 115,231,165 | **517,072,322** | 313,999,550 |
| Provision for doubtful receivables | **(150,468,802)** | (115,231,165) | **-** | - |
| | **-** | - | **517,072,322** | 313,999,550 |
| **Other receivables** | | | | |
| Finance lease receivable Secured, considered good | **-** | - | **1,842,753** | 821,743 |
| Unsecured, considered good | **-** | - | **1,560,480,361** | 1,546,234,150 |
| Doubtful | **-** | - | **1,123,802** | 5,828,418 |
| | **-** | - | **1,563,446,916** | 1,552,884,311 |
| Provision for doubtful receivables | **-** | - | **(1,123,802)** | (5,828,418) |
| | **-** | - | **1,562,323,114** | 1,547,055,893 |
| Finance lease receivable,secured, accrued but not due | **9,971,556** | 21,951,095 | **12,914,761** | 10,631,233 |
| | **9,971,556** | 21,951,095 | **2,092,310,197** | 1,871,686,676 |

| Trade receivables include: | Current March 31, 2013 (₹) | 31 March 2012 (₹) |
|---|---|---|
| Dues from company in which the company's non-executive director is a director: | | |
| Tech Mahindra-Indonesia | **9,018,275** | - |

**14.2 Other assets**

| Unsecured, considered good unless stated otherwise | | |
|---|---|---|
| Interest accrued & due | **5,621,717** | 915,706 |
| Unbilled Revenue | **335,863,383** | 199,873,050 |
| Less: provision for doubtful unbilled revenue | **(11,787,771)** | - |
| | **329,697,329** | 200,788,756 |

**15. Current Investments**

| Current investments (valued at lower of cost and fair value, unless stated otherwise) | March 31, 2013 (₹) | 31 March 2012 (₹) |
|---|---|---|
| **Unquoted Mutual Funds** | | |
| 35,296.315 (March 31,2012: Nil) units of ₹ 1918.0083 each fully paid up of UTI Liquid Cash Plan IP-Growth | **67,698,625** | - |
| 23,545.070 (March 31, 2012: Nil) of ₹ 1914.1184 each fully paid up of UTI Liquid Cash Plan Institutional Direct Plan-Growth | **45,068,054** | - |
| Nil units (March 31,2012:2,379,921 units of ₹ 21.0091 each fully paid up of Kotak Liquid (Institutional) Growth Fund) | **-** | 50,000,000 |
| | **112,766,679** | 50,000,000 |
| Aggregate Amount of Unquoted Investment | **112,766,679** | 50,000,000 |

**16. Inventories (valued at lower of cost and net realizable value)**

| | | |
|---|---|---|
| Stock in Trade*-Traded goods | **97,090,632** | 273,617,166 |
| | **97,090,632** | 273,617,166 |

* Net of provision for diminution in value ₹ 10,437,679 (31 March 2012: ₹2,658,378)

**17. Cash and Bank Balances**

| | Current March 31, 2013 (₹) | 31 March 2012 (₹) |
|---|---|---|
| **Cash and cash equivalents** | | |
| *Balances with banks:* | | |
| – On current accounts | **413,276,091** | 100,734,854 |
| – Deposits with original maturity of less than three months | **-** | 30,000,000 |
| Cheques/ drafts on hand | **56,983,099** | - |
| Cash on hand | **4,498** | 2,538 |
| | **470,263,688** | 130,737,392 |

| | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| **18. Revenue from operations** | | |
| Sale of services | **3,885,433,950** | 3,127,552,517 |
| Sale of traded goods | **1,042,044,260** | 570,172,422 |
| **Revenue From Operations** | **4,927,478,210** | 3,697,724,939 |
| **Detail of services rendered** | | |
| Revenue share | **912,826,581** | 837,293,122 |
| AMC services | **571,452,378** | 437,185,613 |
| Software services | **2,401,154,991** | 1,853,073,782 |
| | **3,885,433,950** | 3,127,552,517 |
| **Detail of product sold** | | |
| Hardware sale | **848,549,736** | 477,592,092 |
| Software sale | **193,494,524** | 92,580,330 |
| | **1,042,044,260** | 570,172,422 |
| **19. Other income** | | |
| Interest income | **8,616,628** | 3,937,590 |
| Dividend income on Current investments | **6,327,873** | 542,286 |
| Provision for warranty expenses | **142,027** | (144,000) |
| Exchange difference (net) | **38,283,028** | 53,533,821 |
| Other non-operating Income | **203,076** | 276,903 |
| | **53,572,632** | 58,146,600 |
| **20. Purchase of Traded Goods** | | |
| Details of purchase of traded goods | | |
| Hard Ware -Server,Switch,Disc & chassis | **335,673,039** | 390,701,624 |
| Software - Licenses & Operating System | **438,095,753** | 139,422,171 |
| Others | **13,828,464** | 83,918,769 |
| | **787,597,256** | 614,042,564 |
| **20. Decrease/(Increase) in Inventories** | | |
| **Inventories at the year end*** | | |
| Traded Goods | **97,090,632** | 273,617,166 |
| | **97,090,632** | 273,617,166 |
| **Inventories at the beginning of the year** | | |
| Traded Goods | **273,617,166** | 95,526,257 |
| | **273,617,166** | 95,526,257 |
| **Net Increase/(Decrease) in Inventories** | **176,526,534** | (178,090,909) |

*** Net of provision for diminution in value ₹ 10,437,679 (31 March 2012: 2,658,378)**

| | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| **Details of traded inventory** | | |
| Hard Ware -Server,Switch,Disc & chassis | **44,227,248** | 141,057,766 |
| Software - Licenses & Operating System | **49,045,310** | 128,177,722 |
| Others | **3,818,074** | 4,381,678 |
| | **97,090,632** | 273,617,166 |

| | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| **21. Employee benefits expense** | | |
| Salaries, wages and bonus | **1,333,525,995** | 1,130,533,769 |
| Contribution to provident and other funds (note 26) | **49,455,590** | 48,713,054 |
| Employee stock option scheme | **20,452,061** | 33,240,832 |
| Gratuity expense (note 26) | **14,514,823** | 10,175,357 |
| Staff Welfare Expenses | **43,042,419** | 44,163,816 |
| Recruitment, Training and Relocation Expenses | **25,814,613** | 39,862,526 |
| | **1,486,805,501** | 1,306,689,354 |
| **22. Other expenses** | | |
| Freight and forwarding charges | **47,457,818** | 31,816,435 |
| Power and fuel | **22,850,459** | 17,541,254 |
| Rent (Net) | **93,430,413** | 99,028,604 |
| Rates and taxes | **23,184,124** | 19,010,589 |
| Insurance | **9,334,075** | 4,381,719 |
| Repairs and maintenance: | | - |
| Plant and machinery | **95,333,062** | 83,247,008 |
| Others | **30,790,836** | 61,563,020 |
| Advertising and sales promotion (Net) | **29,421,154** | 31,607,579 |
| Travelling and conveyance (Net) | **437,041,973** | 404,049,897 |
| Communication costs | **52,226,312** | 48,978,025 |
| Printing and stationery | **4,225,919** | 3,411,326 |
| Legal and professional fees (Net) | **545,051,011** | 443,661,112 |
| Conference expenses (Net) | **43,129,645** | 30,221,597 |
| General office and other utilities expense | **12,149,453** | 14,669,488 |
| Donation | **1,238,362** | 1,584,972 |
| Provision for bad debt | **46,560,900** | (12,751,223) |
| Loss on Sale of Fixed Assets | **464,651** | 404,743 |
| Miscellaneous expenses | **4,095,439** | 3,737,817 |
| | **1,497,985,606** | 1,286,163,962 |
| **Payment to Auditor** | | |
| **As auditor:** | | |
| Audit fee | **3,240,000** | 2,700,000 |
| **In other capacity:** | | |
| Other services (certification fees) | **120,000** | 516,263 |
| Reimbursement of expenses | **995,850** | 629,939 |
| | **4,355,850** | 3,846,202 |
| **23. Depreciation and amortization expense** | | |
| Depreciation of tangible assets | **130,725,048** | 85,155,728 |
| Amortization of intangible assets | **123,381,670** | 43,611,846 |
| | **254,106,718** | 128,767,574 |

| | March 31, 2013 (₹) | March 31, 2012 (₹) |
|---|---|---|
| **24. Finance costs** | | |
| **Interest Expense:** | | |
| Interest on borrowing | **5,921,741** | 12,139,832 |
| Foreign currency translation on Interest | **2,640,000** | |
| Bank charges | **9,821,033** | 10,614,862 |
| | **18,382,774** | 22,754,694 |

**25. Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **Net profit for calculation of basic EPS (A)** | **438,203,299** | 328,119,720 |
| | **Number of Shares** | Number of Shares |
| **Weighted average number of equity shares in calculating basic EPS (B)** | **14,780,828** | 21,811,046 |
| **Effect of dilution:** | | |
| Convertible preference shares* | **7,074,243** | - |
| Stock options granted under ESOP | **29,768** | 831,970 |
| **Weighted average number of equity shares in calculating diluted EPS (C)** | **21,884,839** | 22,643,016 |
| **Basic earnings per share (₹) (A/B)** | **29.65** | 15.04 |
| **Diluted earnings per share (₹) (A/C)** | **20.02** | 14.49 |

* The company has during the year converted the preference shares into equity shares. Accordingly, preference shares have been considered as dilutive for the part of the year and previous year earning per share has been restated as per Accounting standard (AS)-20 on Earning per share issued by the Institute of Chartered Accountants of India(ICAI)

**26. Employees Benefit**

**a) Defined Contribution Plan**

Employers contribution to provident fund including contribution to various funds outside india is ₹ 49,455,590 (Previous year : ₹ 48,713,054) has been recognized in the statement of profit and loss account.

**b) Gratuity and other post employment benefit plans:**

The Company has a defined benefit gratuity and ex-gratia plan. Every employee who has completed five years or more of service get a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The company has also agreed to provide ex-gratia benefit to employee who has joined prior to June 01, 2008 and also who have completed more than 1 yr or service but less than 5 years on last drawn salary for each completed year of service.

**Statement of profit and loss**

**Net employee benefit expense recognized in the employee cost**

The following table summarizes the components of net benefit expense recognized in the profit and loss account

(Amount in ₹)

| | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| | Funded | | Unfunded | |
| Current Service Cost | **13,549,444** | 11,678,370 | **17,964,282** | 13,245,427 |
| Interest Cost on benefit obligation | **5,297,350** | 3,941,767 | **3,127,010** | 2,080,779 |
| Expected return on plan assets | **(1,463,956)** | (1,420,287) | | |
| Net Actuarial (Gain)/ Loss | **(1,767,599)** | (2,006,268) | **(112,556)** | (384,772) |
| **Net Cost** | **15,615,239** | 12,193,582 | **20,978,736** | 14,941,434 |
| Actual return on plan assets | **1,857,826** | 1,807,265 | **-** | - |

**Balance sheet**

The principal assumptions used in determining gratuity and leave encashment obligation for the Company's plan are shown below:

| | March 31, 2013 | | March 31, 2012 | |
|---|---|---|---|---|
| | **Gratuity** | Leave Encashment | **Gratuity** | Leave Encashment |
| Discount Rate | **8.60%** | 8.60% | **7.50%** | 7.50% |
| Expected Rate of Returns on Plan Assets | **7.50%** | N.A | **7.50%** | N.A |
| Employee separation Rate | **20.00%** | 20.00% | **20.00%** | 20.00% |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date applicable to the period over obligation is to be settled.

**Changes in the present value of the defined benefit obligation are as follows:** (Amount in ₹)

| **Particulars** | March 31, 2013 | | March 31, 2012 | |
|---|---|---|---|---|
| | **Gratuity** | Leave Encashment | **Gratuity** | Leave Encashment |
| Opening defined benefit obligation | **61,597,096** | 36,360,582 | **52,556,897** | 27,743,726 |
| Current Service Cost | **13,549,444** | 17,964,282 | **11,678,370** | 13,245,427 |
| Interest cost | **5,297,350** | 3,127,010 | **3,941,767** | 2,080,779 |
| Benefits Paid | **(6,848,760)** | (4,216,177) | **(4,960,648)** | (6,324,578) |
| Actuarial (gains)/ losses on obligation | **(1,373,729)** | (112,556) | **(1,619,290)** | (384,772) |
| **Closing defined benefit obligation** | **72,221,401** | 53,123,141 | **61,597,096** | 36,360,582 |
| **Change in the fair value of plan assets are as follows:** | | | | |
| Opening fair value of plan assets | **19,519,411** | - | **18,937,155** | - |
| Expected return | **1,463,956** | - | **1,420,287** | - |
| Contributions by employer | **5,847,927** | - | **3,735,639** | - |
| Benefits Paid | **(6,848,760)** | - | **(4,960,648)** | - |
| Actuarial Gain | **393,870** | - | **386,978** | - |
| **Closing fair value of plan assets at year end** | **20,376,404** | - | **19,519,411** | - |

**Balance Sheet**

**Benefit assets/liability**

| **Particulars** | **Gratuity** | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Present value of defined benefit obligation | **(72,221,401)** | (61,597,096) |
| Plan assets | **20,376,404** | 19,519,411 |
| (Deficit) | **(51,844,997)** | (42,077,685) |

The major categories of plan assets as percentage of fair value of total plan assets are as follows:

| **Particulars** | **For the period ended March 31, 2013** | For the period ended March 31, 2012 |
|---|---|---|
| Fund Managed by Insurer | **100%** | 100% |

The Company expects to contribute ₹ 27,060,915 ( Mar'12 -17,130,992) to the gratuity fund within next year.

**The amount for the current and previous four periods are as follows:** (Amount in ₹)

| Particulars | 31st March 2009* | 31st March 2010 | 31st March 2011 | 31st March 2012 | **31st March 2013** |
|---|---|---|---|---|---|
| Present value of obligation as at the end of period | 19,797,939 | 21,232,435 | 52,556,897 | 61,597,096 | **72,221,401** |
| Fair value of the plan assets at the end of period | 11,393,140 | 15,437,656 | 18,937,155 | 19,519,411 | **20,376,404** |
| Surplus / (Deficit) | (8,404,799) | (5,794,779) | (33,619,742) | (42,077,685) | **(51,844,997)** |
| Experience adjustment on plan Liabilities (loss) / gain | 503,863 | 1,004,816 | (9,717,099) | 1,619,290 | **696,161** |
| Experience adjustment on plan Assets (loss) / gain | (494,093) | (897,552) | 355,333 | 386,978 | **393,870** |

*The figure is pre merger with Jatayu

**27. Employee Stock Option Plan**

The company provides share based payment scheme to its employees "ESOP Plan". During the year the company has cancelled that ESOP Plan except to the extent of Certain employees who continue to carry stock options. The relevant detail of scheme & the grants are as follows:

i) Pursuant to shareholders resolution dated March 6, 2006, the Company introduced Employees Stock Option scheme-I 2006 for employees and Employees Stock Option scheme-II 2006 for Key Managerial Personnel (hereinafter called as Scheme-I and Scheme-II respectively). The above options are planned to be settled in equity at the time of exercise and have maximum period of seven years from the date of respective grants.

| Scheme-I | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Date of grant | October 1, 2006 | March 15, 2007 | April 1, 2006 | April 1, 2007 | April 1, 2007 | July 1, 2007 | October 1, 2007 | August 20, 2008 | November 26, 2008 |
| Date of Board Approval | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 |
| Date of Shareholder's approval | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 | March 06,2006 |
| Number of options granted | 22,500 | 65,000 | 700,250 | 231,500 | 40,000 | 40,000 | 148,875 | 140,000 | 207,000 |
| **Vesting Period/Conditions** | | | | | | | | | |
| On Completion of 12 Months | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| On Completion of 24 Months | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| On Completion of 36 Months | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| On Completion of 48 Months | 35% | 35% | 35% | 35% | 35% | 35% | 35% | 35% | 35% |

| Scheme-II | | | |
|---|---|---|---|
| Date of grant | March 15, 2007 | May 20, 2008 | April 1, 2009 |
| Date of Board Approval | March 06,2006 | March 06,2006 | March 06,2006 |
| Date of Shareholder's approval | March 06,2006 | March 06,2006 | March 06,2006 |
| Number of options granted | 394,242 | 350,840 | 167,860 |
| **Vesting Period/Conditions** | | | |
| On Completion of 12 Months | 100% | 100% | 100% |
| On Completion of 24 Months | - | - | - |
| On Completion of 36 Months | - | - | - |
| On Completion of 48 Months | - | - | - |

ii). Pursuant to shareholders resolution dated July 31, 2006, the Company introduced Employees Stock Option scheme-III 2006 for corporate employees not on the roles of the Company (hereinafter called as Scheme-III). The above options are planned to be settled in equity at the time of exercise and have maximum period of seven years from the date of grant.

| Scheme-III | | |
|---|---|---|
| Date of grant | April 1, 2006 | May 20, 2008 |
| Date of Board Approval | May 15, 2006 | May 15, 2006 |
| Date of Shareholder's approval | July 31, 2006 | July 31, 2006 |
| Number of options granted | 14,750 | 15,000 |
| **Vesting Period/Conditions** | | |
| On Completion of 12 Months | 15% | 15% |
| On Completion of 24 Months | 20% | 20% |
| On Completion of 36 Months | 30% | 30% |
| On Completion of 48 Months | 35% | 35% |

iii). Pursuant to shareholders further resolution dated November 5, 2007, the Company announced new Employees Stock Option schemes-IV and V under which the maximum quantum of options was determined at 115,226 and 34,567 options respectively, to be granted to employees of its subsidiary from time to time on the basis of their performance and other eligibility criteria. The above options are planned to be settled in equity at the time of exercise and have maximum period of five years from the date of respective grants.

| | Scheme-IV | Scheme-V |
|---|---|---|
| Date of grant | 14-Dec-07 | 14-Dec-07 |
| Date of Board Approval | November 5, 2007 | November 5, 2007 |
| Date of Shareholder's approval | November 5, 2007 | November 5, 2007 |
| Number of options granted | 115,226 | 34,567 |
| **Vesting Period/Conditions** | | |
| On Completion of 6 Months | 15% | - |
| On Completion of 12 Months | 20% | - |
| On Completion of 18 Months | 30% | - |
| On Completion of 24 Months | 35% | 100% |

iv). Pursuant to shareholders further resolution dated February 24, 2009, the Company announced new Scheme ESOP 2009 with Time Based and Performance Based plans under which the maximum quantum of options was determined at 1,136,203 to be granted to employees of the company and its holding or subsidiaries whether in India or abroad from time to time on the basis of their performance and other eligibility criteria. The above options are planned to be settled in equity at the time of exercise and have maximum vesting period of four years from the date of the respective grants.

