

*17<sup>th</sup> Annual Report*  
*2010-2011*



**RAM INFORMATICS LIMITED**



<b>Board of Directors:</b>	Mr. P.S. Raman	Executive Chairman
	Mr. R. Jagadeeswara Rao	Executive Director
	Mr. G. Haragopal	Director
	Dr. S.K. Mathur	Director
	Mr. P.S. Venkateswaran	Director
	Dr. Khushwant Singh	Director

**Committees of the Board:**

<b>Audit Committee</b>	Mr. G. Hara Gopal	Chairman
	Dr. S.K. Mathur	Member
	Dr. Khushwant Singh	Member

<b>Shareholders'/ Investors' Grievance Committee</b>	Dr. S.K. Mathur	Chairman
	Mr. P.S. Raman	Member
	Mr. R. Jagadeeswara Rao	Member

<b>Compliance Officer:</b>		Company Secretary
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<b>Auditors:</b>	M/s. S.S. Kothari & Co. 403, IV Floor Model House Punjagutta Hyderabad – 500 082
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<b>Bankers:</b>	Canara bank Overseas Branch 5-9-22/1/4C & 4D Damayanthi Chambers Adarshnagar Main Road Hyderabad – 500 063
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<b>Registered office &amp; Software Development Centre:</b>	SVR Towers, 8-2-1/B/1, Srinagar Colony Road Punjagutta, Hyderabad – 500 082
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<b>URL:</b>	<a href="http://www.raminfo.com">www.raminfo.com</a>
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<b>Email ID for investor Related matters:</b>	<a href="mailto:cs@raminfo.com">cs@raminfo.com</a>
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<b>U.S Branch:</b>	36, Mill Plain Road, Suite 410, Danbury, Connecticut – 06811.
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<b>U.S Subsidiary:</b>	<b>Aravali Technologies Inc.,</b> 1175, Saratoga Avenue, Suite 7 San Jose, California – 95129, USA.
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## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RAM INFORMATICS LIMITED WILL BE HELD ON MONDAY, THE 7<sup>TH</sup> DAY OF NOVEMBER, 2011 AT 10.00 A.M. AT NAGARJUNA NAGAR COMMUNITY HALL, 8-3-903/4/A, NAGARJUNA NAGAR, AMEERPET, HYDERABAD 500073 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss account for the year ended on that date together with the Reports of the Directors and Auditors.

2. To appoint a Director in place of Mr. G.Hara Gopal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. S.K.Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s S.S.Kothari & Co., Chartered Accountants, Hyderabad, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

## NOTES

1. A member eligible to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the company. In order to be effective, the duly filled in proxy form must be received by the company not less than 48 hours before the meeting.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Members/proxies are requested to bring duly filled in attendance slips sent herewith for attending the meeting.
4. The Register of Members and the Share Transfer Books of the company shall remain closed from \_\_\_\_\_ (both days inclusive).
5. Members holding shares in physical form are requested to advise any change of address immediately to the company's registrar and share transfer agents. Members holding shares in electronic form must send the advice about change in address to their respective depository participant.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in

physical form can submit their PAN details to the Company.

7. Consequent upon the introduction of Section 109A of the Companies Act, 1956, share holders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Register of Members and the Share Transfer Agent, Venture Capital and Corporate Investments Private Limited.
8. In pursuance of the Green initiative, members are requested to register their mail ids with the company by sending the request mail to [cs@raminfo.com](mailto:cs@raminfo.com) quoting their name, Folio number/DP Id to send the future communications through e-mail.
9. Members are requested to send all communication relating to shares (Physical and Electronic) to the Company's Share Transfer Agents at the following Address:

**M/s. Sathguru Management Consultants Private Limited**  
Plot no. 15, Hindi Nagar, Punjagutta, Hyderabad – 500034.  
Tel.: 040-23356507, 23350586, 23356975  
Fax: 040-23354042 Email id: [sta@sathguru.com](mailto:sta@sathguru.com)

For and on behalf of the board

Date:  
Place: Hyderabad

PS. Raman  
Executive Chairman

## DIRECTORS' REPORT

Dear Shareholders

Your directors take pleasure in presenting the Seventeenth Annual Report of the company and the Audited accounts for the financial year ended 31st March 2011 together with Auditors' Report thereon.

### FINANCIAL RESULTS

The performance of your company for the year under review is summarized below:  
(Rs. In thousands)

Particulars (stand alone)	2010-11	2009-10
Gross revenue & other income	44377	61382
Profit before interest, depreciation & taxes	(28599)	(153059)
Interest	3621	2997
Depreciation & amortization	4220	5664
Exceptional item (Provision for diminution Of investment in subsidiary)	317964	—
Profit before tax	(354404)	(161720)
Profit after tax	(354404)	(161720)

On a consolidated basis (including US subsidiary's results), your Company achieved revenue of Rs. 444.39 lacs and net loss of Rs. 3567.03 lacs for the year ended 31st March 2011 as compared to revenue of Rs. 742.65 lacs and a net loss of Rs. 1641.79 lacs for the previous year. This is mainly due to a substantial sum of Rs. 3179.64 lacs provided for diminution of investment value in the subsidiary, the business of which is considered unviable.

### DIVIDEND:

No dividend has been recommended for the year, in view of the net accumulated loss position as at 31st March 2011.

### PERFORMANCE OF THE COMPANY:

Your company's gross income declined to Rs. 443.77 lacs on a stand alone basis for the year ended 31st March 2011 compared to Rs. 613.82 lacs in the previous year. The consolidated revenue for the year-end declined to Rs. 536.16 lacs against Rs. 744.09 lacs in the previous year. The domestic software revenue dropped by 42.39% while the exports revenue dropped by 29%.

### US SUBSIDIARY:

Aravali Technologies Inc., your company's US subsidiary, registered revenues of US \$ 0.21 million for the year ended 31st March 2011 against US \$ 0.29 million for the previous year with the net loss reported at US\$ 51110 as against net loss of US\$ 54293. The subsidiary continued to face reduction in growth on account of on going recessionary business climate. Besides, working capital issues affected its marketing capability resulting in decline in business prospects. The future outlook with regard to its business is not appearing favourable.

### EXPORTS:

The total exports dropped to Rs. 92.39 Lacs which is entirely the subsidiary's revenue, from Rs. 130.27 Lacs in the previous year.