| | Scheme-ESOP 2009 Time Based | | | | Scheme-ESOP 2009 Performance Based | | | |
|---|---|---|---|---|---|---|---|---|
| Date of grant | August 1, 2009 | October 1, 2009 | April 1, 2010 | October 1, 2010 | August 1, 2009 | October 1, 2009 | April 1, 2010 | October 1, 2010 |
| Date of Board Approval | 24-Feb-09 | 24-Feb-09 | 24-Feb-09 | 24-Feb-09 | 24-Feb-09 | 24-Feb-09 | 24-Feb-09 | 24-Feb-09 |
| Date of Shareholder's approval | March 19, 2009 | March 19, 2009 | March 19, 2009 | March 19, 2009 | March 19, 2009 | March 19, 2009 | March 19, 2009 | March 19, 2009 |
| Number of options granted | 386,156 | 43,350 | 21,385 | 86,050 | 456,429 | 99,360 | 61,958 | 40,997 |
| **Vesting Period/Conditions** | | | | | | | | |
| On Completion of 12 Months | 25% | 25% | 25% | 25% | 21.25% | 21.25% | 21.25% | 21.25% |
| On Completion of 24 Months | 25% | 25% | 25% | 25% | 21.25% | 21.25% | 21.25% | 21.25% |
| On Completion of 36 Months | 25% | 25% | 25% | 25% | 21.25% | 21.25% | 21.25% | 21.25% |
| On Completion of 48 Months | 25% | 25% | 25% | 25% | 36.25% | 36.25% | 36.25% | 36.25% |

v) .Pursuant to shareholders further resolution dated July 29, 2010, the Company announced new Scheme Comviva ESOP Scheme with Time Based and Performance Based plans under which the maximum quantum of options was determined at 800,000 to be granted to employees of the company and its holding or subsidiaries whether in India or abroad from time to time on the basis of their performance and other eligibility criteria. The above options are planned to be settled in equity at the time of exercise and have maximum vesting period of four years from the date of the respective grants

| | Comviva ESOP Scheme-Time Based | | Comviva ESOP Scheme-Performance Based | | | | |
|---|---|---|---|---|---|---|---|
| Date of grant | August 1, 2010 | August 1, 2010 | June 1, 2011 | August 1, 2011 | December 1, 2011 | March 1, 2012 | October 1, 2012 |
| Date of Board Approval | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 |
| Date of Shareholder's approval | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 | July 29, 2010 |
| Number of options granted | 169,408 | 280,000 | 163,300 | 93,725 | 34,500 | 48,875 | 96,600 |
| **Vesting Period/Conditions** | | | | | | | |
| On Completion of 12 Months | 25% | 40% | 21.25% | 21.25% | 21.25% | 21.25% | 21.25% |
| On Completion of 24 Months | 25% | 20% | 21.25% | 21.25% | 21.25% | 21.25% | 21.25% |
| On Completion of 36 Months | 25% | 20% | 21.25% | 21.25% | 21.25% | 21.25% | 21.25% |
| On Completion of 48 Months | 25% | 20% | 36.25% | 36.25% | 36.25% | 36.25% | 36.25% |

The details of the activity under the schemes are as below:

| Particulars | As at March 31, 2013 Number of options | As at March 31, 2013 Weighted Average Exercise Price(₹) | As at March 31, 2012 Number of options | As at March 31, 2012 Weighted Average Exercise Price(₹) |
|---|---|---|---|---|
| **Scheme-I** | | | | |
| Outstanding at the beginning of the year | **564,879** | **101.56** | 687,040 | 101.56 |
| Granted during the year | **-** | **101.56** | - | 101.56 |
| Forfeited during the year | **22,250** | **101.56** | 89,840 | 101.56 |
| Exercised during the year | **42,720** | **101.56** | 32,321 | 101.56 |
| Surrendered during the year | **499,909** | **101.56** | | 101.56 |
| Outstanding at the end of the year | **-** | **-** | 564,879 | 101.56 |
| Exercisable at the end of the year | **-** | **-** | 347,979 | 101.56 |
| Weighted average remaining contractual life (in years) | **-** | **-** | 1.94 | - |
| Weighted average fair value of options granted | **-** | **-** | - | - |
| **Scheme-II** | | | | |
| Outstanding at the beginning of the year | **433,726** | **116.70** | 474,239 | 116.70 |
| Granted during the year | **-** | **116.70** | - | 116.70 |
| Forfeited during the year | **27,951** | **116.70** | 40,513 | 116.70 |
| Exercised during the year | **-** | **116.70** | - | 116.70 |
| Surrendered during the year | **405,775** | **116.70** | | 116.70 |
| Outstanding at the end of the year | **-** | **-** | 433,726 | 116.70 |
| Exercisable at the end of the year | **-** | **-** | 433,726 | 116.70 |
| Weighted average remaining contractual life (in years) | **-** | **-** | 2.79 | - |
| Weighted average fair value of options granted | **-** | **-** | - | - |
| **Scheme-III** | | | | |
| Outstanding at the beginning of the year | **19,938** | **108.07** | 19,938 | 108.07 |
| Granted during the year | **-** | **108.07** | - | 108.07 |
| Forfeited during the year | **-** | **108.07** | - | 108.07 |

| Particulars | As at March 31, 2013 Number of options | As at March 31, 2013 Weighted Average Exercise Price(₹) | As at March 31, 2012 Number of options | As at March 31, 2012 Weighted Average Exercise Price(₹) |
|---|---|---|---|---|
| Exercised during the year | **-** | **108.07** | - | 108.07 |
| Surrendered during the year | **19,938** | **108.07** | | 108.07 |
| Outstanding at the end of the year | **-** | **-** | 19,938 | 108.07 |
| Exercisable at the end of the year | **-** | **-** | 14,688 | 108.07 |
| Weighted average remaining contractual life (in years) | **-** | **-** | 2.08 | - |
| Weighted average fair value of options granted | **-** | **-** | - | - |
| **Scheme-V** | | | | |
| Outstanding at the beginning of the year | **15,898** | **175** | 15,898 | 175 |
| Granted during the year | **-** | **175** | - | 175 |
| Forfeited during the year | **-** | **175** | - | 175 |
| Exercised during the year | **-** | **175** | - | 175 |
| Surrendered during the year | **15,898** | **175** | - | 175 |
| Outstanding at the end of the year | **-** | **-** | 15,898 | 175 |
| Exercisable at the end of the year | **-** | **-** | 15,897 | 175 |
| Weighted average remaining contractual life (in years) | **-** | **-** | 0.71 | - |
| Weighted average fair value of options granted | **-** | **-** | - | - |
| **Scheme- ESOP 2009 - Time Based** | | | | |
| Outstanding at the beginning of the year | **384,061** | **195.03** | 458,678 | 195.03 |
| Granted during the year | **-** | **195.03** | - | 195.03 |
| Forfeited during the year | **40,376** | **195.03** | 73,617 | 195.03 |
| Exercised during the year | **-** | **195.03** | 1,000 | 195.03 |
| Surrendered during the year | **339,685** | **195.03** | | 195.03 |
| Outstanding at the end of the year | **4,000** | **195.03** | 384,061 | 195.03 |
| Exercisable at the end of the year | **3,000** | **195.03** | 165,312 | 195.03 |
| Weighted average remaining contractual life (in years) | **0.57** | **-** | 1.57 | - |
| Weighted average fair value of options granted | **96.87** | **-** | 96.87 | - |
| **Scheme- ESOP 2009 - Performance Based** | | | | |
| Outstanding at the beginning of the year | **361,413** | **182.78** | 557,344 | 182.78 |
| Granted during the year | **-** | **182.78** | - | 182.78 |
| Forfeited during the year | **63,197** | **182.78** | 195,931 | 182.78 |
| Exercised during the year | **-** | **182.78** | - | 182.78 |
| Surrendered during the year | **298,216** | **182.78** | - | 182.78 |
| Outstanding at the end of the year | **-** | **-** | 361,413 | 182.78 |
| Exercisable at the end of the year | **-** | **-** | 51,583 | 182.78 |
| Weighted average remaining contractual life (in years) | **-** | **-** | 1.50 | - |
| Weighted average fair value of options granted | **-** | **-** | 132.13 | - |

| Particulars | As at March 31, 2013 Number of options | As at March 31, 2013 Weighted Average Exercise Price(₹) | As at March 31, 2012 Number of options | As at March 31, 2012 Weighted Average Exercise Price(₹) |
|---|---|---|---|---|
| **Comviva ESOP Scheme - Time Based** | | | | |
| Outstanding at the beginning of the year | **400,885** | | 154,882 | |
| Granted during the year | **-** | **300** | 280,000 | 300 |
| Forfeited during the year | **291,774** | **300** | 33,997 | 300 |
| Exercised during the year | **164** | **300** | - | 300 |
| Surrendered during the year | **83,179** | **300** | - | 300 |
| Outstanding at the end of the year | **25,768** | **300** | 400,885 | 300 |
| Exercisable at the end of the year | **1,432** | **300** | 141,802 | 300 |
| Weighted average remaining contractual life (in years) | **1.34** | **-** | 2.56 | - |
| Weighted average fair value of options granted | **77.13** | **-** | 78.81 | - |
| **Comviva ESOP Scheme - Performance Based** | | | | |
| Outstanding at the beginning of the year | **315,100** | | - | |
| Granted during the year | **96,600** | **300** | 340,400 | 300 |
| Forfeited during the year | **90,850** | **300** | 25,300 | 300 |
| Exercised during the year | **-** | **300** | - | 300 |
| Surrendered during the year | **320,850** | **300** | - | 300 |
| Outstanding at the end of the year | **-** | **-** | 315,100 | 300 |
| Exercisable at the end of the year | **-** | **-** | - | 300 |
| Weighted average remaining contractual life (in years) | **-** | **-** | 3.57 | - |
| Weighted average fair value of options granted | **-** | **-** | 86.30 | - |

On February 1, 2013 the Company has cancelled the existing ESOP plan whereby options holders were offered to swap their vested and unvested options with a fixed cash payout over a period of 3 years. Certain option holders have not surrendered their options and accordingly, the cost associated with these options is being amortised over the vesting period.

The Company has during the year recognised ₹10,409,570 expense on cancellation of ESOP Plan.

**28. Leases**

**i) Operating Lease - As a Lessee**

a) The Company has entered into long term, non-cancellable operating leases in respect of Premise. No sub leases have been granted and all direct expenses have been charged to statement of profit and loss account.

b) Future minimum rental payable under non-cancellable operating leases are as follows: (Amount in ₹)

| Particulars | Vehicle As at March 31, 2013 | Vehicle As at March 31, 2012 | Premise As at March 31, 2013 | Premise As at March 31, 2012 |
|---|---|---|---|---|
| Not later than one year | Nil | Nil | 92,478,261 | 37,310,224 |
| Later than one year and not later than five years | Nil | Nil | 58,958,358 | 37,083,384 |
| Later than five years | Nil | Nil | Nil | Nil |
| Lease rentals charge for the year in respect of non cancellable lease | Nil | 281,464 | 95,349,085 | 34,754,375 |

c) The lease rentals charged during the year are in respect of cancellable operating leases relating to building premises; usually renewable on mutually agreeable terms is ₹ 17,773,688 (March 31, 2012 – ₹ 68,802,233)

**ii) Finance Lease - As a Lessor**

The Company has entered into an agreement on September 25, 2008 with one of its customer to provide Managed VAS Services on revenue share basis for a period of three years from date of commercial launch of VAS services. The Company has installed hardware and software at third party location to provide such services and as per the terms of the agreement, these assets qualify as finance lease.

During the year ended March 31,2012, the Company has re-negotiated the terms of the contract with lessee. The contract period been extended for a period of three years (that is till year ended December 31, 2014). The Company will also provide certain services under the revised contract. The contract continues to be on revenue share basis, however, the lessee has given a minimum guarantee of US$ 38,639 per month towards monthly lease payment and services. As the revised contract covers substantial life of the assets hence the modified lease is continued to be considered as finance lease. There is no escalation clause or restriction imposed under the revised lease agreement

(Amount in ₹)

| Particulars | As at March 31, 2013 | As at March 31,2012 |
|---|---|---|
| Total gross investment in lease | **25,380,965** | 38,414,742 |
| Less: Unearned finance Income | **2,494,648** | 5,832,414 |
| Less: Unguaranteed Residual Value | **Nil** | Nil |
| Present Value of Minimum Lease Payment Discounted at interest rate of 12% p.a. | **22,886,317** | 32,582,328 |

Gross Investment for lease for the period

| Particulars | As at March 31,2013 | As at March 31,2012 |
|---|---|---|
| Not later than one year [Present value of minimum lease payments ₹11,979,539 as on 31.03.2013 (₹10,631,233 as on 31.3.2012)] | **13,968,997** | 13,968,997 |
| Later than one year and not later than five years [Present value of minimum lease payments ₹ 99,71,556 as on 31.3.2013 (₹ 21,951,095 as on 31.3.2012)] | **10,476,748** | 24,445,745 |
| Later than five years | **Nil** | Nil |

**29. Segmental Reporting**

The Company has organized its operations into two business segments i.e. Mobile payment and recharge and Value Added Services. Further, the Company has identified India and Rest of the World as secondary segments based on geographical location.

Income and direct expenses in relation to business segments are categorized based on items that are individually identifiable, while the remainder of the costs is allocated on the basis of associated turnover. Indirect income is shown as unallocated income & Finance expenses are shown as unallocated expenses. Other unallocated expenses/income are allocated on the basis of associated turnover.

Certain assets such as investments or certain liabilities such as secured loan (being not allocable to a specific segment) have not been identified to be any of the reportable segments

**Mobile payment and recharge**

Solution helps payment of money through mobile and helps in recharge

**Value Added Services**

Value added services are enhanced services, in the nature of non-core services, which add value to the basic standard voice calls, voice/non-voice messages, fax transmission and data transmission.

**Business Segment - Primary**

(Amount in ₹)

| | Mobile payment and recharge | | Value Added Services | | Total | |
|---|---|---|---|---|---|---|
| | For Year Ended Mar 31, 2013 | For Year Ended Mar 31, 2012 | For Year Ended Mar 31, 2013 | For Year Ended Mar 31, 2012 | For Year Ended Mar 31, 2013 | For Year Ended Mar 31, 2012 |
| **Revenue** | | | | | | |
| Segment Revenues | **1,558,107,248** | 905,980,936 | **3,369,370,962** | 2,791,744,003 | **4,927,478,210** | 3,697,724,939 |
| **Results** | | | | | | |
| Segment Result | **82,651,108** | (50,088,455) | **563,212,236** | 557,703,871 | **645,863,344** | 507,615,416 |
| Interest and Dividend Income | | | | | **14,944,501** | 782,419 |
| Interest Expense | | | | | **(18,382,774)** | (22,754,693) |
| Tax Expenses | | | | | **(204,221,772)** | (157,523,422) |
| Net Profit | | | | | **438,203,299** | 328,119,720 |
| **Other Information** | | | | | | |
| Segmental Assets | **1,036,563,739** | 874,369,696 | **2,275,984,664** | 2,074,522,912 | **3,312,548,403** | 2,948,892,608 |
| Unallocated Assets | | | | | **1,034,161,167** | 418,208,832 |
| **Total Assets** | | | | | **4,346,709,570** | **3,367,101,440** |
| Segmental Liabilities | **513,741,693** | 350,818,891 | **1,133,056,088** | 970,233,697 | **1,646,797,781** | 1,321,052,588 |
| Unallocated Liabilities | | | | | **244,203,515** | - |
| **Total Liabilities** | | | | | **1,891,001,296** | **1,321,052,588** |
| Capital Expenditure | **23,752,855** | 31,870,359 | **168,054,072** | 179,241,662 | **191,806,927** | 211,112,021 |
| Depreciation & amortization | **51,697,570** | 20,753,522 | **202,409,148** | 108,014,052 | **254,106,718** | 128,767,574 |
| Other non cash expense | **13,907,933** | 13,695,921 | **30,075,585** | 39,906,004 | **43,983,518** | 53,601,925 |

**Geographical Segment - Secondary**

(Amount in ₹)

| | India | | Rest of the World | | Total | |
|---|---|---|---|---|---|---|
| | For Year Ended Mar 31, 2013 | For Year Ended Mar 31, 2012 | For Year Ended Mar 31, 2013 | For Year Ended Mar 31, 2012 | For Year Ended Mar 31, 2013 | For Year Ended Mar 31, 2012 |
| Segment Gross Revenue | **975,474,995** | 1,069,871,726 | **3,952,003,215** | 2,627,853,213 | **4,927,478,210** | 3,697,724,939 |
| Segment Assets (Trade receivables including unbilled revenue) | **495,933,134** | 437,302,057 | **1,930,424,232** | 1,656,208,765 | **2,426,357,366** | 2,093,510,822 |
| Other Assets (Unallocated) | | | | - | **1,920,352,204** | 1,273,590,618 |
| **Total Assets** | | | | | **4,346,709,570** | **3,367,101,440** |

30. As required by Accounting Standard-18 ''Related Party Disclosures'' notified under Companies (Accounting Standard) Rules 2006, ('as amended'), the name of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationship as identified and certified by the management.

| **Party** | **Relationship** |
|---|---|
| Tech Mahindra Limited (From 13th December 2012) | Holding company |
| Comviva Technologies Inc, USA | Subsidiary |
| Comviva Technologies Nigeria Limited | Subsidiary |
| Comviva Technologies Pte Ltd. | Subsidiary |
| Comviva Technologies FZ-LLC | Subsidiary |
| Bharti Airtel Ltd. | Enterprise significantly influenced by group of Individuals or their relatives who have significant influence over the Company (Till 12th December 2012). |
| Airtel Burkina Faso | |
| Airtel Congo Brazzaville | |
| Airtel DRC Congo | |
| Airtel Gabon | |
| Airtel Kenya Ltd. Kenya | |
| Airtel Malawi | |
| Airtel Niger | |
| Airtel Nigeria | |
| Airtel Sierra Leone | |
| Airtel Tanzania | |
| Airtel Tchd S.A. | |
| Airtel Uganda Limited | |
| Airtel Zambia | |
| Airtel Communications Ghana | |
| Airtel Madagascar | |
| Jersey Airtel Ltd. | |
| Bharti Telemedia Ltd. | |
| Bharti Hexacom Ltd. | |
| Telecom Seychelles Ltd. | |
| Bharti Airtel Services Ltd | |
| Bharti Enterprises Ltd. | |
| BTSL ESOP Trust | |
| Bharti Reality (P) Ltd. | |
| Bharti Airtel International (Netherlands BV) | |
| Bharti Reality Holdings Ltd. | |
| Bharti Airtel Lanka (P) Ltd. | |
| Bharti Axa General Insurance Co. Ltd. | |
| Bharti Foundation | |
| Mr. Manoranjan Mohapatra | Key Managerial Personnel |
| Mr. Ambar Sur (Director till December 7, 2012) | Key Managerial Personnel |

(Amount in ₹)

| For the period ended March 31, 2013 | | | | | | | | Closing balance as on 31st March 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | Revenue from operations | Interest Income | Donation Given | Cost of service (received)/ provided (Refer Note (a) and (b) below) | Loans & Advances given | Loan Repayment | Managerial Remuneration | Trade Receivable including unbilled | Trade Payable | Unearned Revenue | Loans & Advances | Investment | Advance from customer | Interest Accrued and due | Accrued benefit payable |
| **Subsidiaries** | | | | | | | | | | | | | | | |
| Comviva Technologies Inc. USA | - | - | - | (64,199,442) | - | - | - | 2,763,274 | (10,179,375) | - | 299,043 | 3,439,520 | - | - | - |
| Comviva Technologies Nigeria | 20,474,455 | - | - | 21,633,538 | - | - | - | 18,859,588 | - | - | 63,992,240 | 2,946,203 | - | - | - |
| Comviva Singapore Pte. Ltd.* | - | 1,056,441 | - | (5,828,239) | 27,203,250 | (5,278,181) | - | - | (5,882,199) | - | 14,292,720 | 42,160 | (3,389,370) | 1,047,778 | - |
| Comviva Technologies Dubai | 537,042,342 | 3,648,616 | - | (40,869,097) | 88,438,750 | (88,438,750) | - | 278,794,639 | (40,655,941) | - | - | 767,800 | - | 3,620,420 | - |
| **Significantly Influenced** | | | | | | | | | | | | | | | |
| Bharti Airtel Ltd. | 253,101,001 | - | - | (19,938,989) | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Burkina Faso | 37,420,818 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Congo Brazzaville | 35,995,296 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel DRC Congo | 71,519,842 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Gabon | 27,764,995 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Kenya Ltd. Kenya | 68,715,942 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Malawi | 8,412,506 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Niger | 30,791,985 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Nigeria | 64,092,673 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Sierra Leone | 44,762,460 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Tanzania | 38,339,377 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Tchd S.A. | 27,932,381 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Uganda Limited | 63,773,361 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Zambia | 31,767,198 | - | - | (148,480) | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Communications Ghana | 35,451,134 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Madagascar | 41,315,215 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Bangladesh | 16,474,483 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airtel Rwanda | 2,594,996 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Jersey Airtel Ltd. | 3,503,806 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Telemedia Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

(Amount in ₹)

| For the period ended March 31, 2013 | | | | | | | | Closing balance as on 31st March 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | Revenue from operations | Interest Income | Donation Given | Cost of service (received)/ provided (Refer Note (a) and (b) below) | Loans & Advances given | Loan Repayment | Managerial Remuneration | Trade Receivable including unbilled | Trade Payable | Unearned Revenue | Loans & Advances | Investment | Advance from customer | Interest Accrued and due | Accrued benefit payable |
| Bharti Hexacom Ltd. | 55,467,640 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Telecom Seychelles Ltd. | 6,867,887 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Airtel Services Ltd | - | - | - | (143,264) | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Enterprises Ltd. | - | - | - | (18,062,175) | - | - | - | - | - | - | - | - | - | - | - |
| BTSL ESOP Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Realty (P) Ltd. | - | - | - | (39,221,939) | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Airtel International (Neitherland) BV | 67,793,853 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Realty Holdings Ltd. | - | - | - | (17,960,896) | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Airtel Lanka (P) Ltd. | 34,217,377 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Axa General Insurance Co. Ltd. | - | - | - | (887,738) | - | - | - | - | - | - | - | - | - | - | - |
| Bharti Foundation | - | - | (634,739) | - | - | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra - India | - | - | - | 7,200,307 | - | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra-Indonesia | 13,648,909 | - | - | - | - | - | - | 12,009,953 | - | - | - | - | - | - | - |
| **Key Management Personnel** | | | | | | | | | | | | | | | |
| Mr. Ambar Sur* (till 7th Dec'12) | - | - | - | 69,200 | - | - | 6,523,286 | - | - | - | - | - | - | - | - |
| Mr. Manoranjan Mohapatra | - | - | - | 104,317 | - | - | 22,193,551 | - | - | - | 85,545 | - | - | - | (14,883,011) |

* Singpore customer has wrongly paid in India, hence shown as advance from customer

**a) Certain expenses (as detail below) have been incurred on behalf of subsidiaries which have been charged to subsidiaries and netted off against relevant account heads in financials statements.**

| Particulars | 31 March 2013 | 31 March 2012 | Name of Related Party |
|---|---|---|---|
| | (₹) | (₹) | |
| Advertising and sales promotion | **-** | 19,843,127 | Comviva Technologies Nigeria Limited |
| Rent | **8,740,687** | 5,131,929 | Comviva Technologies Nigeria Limited |
| Legal & Professional | **12,892,851** | 7,838,901 | Comviva Technologies Nigeria Limited |
| Salary | **-** | 10,447,649 | Comviva Technologies Nigeria Limited |
| Conference Expenses | **-** | 565,106 | Comviva Technologies Nigeria Limited |
| Recruitment, Training and Relocation Expenses | **-** | 329,573 | Comviva Technologies Nigeria Limited |
| Travel Expenses | **-** | 368,739 | Comviva Technologies Nigeria Limited |
| Legal & Professional | **-** | 67,792 | Comviva Technologies Pte Ltd. |
| **Total** | **21,633,538** | 44,592,816 | |

**b).The company has also received following services (gross, including service tax) from related parties amounting ₹96,363,481 ( 31ts Mar'12 ₹ 137,602,514)**

| Particulars | 31 March 2013** | 31 March 2012 | Name of Related Party |
|---|---|---|---|
| | (₹) | (₹) | |
| Communication cost | **19,938,989** | 26,640,434 | Bharti Airtel Ltd. |
| Communication cost | **143,264** | 74,122 | Bharti Airtel Services Ltd |
| Communication cost | **148,480** | - | Airtel Zambia |
| legal & professional fees | **18,062,175** | 26,141,106 | Bharti Enterprises Ltd. |
| Rent | **39,221,939** | 61,874,241 | Bharti Reality (P) Ltd. |
| Repair maintaince & electricity | **17,960,896** | 21,092,260 | Bharti Reality Holdings Ltd. |
| Prepaid | **887,738** | 1,780,351 | Bharti Axa General Insurance Co. Ltd. |
| Total | **96,363,481** | 137,602,514 | |
| ** Transaction disclosures includes transaction till date of 12th December 2012 | | | |

(Amount in ₹)

| Financial Year 2011-12 | | | | | | | | Closing balance as on 31st Mar'12 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Revenue from operations** | **Interest Income** | **Donation Given** | **Cost of service (received)/ provided (Refer Note (a & b) below)** | **Loans & Advances given** | **Security Deposit Paid** | **Managerial Remuneration** | **Trade Receivable including unbilled** | **Trade Payable** | **Unearned Revenue** | **Loans & Advances** | **Investment** | **Advance from customer** | **Interest Accrued and due** | **Accured benefit payable** |
| **Subsidiaries** | | | | | | | | | | | | | | | |
| Comviva Technologies Inc. USA | - | | - | (24,860,637) | - | - | - | 2,603,962 | (5,960,140) | | 299,043 | 3,439,520 | | | |
| Comviva Technologies Nigeria Limited | - | | - | 44,525,024 | - | - | - | - | - | | 46,416,004 | 2,946,203 | | - | |
| Comviva Singapore Pte. Ltd. | - | | - | 67,792 | - | - | - | - | - | | 70,550 | 42,160 | | - | |
| Comviva Technologies FZ-LLC | 13,796,607 | | - | - | - | - | - | 14,357,904 | - | | 2,887,010 | 767,800 | | - | |
| **Significantly Influenced** | | | | | | | | | | | | | | | |
| Bharti Airtel Ltd. | 540,098,360 | | - | (26,640,434) | - | - | - | 208,916,308 | (1,774,619) | (2,850,902) | - | | (4,806,688) | | |
| Airtel Burkina Faso | 13,087,351 | | - | - | - | - | - | 18,183,031 | - | (934,437) | - | | (914,796) | | |
| Airtel Congo Brazzaville | 31,706,338 | | - | - | - | - | - | 40,830,870 | - | - | - | | (736,704) | | |
| Airtel DRC Congo | 37,721,971 | | - | - | - | - | - | 25,827,089 | - | - | - | | | | |
| Airtel Gabon | 28,605,535 | | - | - | - | - | - | 31,163,162 | - | - | - | | | | |
| Airtel Kenya Ltd. Kenya | 21,328,406 | - | - | - | - | - | - | 31,793,873 | - | (10,163,739) | - | | | | |
| Airtel Malawi | 39,625,292 | | - | - | - | - | - | 50,276,205 | - | - | - | | | | |
| Airtel Niger | 15,116,796 | | - | - | - | - | - | 3,137,357 | - | - | - | | | | |
| Airtel Nigeria | 64,909,788 | | - | - | - | - | - | 56,846,650 | - | - | - | | | | |
| Airtel Sierra Leone | 14,455,805 | | - | - | - | - | - | 20,333,041 | - | - | - | | | | |
| Airtel Tanzania | 13,129,713 | | - | - | - | - | - | 28,421,121 | - | (799,528) | - | | | | |
| Airtel Tchd S.A. | 1,819,161 | | - | - | - | - | - | 5,435,411 | - | - | - | | | | |
| Airtel Uganda Limited | 15,139,392 | | - | - | - | - | - | 14,501,270 | - | (60,717) | - | | | | |
| Airtel Zambia | 13,983,935 | | - | - | - | - | - | 12,105,207 | - | - | - | | | | |
| Airtel Communications Ghana | 29,961,164 | | - | - | - | - | - | 34,399,150 | - | - | - | | | | |
| Airtel Madagascar | 7,245,733 | | - | - | - | - | - | 29,568,330 | - | - | - | | | | |
| Airtel Bangladesh | 10,559,710 | | - | - | - | - | - | 20,074,723 | - | - | - | | | | |
| Airtel Rwanda | 37,099,184 | | - | - | - | - | - | 38,608,501 | - | - | - | | | | |

(Amount in ₹)

| Financial Year 2011-12 | | | | | | | | Closing balance as on 31st Mar'12 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | Revenue from operations | Interest Income | Donation Given | Cost of service (received)/ provided (Refer Note (a & b) below) | Loans & Advances given | Security Deposit Paid | Managerial Remuneration | Trade Receivable including unbilled | Trade Payable | Unearned Revenue | Loans & Advances | Investment | Advance from customer | Interest Accrued and due | Accured benefit payable |
| Jersey Airtel Ltd. | 4,511,277 | | - | - | - | - | - | - | - | - | - | | | | |
| Bharti Telemedia Ltd. | 9,522,665 | | - | - | - | - | - | 792,256 | - | - | - | | | | |
| Bharti Hexacom Ltd. | 38,035,441 | | - | - | - | - | - | 10,323,027 | - | - | - | | | | |
| Telecom Seychelles Ltd. | 11,318,420 | | - | - | - | - | - | 9,199,635 | - | - | - | | | | |
| Bharti Airtel Services Ltd | - | | - | (74,122) | - | - | - | - | (25,153) | - | - | | | | |
| Bharti Enterprises Ltd. | - | | - | (26,141,106) | - | - | - | - | (4,143,604) | - | - | | | | |
| BTSL ESOP Trust | - | | - | - | 2,500,000 | - | - | - | - | - | 16,990,000 | | | | |
| Bharti Realty (P) Ltd. | - | | - | (61,874,241) | - | 2,838,408 | - | - | (221,244) | - | 35,183,816 | | | | |
| Bharti Airtel International (Neitherland) BV | 568,014,416 | | - | - | - | - | - | 178,531,169 | - | - | - | | | | |
| Bharti Realty Holdings Ltd. | - | | - | (21,092,260) | - | - | - | - | (1,288,382) | - | 6,491,050 | | | | |
| Bharti Airtel Lanka (P) Ltd. | 39,925,228 | 3,697,456 | - | | - | - | - | 9,624,861 | - | - | - | | | 676,463 | |
| Bharti Axa General Insurance Co. Ltd. | - | | - | | 1,780,351 | - | - | - | - | - | 1,487,988 | | | | |
| Bharti Foundation | - | | (1,527,960) | | - | - | - | - | - | - | - | | | | |
| **Key Management Personnel** | | | | | | | | | | | | | | | |
| Mr. Ambar Sur | - | | - | | - | - | 6,413,741 | | - | | - | | | | (1,092,495) |
| Mr. Manoranjan Mohapatra | - | | - | | - | - | 19,485,565 | - | - | | - | | | | (11,520,649) |

a).The company has incurred certain expenses (as detailed below) on behalf of its subsidiaries which at year end has been charged back on cost basis

| Particulars | 31 March 2012 | | |
|---|---|---|---|
| | (₹) | | |
| Advertising and sales promotion | 19,843,127 | Comviva Technologies Nigeria Limited | |
| Rent | 5,131,929 | Comviva Technologies Nigeria Limited | |
| Legal & Professional | 7,688,349 | Comviva Technologies Nigeria Limited | |
| Salary | 10,447,649 | Comviva Technologies Nigeria Limited | |
| Legal & Professional | 150,552 | Comviva Technologies Nigeria Limited | |
| Conference Expenses | 565,106 | Comviva Technologies Nigeria Limited | |
| Recruitment, Training and Relocation Expenses | 329,573 | Comviva Technologies Nigeria Limited | |
| Travel Expenses | 368,739 | Comviva Technologies Nigeria Limited | |
| Legal & Professional | 67,792 | Comviva Technologies Pte Ltd. | |
| Advance to suppliers | 2,751,019 | Comviva Technologies FZ-LLC | |
| **Total** | **47,343,835** | | |

b).The company has also received following services (gross, including service tax) from related parties amounting ₹136,350,723 ( 31ts Mar'11 ₹151,301,192)

| Particulars | 31 March 2012 | 31 March 2011 | Name of Related Party |
|---|---|---|---|
| | (₹) | (₹) | |
| Communication cost | 26,640,434 | 48,092,676 | Bharti Airtel Ltd. |
| Communication cost | 74,122 | 129,652 | Bharti Airtel Services Ltd |
| legal & professional fees | 26,141,106 | 23,184,740 | Bharti Enterprises Ltd. |
| Rent | 61,874,241 | 59,879,799 | Bharti Reality (P) Ltd. |
| Repair maintaince & electricity | 21,092,260 | 18,685,248 | Bharti Reality Holdings Ltd. |
| Insurance | 528,560 | 1,329,077 | Bharti Axa General Insurance Co. Ltd. |
| Car Hire Charges | | 300,000 | Anuradha Sur |
| **Total** | **136,350,723** | **151,301,192** | |

**31 PO Commitment :**

- Estimated amount of contracts remaining to be executed and not provided for is ₹ 287,645,593 as of March 31, 2013 ( March 31, 2012- ₹ 94,359,439) including capital commitment of ₹ 19,180,768 (March 31, 2012: ₹ Nil)

**32 Contingent Liability:**

- Bank Guarantees outstanding as at March 31, 2013 amounting to ₹ 2,950,000 (as at March 31, 2012 amounting to ₹ 2,950,000) on behalf of the Company

Claims against the Company not acknowledged as debts include the following:

- Demand from Income Tax authorities [net of ₹ 1,500,000 [(March 31, 2012 –₹ 1,500,000) provided for] for assessment year 2005-06 (from Assistant Commissioner of Income Tax) : ₹ 1,814,382 (March 31, 2012: ₹ 1,814,382).
- Demand from Income Tax authorities for assessment year 2006-07 (from Assistant Commissioner of Income Tax) : ₹ 2,273,333 (March 31, 2012: ₹ 2,273,333).
- Demand from Income Tax authorities for assessment year 2007-08, u/s. 154 (from Assistant Commissioner of Income-tax): ₹ 541,726 (i.e. Demand ₹ 2,409,327 Less paid ₹ 1,867,601). (March 31, 2012: ₹ ₹ 541,726).
- Demand from Income Tax authorities for assessment year 2007-08 for payment of additional tax under section 143(3) from Deputy Commissioner of Income Tax for ₹ 57,756,500 (March 31, 2012: ₹ 57,756,500). The company has filed Form 35 with CIT(A) against this assessment order. The company has got favourable order from CIT(A). However the department has filed appeal with ITAT.
- Demand from Income Tax authorities for assessment year 2008-09 for payment of additional tax under section 143(3) from Deputy Commissioner of Income Tax for ₹ 2,842,498 (March 31, 2012: ₹ 2,842,498). The company has filed Form 35 with CIT(A) against this assessment order. The company has got favourable order from CIT(A). However the department has filed appeal with ITAT
- Demand from BSES, New Delhi amounting to ₹ 15,166,022 (March 31,2012 year: ₹ 15,166,022) has not been provided and is subject to the future proceedings as per the Hon'ble High Court of New Delhi.
- Demand from BESCOM, Bangalore amounting to ₹ 6,737,546 (March 31, 2012: ₹ 6,737,546) has not been provided