### DOMESTIC MARKET:

Your company's domestic revenue was derived out of e-governance domain wherein your company continued to deliver effective services. Citizen delivery services related revenue was

the biggest contributor. Additional services were added on to the existing spectrum of service offerings. The renewed contract for e-seva project in the district of Andhra Pradesh progressed very well. Your company was selected by the Commercial Tax Department of AP to reengineer the existing VAT application, using the latest Microsoft technology. The order value of this 'VATIS' project is close to Rs 90 lacs including the support services for a period of three years. Another project of similar reengineering of the Commercial Tax Department Portal for a value Rs 18 lacs was also achieved.

### PRODUCTS DIVISION: BANKING

There has been no significant changes made in the product portfolio during the year. The smartbanker suite of products gained maturity with enhanced security features as well as additional delivery channel features incorporated.

### QUALITY:

Your company has been following strict quality management standards and constantly upgrading the processes in the ISO 9001 and the ISO 27001 standards adopted by the company.

### PARTICULARS REQUIRED UNDER SECTION 212 OF THE COMPANIES ACT, 1956:

Your Company has one subsidiary (including step down subsidiaries) as on 31st March, 2011.

As per Section 212 of the Companies Act, 1956 ('the Act'), your Company is required to attach Directors' Report, Balance Sheet and Profit and Loss Account of each of its subsidiaries. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212 of the Act, provided such companies publish the audited consolidated financial statements in the annual report. Accordingly, the annual report 2010-2011 does not contain the financial statements of subsidiaries. A statement containing particulars of the subsidiaries are attached to the annual report. Copies of the annual accounts of the Company's subsidiaries can be sought by any investor of the company by making a written request to the Company at the Registered Office of the Company in this regard. The Annual Accounts of the subsidiary company are also available for inspection to any investor at the Company's registered office.

### DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SEC. 217(2AA):

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards read with requirements set out under Schedule VI of the Companies Act, 1956 have been followed along with proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2011 and of the profit or loss of the company for that period;

- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv. The directors have prepared the annual accounts of the Company on a going concern basis.

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

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Sec. 217(1)(e) of the Act read with rule 2 of Companies (disclosure of particulars in the report of board of directors) Rules, 1988 are set out in **Annexure-A** to this Report.

**MANAGEMENT DISCUSSION & ANALYSIS:**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India, is set out as **Annexure-B** to and forms part of the Annual report.

**REPORT ON CORPORATE GOVERNANCE:**

The Company is committed to maintain the standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by SEBI. Your Directors re-affirm their commitment to these standards and a detailed report on Corporate Governance along with a certificate from statutory auditors on its compliance is given as an **Annexure-C** to this report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

**CEO'S DECLARATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

Declaration as required under clause 49(l)(D)(ii) of the listing agreement with regard to compliance with the code of conduct of the company is set out as **Annexure-D** to this report.

**PARTICULARS OF EMPLOYEES - PURSUANT TO SEC. 217(2A) OF THE COMPANIES ACT, 1956:**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, there are no employees in the Company drawing the remuneration worth Rs. 5,00,000 per month or Rs. 60,00,000 per annum during the financial year .

**STOCK EXCHANGE LISTING:**

The Equity Shares of the company are listed on the Bombay Stock Exchange Limited. The listing fee for the year 2010-11 has been paid to the Bombay Stock Exchange Ltd. The Company has also paid custodial fee for the year 2010-11 to both the depositories viz. NSDL and CDSL on the basis of number of beneficial folios maintained by them as on 31<sup>st</sup> March 2011. It may be noted that there are no payments outstanding to the Stock Exchange.

**FIXED DEPOSITS:**

Your company has not accepted / renewed any fixed deposits under Section 58A of the Companies Act, 1956 during the year 2010-2011.

**AUDITORS & AUDITOR'S REPORT:**

M/s. S.S. Kothari & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a certificate from M/s. S.S. Kothari & Co., Chartered Accountants, under Section 224(1) of the Companies Act, 1956, conforming their eligibility and willingness to accept the office of the Statutory Auditors for the financial year 2011-2012, if re-appointed. The audit committee and the Board of Directors of the company recommend the appointment of M/s. S.S. Kothari & Co. as Statutory Auditors of the Company for the financial year 2011-2012.

**REPLY TO THE AUDITORS' QUALIFICATIONS**

Physical verification of fixed assets: The physical verification of fixed assets was done in the beginning of the financial year for the purpose of insurance. There were no significant additions during the year. A full verification has been done as of date for the purpose of revaluation.

Statutory dues (Item ix (a)): The company continued to have severe liquidity crunch due to which it has been scouting for strategic investor. The company has appealed to the authorities to grant extended time to settle the arrears. TDS dues up to March 2010 has been paid subsequently. The A.P.High Court has granted installment facility of Rs.5 lacs p.m. to settle P.F.dues.

Bank Loans: Due to overdue receivables and the continued unfavourable liquidity situation, the bank loans could not be serviced properly. The accounts were declared NPA and the bank has realized a sum of Rs.118.40 by auctioning the office property of the company and part movable assets. The company is approaching the bank for restructure and regularization of the accounts and permit repayment with the longer duration due to the possibility of investment funds likely to be mobilized during the current financial year.

**RE-APPOINTMENT OF DIRECTORS BY ROTATION:**

In accordance with the provisions of the Companies Act, 1956, Mr. G.Hara Gopal and Dr. S.K.Mathur retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offers themselves for re-appointment.

Your Board of Directors recommend the appointment of Mr. G.Hara Gopal and Dr. S.K.Mathur, as Directors of the Company.

**ACKNOWLEDGEMENTS:**

The Directors wish to place on record their appreciation for the continued co-operation and support by the Banks, Government authorities, Business Partners, Customers and other Stakeholders. Your Directors wish to place on record their sincere appreciation for the dedicated contribution made by all the Executives, Staff members of the Company in the achievements of the Company during the year under review.

For and on behalf of the board

Date:  
Place: Hyderabad

P.S. Raman  
Executive Chairman

## ANNEXURES TO THE DIRECTORS' REPORT

### ANNEXURE - A

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars as required under 217(1)(e) of the Companies Act, 1956 read with rule 2 of Companies (Disclosure Of Particulars In The Report Of Board Of Directors) Rules, 1988 are as under:

**1. Conservation of energy:**

The operations of your company do not consume high levels of energy. However, adequate steps have been taken to conserve energy wherever possible.