In all these cases no provision is considered necessary since management is hopeful that no liability will arise in these cases

| **33. Forward Contract outstanding as at Balance Sheet Date is as follows:** | |
|---|---|
| **Particulars** | **Purpose** |
| USD 19,157,755 (March 31, 2012: USD 13,909,665) | Hedging of trade receivables |
| EUR 3,846,320 (March 31, 2012: EUR 2,442,170) | Hedging of trade receivables |
| | |

| **Particulars of unhedged foreign currency exposure are as follows:** | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at March 31, 2013** | | | **As at March 31, 2012** | | |
| | **₹** | **FC** | **Closing Rate** | **₹** | **FC** | **Closing Rate** |
| Accounts Receivable | 583,341,043 | $10,744,908 | 54.29 | 890,042,854 | $17,397,241 | 51.16 |
| | 247,991,198 | € 3,567,911 | 69.51 | 60,880,468 | € 890,847 | 68.34 |
| | 21,736,445 | £264,656 | 82.13 | 29,232,987 | £357,371 | 81.8 |
| | 15,605,820 | KES 24,519,735 | 0.64 | 14,752,782 | KES 23,794,809 | 0.62 |
| | 19,011,710 | MGA 802,181,844 | 0.024 | 21,884,263 | MGA 904,308,370 | 0.024 |
| | 3,691,628 | MWK 25,839,355 | 0.143 | 3,443,808 | MWK 11,073,338 | 0.311 |
| | 29,713,586 | XOF 280,371,688 | 0.106 | 17,534,190 | XOF 169,085,727 | 0.104 |
| | 35,074,066 | XAF 330,952,139 | 0.106 | 23,488,799 | XAF 226,507,227 | 0.104 |
| | 42,733,887 | TZS 1,270,445,651 | 0.034 | 14,287,139 | TZS 443,699,972 | 0.032 |
| | 13,043,640 | UGX 621,308,755 | 0.021 | 7,282,930 | UGX 355,264,898 | 0.021 |
| | 1,391,756 | SLL 112,238,384 | 0.012 | 11,993,591 | SLL 1,016,406,056 | 0.012 |
| | 11,449,441 | ZMK 1,093,485,893 | 0.010 | 6,262,314 | ZMK 644,270,998 | 0.010 |
| | 10,132,223 | SCR 2,331,229 | 4.346 | 1,424,543 | SCR 404,227 | 3.524 |
| | 58,698,238 | BDT 86,036,260 | 0.68 | | | |
| | 20,757,966 | GHC 739,854 | 28.06 | 5,394,309 | GHC 185,117 | 29.14 |

| **Particulars of unhedged foreign currency exposure are as follows:** | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at March 31, 2013** | | | **As at March 31, 2012** | | |
| | **₹** | **FC** | **Closing Rate** | **₹** | **FC** | **Closing Rate** |
| Loans & Advances | 1,789,015 | AED 121,059 | 14.78 | 4,271,367 | AED 301,225 | 14.18 |
| | 48,540,433 | € 698,363 | 69.51 | 24,705,203 | € 361,504 | 68.34 |
| | 74,326 | SGD 1,700 | 43.72 | 70,363 | SGD 1,700 | 41.39 |
| | 318,192,644 | $5,860,981 | 54.29 | 179,633,135 | $3,511,203 | 51.16 |
| | 535,305 | ZAR 90,750 | 5.90 | 2,200,825 | ZAR 326,048 | 6.75 |
| | 4,018,413 | £48,927 | 82.13 | 1,049,443 | £12,829 | 81.8 |
| | 14,015,661 | KES 22,021,290 | 0.64 | 7,459,506 | KES 12,031,461 | 0.62 |
| | 499,903 | LKR 1,166,656 | 0.43 | 196,364 | LKR 478,937 | 0.41 |
| | 2,509,581 | MWK 17,565,681 | 0.143 | 851,321 | MWK 2,737,368 | 0.311 |
| | 10,152,288 | XOF 95,795,036 | 0.106 | 232,614 | XOF 2,243,145 | 0.104 |
| | 1,867,248 | XAF 17,618,994 | 0.106 | 135 | XAF 1,300 | 0.104 |
| | 6,391,520 | TZS 190,014,975 | 0.034 | 212,520 | TZS 6,600,000 | 0.032 |
| | 7,804,820 | UGX 371,767,604 | 0.021 | 721,806 | UGX 35,210,038 | 0.021 |
| | 6,490,476 | SLL 523,425,459 | 0.012 | | | |
| | 999,415 | CDF 16,641,752 | 0.060 | | | |
| | 3,229,932 | GHC 115,121 | 28.06 | 457,583 | GHC 15,703 | 29.14 |
| | 3,119,572 | ZMK 297,936,645 | 0.010 | | | |
| | 11,987 | SCR 2,758 | 4.346 | | | |
| | 3,399,356 | BDT 4,982,566 | 0.68 | 628,076 | BDT 996,946 | 0.63 |
| Trade Payables | 7,192,918 | AED 486,731 | 14.78 | 9,008,220 | AED 635,276 | 14.18 |
| | 4,416,805 | € 63,546 | 69.51 | 2,386,206 | € 34,917 | 68.34 |
| | 937,595 | SGD 21,445 | 43.72 | 2,058,000 | SGD 49,722 | 41.39 |
| | 175,590,919 | $3,234,314 | 54.29 | 240,967,805 | $4,710,082 | 51.16 |
| | 5,283,238 | ZAR 895,661 | 5.90 | 4,133,946 | ZAR 612,436 | 6.75 |
| | 28,713,873 | KES 45,115,000 | 0.64 | 18,586,502 | KES 29,978,230 | 0.62 |
| | 5,753,966 | £70,058 | 82.13 | 9,077,045 | £110,966 | 81.8 |
| | 4,987,861 | BDT 7,310,899 | 0.68 | 1,558,531 | BDT 2,473,858 | 0.63 |
| | 681,776 | LKR 1,591,104 | 0.43 | 421,447 | LKR 1,027,919 | 0.41 |
| | 2,214,560 | MGA 93,441,332 | 0.024 | 478,553 | MGA 19,774,915 | 0.024 |
| | 446,685 | MWK 3,126,545 | 0.143 | 317,365 | MWK 1,020,465 | 0.311 |
| | 19,393,850 | XOF 182,996,643 | 0.106 | 1,187,193 | XOF 11,448,344 | 0.104 |
| | 21,394,016 | XAF 201,869,823 | 0.106 | 2,063,548 | XAF 19,899,206 | 0.104 |
| | 1,298,550 | TZS 38,604,891 | 0.034 | 185,980 | TZS 5,775,790 | 0.032 |
| | 6,657,152 | UGX 317,100,668 | 0.021 | 1,051,435 | UGX 51,289,526 | 0.021 |
| | 3,715,965 | CDF 61,876,404 | 0.060 | 1,097,766 | CDF 20,142,490 | 0.055 |
| | 5,006,289 | SLL 403,732,976 | 0.012 | 1,600,837 | SLL 135,664,188 | 0.012 |
| | 3,793,451 | ZMK 362,295,929 | 0.010 | | | |
| | 535,237 | SCR 123,148 | 4.346 | | | |
| | 8,922,869 | GHC 318,028 | 28.06 | 988,225 | GHC 33,913 | 29.14 |

**34. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

(Amount in ₹)

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | **-** | - |
| Interest due on above | **-** | - |
| | **-** | - |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | **-** | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | **-** | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | **-** | - |
| The amount of 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | **-** | - |

**35. Expenditure in Foreign Currency (on accrual basis)**

| Particulars | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Travelling Expenses | **224,311,070** | 139,414,200 |
| Software Services Charges | **24,972,617** | 1,671,850 |
| Legal & Consultancy Charges | **264,546,065** | 95,226,652 |
| Conference, Freight & Other Expenses | **119,089,335** | 79,703,915 |
| Employee benefits | **181,852,405** | - |
| Foreign Branch Expenses | **-** | 270,196,502 |
| **Total** | **814,771,492** | 586,213,119 |

**36. Value of import calculated on CIF Basis**

| Particulars | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Capital Goods | **71,006,018** | 96,196,346 |
| Purchase of traded products | **490,803,116** | 364,910,119 |
| **Total** | **561,809,134** | 461,106,465 |

**37. Earnings in Foreign Currency FOB Value of Exports (accrual basis)***

| Particulars | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Sale of traded products | **1,001,091,408** | 519,598,018 |
| Sale of services | **2,950,911,806** | 2,108,255,195 |
| **Total** | **3,952,003,214** | 2,627,853,213 |

*Includes sales by international branch locally in place of domicile

38. The Company will issue Nil (March 31, 2012 : 40,500) equity shares against share application money at premium of ₹ Nil (March 31, 2012 : ₹ 30) subsequent to the approval in the board meeting.

39. With reference to note number 2.1 (c),(d),(i) and (j) under summary of significant accounting policy, had the Company followed the erstwhile policies, the Company would have incurred profit after tax (without considering impact of deferred tax) of ₹ 283,087,101.

40. Travelling Expenses (included under other expenses in Note 22) and depreciation and amortisation expense (Note 23) includes ₹ 9,978,297 and ₹ 6,428,890 respectively pertaining to earlier years.

41. The Company has appointed independent consultants for conducting a Transfer Pricing study to determine whether the transactions with associated enterprises were undertaken at "arms length price". The management confirms that all domestic / international transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms and is confident of there being no adjustments on completion of the study. Adjustments, if any, arising from the transfer pricing study shall be accounted for as and when the study is completed.

42. Previous year's figures have been re-grouped / re-classified wherever necessary to conform to the current year's classification

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For S.R.Batliboi & Associates LLP

Firm Registration No. 101049W

Chartered Accountants

For and on behalf of the Board of Directors of Comviva Technologies Limited

Rakesh Bharti Mittal
Chairman

Manoranjan Mohapatra
Whole Time Director

C.P Gurnani
Director

Devendra Khanna
Director

Vineet Nayyar
Director

Ulhas N. Yargop
Director

Jagdish Mitra
Director

Sriram Gopalakrishnan
CFO & Company Secretary

per Yogesh Midha
Partner
Membership No.: 94941

Place: Gurgaon
Date: May 17, 2013

# COMVIVA TECHNOLOGIES INC.

**Board of Directors**

Mr. Manoranjan Mohapatra

Mr. Ambar Sur

**Registered Office**

1411 Sawgrass Corporate Parkway Suite# B, Sunrise,
Fort Lauderdale, FL-33323 - 2888, USA.

**Bankers**

Bank of America

**Auditors**

Rajeev Kaul, CPA, PC

# Directors' Report for the year ended 31 March 2013

The Directors submit their report together with the audited financial statements of Comviva Technologies Inc. ('the Company'), for the year ended 31 March 2013.

**FINANCIAL HIGHLIGHTS**

US$

| Particulars | Current Year | Previous Year |
|---|---|---|
| Revenue | 1,174,500 | 524,500 |
| Other | 3 | 30 |
| Gross Profit | 1,174,503 | 524,530 |
| Profit/(Loss) Before Tax | 13,581 | 17,697 |
| Profit/(Loss) After Tax | 13,581 | 17,697 |

**BUSINESS REVIEW**

Total Income for the year 2012-13 is USD 1,174,503 as against USD 524,530 in previous year.

**EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after the reporting period.

**SHAREHOLDER AND ITS INTERESTS**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**DIRECTORS**

The directors who served during the year were as follows:

Manoranjan Mohapatra

Ambar Sur

**AUDITORS**

The financial statements have been audited by Rajeev Kaul, CPA, PC who retire and, being eligible, offer themselves for reappointment.

Signed on behalf of the board of directors

15 April 2013

**Manoranjan Mohapatra**

**Ambar Sur**

## Independent Auditor's Report

We have audited the accompanying Balance Sheets of Comviva Technologies Inc., as of March 31st, 2013 and the related statement of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of Comviva Technologies Inc's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial condition of Comviva Technology Inc. as of March 31st, 2013 and the results of its operation and its cash flow for the period then ended, in accordance with generally accepted accounting principles.

**RAJEEV KAUL,** CPA PC April 15th 2013
NEW YORK.

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

We have audited the basic financial statements of Comviva Technology Inc., a wholly owned subsidiary of Comviva Technology Ltd, an Indian Corporation as of March 31st, 2013 and March 31st 2012 and the related statement of income, retained earnings and cash flow for the year then ended.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements in US$ currency taken as a whole. US$ amounts in the financial statements and schedules are translated for convenience into Indian rupees (INR) at the exchange rate of INR 54.29 to 1 US $ for both 2013 & 2012. The Indian Rupee information on financial statements is presented for the purpose of additional analysis and is not required part of the Basic Financial Statements. Such information has not been subjected to the auditing procedures applied in the audit in the audit of the basic financial statements and accordingly we express no opinion on it.

**RAJEEV KAUL,** CPA PC April 15th 2013
NEW YORK.

# Balance Sheets
# As at March 31, 2013 and 2012

| | | 2012-13 | 2011-12 |
|---|---|---|---|
| **ASSETS** | | **US $** | US $ |
| Current Assets | | | |
| Cash and cash Equivalent | | **2,049** | 56,349 |
| Accounts Receivables | (See Schedule) | **187,500** | 116,500 |
| Loans and Advances | (See Schedule) | **62,147** | 63,197 |
| Prepaid Expenses | | **1,200** | 1,200 |
| **Total Current Assets** | | **252,896** | 237,246 |
| Fixed Assets | (See Schedule) | **21,217** | 18,133 |
| Less: Accumulated Depreciation | | **(17,813)** | (16,462) |
| **Net Fixed Assets** | | **3,404** | **1,671** |
| **Total Assets** | | **256,300** | 238,917 |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | |
| Current Liabilities | | | |
| Accounts Payables | (See Schedule) | **153,241** | 149,439 |
| **Total Current Liabilities** | | **153,241** | 149,439 |
| Shareholders' Equity | | | |
| Issued and Subscribed | | **104,500** | 104,500 |
| Retained Earnings-Opening | | **(1,441)** | (15,022) |
| Total Shareholders' Equity | | **103,059** | 89,478 |
| **Total Liabilities and Shareholders' Equity** | | **256,300** | 238,917 |

(Accountant's Audited Report and Accompanying Notes are an integral part of the Financial Statements)

## Statements of Income and Retained Earnings
## for the years ended March 31, 2013 and 2012

| | | 2012-13 | 2011-12 |
|---|---|---|---|
| | | **US $** | US $ |
| **INCOME** | | | |
| Software Services Income | | **1,174,500** | 524,500 |
| AMC | | **-** | - |
| Other Income | | **3** | 30 |
| **Total Income** | | **1,174,503** | 524,530 |
| **Cost of Sales** | | | |
| Software Services | | **-** | - |
| Gross Profit | | **1,174,503** | 524,530 |
| **INDIRECT EXPENSES** | | | |
| Payroll and Employee Related Expenses | (See Schedule) | **502,715** | 285,125 |
| Administration and General Expenses | (See Schedule) | **390,613** | 100,123 |
| Sales and Marketing Expenses | (See Schedule) | **266,243** | 121,245 |
| Depreciation | (See Schedule) | **1,351** | 340 |
| **Total Expenses** | | **1,160,922** | 506,833 |
| NET INCOME / (LOSS) BEFORE TAX | | **13,581** | 17,697 |
| Income Taxes | | **-** | - |
| NET INCOME / (LOSS) BEFORE TAX | | **13,581** | 17,697 |
| Add: Opening Retained Earnings | | **(15,022)** | (32,719) |
| Balance Carried Forward to Balance Sheet | | **(1,441)** | (15,022) |

(Accountant's Audited Report and Accompanying Notes are an integral part of the Financial Statements)

## Statements of Cash Flows
## for the years ended March 31, 2013 and 2012

| | **2012-13** | 2011-12 |
|---|---|---|
| | **US $** | US $ |
| **Cash Flow from Operating Activities** | | |
| Net Income as per Statement of Income and Retained Earnings | **13,581** | 17,697 |
| Add: Depreciation | **1,351** | 340 |
| **Cash Flow from Operating Activities** | | |
| (Increase)/ Decrease in Current Assets | **(69,951)** | (83,140) |
| Increase/ (Decrease) in Current Liabilities | **3,803** | 6,136 |
| **Net Cash Flow from Operating Activities** | **(51,216)** | (58,967) |
| **Cash Flow from Investment Activities** | | |
| (Increase)/Decrease in Fixed Assets | **(3,084)** | - |
| Net Cash Flow from Investment Activities | **(3,084)** | - |
| Cash Flow from Financing Activities | **-** | - |
| Net Cash Flow from Financing Activities | **-** | - |
| Net Cash Flow Changes during the year | **(54,300)** | (58,967) |
| Cash & Cash equivalent at the beginning of the year | **56,349** | 115,316 |
| **Cash & Cash equivalent at the end of the year** | **2,049** | 56,349 |

(Accountant's Audited Report and Accompanying Notes are an integral part of the Financial Statements)

# Notes to Financial Statements For the year ended March 31st 2013

**General**

Comviva Technologies Inc formerly known as Jataayu Software, Inc (the “company”) was incorporated in the State of Virginia on February 5, 2001. The Company is a wholly owned subsidiary of Comviva Technologies Ltd., a Company incorporated under the laws of India.

The name of the corporation has been changed from Jataayu Software Inc. to Comviva Technologies Inc. w. e. f. March 31st 2010.

**Business Activity**

The company plans to devote substantially all of its efforts to the development of software, manufacture, buy, sell, repair, distribute, job to be a franchise dealer licensee, import, export, and otherwise deal in electronic products and technology, an on-line/internet interactive service or services, internet consulting and web advertising hardware, equipment and at retail, and accessories of every kind and description, and other related and unrelated products at wholesale and at retail, and as principal and/or agent.

**Business outlook**

Comviva Technologies Ltd., India, the parent company of Comviva Technologies Inc., USA, is in the business of developing software. The current focus of Comviva Technologies is messaging software for Mobile Terminal, Enterprises and operators.

The areas of expertise include - WAP, MMS, SMS, SYNCML, Voice XML, Chat, PIP, Mail and Alert engines. The most mature market in this segment is the Europe and Japan and largest market is USA. The messaging in USA over mobile phone is yet to pick up. The US companies also dominate the research and building of new Mobile Terminal. However, at present the market of their field of operation is at low ebb. Their path is Europe, India, and other developing markets, and then the USA.

They are trying to reach US market through Europe and Korean Companies and they would make their direct presence next year with MMS technology where they have a lead as of now.

Currently Mr. Max Padro, General Manager of Comviva Technologies Inc., USA is operating from Europe with frequent visits to the USA. Mid next year their company would re-establish its presence with a development and support center in the US to address the world’s fastest growing messaging market.