**2. Technology absorption:**

The company trains its software engineers on a regular basis on latest trends and technologies in software methodologies, software engineering, software development and CASE tools. The techniques thus absorbed are used to expedite

the process of software development as well as the quality of the products developed.

**3. Foreign exchange earnings and outgo:**

	(in Rs.)
Foreign Exchange Earnings	Nil
Foreign exchange outgo:	
- Postage & Telegram	Nil
- Others	Nil

For and on behalf of the board

Date: P.S. Raman  
Place: Hyderabad Executive Chairman

### ANNEXURE - B

#### MANAGEMENT DISCUSSION & ANALYSIS

**i. Industry structure and development:**

The Strategic Review Report for 2011 by NASSCOM estimates the performance of the Indian IT-BPO sectors with an aggregate revenue of USD 88.1 billion and the IT services excluding hardware component accounting to USD 76.1 billion for FY 2011. The export market revenue was estimated to gross around USD 59 billion accounting for 2 million workforce with the major contribution from the US markets at 61.5%. IT services segment contributes to estimated export revenue of USD 33.5 billion or 57% of total exports. The domestic IT-BPO sectors' growth was estimated at 16% ie., Rs 787 billion for FY 2011 with IT services remaining as the fastest growing segment.

The government sector is the key catalyst for the growth in the domestic market with larger e-governance projects such as Unique Identity Development (UID) programme creating large scale IT infrastructure and corporate participation. Broad based demand across BFSI verticals and emerging verticals like retail, healthcare, media, utilities etc contributed to the growth.

IT spend in 2011-12 is expected to stabilize at around 4% growth rate. Cloud computing and mobile applications are seen as large potential segments. The software and services growth is expected to grow at 16-18 per cent and aggregate revenues of USD 68-70 billion. The domestic market is estimated to grow by 15-17 percent with revenues of INR 900 - 920 billion. However cautious optimism continues to remain.

**ii. Opportunities, Threats, Risks and Concerns**

A lot of Indian IT companies are gearing up to address the domestic market for the e-governance opportunities which also require substantial investment due to the large sized projects with IT infrastructure set up. The company in spite of excellent service expertise in this domain, is constrained due to the limitation in investment capability which is a result of unfavourable financial position. Besides, the threat of competition from the large players in domestic market is persisting.

**iii. Risk assessment and control**

Under the executive management control and monitor, policies and procedures are adopted to assess the risks in projects and all the operational activities. The middle level management personnel are involved in effective supervision and implementation of such policies.

**iv. Internal control systems and their adequacy**

The company has an internal control system commensurate with its size and nature of business, covering optimum utilization of its resources, safeguard of assets, proper compliance with prevalent statutes and regulatory rules, correctness in recording of transactions, adherence to applicable accounting standards and management policies.

**v. Financial performance**

The total income for the parent company declined by 28% to Rs 443.77 lacs from 613.82 lacs in the previous year and the consolidated income dropped by same level to Rs 536.16 lacs in comparison to Rs 744.09 lacs in the previous year. The entire value of investment in the US subsidiary is considered to have eroded in value since the business in the US suffered heavily after the severe economic crisis which does not show any recovery prospects. The parent company is experiencing financial crisis and not in a position to support the subsidiary even if global recovery is likely to be visible later. The continuation of business by the subsidiary is considered unviable and a sum of Rs 3179.63 lacs as diminution in investment value is provided for. As a result, the net loss for the company is reported at Rs 3544.04 lacs (standalone) and Rs 3566.67 (on consolidated basis). The US subsidiary experienced absence of client addition/orders like many other small companies who are all facing extreme difficulties as a consequence of the wide-spread recession in the US.

➤ **Deferred Tax:**

During the year the company did not record any deferred tax due to the net loss incurred.

➤ **Expenditure:**

The employee costs for the parent company dropped to Rs 225.97 lacs from Rs 280.42 lacs in the previous year. The

total employee count was 91 as at the end of March, 2011. The total operating costs were much lower at Rs 228.68 lacs against a total of Rs 1793.51 lacs in the previous year due to the significant reduction in amounts written off/provided for the year ending 31<sup>st</sup> March 2011 at Rs 64.87 lacs against Rs 1688.21 lacs in the previous year. There was a reduction in rent expenses at Rs 13.46 lacs (prev. year Rs 30.20 lacs); increase in consumables to Rs 30.20 lacs (prev year Rs 4.92 lacs); increase in other office expenses by Rs 36.02 lacs; loss on disposal of vehicles at Rs 12.67 lacs. The interest and finance charges were higher at Rs 36.20 lacs against Rs 29.97 lacs due to overdue interest on bank loans and due to general increase in short term borrowings.

In the US subsidiary operations, third party consulting expenses dropped to Rs 29.69 lacs from Rs 74.74 lacs in the previous year. At a consolidated level, the employee costs reduced by 13.97%. Total operating, administration and other expenses was lesser at Rs 240.67 lacs against Rs 1805.73 lacs in the previous year mainly due to the large reduction in write off/provisions in the current year.

➤ **Secured loans:**

The secured loan balances with Canara Bank was reduced to Rs 56.88 lacs as at the end of the year (prev. year Rs 159.76 lacs) after the bank auctioned the office property in January 2011 and part of movable assets in February 2011 realising a total of Rs 118.40 lacs under SARFAESI Act. The hire purchase loans outstanding as at the year end was Rs 2.68 lacs against Rs 22.31 lacs. The company had appealed to the Debt Recovery Tribunal and the petition is not disposed off.

➤ **Unsecured loans:**

There is an increase of Rs 50 lacs in the inter corporate loans which was raised to pay PF and TDS dues during the year. There was an addition of Rs 14.25 lacs in the loans taken from directors as interest free loans for the current year. Thus the total unsecured loan amounted to Rs 116.28 lacs as against Rs 52.03 lacs in the previous year.

➤ **Fixed Assets:**

The company has purchased fixed assets of Rs 1.08 lacs only during the year under review. The cost of office property disposed in auction by the bank was Rs 33.92 lacs with a capital gain of Rs 87.06 lacs and the cost of vehicles disposed to pay of vehicle loans was Rs 58.65 lacs with a loss of Rs 12.67 lacs. The depreciation charged this year was lower at Rs 42.33 lacs against Rs 56.28 lacs in the previous year.

➤ **Sundry Debtors:**

The sundry debtors, net of provision for doubtful debts, increased to Rs. 538.91 lacs from 476.28 lacs in the previous year after a provision of Rs 50.43 lacs in the current year. The major portion of debtors is dues from the company's technology partner CMS Computers Ltd, Mumbai from the e-governance projects executed with them as consortium partner. They are awaiting clearance of payments from the AP government for the completed e-seva project dues and settle our dues as share of revenue as per the terms of agreement between us. Meanwhile, the company has obtained a stay in February 2011, from the High Court of AP

for withholding payment to CMS by the AP government department until further orders, and is awaiting confirmation that their payments are approved for release by the government of AP. No provision has been made to the extent of amounts due and considered as collectible, even though the outstanding is overdue.

vi. **Human resources development**

The company had a reduction of head count due to reduced business and shortage working capital. Skill up gradation of its existing employees is continued and maximum utilization achieved.

vii. **Working capital needs and operational liabilities**

The financial year under review remained another year of uncertainty with inadequate working capital to address new business. There was difficulty in servicing loans as well as in clearing liabilities. Short term loans were arranged to meet part of PF and TDS dues to the extent of Rs 60 lacs during the year. The efforts to mobilize long term funds from strategic investors did not materialize during the year and the total current liabilities and provisions increased to Rs 736.54 lacs from Rs 602.35 lacs. The total dues for operational expenses including payroll amounted to Rs. 621.76 lacs and the total statutory dues including service tax at Rs. 95.93 lacs as at 31<sup>st</sup> March, 2011. An order under section 7A was passed in July 2010 by the PF authorities, demanding payment of Rs 96.51 lacs. A sum of Rs. 40.50 lacs was claimed as PF differential related to lower salaried personnel and the company intends to contest this claim. The company obtained AP High Court directive in March 2011 to permit the company to pay monthly installment of Rs Five lacs to clear the PF dues.

The company had been scouting for strategic investors and certain group of investors have evinced interest. The due diligence exercise has begun and is progressing. Finalisation of the plan is expected to be completed before the end of this current financial year.

viii. **Outlook**

The company is expecting to finalise plans of investment mobilization in the near future and stabilize operations with measures of cost rationalization, business model restructure etc. The domestic e-governance market is growing at more than 20% and signalling ample opportunities, provided necessary fund support is available. The company has proven ability to develop the right solutions and already has a suite of productized solutions. Proactive policy changes in the e-governance initiatives by the government indicates good amount of opportunities to smaller companies too. Working capital fund support is vital to address these opportunities.

**Cautionary statement:**

Some of the statements contained in this report may be forward looking statements within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Factors that could make significant difference to the company's operations include economic conditions, government regulations etc. on which the company does not have any direct control.



## ANNEXURE - C

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to clause 49 of listing agreement with Bombay Stock Exchange Limited, compliance with the requirements of corporate governance is set out below:

**1. Company Philosophy on Code of Governance:**

Your company believes that sound governance practices and responsible corporate behavior contribute to superior long-term performance of the company. Corporate governance practice embodies the dual goals of protecting the interests of all stakeholders while respecting the duty of the board and senior management to oversee the affairs of a company, ensure accountability, inculcate integrity and promote long-term growth and profitability. Your company is committed to adhere to good corporate governance principles as embodied in its governance policy.

**2. Board of Directors:**

The board consisted of six directors and the composition and category of directors on the Board of the company are as under:

Name of the director	Category	Designation	No. of board meetings held during the last financial year	No. of meetings attended	No. of other director-ships	Attendance at the last AGM
Mr. P.S. Raman	Promoter & Executive Director	Executive Chairman	5	5	1*	Yes
Mr. R. Jagadeeswara Rao	Promoter & Executive Director	Executive Director	5	5	1*	Yes
Mr. P.S. Venkateswaran	Promoter & Non-Executive Director	Director	5	0	1*	No
Mr. G. Haragopal	Non-Executive & Independent Director	Director	5	2	-	Yes
Dr. S.K.Mathur	Non-Executive & Independent Director	Director	5	2	-	No
Dr. Khushwant Singh	Non-Executive & Independent Director	Director	5	2	-	No

\*Includes the directorship held in Aravali Technologies Inc., the wholly owned subsidiary of the company.

Mr P S Venkateswaran and Mr Kushwant Singh have since resigned.

During the financial year 2010-11 the Board has met 5 times. The maximum time gap between any two meetings was not more than four months. The dates of the Board Meetings held were: 30<sup>th</sup> April 2010, 29<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 30<sup>th</sup> October 2010 and 14<sup>th</sup> February 2011.

**Details of the Directors seeking re-appointment at the ensuing Annual General Meeting:**

The following are the details of the directors retiring by rotation at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement:

**Mr.G.Hara Gopal**

Mr.G.Hara Gopal is an Engineering Graduate and holds Masters Degree in Engineering. He is pursuing his doctorate in "optimization of quality parameters using Taguchi Techniques" from Osmania University and has submitted the thesis. Presently he is a professor with the department of Mechanical Engineering in Chaitanya Bharathi Institute of technology (CBIT), Hyderabad and is in-charge of Industrial Engineering. He carries with him more than 28 years of Industrial and teaching experience. His other technical experience covers industrial consultancy in the areas of quality control, resources optimization, valve analysis, and forecasting. He has been an industrial consultant to various local industrial units. He is a life member of the following professional bodies.

- Indian Society for Technical Education.
- Hyderabad Management Association.
- Indian Institute of industrial Engineering.

**Dr.S.K.Mathur**

Dr.S.K.Mathur is an Engineering Graduate and also a Doctorate in Management from Indian Institute of Management (IIM), Bangalore. He was awarded Fellow doctorate by IIM, Bangalore for his thesis on the topic viz., "A performance monitoring model for the State Transport Undertakings in India." He worked in the capacity of Executive Director with Andhra Pradesh State Road Transport Corporation (APSRTC). He carries with him rich experience of about 32 years in the field of Transport Management, Management Information Systems and Information Technology. He also held various key positions in the organizations. He has been a member of various professional bodies / Institutions in India and abroad. His areas of Expertise lies in General and Transportations Management, Management Information Systems (MIS), Information Technology (such as evaluation/selection of hardware / software, implementation of major IT Projects, evolving IT strategies for the enterprise, system design of IT projects etc.