**Accounting Principles**

The financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States.

**Estimates and Assumptions**

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples include provisions for returns, concessions and bad debts; and the length of product life cycles and buildings lives. Actual results may differ from these estimates.

**Depreciation**

Depreciation is provided on a straight-line basis using the estimated useful lives of the assets.

**Related Party Transactions**

During the year the company had no inter-company transactions with related entities.

**Financial Instruments**

“Disclosure about Fair Value of Financial Instruments” requires disclosure of fair value information about financial instruments for which it is practicable to estimate the value, whether or not recognized on the statement of financial condition. The Fair values of all other financial assets and liabilities are considered to approximate the recorded value due to short term nature of the financial instrument and reporting policies followed by the company.

**Provision for Liabilities**

All the known and ascertained liabilities have been provided.

**Foreign Currency Exchange Rate**

US$ amounts in the financial statements and schedules are translated for convenience into Indian rupees (INR) at the exchange rate of INR 54.29 to 1 US $ for both 2013 & 2012. The Indian Rupee information on financial statements is presented for the purpose of additional analysis and is not required part of the Basic Financial Statements.

## Schedules to the Financial Statements for the years ended March 31, 2013 and 2012

| | 2012-13 US $ | 2011-12 US $ |
|---|---|---|
| **Accounts Receivables** | | |
| Clearsky Mobile Media Inc. | **500** | 500 |
| Getlisa Inc. | **9,556** | 9,556 |
| Jataayu Software Pvt. Ltd. | **187,500** | 116,500 |
| Telecel Paraguay | **7,851** | 7,851 |
| | **205,407** | 134,407 |
| Less: Provision for Bad Debts | **(17,907)** | (17,907) |
| Accounts Receivables-Net | **187,500** | 116,500 |
| | | |
| **Loans and Advances** | | |
| Rent Deposit | **1,272** | 1,272 |
| Tour Advance | **14,791** | 25,143 |
| Salary Advance | **34,632** | - |
| Foreign Taxes withhold | **7,218** | 7,218 |
| Advance to suppliers | **29,002** | 29,077 |
| Recoverables | **487** | 487 |
| | **87,402** | 63,197 |
| Less: Provision for Bad Debts | **(25,255)** | - |
| Net Loans & advances | **62,147** | 63,197 |
| | | |
| **Fixed Assets** | | |
| Computers | **6,981** | 5,090 |
| Furniture | **9,761** | 9,761 |
| Office Equipment | **4,475** | 3,282 |
| | **21,217** | 18,133 |
| **Accounts Payables** | | |
| Expenses Payable | **153,241** | 149,439 |
| | **153,241** | 149,439 |
| **Payroll and Employee Related Expenses** | | |
| Payroll, taxes & Welfare expenses | **498,227** | 281,069 |
| Payroll Fees | **4,488** | 4,056 |
| | **502,715** | 285,125 |

(Accountant's Audit Report and Accompanying Notes are an integral part of the Financial Statements)

## Schedules to the Financial Statements for the years ended March 31, 2013 and 2012

| | 2012-13 | 2011-12 |
|---|---|---|
| | US $ | US $ |
| **Administration and General Expenses** | | |
| Audit Fee | **4,725** | 6,575 |
| Bank Charges | **2,400** | 750 |
| Bad Debts | **25,255** | - |
| Rent | **15,264** | 15,264 |
| Insurance | **552** | 715 |
| Internet Charges | **1,000** | 1,013 |
| Legal and Professional Charges | **327,916** | 69,161 |
| Other Expenses | **160** | 1,097 |
| Repairs & Maintenance Exps. | **32** | (610) |
| Office Maintenance Expenses | **2,618** | 6,183 |
| Postage Expenses | **871** | (1,203) |
| Rates and Taxes | **2,301** | - |
| Stationery Expenses | **7,519** | 1,178 |
| **Total** | **390,613** | 100,123 |
| | | |
| **Sales and Marketing Expenses** | | |
| Business Promotion Exps. | **29,951** | - |
| Travelling Expense | **194,066** | 87,862 |
| Telephone Expenses | **42,226** | 32,891 |
| Seminar for Staff | **-** | 492 |
| **Total** | **266,243** | 121,245 |
| | | |
| **Depreciation** | | |
| Computers | **401** | - |
| Furniture | **490** | - |
| Office Equipment | **460** | 340 |
| | **1,351** | 340 |

(Accountant's Audit Report and Accompanying Notes are an integral part of the Financial Statements)

# COMVIVA TECHNOLOGIES FZ-LLC

**Board of Directors**

Mr. Sabri Shafiq (Al Haj Jaber) Amireh

Mr. Manoranjan Mohapatra

Mr Sriram Gopalakrishnan

**Registered Office**

Premises-240, 2nd Floor, Building-16,

Dubai Internet City, Dubai,

United Arab Emirates.

**Bankers**

Standard Chartered Bank

**Auditors**

Morison Menon Chartered Accountants

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Directors submit their report together with the audited financial statements of Comviva Technologies FZ-LLC ('the Company'), for the year ended 31 March 2013.

**Principal activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results**

The financial results of the Company for the year ended 31 March 2013 are set out in the statement of comprehensive income.

**Events after the reporting period**

There have been no significant events after the reporting period.

**Shareholder and its interests**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The directors who served during the year were as follows:

Sabri Shafiq (Al Haj Jaber) Amireh

Manoranjan Mohapatra

Sriram Gopalakrishnan

**Auditors**

The financial statements have been audited by Morison Menon Chartered Accountants, who retire and, being eligible, offer themselves for reappointment.

**Signed on behalf of the board of directors**

| | |
|---|---|
| **Manoranjan Mohapatra** | **Sabri Shafiq (Al Haj Jaber) Amireh** |
| Director | Director |

18 April 2013

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COMVIVA TECHNOLOGIES FZ-LLC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Comviva Technologies FZ-LLC, Dubai Internet City, Dubai – U.A.E. ('the Company'), which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 misstatement.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Comviva Technologies FZ-LLC as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on other Legal and Regulatory Requirements**

We further report that the financial statements comply with the provisions of the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law no.1 of 2000.

**Raju Menon**
Reg. No : 271
Morison Menon Chartered Accountants

Dubai
18 April 2013

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

| | Notes | 31.03.2013 | 31.03.2012 |
|---|---|---|---|
| | | AED | AED |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property and equipment | 4 | **332,184** | - |
| Advance for capital expenditure | 5 | **-** | 69,142 |
| **Total non-current assets** | | **332,184** | 69,142 |
| **Current assets** | | | |
| Inventories | 6 | **2,473,332** | 1,019,934 |
| Trade and other receivables | 7 | **16,196,135** | 73,608 |
| Cash and cash equivalents | 8 | **7,742,718** | 55,000 |
| **Total current assets** | | **26,412,185** | 1,148,542 |
| **Total assets** | | **26,744,369** | 1,217,684 |
| **Shareholder's equity and liabilities** | | | |
| **Shareholder's equity** | | | |
| Share capital | 9 | **55,000** | 55,000 |
| Statutory reserve | 10 | **27,500** | - |
| Retained earnings/(accumulated losses) | | **1,666,456** | (114,575) |
| **Total shareholder's equity** | | **1,748,956** | (59,575) |
| **Non-current liabilities** | | | |
| Provision for employees' end of service benefits | 11 | **40,509** | - |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **24,709,400** | 57,333 |
| Due to a related party | 13 | **245,504** | 1,219,926 |
| **Total current liabilities** | | **24,954,904** | 1,277,259 |
| **Total liabilities** | | **24,995,413** | 1,277,259 |
| **Total shareholder's equity and liabilities** | | **26,744,369** | 1,217,684 |

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 3.

Authorised for issue by directors on 18 April 2013.

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

| | Notes | Year ended 31.03.2013 AED | Period from 19.02.2012 to 31.03.2012 AED |
|---|---|---|---|
| Revenue | 14 | **40,156,636** | - |
| Cost of sales | 15 | **(35,969,057)** | - |
| Gross profit | | **4,187,579** | - |
| Other income | 16 | **56,901** | 5,370 |
| Administrative and selling expenses | 17 | **(2,048,916)** | (119,945) |
| Profit/(loss) from operating activates | | **2,195,564** | (114,575) |
| Withholding tax paid | | **(141,528)** | - |
| Finance costs | 18 | **(245,505)** | - |
| Profit/(loss) for the year/period | | **1,808,531** | (114,575) |
| Other comprehensive income | | **-** | - |
| Total comprehensive income for the year/period | | **1,808,531** | (114,575) |

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 3.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

| | Share capital AED | Statutory reserve AED | Retained earnings/ (accumulated losses) AED | Total AED |
|---|---|---|---|---|
| Share capital introduced | 55,000 | - | - | 55,000 |
| Total comprehensive income for the period | - | - | (114,575) | (114,575) |
| **Balance as at 31 March 2012** | **55,000** | **-** | **(114,575)** | **(59,575)** |
| Total comprehensive income for the year | - | - | 1,808,531 | 1,808,531 |
| Transfer to statutory reserve | - | 27,500 | (27,500) | - |
| **Balance as at 31 March 2013** | **55,000** | **27,500** | **1,666,456** | **1,748,956** |

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 3.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

| | Year ended 31.03.2013 AED | Period from 19.02.2012 to 31.03.2012 AED |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(loss) for the year/period | **1,808,531** | (114,575) |
| Adjustments for : | | |
| Depreciation | **80,637** | - |
| Reversal of excess provision in the earlier period | **(56,874)** | - |
| Interest income | **(27)** | - |
| Provision for employees' end of service benefits | **40,509** | - |
| Finance costs | **245,505** | - |
| **Operating cash flows before changes in working capital** | **2,118,281** | (114,575) |
| Increase in inventories | **(1,453,398)** | (1,019,934) |
| Increase in trade and other receivables | **(16,065,653)** | (73,608) |
| Increase in trade and other payables | **24,652,067** | 57,333 |
| (Decrease)/increase in due to a related party | **(974,422)** | 1,219,926 |
| **Cash generated from operations** | **8,276,875** | 69,142 |
| Finance costs paid | **(245,505)** | - |
| **Net cash generated from operating activities** | **8,031,370** | 69,142 |
| **Cash flows from investing activities** | | |
| Advance for capital expenditure | **-** | (69,142) |
| Purchase of property and equipment | **(343,679)** | - |
| Interest income | **27** | - |
| **Net cash used in investing activities** | **(343,652)** | (69,142) |
| **Cash flows from financing activities** | | |
| Share capital introduced | **-** | 55,000 |
| **Net cash generated from financing activities** | **-** | 55,000 |
| **Net increase in cash and cash equivalents** | **7,687,718** | 55,000 |
| Cash and cash equivalents at beginning of year/period | **55,000** | - |
| **Cash and cash equivalents at end of year/period (Note 8)** | **7,742,718** | 55,000 |

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 3.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

## 1. GENERAL INFORMATION

Comviva Technologies FZ-LLC ('the Company'), Dubai Internet City, Dubai, United Arab Emirates is a 100% subsidiary of Comviva Technologies Limited, India registered on 19 February 2012 with the Dubai Technology and Media Free Zone Authority, United Arab Emirates as a Free Zone Limited Liability Company. The registered address of the Company is premises-240, 2nd Floor, Building – 16, Dubai Internet City, Dubai, United Arab Emirates.

Management considers the parent and ultimate controlling party to be Comviva Technologies Limited, India.

The principal activity of the Company is to provide solutions for telecommunication and network.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

### 2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in Arab Emirates Dirhams (AED) and all values are rounded to the nearest Arab Emirates Dirham. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

### 2.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted wherever applicable. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

IFRS 7: Disclosures – Transfer of Financial Assets

IAS 12: Deferred Tax – Recovery of Underlying Assets

The following standards, amendments thereto and Interpretations have been issued prior to 31 March 2013 but have not been applied in these financial statements as their effective dates of adoption are for future periods. It is anticipated that their adoption in the relevant accounting periods will have impact only on disclosures within the financial statements.

IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities - 1 January 2013

IFRS 9: Financial Instruments - 1 January 2015

IFRS 11: Joint Arrangements - 1 January 2013

IFRS 12: Disclosure of Interests in Other Entities - 1 January 2013

IFRS 13: Fair Value Measurement - 1 January 2013

IAS 1: Presentation of Items of Other Comprehensive Income - 1 July 2012

IAS 19: Employee Benefits - 1 January 2013

IAS 27: Separate Financial Statements - 1 January 2013

IAS 28: Investments in Associates and Joint Ventures - 1 January 2013

IAS 32: Offsetting Financial Assets and Financial Liabilities - 1 January 2014

IFRSs: Annual improvements to IFRSs 2009-2011 Cycle - 1 January 2013

### 2.4 Foreign currencies

(a) *Functional and presentation currency*

The financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in U.A.E. Dirhams, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at each reporting date are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### 2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | Estimated useful life | |
|---|---|---|
| | Till 30.09.2012 | From 01.10.2012 |
| Computers | 3 | 3 |
| Furniture & fixtures | 4 | 5 |
| Network system | 3 | 3 |

The Company effective from 1 October 2012 has re-evaluated the life of furniture and fixture on technical estimate and has accordingly charged depreciation on balance estimated useful life of assets and depreciated 100% value of the assets as against hither to followed estimate of depreciating 95% value of the asset and has accordingly charged depreciation on balance estimated useful life of the assets.

The above change in estimated useful life is considered to result in more appropriate preparation and presentation of financial statements.

The assets' residual values and useful lives are reviewed at each reporting date, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses arising on the disposal or retirement of an item of property and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in profit or loss.

**2.6 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

*Company as a lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense in the profit or loss on a straight-line basis over the period of the lease.

**2.7 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on first in first out (FIFO) basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition. Net realisable value represents the estimate of the selling price in the ordinary course of business, less all estimated costs to completion and costs necessary to make the sale.

**2.8 Impairment of tangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**2.9 Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables are classified as loans and receivables and stated at cost or, if the impact is material, at amortized cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the profit or loss.

Current financial liabilities which comprise trade and other payables and payable to related parties are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

**2.10 Impairment of financial assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that a financial asset or a group of financial assets is impaired, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. Impairment losses are written off to the profit and loss or if previously a provision was made, it is written off against the provision.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of previously recognised impairment loss is recognised in the profit or loss.

**2.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

**2.12 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

**2.13 Provision for employees' end of service benefits**

Provision for employees' end of service benefits is made in accordance with the Free Zone regulations, and is based on current remuneration and periods of service at the end of the reporting period.

**2.14 Revenue recognition**

Revenue (Net of discounts) from sale of goods (comprising of hardware and software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods or on final acceptance.

*Sale of goods*

Revenue (Net of discounts) from sale of goods (comprising of hardware and software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

*Income from services*

Revenue from fixed-price contracts are recognized as per the proportionate-completion method or completed contract method, as applicable provided that no further vendor obligations remain and collection is probable.

Revenue in respect of time-and-material contracts is recognized as and when the related services are rendered.

Annual technical services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which the services are rendered.

**3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) *Depreciation of property and equipment*

Management assigns useful lives and residual values to property and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

b) *Impairment of assets*

Assessments of net recoverable amounts of property and equipment and all financial assets other than receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

## 4. PROPERTY AND EQUIPMENT

| | Computers AED | Furniture & fixtures AED | Network system AED | Total AED |
|---|---|---|---|---|
| **Cost** | | | | |
| Additions | 290,221 | 17,183 | 36,275 | 343,679 |
| Transfer from advance for capital expenditure (Note 5) | - | 69,142 | - | 69,142 |
| At 31 March 2013 | 290,221 | 86,325 | 36,275 | 412,821 |
| **Accumulated depreciation** | | | | |
| Charge for the year | 54,563 | 18,280 | 7,794 | 80,637 |
| At 31 March 2013 | 54,563 | 18,280 | 7,794 | 80,637 |
| **Carrying amount** | | | | |
| **At 31 March 2013** | **235,658** | **68,045** | **28,481** | **332,184** |

## 5. ADVANCE FOR CAPITAL EXPENDITURE

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Balance at the beginning of the year/period | **69,142** | - |
| Additions during the year/period | **-** | 69,142 |
| Transfer to property and equipment (Note 4) | **(69,142)** | - |
| | **-** | 69,142 |

The above balance represents advance paid for the purchase of furniture and fixtures and the same has been capitalised during the year upon receiving the items (Note 4).

## 6. INVENTORIES

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Stock in trade (Note 15) | **2,473,332** | 1,019,934 |

## 7. TRADE AND OTHER RECEIVABLES

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Trade receivables | **13,758,368** | - |
| Unbilled revenue | **1,976,258** | - |
| Prepaid expense and advance rent | **369,176** | 73,608 |
| Advance to suppliers | **91,231** | - |
| Advance to employee | **1,102** | - |
| | **16,196,135** | 73,608 |

The average credit period on sale of goods and rendering services is 120 days.

| | | |
|---|---|---|
| 121 to 180 days | **742,349** | - |
| More than 180 days | **1,963,948** | - |
| | **2,706,297** | - |

Trade receivables which are neither past due nor impaired amounted to AED 11,052,071 (2012: Nil).

Trade receivables include AED 2,751,113 receivable from related parties (Note 13).

## 8. CASH AND CASH EQUIVALENTS

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Cash at bank : Current accounts | **7,742,718** | 55,000 |

## 9. SHARE CAPITAL

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Authorised, issued and fully paid; | | |
| 55 ordinary shares of AED 1,000 each | **55,000** | 55,000 |

## 10. STATUTORY RESERVE

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Transferred during the year | **27,500** | - |

In accordance with the U.A.E. Federal Law No (8) of 1984, as amended, and the Company's Articles of Association, the Company has established a statutory reserve by transferring 10% of net profit for each year until the reserve equals 50% of the issued share capital. This reserve is not available for distribution except as stipulated by the Law. This is discontinued as permitted by law since the reserve has accumulated to 50% of the paid up capital.

## 11. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Provided during the year | **40,509** | - |

## 12. TRADE AND OTHER PAYABLES

| | **31.03.2013 AED** | 31.03.2012 AED |
|---|---|---|
| Trade payables | **19,275,454** | - |
| Deferred revenue | **2,275,107** | - |
| Advance from customers | **2,802,215** | - |
| Accrued expenses | **178,140** | 57,333 |
| Employee benefits payable | **178,484** | - |
| | **24,709,400** | 57,333 |

Trade payables include AED 19,089,335 payable to related parties (Note 13).