**Shares held by Non-executive Directors:**

The shares held by non-executive directors as on 31<sup>st</sup> March 2011:

Name of the Non-Executive director	No. of shares
Mr. P.S.Venkateswaran	352,200
Mr. G. Haragopal	Nil
Mr. S.K. Mathur	Nil
Dr. Khushwant Singh	Nil

**Remuneration to the directors:**

The company pays a sitting fee of Rs. 1500/- for attending each Board or Committee meetings to the Non-executive Directors.

Particulars	Executive Chairman(Rs.)	Executive Director(Rs.)
Salary & other Allowances(Rs)	13,65,000	13,65,000
Perquisites(Rs)	1,22,500	1,22,500
<b>Total</b>	<b>14,87,500</b>	<b>14,87,500</b>

**Information available to the Board:**

The Board has unlimited accesses to the information. The Information regularly supplied to the Board includes:

- Quarterly results of the company and its business segment
- Minutes of the meeting of the Audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Significant Capital investment proposals.
- Strategic and business plans.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory nature or listing requirements as well as shareholders services such as non-payment of dividend and delay in share transfers.
- Quarterly report on compliance of various laws.
- Transaction that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant development in human resource front.

**Code of Conduct**

The Board has laid down a code of conduct for all Board Members and Senior Management of the company. The code of conduct is available on the website of the company. All the board Members and Senior Management have affirmed compliance with the Code of Conduct.

**3. Committees of the Board:**

The company has the following committees of the board:

**Audit Committee:**

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its Compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the Statutory Auditors, the performance of internal auditors and Company's risk management policies. The Board of the company has constituted an Audit Committee comprising of three non- executive independent directors namely Dr. Khushwant Singh, Mr. G. Haragopal and Mr. S. K. Mathur. The committee is chaired by Mr. G. Haragopal. The constitution of audit committee fulfils the requirement of Sec 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The meetings of the committee were attended by the Executive Chairman and Executive Director of the Company.

The Company Secretary is the Secretary to the Audit committee meetings.

**Attendance at the meetings of Audit Committee:**

Name of the Director	Designation	No. Of meetings held	No. of meetings attended
Mr. G. Haragopal	Chairman	4	4
Dr. Khushwant Singh	Member	4	4
Mr. S. K. Mathur	Member	4	4

**Terms of reference:** The terms of reference / powers of Audit Committee are as under:

**Powers of Audit committee:**

- To investigate any activity within its terms of reference.

- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The role of the audit committee shall include the following:**

1. To oversee the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditors and fixing audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Changes, if any, in accounting policies and practices and reasons for the same.
5. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems together with any internal investigations by the internal auditor.
8. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post – audit discussion to ascertain any area of concern.

➤ **Shareholders’/Investors’ Grievance Committee:**

The Shareholders’/Investors’ Grievance Committee is constituted with 3 non-executive Directors chaired by Dr. S. K. Mathur. The committee is constituted to look into the redressal of the shareholders’/investors’ complaints/grievances like transfer of shares, non-receipt of share certificates/duplicate share certificates, non-registration of change of names/addresses etc.

Company secretary of the company acted as the secretary of the committee and compliance officer. The company has received and resolved the complaints received during the year and there were no complaints pending unresolved at the end of the year.

Pursuant to the provisions of revised clause 47(f) of the Listing Agreement, the company has created/dedicated an exclusive email ID [compliance@raminfohyd.com](mailto:compliance@raminfohyd.com) for the redressal of investor’s complaints and related matters.

**General Body Meetings:**

The details of date, location and time of the last three Annual General Meetings held are, as under:

FINANCIAL YEAR	DATE, TIME AND VENUE
2007-08	27 <sup>th</sup> September 2008, at 10.00 A.M.Kamat Lingapur Hotel, Chikoti Gardens, Begumpet, Hyderabad.
2008-09	16 <sup>th</sup> November 2009, at 10.00 A.M.Kamat Lingapur Hotel, Chikoti Gardens, Begumpet, Hyderabad.
2009-10	29 <sup>th</sup> September 2010, at 10.00 A.M .Nagarjuna Nagar Community Hall , 8-3-903/4/A, Nagarjuna Nagar, Ameerpet, Hyderabad.

The Company passed resolutions as special business resolutions in the previous AGM on 29<sup>th</sup> September 2010. No special resolution was passed by the company through postal ballot.

**Disclosures:**

- i. There are no materially significant related party transactions that may have potential conflict with the interests of the company at large.
- ii. The company does not have a Whistler Blower Policy, but however, no person is denied access to audit committee.
- iii. The company has complied with the mandatory requirements of clause 49 and has not adopted all the non-mandatory requirements.
- iv. There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchange or any Statutory authority or any other matter related to Capital market.

**Means of Communication:**

Financial results of the Company (quarterly and annual) are normally published in ‘Financial Express’ and ‘Andhra Prabha’ and also been displayed on the Company’s website [www.raminfo.com](http://www.raminfo.com). Press releases made by the company from time to time are also displayed on the website. Apart from the above, the financial and other details are also placed on the SEBI’s website through Electronic Data Information Filing and Retrieval System (EDIFAR).

**ADDITIONAL SHAREHOLDER INFORMATION**

**17<sup>th</sup> Annual General Meeting:**

Day : Monday  
 Date : 7th November, 2011  
 Time : 10.00 am  
 Venue : Nagarjuna Nagar Community Hall , 8-3-903/4/A, Nagarjuna Nagar, Ameerpet, Hyderabad.

**Financial Year for the year 2011-12 (tentative):**

Accounting year : 1<sup>st</sup> April 2011 - 31st March 2012  
 First quarter details : August 2011  
 Second quarter details : 15<sup>th</sup> November 2011  
 Third Quarter details : 15<sup>th</sup> February 2012  
 Fourth quarter details : May 2012

**ANNUAL REPORT 2010-11**

Date of book closure : November 2011 to November 2011 (Both days inclusive)  
 Listing on Stock Exchanges : Bombay Stock Exchange Limited  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Mumbai – 400 023  
 Stock code : 530951 (Scrip id: RAMINFO)  
 ISIN No.INE357B01014  
 Scrip Name : RAM INFORMATICS LTD.

**Market price data:**

The monthly high and low of stock prices during each month in the last financial year:

MONTH	BSE		
	High	Low	TOTAL TURN OVER (RS)
April - 2010	10.20	7.00	15,10,475
May - 2010	8.35	6.00	13,68,563
June - 2010	8.39	5.75	21,54,422
July - 2010	7.80	6.41	7,97,686
August - 2010	7.29	6.20	9,73,716
September - 2010	8.15	6.10	63,74,150
October - 2010	9.99	7.15	50,38,191
November - 2010	9.80	7.00	44,85,111
December - 2010	7.97	6.10	17,33,587
January - 2011	7.99	5.77	5,31,658
February - 2011	6.45	4.83	3,02,898
March - 2011	5.79	4.35	3,88,284

**Share transfer system:**

Shares lodged for physical transfer are registered within a period of 10 days, if the documents are clear in all respects. M/s. Sathguru Management Consultants Private Limited is the common share transfer agent for both physical and dematerialized mode.

**Registrar and Share Transfer Agents:**

M/s. Sathguru Management Consultants Private Limited  
 Plot no. 15, Hindi Nagar, Punjagutta, Hyderabad – 500034.  
 Tel.: 040-23356507, 23350586, 23356975, Fax: 040-23354042  
 Email id: sta@sathguru.com

**Distribution of shareholding:**

Distribution of shareholding as on 31<sup>st</sup> March 2011 is as under:

Category	No. of shareholders		No. of shares		% of total shareholding	
	Physical	Demat	Physical	Demat	Physical	Demat
1 - 500	1653	5249	239292	986908	2.13	8.78
501 - 1000	68	723	57500	639957	0.51	5.70
1001 - 2000	21	415	29800	655749	0.27	5.83
2001 - 3000	28	133	71900	347537	0.64	3.09
3001 - 4000	3	65	10200	233021	0.09	2.07
4001 - 5000	5	59	24500	278944	0.22	2.48
5001 - 10000	2	83	11500	638545	0.10	5.68
10001- above	1	90	250000	6766047	2.22	60.19
	<b>1781</b>	<b>6817</b>	<b>694692</b>	<b>10546708</b>	<b>6.18</b>	<b>93.82</b>
<b>Grand Total</b>	<b>8598</b>		<b>11241400</b>		<b>100</b>	

**Shareholding Pattern as on 31st March, 2011**

Category of Shareholders	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialised form	Total Shareholding as a % of total No. of shares	
				As a % (A+B)	As a % (A+B+C)
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
Individuals / Hindu undivided Family	20	2,313,942		20.58	20.58
<b>Sub Total</b>	<b>20</b>	<b>2,313,942</b>	<b>2,312,642</b>	<b>20.58</b>	<b>20.58</b>
(2) Foreign					
<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>20</b>	<b>2,313,942</b>	<b>2,312,642</b>	<b>20.58</b>	<b>20.58</b>
(B) Public Shareholding					
(1) Instructions					
Mutual Funds / UTI	5	--	--	0.06	0.06
Foreign Institutional Investors	2	--	--	0.03	0.03
<b>Sub Total</b>	<b>7</b>	<b>--</b>	<b>--</b>	<b>0.09</b>	<b>0.09</b>
(2) Non-Institutions					
Bodies Corporate	174	--	--	14.99	14.99
Individuals					
Individual shareholders holding nominal share capital upto Rs. 1 Lakh	8,253	--	--	34.60	34.60
Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	61	--	--	20.05	20.05
Any Others (Specify)					
NRIs / OCBs	83	1,088,741	817,041	9.69	9.69
Clearing Members	--	--	--	9.67	9.67
<b>Sub Total</b>	<b>83</b>	<b>1,088,741</b>	<b>817,041</b>	<b>0.02</b>	<b>0.02</b>
<b>Total Public Shareholding (B)</b>	<b>8,571</b>	<b>8,917,458</b>	<b>8,234,066</b>	<b>79.33</b>	<b>79.33</b>
<b>Total (A) + (B)</b>	<b>8,578</b>	<b>8,927,458</b>	<b>8,234,066</b>	<b>79.42</b>	<b>79.42</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued	--	--	--	--	--
<b>Total (A) + (B) + (C)</b>	<b>8,598</b>	<b>11,241,400</b>	<b>10,546,708</b>	<b>100.00</b>	<b>100.00</b>

**Dematerialization of shares and liquidity:**

As on 31<sup>st</sup> March 2011, 93.82% of the total shares representing **10,546,708** shares were held in dematerialized form and the balance 6.18% in physical form representing 694692 shares.

**Outstanding ADRs/ GDRs/warrants or any convertible instruments, conversion date and likely impact on equity:**

The company has not issued any ADRs /GDRs and there are no warrants / instruments pending conversion.

The Company does not have any outstanding instruments of the captioned type.

**Share Transfer System**

The shares of the company are compulsorily traded in the dematerialized form. Shares received in physical form are transferred with in a period of 21 days from the date of lodgment, subject to documents being correct, valid and complete in all respects.

**Registrar and Transfer Agents**

The Registrar and Share Transfer Agent deals with all shareholders communications regarding change in address, transfer of shares, change of mandate, demat of shares, non-receipt of dividend etc.

**Address for correspondence:**
**Ram Informatics Limited**

SVR TOWERS, 8-2-1/B/1, Srinagar Colony Road, Punjagutta, Hyderabad – 500 082.

**U.S. Branch:**

36, Mill Plain Road, Suite 410, Danbury, Connecticut – 06811

**U.S. Subsidiary:**

Aravali Technologies Inc., 1175, Saratoga avenue, Suite 7, San Jose, California – 95129, USA.

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To

The Members

**Ram Informatics Limited**

We have examined the compliance of conditions of Corporate Governance by Ram Informatics Limited ("the Company"), for the year ended 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the listing Agreement of the said company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the company.

In our opinion and to the best of our knowledge and according to the explanation given to us. We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.S. Kothari & Co.,  
Chartered Accountants

(H.K. Mehta)  
Partner

M.No.: 051245

Place: Hyderabad

Date: 23.09.2011

**ANNEXURE – D  
CEO'S DECLARATION**

I hereby confirm that:

As provided under clause 49(I)(D) of Listing Agreement, the Board of directors and senior management personnel have complied with the code of conduct & ethics for the financial year ended 31<sup>st</sup> March, 2011.

For **RAM INFORMATICS LIMITED**

Place: Hyderabad

Date: 23.09.2011

P.S. Raman  
Executive Chairman

**CEO AND CFO CERTIFICATION**

We, P.S. Raman (CEO) and, K.V.Subba Rao (CFO) of Ram Informatics Limited to the best of our knowledge and belief certify that:

1. We have reviewed the balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statements for the year ended March 31, 2011.
2. To the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Company's auditors and the Audit committee of the Company that during the year:
  - (i) there are no significant changes in internal control over financial reporting;
  - (ii) there are no significant changes in accounting policies; and
  - (iii) there are no frauds, whether or not material that involves management or other employees having significant role in the company's internal control system over financial reporting.