## 13. RELATED PARTY TRANSACTIONS

Related parties include the shareholder, key management personnel/director, fellow subsidiaries, associates, joint ventures and entities which are controlled directly or indirectly by the shareholder or director or over which they exercise significant management influence. Balances and transactions between the Company and its related parties are described below. Transactions with related parties were entered into on terms as agreed by the management.

During the year/period, the Company entered into the following transactions with related parties:

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Purchases (Note 15) | **32,671,963** | 1,019,934 |
| Revenue (Note 14) | **2,706,263** | - |
| Loan availed and repaid during the year from a related party | **5,877,920** | - |
| Rent paid by a related party | **-** | 135,694 |
| Advance for capital expenditure paid by a related party | **-** | 69,142 |
| Interest paid on loan from a related party (Note 18) | **245,505** | - |

| **Due to a related party** | **31.03.2013** | 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Comviva Technologies Limited, India | **245,504** | 1,219,926 |
| **Following are the balances due from/to related parties** | | |
| Included in trade and other receivables (Note 7) | **2,751,113** | - |
| Included in trade and other payables (Note 12) | **19,089,335** | - |

## 14. REVENUE

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Revenue from sale of goods & services | **40,156,636** | - |
| Analysis of revenue is as follows: | | |
| Related parties (Note 13) | **2,706,263** | - |
| Others | **37,450,373** | - |
| | **40,156,636** | - |

## 15. COST OF SALES

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Opening inventories | **1,019,934** | - |
| Purchases | **37,209,864** | 1,019,934 |
| Less : Closing inventories (Note 6) | **(2,473,332)** | (1,019,934) |
| | **35,756,466** | - |
| Direct expenses | **212,591** | - |
| | **35,969,057** | - |

The above purchases include purchases from a related party amounting to AED 32,671,963 (2012 : AED 1,019,934) (Note 13).

## 16. OTHER INCOME

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Reversal of accrued expenses no longer payable | **56,874** | - |
| Interest income | **27** | - |
| Exchange gain | **-** | 5,370 |
| | **56,901** | 5,370 |

## 17. ADMINISTRATIVE AND SELLING EXPENSES

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Employee costs (Note 19) | **1,080,755** | - |
| Freight and forwarding charges | **328,318** | - |
| Exchange loss | **252,337** | - |
| Rent | **116,918** | 62,086 |
| Depreciation (Note 4) | **80,637** | - |
| Insurance | **67,297** | - |
| Legal and professional fees | **33,789** | 40,741 |
| Recruitment and visa charges | **654** | 16,133 |
| Travelling expenses | **29,083** | - |
| Communication | **30,163** | - |
| Bank charges | **26,978** | 985 |
| Miscellaneous expenses | **1,987** | - |
| | **2,048,916** | 119,945 |

## 18. FINANCE COSTS

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Interest on loan from a related party (Note 13) | **245,505** | - |

## 19. EMPLOYEE COSTS

| | **Year ended 31.03.2013** | Period from 19.02.2012 to 31.03.2012 |
|---|---|---|
| | **AED** | AED |
| Salaries and allowances | **1,030,998** | - |
| End of service benefits (Note 11) | **40,509** | |
| Other benefits | **9,248** | - |
| | **1,080,755** | - |

The entire employee costs have been allocated to administrative and selling expenses (Note 17).

## 20. FINANCIAL INSTRUMENTS

The net carrying amounts of financial assets and financial liabilities at the end of the reporting period are classified below:

| | Loans and receivables | |
|---|---|---|
| | **31.03.2013** | 31.03.2012 |
| | **AED** | AED |
| Financial assets | | |
| Trade and other receivables (excluding prepayments, unbilled revenue and advance to suppliers) (Note 7) | **13,759,470** | - |
| Cash and cash equivalents (Note 8) | **7,742,718** | 55,000 |
| | **21,502,188** | 55,000 |

| | At amortised cost | |
|---|---|---|
| | **31.03.2013** | 31.03.2012 |
| | **AED** | AED |
| Financial liabilities | | |
| Trade and other payables (excluding advance from customers and deferred revenue) (Note 12) | **19,632,078** | 57,333 |
| Due to a related party (Note 13) | **245,504** | 1,219,926 |
| | **19,877,582** | 1,277,259 |

## 21. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while providing maximum return to stakeholders through the optimisation of the debt and equity balance and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy on capital risk management remains unchanged from the previous year.

The capital structure of the Company consists of equity funds as presented in the statement of financial position. Debt comprises loan from a related party, net of cash and cash equivalents.

## 22. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Company's activities expose to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Company's operation.

***(a) Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when revenue or expense are denominated in a different currency from the Company's functional currency which is United Arab Emirates Dirham (AED). The Company manages the risks through regular monitoring of the currency markets to determine appropriate action to minimise the exposure to the foreign currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings and due to a related party.

***(b) Credit risk***

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow up.

***(c) Liquidity risks***

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| | **Less than 1 year** |
|---|---|
| | **AED** |
| **As at 31 March 2013** | |
| Trade and other payables (excluding advance from customers and deferred revenue) (Note 12) | 19,632,078 |
| Due to a related party (Note 13) | 245,504 |
| | 19,877,582 |
| **As at 31 March 2012** | |
| Trade and other payables (excluding advance from customers and deferred revenue) (Note 12) | 57,333 |
| Due to a related party (Note 13) | 1,219,926 |
| | 1,277,259 |

## 23. FAIR VALUE

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The fair values of the financial assets and liabilities approximate their net book amounts as reflected in these financial statements.

## 24. COMPARATIVE FIGURES

Previous period represents the activities of one and half months, and hence, the figures are not comparable with current year figures.

# COMVIVA TECHNOLOGIES NIGERIA LIMITED

**Board of Directors**

Mr. Mayank Sharma (Indian)

Ms. Ambar Sur (Indian)

**Registered Office**

376, Ikorodu Road,
Maryland, Lagos, Nigeria.

**Bankers**

Standard Chartered Bank

**Auditors**

Baker Tilly Nigeria
(Chartered Accountants)

# REPORT OF THE DIRECTORS

The directors hereby submit their report and the financial statements of the company for the period ended 31 March, 2013.

**1. Results for the period**

| | N'000 |
|---|---|
| Profit before taxation | 82,760 |
| Taxation | (61,596) |
| Retained profit for the period | 21,164 |
| Loss brought forward | (7,534) |
| Retained profit carried to balance sheet | 13,630 |

**2. Legal form**

The company was incorporated on 23 March, 2011 and commenced business operations in November, 2011. It is a private limited liability company owned by Comviva Technologies Limited, India. The company was registered with the Nigerian Investment Promotion Commission on 7 October, 2011.

**3. Principal activities**

The principal object of the company is to produce and develop computer softwares and programmes of all kinds.

**4. Business review and future development**

The company recorded encouraging performance during the period under review. Management is unrelenting in its resolve to continue improving on its performance in the ensuing years.

**5. Directors' composition**

The composition of the directors is as contained on page 1 of these financial statements.

**6. Directors' interests**

The directors' interests in the company's shares were as follows:

| | Number of ordinary shares of N1 each as at 31 March | |
|---|---|---|
| | **2013** | **2012** |
| Mayank Sharma (in trust for Comviva Technologies Limited, India now Mahindra Comviva, India) | 9,999,999 | 9,999,999 |
| Ambar Sur (in trust for Comviva Technologies Limited, India now Mahindra Comviva, India) | 1 | 1 |

As at 31 March, 2013 Comviva Technology Limited, India has 10,000,000 ordinary shares of N1 each. The company has 100% foreign equity participation as at 31 March, 2013.

**7. Personnel**

(a) **Employment of disabled persons:** The Company offers employment opportunities to disabled persons as part of its social responsibility.

(b) **Health, safety and welfare of employees:** The Company maintained medical insurance in addition to payments for the welfare of staff. Also, to motivate staff towards achieving set targets the company pays performance incentive to desiring staff. All essential safety regulations are being observed to guarantee adequate protection of personnel and security of the company's assets.

(c) **Employee involvement and training:** The Company attach importance to training of its staff. Regular consultative meetings are held at management and departmental levels where staff is kept abreast of the company's plans as well as its achievements and problems.

**8. Auditors**

Baker Tilly Nigeria (Chartered Accountants), have been appointed as the auditors to the company in accordance with Section 357(5) of the Companies and Allied Matters Act, Cap. C20 LFN 2004. A resolution will be proposed at the annual general meeting to authorise the directors to fix their remuneration.

By Order of the Board

**Company Secretaries**

LAGOS, Nigeria
26th April, 2013

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COMVIVA TECHNOLOGIES NIGERIA LIMITED

**Report on the financial statements**

We have audited the accompanying financial statements of Comviva Technologies Nigeria Limited, for the period ended 31 March, 2013, set out on pages 8 to 10 which have been prepared on the basis of significant accounting policies on pages 6 & 7 and other explanatory notes on pages 11 to 15

**Directors' responsibility for the financial statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statement of Accounting Standards issued by the Nigerian Accounting Standards Board (now Financial Reporting Council of Nigeria) and with the requirements of the Companies and Allied Matters Acts, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigeria Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and International Standards on Auditing (ISAs). 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 misstatement.

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 judgement, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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 opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company's financial position as at 31 March, 2013 in accordance with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

**Report on other legal requirements**

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion, proper books of account have been kept by the company; and

iii. The company's balance sheet and profit and loss account are in agreement with the books of accounts.

**Baker Tilly Nigeria**
**CHARTERED ACCOUNTANTS**

LAGOS, Nigeria
26th April, 2013.

# BALANCE SHEET AS AT 31 MARCH, 2013

| | Notes | 2013 | | 2012 | |
|---|---|---|---|---|---|
| | | N | N | N | N |
| **Non-current assets:** | | | | | |
| Fixed assets | 1 | | **50,269,444** | | - |
| Capital work-in-progress | 2 | | **3,753,142** | | - |
| | | | **54,022,586** | | - |
| **Current assets:** | | | | | |
| Receivables | 3 | **199,488,208** | | 64,894,453 | |
| Cash and bank balances | | **332,559,103** | | 234,560,499 | |
| | | **532,047,311** | | 299,454,952 | |
| **Less: Current liabilities:** | | | | | |
| Payables | 4 | **314,098,275** | | 296,719,446 | |
| Taxation | 5 | **61,596,445** | | - | |
| | | **375,694,720** | | 296,719,446 | |
| **Net current assets** | | | **156,352,591** | | 2,735,506 |
| | | | **210,375,177** | | 2,735,506 |
| Amount falling due after more than one year | 6 | | **(186,745,790)** | | (270,000) |
| Net assets | | | **23,629,387** | | 2,465,506 |
| **Financed by:** | | | | | |
| Share capital | 7 | | **10,000,000** | | 10,000,000 |
| Profit and loss account | | | **13,629,387** | | (7,534,494) |
| | | | **23,629,387** | | 2,465,506 |

The accounting policies and the notes form part of these financial statements

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH, 2013

| | Notes | **2013** | 2012 |
|---|---|---|---|
| | | **N** | N |
| **Turnover** | 8 | **451,911,562** | 169,259,669 |
| Cost of sales | 9 | **(110,618,402)** | (16,372,338) |
| **Gross profit** | | **341,293,160** | 152,887,331 |
| Other income | 10 | **8,217,611** | - |
| | | **349,510,771** | 152,887,331 |
| Administration expenses | | **(266,750,445)** | (160,421,825) |
| **Profit/(Loss) before taxation** | 11 | **82,760,326** | (7,534,494) |
| Taxation | 5 | **(61,596,445)** | - |
| **Profit/(Loss) after taxation** | | **21,163,881** | (7,534,494) |
| Retained loss brought forward | | **(7,534,494)** | - |
| Retained profit/(loss) carried to balance sheet | | **13,629,387** | (7,534,494) |
| Earnings/(Loss) per share of N1 | | **1.36** | (7.53) |

The accounting policies and the notes form part of these financial statements

# CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH, 2013

| | Notes | 2013<br>N | 2012<br>N |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Operating loss before working capital changes | 12 | **88,932,061** | (7,534,494) |
| Working capital changes | 13 | **69,260,864** | 232,094,993 |
| Income tax paid | | **-** | - |
| | | **158,192,925** | 224,560,499 |
| **Cash flows from investing activities:** | | | |
| Purchase of fixed activities | | **(64,658,790)** | - |
| Work-in-progress | | **(3,753,142)** | - |
| Interest income | | **8,217,611** | - |
| | | **(60,194,321)** | - |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of share capital | | **-** | 10,000,000 |
| | | **-** | 10,000,000 |
| Net increase in cash and cash equivalents | | **97,998,604** | 234,560,499 |
| Cash and cash equivalent at the beginning of the year | | **234,560,499** | - |
| **Represented by:** | | | |
| Cash and cash equivalents at end of the period | 14 | **332,559,103** | 234,560,499 |

The accounting policies and the notes form part of these financial statements

# STATEMENT OF ACCOUNTING POLICIES

**1. Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**2. Fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**3. Depreciation**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

| Category | Estimated useful life |
|---|---|
| Computers | 3 years |

**4. Debtors**

Debtors are stated at their net realisable values.

**5. Revenue recognition**

Revenue (Net of discounts) from sale of goods (Comprising of Hardware and Software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods or on final acceptance. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

***Sale of goods***

- Revenue (Net of discounts) from sale of goods (Comprising of Hardware and Software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

***Income from services***

- Revenue from fixed-price contracts are recognized as per the proportionate-completion method or completed contract method, as applicable provided that no further vendor obligations remain and collection is probable.
- Revenue in respect of time-and-material contracts is recognized as and when the related services are rendered.
- Annual technical services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which the services are rendered.

The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue

**6. Pension and gratuity**

The Company is yet to commence operation of the contributory pension scheme to be funded by contribution of 7½% of staff salaries, transport and housing allowances with a matching contribution of 7½% by the company as it has less than five employees in its payroll.

**7. Deferred taxation**

Deferred taxation is computed on the timing differences between the depreciation charged and tax capital allowances claimed on the fixed assets, using the liability method at the current rate of tax.

**8. Foreign currencies**

Transactions arising during the period are recorded in Naira at the approximate official rates ruling at the time of occurrence. Balances in foreign currencies are converted at the official exchange rates ruling at the balance sheet date. All profits and losses arising on conversion are included in the operating results.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH, 2013

## 1. Fixed assets

| | Cost N | Depreciation N | 2013 NBV N | 2012 NBV N |
|---|---|---|---|---|
| Computers | 64,658,790 | 14,389,346 | 50,269,444 | - |

## 2. Capital work-in-progress

| | 2013 N | 2012 N |
|---|---|---|
| Computers | **3,021,242** | - |
| Networking | **731,900** | - |
| | **3,753,142** | - |

## 3. Receivables

| | 2013 N | 2012 N |
|---|---|---|
| Trade receivables (3.1) | **120,912,370** | 49,939,796 |
| WHT recoverable (3.2) | **50,944,499** | 11,931,986 |
| Short term advances (3.3) | **26,840,994** | 3,022,671 |
| Interest receivable | **754,795** | - |
| VAT | **35,550** | - |
| | **199,488,208** | 64,894,453 |

## 3.1 Trade receivables

| | 2013 N | 2012 N |
|---|---|---|
| Export debtors | **78,886,760** | - |
| Unbilled export debtors | **24,937,016** | 49,939,796 |
| Domestic debtors | **17,088,594** | - |
| | **120,912,370** | 49,939,796 |

## 3.2 WHT recoverable

| | 2013 N | 2012 N |
|---|---|---|
| WHT foreign | **43,140,546** | 11,931,986 |
| WHT recoverable | **7,342,362** | - |
| WHT on fixed deposit | **461,591** | - |
| | **50,944,499** | 11,931,986 |

## 3.3 Short term loans and advances

| | 2013 N | 2012 N |
|---|---|---|
| Advances to suppliers | **25,493,840** | 3,022,671 |
| Advance for travel | **310,434** | - |
| Salary advance | **784,166** | - |
| Imprest accounts | **252,554** | - |
| | **26,840,994** | 3,022,671 |

## 4. Payables

| | 2013 N | 2012 N |
|---|---|---|
| Sundry vendors | **121,623,829** | 119,986,120 |
| Trade creditors | **95,037,898** | 8,062,211 |
| Provision for expenses | **66,687,067** | 167,955,094 |
| Deferred income | **12,768,272** | - |
| Staff and consultants' incentive | **9,660,315** | - |
| WHT | **7,245,732** | 716,021 |
| VAT | **1,075,162** | - |
| | **314,098,275** | 296,719,446 |

## 5. Taxation

| | 2013 N | 2012 N |
|---|---|---|
| **(a) Profit and Loss account** | | |
| Income tax | **51,124,971** | - |
| Education tax | **4,119,577** | - |
| | **55,244,548** | |
| Deferred tax | **6,351,897** | - |
| | **61,596,445** | |

## 6. Amount falling due after more than one year

| | 2013 N | 2012 N |
|---|---|---|
| Intra entity payable | **186,745,790** | 270,000 |

## 7. Share Capital

| | 2013 N | 2012 N |
|---|---|---|
| **Authorised:-** | | |
| 10,000,000 ordinary share of N1 each | **10,000,000** | 10,000,000 |
| **Paid up-** | | |
| 10,000,000 ordinary share of N1 each | **10,000,000** | 10,000,000 |

## 8. Turnover

| | 2013 N | 2012 N |
|---|---|---|
| Sales revenue share | **233,783,929** | - |
| IT software service | **135,304,180** | - |
| Product development | **38,465,000** | - |
| Customers and implementation | **26,008,851** | 49,939,795 |
| Product trade hardware | **18,349,602** | 119,319,874 |
| | **451,911,562** | 169,259,669 |

Turnover is derived in Nigeria from sale and development of computer softwares and programmes.

**9. Cost of sales**

| | 2013 | 2012 |
|---|---|---|
| | N | N |
| COGS account | **47,436,801** | - |
| Royalty-domestic | **39,669,856** | - |
| Purchase software services | **22,745,918** | - |
| Expense (inventory) account | **1,159,600** | - |
| Royalty –export | **(393,773)** | 16,372,338 |
| | **110,618,402** | 16,372,338 |

| | | |
|---|---|---|
| **10. Other income** | **8,217,611** | - |

These are interests generated from bank fixed deposits.

**11. Profit /(Loss)before taxation**

This is arrived at after charging:–

| | 2013 | 2012 |
|---|---|---|
| | N | N |
| Depreciation of fixed assets | **14,389,346** | - |
| Auditors' remuneration | **3,564,000** | - |
| Loss on exchange | **470,280** | 126,563 |

**12. Profit/(Loss) before working capital changes**

| | 2013 | 2012 |
|---|---|---|
| | N | N |
| Profit/(Loss) after tax | **21,163,881** | (7,534,494) |
| ***Add/deduct-*** | | |
| Taxation expense | **61,596,445** | - |
| Interest income | **(8,217,611)** | - |
| | **74,542,715** | (7,534,494) |
| ***Adjustment for items not involving the movement of cash*** | | |
| Depreciation | **14,389,346** | - |
| | **88,932,061** | (7,534,494) |

**13. Working capital changes:**

| | 2013 | 2012 |
|---|---|---|
| | N | N |
| Increase in receivables | **(134,593,755)** | (64,894,453) |
| Increase in payables | **203,854,619** | 296,989,446 |
| | **69,260,864** | 232,094,993 |

**14. Reconciliation of cash and cash equivalents**

Cash comprises cash on hand and in bank and investments in short term liquid instruments. Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

| | 2013 | 2012 |
|---|---|---|
| | N | N |
| Bank balance | **332,559,103** | 234,560,499 |

**15. Responsibilities of directors on the financial statements:**

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap. C20 LFN 2004, the company's directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the company as at 31 March, 2013 and of its profit for the period ended on that date, and comply with the requirements of the Companies and Allied Matters Act, Cap. C20 LFN 2004. These responsibilities include ensuring that:

(i) adequate internal control procedures are instituted to safeguard assets and prevent and detect fraud and other irregularities;

(ii) proper accounting records are maintained;

(iii) applicable accounting standards are followed;

(iv) suitable accounting policies are used and consistently applied.

**16. Approval of financial statements**

These financial statements were approved by the Board of Directors on 26th April, 2013.

## STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED 31 MARCH, 2013

| | **2013** | | 2012 | |
|---|---|---|---|---|
| | **N'000** | **%** | N'000 | % |
| Earnings | **460,129** | | 169,260 | |
| Purchases of goods and services | **(353,311)** | | (142,271) | |
| **Value added** | **106,818** | **100** | 26,989 | 100 |
| **Applied as follows:** | | | | |
| ***In payment of employees:*** | | | | |
| Salaries, wages, incentives, insurance and welfare | **9,669** | **9** | 34,523 | 128 |
| ***In payment to Government:*** | | | | |
| Taxation | **61,596** | **58** | - | - |
| ***Retained for future maintenance of assets:*** | | | | |
| Depreciation charge for the period | **14,389** | **13** | - | - |
| ***Retained for expansion of business:*** | | | | |
| Profit/(Loss) re-invested in the business | **21,164** | **20** | (7,534) | (28) |
| | **106,818** | **100** | 26,989 | 100 |

# SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31 MARCH, 2013

**ADMINISTRATIVE EXPENSES** **SCHEDULE 1**

| | **2013** | 2012 |
|---|---|---|
| | **N** | N |
| Marketing consultancy | **91,675,574** | 63,563,398 |
| Contract software development outsource | **36,191,877** | 35,937,326 |
| Legal and professional fees | **40,853,009** | 4,263,237 |
| Other admin expenses | **25,802,691** | - |
| Accommodation expenses | **18,070,166** | 17,939,085 |
| Travelling | **15,473,486** | 1,181,179 |
| Staff cost | **9,493,698** | 34,522,627 |
| Business promotion | **5,434,100** | - |
| Audit fee | **3,564,000** | |
| Rates and taxes | **2,133,688** | 1,018,011 |
| Communication | **1,164,364** | - |
| Insurance | **1,148,213** | - |
| Foreign exchange loss | **470,280** | 126,563 |
| Bank charges | **681,153** | 60,198 |
| Staff welfare | **175,000** | - |
| Entertainment | **29,800** | - |
| Conference | **-** | 1,810,201 |
| Depreciation | **14,389,346** | - |
| | **266,750,445** | 160,421,825 |

# SCHEDULES TO ACCOUNTS FOR THE PERIOD ENDED 31 MARCH, 2013

**BANK BALANCE** **SCHEDULE 2**

| | **2013** | 2012 |
|---|---|---|
| | **N** | N |
| ***Current accounts-*** | | |
| Standard Chartered Bank – Account 1 | **200,295,338** | 234,302,570 |
| Standard Chartered Bank - Account 2 | **263,765** | 257,929 |
| | **200,559,103** | 234,560,499 |
| ***Fixed deposits-*** | | |
| Standard Chartered Bank- 1030023 | **31,000,000** | - |
| Standard Chartered Bank- 1030024 | **31,000,000** | - |
| Standard Chartered Bank -44070284200 | **8,000,000** | - |
| Standard Chartered Bank -44070284200 | **31,000,000** | - |
| Standard Chartered Bank -44070284200 | **31,000,000** | - |
| | **132,000,000** | - |
| **Total bank balance** | **332,559,103** | 234,560,499 |

# COMVIVA SINGAPORE PTE. LTD.

**Board of Directors**

Mr. Manoranjan Mohapatra

Mr. Sriram Gopalakrishnan

Mr. Mayank Sharma

**Registered Office**

180 B Bencoolen Street, #12-05

The Bencoolen,

Singapore 189648

**Bankers**

Standard Chartered Bank

**Auditors**

Akber Ali & Company

Public Accountant and Certified Public Accountants

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors submit the directors' report and the audited financial statements of the Company for the financial year ended 31 March 2013.

**1. Directors**

The directors in office at the date of this report are:

Mayank Sharma

Manoranjan Mohapatra

Sriram Gopalakrishnan

**2. Arrangement to Enable Directors to Acquire Shares or Debentures**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or other body corporate.

**3. Directors' Interest in Shares and Debentures**

According to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act Cap 50, none of the directors of the Company had an interest in the shares of the Company at the beginning or end of the financial year.

**4. Directors Contractual Benefits**

Since the previous financial period, no director has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest, other than those disclosed in the financial statements.

**5. Options**

No options to take up unissued shares of the Company were granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company whether granted before or during the financial year.

There were no unissued shares of the Company under option as at the end of the financialyear.

**6. Auditors**

Akber Ali & Co have expressed their willingness to accept re-appointment.

On Behalf of the Board of Directors,

| | |
|---|---|
| Manoranjan Mohapatra<br>Director | Sriram Gopalakrishnan<br>Director |

Place : Singapore
Date : 26th April, 2013

# STATEMENT BY DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

**In our opinion,**

(i) the accompanying Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the year then ended, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On Behalf of the Board of Directors,

| | |
|---|---|
| Manoranjan Mohapatra<br>Director | Sriram Gopalakrishnan<br>Director |

Place : Singapore
Date : 26th April, 2013

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD.

### Report on the Financial Statements

We have audited the accompanying financial statements of COMVIVA TECHNOLOGIES SINGAPORE PTE. LTD. which comprise statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year ended 31 March 2013, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 21.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards ("FRS") and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 audit opinion.

### Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results, changes in equity and the cash flow of the Company for the year ended on that date.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements. As at 31 March 2013, the Company was in a net current liabilities and a shareholders' deficit position of $124,263. The financial statements have been prepared on a going concern basis, based on the assumption that the shareholder of the Company will provide adequate funds to enable the Company to meet their liabilities as and when they fall due and to sustain the Company's normal operations for the next 12 months.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**AKBER ALI & CO.**
Public Accountants and Certified Public Accountants

Place : Singapore
Date : 26th April, 2013

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

| | Note | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|---|
| Turnover | 3 | **371,238** | 14,750 |
| Other Income | 4 | **4,650** | - |
| Change in Inventories | | **(362,168)** | 362,168 |
| Purchases and Related Expenses | | **-** | (368,792) |
| Staff Costs | 5 | **(78,616)** | - |
| Other Operating Expenses | 6 | **(24,425)** | (20,185) |
| Finance Costs | 7 | **(23,883)** | - |
| **Loss before Taxation** | | **(113,204)** | (12,059) |
| Taxation | 8 | **-** | - |
| **Net Loss after Taxation** | | **(113,204)** | (12,059) |
| Other Comprehensive Income | | **-** | - |
| **Total Comprehensive Loss** | | **(113,204)** | (12,059) |

The accompanying notes form an integral part of the audited financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

| | Note | **2013** | 2012 |
|---|---|---|---|
| | | **$** | $ |
| **CURRENT ASSETS** | | | |
| Bank Balance | | **40,178** | 875 |
| Trade Receivables | 9 | **-** | 15,478 |
| Other Receivables and Advances | 10 | **311** | 15,438 |
| Amount Due from Holding Company - Trade | 23 | **210,737** | - |
| Inventories | 11 | **-** | 362,168 |
| | | **251,226** | 393,959 |
| **LESS: CURRENT LIABILITIES** | | | |
| Trade Payables | 12 | **-** | 384,108 |
| Other Payables and Accruals | 13 | **24,463** | 20,910 |
| Amount Due to Holding Company - Non-Trade | 14 | **351,026** | - |
| | | **375,489** | 405,018 |
| **NET CURRENT LIABILITIES** | | **(124,263)** | (11,059) |
| **EQUITY** | | | |
| Share Capital | 15 | **1,000** | 1,000 |
| Retained Earnings | | **(125,263)** | (12,059) |
| | | **(124,263)** | (11,059) |

The accompanying notes form an integral part of the audited financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

| | **Year Ended 2013** | Period Ended 2012 |
|---|---|---|
| | **$** | $ |
| **Cash Flows from Operating Activities** | | |
| Loss Before Taxation | **(113,204)** | (12,059) |
| Adjustments: | | |
| Finance Costs | **23,883** | - |
| **Operating Cash Flows before Working Capital Changes** | **(89,321)** | (12,059) |
| **Working Capital Changes:** | | |
| Trade Receivables | **15,478** | (15,478) |
| Other Receivables and Advances | **15,127** | (15,438) |
| Amount Due from Holding Company - Trade | **(210,737)** | - |
| Inventories | **362,168** | (362,168) |
| Trade Payables | **(384,108)** | 384,108 |
| Other Payables and Accruals | **3,553** | 20,910 |
| **Net Cash Used in Operating Activities** | **(287,840)** | (125) |
| **Cash flows from Financing Activities** | | |
| Issue of Share Capital | **-** | 1,000 |
| Finance Costs | **(23,883)** | - |
| Amount Due to Holding Company - Non-Trade | **351,026** | - |
| **Net Cash Generated from Financing Activities** | **327,143** | 1,000 |
| **Increase in Cash and Cash Equivalents** | **39,303** | 875 |
| **Cash and Cash Equivalents at the Beginning of the Year / Period** | **875** | - |
| **Cash and Cash Equivalents at the End of the Year / Period** | **40,178** | 875 |
| **Comprising:** | **$** | $ |
| Bank Balance | **40,178** | 875 |

The accompanying notes form an integral part of the audited financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

| | Share Capital | Accumulated Loss | Total |
|---|---|---|---|
| | $ | $ | $ |
| **As at Incorporation Date** | 1,000 | - | 1,000 |
| Total Comprehensive Loss | - | (12,059) | (12,059) |
| **As at 31 March 2012** | 1,000 | (12,059) | (11,059) |
| Total Comprehensive Loss | - | (113,204) | (113,204) |
| **As at 31 March 2013** | 1,000 | (125,263) | (124,263) |

The accompanying notes form an integral part of the audited financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

## 1. Corporate Information

The financial statements of the Company, which is incorporated in Singapore, are prepared for the year ended 31 March 2013 and were authorised for issue in accordance with a resolution of the directors issued on the date of the directors' report.

The registered office of the Company is located at 180B Bencoolen Street, #12-05 The Bencoolen, Singapore 189648.

The principal activities of the Company are those of wholesale of computer software and telecommunications equipment.

There have been no significant changes in the nature of these activities during the financial year.

**Immediate and Ultimate Holding Company**

The Company's immediate and ultimate holding Company is Comviva Technologies Limited, a Company incorporated in India.

## 2. Significant Accounting Policies

### (a) Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act.

The financial statements of the Company are prepared in accordance with historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

As at 31 March 2013, the Company was in a net current liabilities and a shareholders' deficit position of $124,263. The financial statements have been prepared on a going concern basis, based on the assumption that the shareholders of the Company will provide adequate funds to enable the Company to meet their liabilities as and when they fall due and to sustain the Company's normal operations for the next 12 months.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The accounting policies have been consistently applied by the Company.

### (b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

Sales of Goods

Revenue is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer.

### (c) Functional Currency and Foreign Currency Transaction

*Functional Currency*

Items included in the financial statements in the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Company are presented in Singapore dollars ("SGD"), which is the functional currency.

Foreign Currency Transaction

Transactions in foreign currencies are measured in SGD and recorded at exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at Statement of Financial Position date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the profit or loss.

### (d) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises of bank balance and are subject to an insignificant risk of change in value.

### (e) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the years in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

**(f) Employee Benefits**

**(i) Defined Contribution Plan**

As required by law, the Company makes contributions to the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same year as employment that gives rise to the contribution.

**(ii) Employee Leave Entitlement**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to Statement of Financial Position date.

**(g) Financial Liabilities**

The Company's financial liabilities include trade payables, other payables and accruals, and amount due to holding Company.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the profit or loss.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the year of borrowings using effective interest method.

Borrowings which are due to be settled within twelve months after the Statement of Financial Position date are in current borrowings in the Statement of Financial Position even though the original terms were for a year longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the Statement of Financial Position date. Borrowings to be settled within the Company's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the Statement of Financial Position date are included in the non-current borrowings in the Statement of Financial Position.

Equity instruments issued by the Company, if any, are recorded at the proceeds received, net of direct issue costs. Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

**(h) Financial Instruments**

Financial assets and financial liabilities are generally recognised when contracted for.

**(i) Financial Assets**

Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of the financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company commit to purchase or sell the asset. All financial assets that are not classified as fair value through profit or loss are initially recognised at fair value, plus transaction costs.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. As assessment for impairment is undertaken at least at each Statement of Financial Position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of the financial assets is measured.

**Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date, which are then classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in Statement of Comprehensive Income. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date of the impairment is reversed. Any reversal is recognised in the profit or loss.

Receivables are provided against when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of provision for impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables include trade and non-trade balances with third parties.

**(j) Impairment of Assets**

The carrying amounts of the Company's assets subject to impairment are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Any impairment loss is charged to the profit and loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

**(k) Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges.

The Company reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items that are no longer suitable for sale. The net realisable value for such inventories is based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

Provision is made where necessary for obsolete, slow moving and defective inventories.

**(l) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(m) Income Taxes**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

Deferred income tax is provided, using the liability method, on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the Statement of Financial Position date.

At each Statement of Financial Position date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it is has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

**(n) Related Party**

A related party is defined as one in which there are common shareholders / directors who control and exercise significant influence in making financial and operating decisions.

**Key Management Personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

**3. Turnover**

Turnover represents net invoiced value of goods sold during the financial year.

**4. Other Income**

| | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|
| Foreign Exchange Gain | **4,650** | - |

**5. Staff Costs**

| | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|
| Salaries and Related Expenses | **78,616** | - |

**6. Other Operating Expenses**

| | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|
| Freight and Handling charges | **21,351** | - |
| Legal and Professional fees | **1,262** | 16,974 |
| Others | **1,812** | 3,211 |
| | **24,425** | 20,185 |

**7. Finance Costs**

| | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|
| Loan Interest | **23,883** | - |

**8. Taxation**

| | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|
| On the results for the year / period – current year / period taxation | **-** | - |

Reconciliation between the tax benefit and the product of accounting loss multiplied by the applicable tax rate for the year / period ended was as follows:

| | Year Ended 2013 $ | Period Ended 2012 $ |
|---|---|---|
| Loss before taxation | **(113,204)** | (12,059) |
| Tax calculated at a tax statutory rate of 17% | **(19,245)** | (2,050) |
| Expenses not deductible for tax purpose | **-** | 2,886 |
| Corporate tax rebate | **-** | (836) |
| Tax benefit | **(19,245)** | - |

The Company has estimated unutilised losses and capital allowances amounting to $113,204 (2012: NIL) available for offsetting against future taxable income subject to provisions of the Income Tax Act.

Tax benefit arising from the unutilised losses and capital allowances amounting to approximately $19,245 (2012: NIL) has not been recognised in the financial statements as the realisation of the benefit depends on future profitability and provisions of the Income Tax Act.

**9. Trade Receivables**

As at statement of financial position date, trade receivables were denominated in United States Dollars. The credit period on sale of goods is 30 days (2012: 30 days). No interest is charged on the trade receivables.

**10. Other Receivables and Advances**

| | 2013 $ | 2012 $ |
|---|---|---|
| Other Receivables | **311** | 15,315 |
| Advances | **-** | 123 |
| | **311** | 15,438 |

**11. Inventories**

| | 2013 $ | 2012 $ |
|---|---|---|
| Computer software and telecommunications equipment | **-** | 362,168 |

The cost of inventories recognised as an expense and included in profit or loss amounts to $362,168 (2012: $6,624).

**12. Trade payables**

As at statement of financial position date, trade payables were denominated in United States Dollars. The credit period on purchases is 30 days (2012: 30 days). No interest is charged on the trade payables.

**13. Other Payables and Accruals**

| | 2013 $ | 2012 $ |
|---|---|---|
| Other Payables | **24,463** | 5,660 |
| Accruals | **-** | 15,250 |
| | **24,463** | 20,910 |

**14. Amount due to Holding Company – Non-Trade**

Amount due to Holding Company is unsecured and repayable on demand. Interest is charged on balances payable, at LIBOR+5.5% (2012: NIL) per annum.

**15. Share Capital**

| | 2013 $ | 2012 $ |
|---|---|---|
| Issued and fully paid: | | |
| 1,000 ordinary shares | **1,000** | 1,000 |

All issued ordinary shares have no par value and are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

**16. Financial Risk Management**

The main risks arising from the Company's financial instruments are summarised below:

**a) Liquidity risk**

Liquidity risk arises in the general funding of the Company's business activities. It includes the risks of not being able to fund the business activities at settlement dates and liquidate assets in a timely manner at a reasonable price. The Company manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its business activities through the use of funds from the shareholders.