**P.S.Raman**  
Chief Executive Officer

Place: Hyderabad

Date: 23.09.2011

**K.V. Subba Rao**  
Chief Financial Officer

## AUDITORS' REPORT

TO THE MEMBERS OF

### RAM INFORMATICS LIMITED

We have audited the attached Balance Sheet of M/s. Ram Informatics Limited as at 31st March, 2011 and also the Profit and Loss Account for the year ended as 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 standard 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 reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
  - i). We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii). In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
  - iii). The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.

- iv). In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v). On basis of written representation received from the Directors as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.
  - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - b. In case of Profit and Loss Account, the Loss for the year ended on that date, and
  - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.S.KOTHARI & CO.**  
Chartered Accountants  
H.K. Mehta  
Partner  
Membership No.051245  
Firm No.0014475

Date: 23.09.2011  
Place: Hyderabad

## ANNEXURE TO THE AUDITORS' REPORT

(as referred to in our report to the members of **RAM Informatics Limited** on the accounts for the year ended 31st March, 2011)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- (b) The Company has not carried out phased physical verification of its fixed assets. The material discrepancies could not be identified.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption. (Refer noted on accounts)
- (ii) (a) We have been explained that the inventory with the company has been fully verified by the management at the year end
- (b) In our opinion and according to the information and explanation given to us, procedures for the physical verification of the stocks followed by the management

is reasonable and adequate in relation to the nature and the size of the business of the company.

- (c) In our opinion the company is maintaining proper records of inventory as far as we could ascertain and according to the information and explanation given to us, no material discrepancies were noticed on such physical verification.
- (iii) a. The Company has not granted any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. The company has taken interest free loans from three parties covered in the Register maintained under section 301 of the Companies Act, 1956. The amount outstanding as at 31<sup>st</sup> March 2011 is Rs 56.28 lacs. The terms and conditions on which the loans taken are nor prima facie, prejudicial to the interest of the company.



- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been entered.  
(b) In our opinion and according to the information and explanations given to us, aforesaid transactions exceeding the aggregate amount of Rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently. The directives issued by the Reserve Bank of India, the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- (vii) In our opinion, the Company has a reasonable internal audit system commensurate with the size and nature of its business.
- (viii) According to information and explanations given to us, the central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not been regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Customs Duty, Excise Duty, cess and any other material statutory dues applicable to it with the appropriate authorities. The total sum of dues on all the above as at 31<sup>st</sup> march 2011 is Rs 95.93 lacs.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty, Excise Duty and cess were in arrears, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they become payable.
- (x) The accumulated losses of the Company are more than 50% of the net worth. The Company has incurred cash loss during the financial year covered by our audit and in immediate preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to the bank. The Company has not issued any debenture.
- (xii) The Company has not granted any loans or 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 (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts for purchase and sale of units/securities during the year under review and timely entries were made therein. All the shares and securities have been held by the Company in its own name except to the extent of the exemption, if any, granted under Section 49 of the Companies Act, 1956.
- (xv) As per the information and explanations given to us, during the year the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) To the best of our information and knowledge and as per records verified by us the Company has applied its term loans for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment to parties or companies covered in register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures; consequently the provisions of clause 4(xix) are not applicable to the Company.
- (xx) The Company has not raised any money by means of public issue.
- (xxi) During the course of our examination of the books of accounts and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For **S.S.KOTHARI & CO.**

Chartered Accountants

H.K. Mehta

Partner

Membership No.051245

Firm No.0014475

Date: 23.09.2011

Place: Hyderabad



**BALANCE SHEET AS AT 31st MARCH, 2011**

		SCHEDULE	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
<b>SOURCES OF FUNDS</b>				
<b>1</b>	<b>SHARE HOLDERS FUNDS</b>			
	Share Capital	<b>A</b>	<b>112414000</b>	112414000
	Reserves & Surplus	<b>B</b>	<b>488439702</b>	488439702
<b>2</b>	<b>LOAN FUNDS</b>			
	Secured Loans	<b>C</b>	<b>5956691</b>	18207239
	Unsecured Loans	<b>D</b>	<b>11628113</b>	5203113
			<b><u>618438506</u></b>	<b><u>624264054</u></b>
<b>APPLICATION OF FUNDS</b>				
<b>1</b>	<b>Fixed Assets</b>	<b>E</b>		
	Gross Block		<b>193040047</b>	202188216
	Less: Depreciation		<b><u>173042408</u></b>	<u>171301980</u>
	Net Block		<b>19997639</b>	30886236
<b>2</b>	<b>INVESTMENTS</b>	<b>F</b>	<b>1000</b>	317964746
<b>3</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	<b>G</b>	<b>83353628</b>	103573436
	Less: CURRENT LIABILITIES AND PROVISIONS	<b>H</b>	<b><u>63200211</u></b>	<u>52043182</u>
	Net Current Assets		<b>20153417</b>	51530254
<b>4</b>	<b>Deferred Tax Asset (Net)</b>		<b>12564681</b>	12564681
<b>5</b>	<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or Adjusted)	<b>I</b>	<b>--</b>	--
<b>6</b>	<b>PROFIT AND LOSS ACCOUNT</b>		<b>565721769</b>	211318137
	<b>NOTES TO ACCOUNTS</b>	<b>O</b>	<b><u>618438506</u></b>	<b><u>624264054</u></b>

As per our report of even date

For and on behalf of the Board

 For S.S. Kothari & Co.  
Chartered Accountants

 P.S. Raman  
Executive Chairman

 R. Jagadeeswara Rao  
Executive Director

 (H.K. Mehta)  
Partner

Company Secretary

 Place: Hyderabad  
Date : 23.09.2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