As at 31 March 2013, the Company was in a net current liabilities and a shareholders' deficit position of $124,263. The financial statements have been prepared on a going concern basis, based on the assumption that the shareholders of the Company will provide adequate funds to enable the Company to meet their liabilities as and when they fall due and to sustain the Company's normal operations for the next 12 months.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

| | On Demand or within 1 year | |
|---|---|---|
| | **2013** | 2012 |
| | **$** | $ |
| Trade Payables | **-** | 384,108 |
| Other Payables and Accruals | **24,463** | 20,910 |
| Amount Due to Holding Company | **351,026** | - |

**b) Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no significant exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. The Company does not use derivative financial instruments such as foreign currency forward exchange contracts and currency options.

**c) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

**d) Interest rate risk**

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Company does not use natural hedges or derivative financial instruments such as interest rate swaps, caps and options.

**17. Comparative figures**

The prior period financial statements cover the period from 8 September 2011 (date of incorporation) to 31 March 2012 (7 months), whereas the current year financial statements cover the year ended 31 March 2013 (12 months). As such the figures are not comparable.

**18. New Accounting Standards and Interpretations Not Yet Adopted**

New FRS, amendments to FRS and interpretations that are not yet effective for the financial period beginning on or after 1 April 2012 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company upon initial application.

**19. New Accounting Standards and Interpretations**

The Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations which becomes effective during the year. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

**20. Financial Instruments**

**Fair Values**

The carrying amount of the financial assets and financial liabilities approximate their fair values.

The Company does not anticipate that the carrying amounts recorded at Statement of Financial Position date would be significantly different from the values that would eventually be received or settled.

**Classification of Financial Instruments**

The following tables set out the classification of financial instruments at the end of the reporting years:

| | Loans and receivables | Liabilities at amortised cost | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2013** | | | |
| **Financial assets** | | | |
| Bank Balance | **40,178** | - | 40,178 |
| Other Receivables | **311** | - | 311 |
| Amount due from Holding Company - Trade | **210,737** | **-** | **210,737** |
| **Financial liabilities** | | | |
| Other Payables and Accruals | **-** | 24,463 | 24,463 |
| Amount Due to Holding Company – Non-Trade | **-** | 351,026 | 351,026 |

| | Loans and receivables | Liabilities at amortised cost | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2012** | | | |
| **Financial Assets** | | | |
| Bank Balance | **875** | - | 875 |
| Trade Receivables | **15,478** | - | 15,478 |
| Other Receivables | **15,438** | - | 15,438 |
| **Financial Liabilities** | | | |
| Trade Payables | **-** | 384,108 | 384,108 |
| Other Payables and Accruals | **-** | 20,910 | 20,910 |

## 21. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company is not subject to externally imposed capital requirements. The Management monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes.

The gearing ratio is calculated as debt divided by total capital. Debt is calculated as trade payables plus other payables and accruals plus amount due to holding Company. Total capital is calculated as total equity plus debt.

| | **2013** | 2012 |
|---|---|---|
| | **$** | $ |
| Debt | **375,489** | 405,018 |
| Total Equity | **(124,263)** | (11,059) |
| Total Capital | **251,226** | 393,959 |
| **Gearing Ratio** | **149%** | **103%** |

## 22. Related Party Transactions

The Company made the following transactions with its related parties, at rates and terms agreed between them:

| | **2013** | 2012 |
|---|---|---|
| | **$** | $ |
| **Transaction with Holding Company** | | |
| Sales to Holding Company | **133,733** | - |
| Legal and Professional Services incurred from Holding Company | **-** | 1,724 |

## 23. Amount due from Holding Company is unsecured and interest-free

The credit period on sale of goods is 30 days (2012: 30 days). No interest is charged on the amount due from Holding Company. The age analysis of trade receivables past due but not impaired is as follows:

| | **2013** | **2012** |
|---|---|---|
| | **$** | **$** |
| Past Due by 0 to 3 months | **81,700** | - |
| Past Due by more than 3 months | **129,037** | - |
| | **210,737** | - |

# TECH MAHINDRA SOUTH AFRICA (PTY) LIMITED

**Registered Office**
56 Karee Drive,
Walton Road,
Carlswald,
Gauteng 1685

## DIRECTORS' REPORT

The Company has become wholly owned subsidiary of Tech Mahindra Limited with effect from 20 March 2013. The Company will be a Level 3 Broad-Based Black Economic Empowered (B-BBEE) Company. Your Company will provide a full range of network and mobility offerings inclusive of design, building, implementing and support for the telecoms sector in the local and African ICT sector. The offering of analytics for any business application including mobility, cloud and security solutions also forms part of its NMACS (Network, Mobility, Analytics, Cloud, and Security) strategy.

Since the operations have commenced after closure of the financial year 2012-13, the audited financial statements for the first year will be provided at the end of the financial year 2013-14.

For Tech Mahindra South Africa (Pty) Limited

**Milind Kulkarni**
Director

Pune, 21 May, 2013

# TECH MAHINDRA FOUNDATION

**Board of Directors**

Mr. Keshub Mahindra - Chairman

Mr. Anand G. Mahindra

Mr. Vineet Nayyar

Mr. Ulhas N Yargop

**Registered Office**

Oberoi Gardens Estate, Chandivali
Off Saki Vihar Road
Andheri (E)
Mumbai 400 072, India

**Bankers**

IDBI Bank

**Auditors**

B. K. Khare & Company
Chartered Accountants

# DIRECTORS' REPORT

Your Directors present their Eighth Annual Report of your Company for the year ended 31st March 2013.

**FINANCIAL RESULTS**

(₹)

| For the year Ended March 31 | **2013** | 2012 |
|---|---|---|
| Donations received | **144,717,833** | 77,239,744 |
| Interest received on investments | **44,387,383** | 41,583,642 |
| Expenditure on the objects of the Company | **104,560,467** | 81,035,338 |
| Corpus fund | **550,389,157** | 473,603,751 |

**Review of Activities**

The Company was promoted in 2006 by Tech Mahindra Limited with an initial corpus of ₹ 150 Million as one of the major manifestations of its Corporate Social Responsibility. Your Company focuses on activities for Social and Inclusive Development mainly in the area of education particularly education of girl child.

Your Company since formation have worked with more than 100 partners across India, and reached out to the underprivileged through our programmes in education, vocational training and disability. This year, your Company are working on 100+ projects with around 75 partners in 8 locations with a total budget of INR 16+ Cr; these are Bangalore, Bhubaneswar, Chennai, Delhi-NCR, Hyderabad, Kolkata, Mumbai and Pune.

The main area of operations includes direct implementation programmes that Company completely establish, own and manage.

Some of new flagship programmes in Delhi-NCR this year include:

1. A new 5-year programme with East Delhi Municipal Corporation, where Company would set up and run a high-quality education institute for in-service teachers of MCD, and come up with a model lab school - in Dilshad Garden, New Delhi;
2. A new long-term programme with Kasturba Balika Vidyalaya (a government-aided girls school in Friends Colony, New Delhi), where Company is first going to transform the existing school infrastructure, and then introduce a variety of school improvement initiatives. Your Company would also eventually build up a primary school, which would be called the Tech Mahindra Primary School in future;
3. School Excellence Award (new) to identify, honour and develop the best municipal corporation primary schools from each of the three MCDs in Delhi
4. Shikshak Samman Award (in its 5th year in Delhi now) to identify, honour and develop 25 best primary teachers from the 1799 municipal primary schools under MCDs; also introducing the same in partnership with MCGM in Mumbai
5. Three whole-school adoption programmes in PPP mode with Aseema Trust and Akanksha Foundation in Mumbai

Your Company encourage associates across Tech Mahindra to engage with the Tech Mahindra Foundation (TMF) and volunteer in TMF's programmes. This has always given the young corporate employees to get a feel of the other side of the world. Towards this, TMF make them a part of some programmes – whether it is a short-term, event based engagement, or a long-term continuing association. These programmes have the potential to not just engage our associates in a variety of activities – which would use a range of their skills from painting to graffiti-making, gardening to pottery decoration, singing-dancing and other performing arts to various professional mentoring abilities – but also contribute to long-term, sustained volunteering at Tech Mahindra. This would eventually lead us to achieve the target of 'at least 10% associates volunteering 10% of their free time in CSR work'.

**DIRECTORS**

As per Article 16 of the Articles of Association of the Company, all Directors retire at the ensuing annual general meeting and are eligible for re-appointment.

Mr. Ulhas N. Yargop was appointed by the Board as Additional Director, with effect from 22nd May 2013 and holds office upto the completion of ensuing Annual General Meeting. Your Company has received notices from members in terms of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Ulhas N. Yargop for the office of Director. Your Directors commend his appointment.

**CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

a) Conservation of Energy: The operations of the Company are not energy-intensive and hence, the provisions are not applicable.

b) Research and Development: No amount was spent on Research and development during the year under review.

c) Foreign Exchange earnings and outgo: No amount was earned or expended in foreign exchange during the year under review.

**PARTICULARS OF EMPLOYEES AS REQUIRED BY SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER**

The Company had no employee who was in receipt of remuneration of not less than ₹60,00,000 during the year ended 31st March, 2013 or not less than ₹5,00,000 per month during any part of the said year.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the surplus of the Company for the year ended on that date;

iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts have been prepared on a going concern basis.

**AUDITORS**

The Auditors, M/s. B. K. Khare & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed by the members at the ensuing Annual General Meeting.

**PUBLIC DEPOSITS AND LOANS/ADVANCES**

The Company has not accepted any deposits from the public or its employees during the year under review. The Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company – Tech Mahindra Limited.

**ACKNOWLEDGEMENTS**

The Board takes this as an opportunity to thank the promoters of the Company for their faith and patronage.

For and on behalf of the Board

Place: Mumbai
Date: May 22, 2013

**Keshub Mahindra**
Chairman

# REPORT OF THE AUDITORS

To the Members of
Tech Mahindra Foundation

We have audited the attached Balance Sheet of Tech Mahindra Foundation, as at 31st March 2013, and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1) As the Company is licensed under Section 25 of the Companies Act, 1956, the Companies (Auditor's Report) order, 2003 issued by the Central Government of India, in terms of Section 227 (4a) of the Act does not apply to it, as per paragraph 1(2) (iii) of the said order.

2) Further to our Comments referred to in the paragraph 1 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) In our opinion, proper books of account as required by the law have been kept by the Company so far, as appears from our examination of the books.

   c) The Balance Sheet and Income and Expenditure Account dealt by the report are in agreement with books of account.

   d) In our opinion, the attached Balance Sheet and Income and Expenditure Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of the written representations received from the Directors as on 31st March, 2013 and taken on the record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes, give the information required by the Companies Act,1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the company as on 31st March,2013 and

ii) in the case of the Income and Expenditure Account of the deficit for the year ended on that date.

For B. K. Khare & Co.
Chartered Accountants

Place: Pune
Date: May 15, 2013

R. D. Onkar
(Partner)
M. No. 45716

# Balance Sheet as at March 31, 2013

| | Note | **As at March 31, 2013 ₹** | As at March 31, 2012 ₹ |
|---|---|---|---|
| **I. SOURCES OF FUNDS :** | | | |
| SHAREHOLDERS' FUNDS: | | | |
| Capital | I | **500,000** | 500,000 |
| Corpus Fund | I | **550,676,656** | 473,782,823 |
| Surplus /(Deficit) in Income and Exenditure Account | | **(287,499)** | (179,072) |
| **TOTAL** | | **550,889,157** | 474,103,751 |
| CURRENT ASSETS, LOANS AND ADVANCES: | II | | |
| Loans & Advances | | **13,871,623** | 15,307,840 |
| Cash and Bank Balances | | **537,099,347** | 458,940,779 |
| | | **550,970,970** | 474,248,619 |
| Less : CURRENT LIABILITIES AND PROVISIONS: | | | |
| Liabilities | III | **81,813** | 144,868 |
| | | **81,813** | 144,868 |
| **TOTAL** | | **550,889,157** | 474,103,751 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | VI | | |

As per our attached report of even date
For **B K Khare & Co.**
Chartered Accountants

**R.D. Onkar**
Partner
M No. 45716

Place: Pune
Dated : May 15, 2013

For **Tech Mahindra Foundation**

**Keshub Mahindra**
Director

**Anand G Mahindra**
Director

**Vineet Nayyar**
Director

Place: Pune
Dated : May 15, 2013

# Notes forming part of the Balance Sheet

| | As at March 31, 2013 ₹ | As at March 31, 2012 ₹ |
|---|---|---|
| **Note I** | | |
| **Corpus Funds** | | |
| **Share Capital** | | |
| Authorised : | | |
| 50,000 Equity Shares of ₹ 10/- each fully paid-up | **500,000** | 500,000 |
| Issued, Subscribed & Paid up : | | |
| 50,000 Equity Shares of ₹ 10/- each fully paid-up | **500,000** | 500,000 |
| **TOTAL** | **500,000** | 500,000 |
| **Specific Donations** | | |
| As per last Balance Sheet | **473,782,823** | 438,282,823 |
| Add : Received during the year | **76,893,833** | 35,500,000 |
| **TOTAL** | **550,676,656** | 473,782,823 |

| | As at March 31, 2013 ₹ | As at March 31, 2012 ₹ |
|---|---|---|
| **Note II** | | |
| **CURRENT ASSETS, LOANS AND ADVANCES :** | | |
| (a) Loans and Advances : | | |
| (Unsecured) | | |
| Interest Accrued on Deposits | **4,180,907** | 5,486,816 |
| Balances with Government Authorities | | |
| Tax Deducted at Source | **8,959,551** | 9,820,751 |
| Other Advances | **731,165** | 274 |
| | **13,871,623** | 15,307,840 |
| (b) Cash and Bank Balances : | | |
| Balance with Scheduled banks: | | |
| (i) In Current accounts | **753,338** | 2,245,770 |
| (ii) In Fixed Deposit accounts | **536,346,009** | 456,695,009 |
| | **537,099,347** | 458,940,779 |
| **TOTAL** | **550,970,970** | 474,248,619 |
| **Note III** | | |
| **CURRENT LIABILITIES AND PROVISIONS:** | | |
| Dues to Small Scale Industrial Undertakings | **-** | - |
| Others | **81,813** | 144,868 |
| **TOTAL** | **81,813** | 144,868 |

# Income & Expenditure Account for the year ended March 31, 2013

| | | Note | March 31, 2013 ₹ | March 31, 2012 ₹ |
|---|---|---|---|---|
| INCOME | | IV | **112,211,383** | 83,323,386 |
| | **TOTAL** | | **112,211,383** | 83,323,386 |
| EXPENDITURE : | | | | |
| Operating and Other Expenses | | V | **7,759,344** | 2,553,532 |
| Donation | | | **104,560,467** | 81,035,338 |
| | **TOTAL** | | **112,319,811** | 83,588,870 |
| (Deficit)/Excess of Income over Expenditure for the year | | | **(108,427)** | (265,483) |
| Balance carried forward from previous year | | | **(179,072)** | 86,411 |
| Excess of Income over expenditure/(Expenditure over income) | | | **(287,499)** | (179,072) |
| | **TOTAL** | | **112,211,383** | 83,323,386 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | | VI | | |

As per our attached report of even date
For **B K Khare & Co.**
Chartered Accountants

**R.D. Onkar**
Partner
M No. 45716

Place: Pune
Dated : May 15, 2013

For **Tech Mahindra Foundation**

**Keshub Mahindra**
Director

**Anand G Mahindra**
Director

**Vineet Nayyar**
Director

Place: Pune
Dated : May 15, 2013

# Notes forming part of the Income and Expenditure Account

| | March 31, 2013 ₹ | March 31, 2012 ₹ |
|---|---|---|
| **Note IV** | | |
| **INCOME** | | |
| Interest on : | | |
| Deposits with banks | **44,387,383** | 41,583,642 |
| Donations Received | **67,824,000** | 41,739,744 |
| **TOTAL** | **112,211,383** | 83,323,386 |

| | March 31, 2013 ₹ | March 31, 2012 ₹ |
|---|---|---|
| **Note V** | | |
| **OPERATING AND OTHER EXPENSES** | | |
| Professional Fees | **4,360,100** | 968,139 |
| Bank Charges | **530** | 235 |
| Audit Fees | **57,217** | 55,150 |
| Printing & Stationery | **540,572** | 76,978 |
| Travelling & Conveyance | **1,427,727** | 874,733 |
| Books & Periodicals | **10,531** | 126,558 |
| Welfare Expenses | **40,763** | 45,891 |
| Award Functions & Rewards (for Teachers) | **389,439** | 5,867 |
| Hall Rent | **8,000** | 98,709 |
| Telephone Expenses | **37,373** | 41,164 |
| Interest Income tax | **55** | 260,108 |
| Office & Miscellaneous Expenses | **887,037** | - |
| **TOTAL** | **7,759,344** | 2,553,532 |

**NOTE VI**

**Notes forming part of the Balance Sheet and Income Expenditure Account**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013**

Significant accounting policies:

(a) Basis for preparation of accounts:

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

(b) Revenue recognition:

Interest income is recognized on time proportion basis. Donations received with a specific direction from the donors that they shall form part of the income have been accounted for accordingly.

(c) Donations :

Donations received with a specific direction from the donors that they shall form part of the corpus have been accounted for accordingly.

As per our attached report of even date
For **B K Khare & Co.**
Chartered Accountants

**R.D. Onkar**
Partner
M No. 45716

Place: Pune
Dated : May 15, 2013

For **Tech Mahindra Foundation**

**Keshub Mahindra**
Director

**Anand G Mahindra**
Director

**Vineet Nayyar**
Director

Place: Pune
Dated : May 15, 2013


Values & Vision.
Connected.
Energy & Synergy.
Connected.
Efficiency & Dreams.
Connected.
Health & Care.
Connected.
As our world connects itself, we embrace a new identity in the form of our brand and purpose - inspired by the past and motivated by the future.
Connected World. Connected Solutions.
Data & Smiles.
Connected.
Travel & Reunions.
Connected.
Network & Smartwork.
Connected.
Information & Sense.
Connected.
Ideas & Reality.
Connected.
Security & Safety.
Connected.
Now & Future.
Connected.
Tech Mahindra

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