Schedule	For the Year Ended 31.03.2011 (Rs.)	For the Year Ended 31.03.2010 (Rs.)
<b>INCOME</b>		
<b>Software Sales/Services</b>		
Exports	--	--
Domestic	35063491	60859372
Training Income	136832	377661
Other Income	9176798	144556
	<u>44377121</u>	<u>61381589</u>
Increase/(Decrease) in Stocks	(27510000)	(7046937)
<b>Total</b>	<u><u>16867121</u></u>	<u><u>54334652</u></u>
<b>EXPENDITURE</b>		
Cost of Software packages sold	--	--
Salaries, wages and benefits to employees	22597436	28041923
Operating, Administration and Other Expenses	22868608	179351248
Interest and Finance Charges	3620524	2997111
Preliminary and Share Issue expenses written off	--	50000
Depreciation	4220439	5614020
Exceptional Item: Provision for diminution of investment in subsidiary	317963746	--
<b>Total</b>	<u><u>371270753</u></u>	<u><u>216054302</u></u>
Profit/(Loss) for the year	<u>(354403632)</u>	<u>(161719650)</u>
Less: Prior year adjustment	--	--
Profit/(Loss) before Tax	<u>(354403632)</u>	<u>(161719650)</u>
Less: Provision for Tax :		
- Income Tax	--	--
- MAT Credit	--	--
- Fringe Benefit Tax	--	--
- Deffered Tax	--	--
Profit/(Loss) after tax	<u>(354403632)</u>	<u>(161719650)</u>
Loss brought forward from earlier year	<u>(211318137)</u>	<u>(49598487)</u>
Balance Carried to Balance Sheet	<u><u>(565721769)</u></u>	<u><u>(211318137)</u></u>

As per our report of even date

For and on behalf of the Board

For S.S. Kothari & Co.  
Chartered Accountants

P.S. Raman  
Executive Chairman

R. Jagadeeswara Rao  
Executive Director

(H.K. Mehta)  
Partner

Company Secretary

Place: Hyderabad  
Date : 23.09.2011

**SCHEDULES TO BALANCE SHEET**

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15000000 Equity Shares of Rs.10/- each.	<u>150000000</u>	<u>150000000</u>
<b>ISSUED, SUBSCRIBED &amp; PAIDUP CAPITAL</b>		
1,12,41,400 Equity shares of Rs.10/- each Issued Subscribed, and Paid up in full ( Including 10,00,000 Shares of Rs.10/- each at a premium of Rs.240/- each issued for consideration other than cash to acquire 100% stake in M/s. Aravali Technologies Inc., USA)	<u>112414000</u>	<u>112414000</u>
	<u><u>112414000</u></u>	<u><u>112414000</u></u>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve	16781202	16781202
Share Premium	<u>471658500</u>	<u>471658500</u>
	<u><u>488439702</u></u>	<u><u>488439702</u></u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Term Loan with Canara Bank	1202059	4074496
Overdraft facility with Canara Bank	4485880	11901949
Amounts due to Companies under Hire Purchase agreements for purchase of Assets	<u>268752</u>	<u>2230794</u>
	<u><u>5956691</u></u>	<u><u>18207239</u></u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
From Companies	6000000	1000000
From Directors	<u>5628113</u>	<u>4203113</u>
	<u><u>11628113</u></u>	<u><u>5203113</u></u>

**SCHEDULE - E**  
**Fixed Assets**

Sl. No.	Description	Gross Block			Depreciation				Net Block		
		As at 31-Mar-2010	ADDITIONS	Sales	AS AT 31-Mar-2011	Up to 31-Mar-2010	For the Year	Adjustment on Account of Sales	Up to 31-Mar-2011	As at 31-Mar-2011	As at 31-Mar-2010
1	<b>Plant &amp; Machinery</b>	159394694	108715	0	159503409	150054577	2246890	0	152301467	7201942	9340117
2	<b>Electrical installations</b>	5911892	0	0	5911892	2973218	280815	0	3254033	2657859	2938674
3	<b>Office Equipment</b>	7540087	0	0	7540087	3585047	364278	0	3949325	3590762	3955040
4	<b>Furniture &amp; Fixtures</b>	18283492	0	0	18283492	10751793	1157345	0	11909138	6374354	7531699
5	<b>Vehicles</b>	7665871	0	5864704	1801167	3416716	171111	1959382	1628445	172722	4249155
6	<b>Office Building</b>	3392180	0	3392180	0	520629	0	520629	0	0	2871551
	<b>TOTAL</b>	<b>202188216</b>	<b>108715</b>	<b>9256884</b>	<b>193040047</b>	<b>171301980</b>	<b>4220439</b>	<b>2480011</b>	<b>173042408</b>	<b>19997639</b>	<b>30886236</b>

**SCHEDULES TO BALANCE SHEET**

	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
<b>SCHEDULE - F</b>		
<b>INVESTMENTS :</b>		
<b>Long term : at Cost</b>		
Unquoted :		
40,000 Equity shares of US \$ 1 each		
0 in Aravali Technologies Inc, USA	317964746	317964746
Less: Provision for Investment	317963746	--
	<u>1000</u>	<u>317964746</u>
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A) CURRENT ASSETS</b>		
Accrued Interest	--	55007
INVENTORIES ( As Certified by Management)		
Software Products/Projects under development	14971216	42481216
SUNDRY DEBTORS (unsecured)		
Debts outstanding for a period exceeding 6 months		
Considered good	42753534	26878584
Considered doubtful	5043733	0
	47797267	26878584
Other debts-considered good	6658400	15031671
	54455667	41910255
Less: Provision for doubtful debts	5043733	--
	49411934	41910255
CASH & BANK BALANCES		
Cash on hand	20238	187142
BALANCES WITH SCHEDULED BANKS		
In Current Accounts	58300	578944
In Deposit Accounts	228832	1308568
<b>Total (A)</b>	<u>64690520</u>	<u>86521132</u>
<b>B) LOANS &amp; ADVANCES</b>		
(UNSECURED CONSIDERED GOOD)		
Deposits	4216454	4665123
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
Advance for Supplies, Expenses & Services	5811707	4411707
Staff advances	8989	1353470
Pre-paid expenses	--	29677
MAT credit entitlement	2675884	3435359
Pre-paid Taxes	5950072	3156968
<b>Total (B)</b>	<u>18663108</u>	<u>17052304</u>
<b>Total (A+B)</b>	<u>83353628</u>	<u>103573436</u>

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**SCHEDULES TO BALANCE SHEET**


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	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Advances/Deposits from customers	--	--
Sundry Creditors		
For Expenses & Services	51722297	39122067
For Others	9593298	11758692
<b>Total (A)</b>	<u>61315595</u>	<u>50880759</u>
<b>B) PROVISIONS</b>		
Provision for Tax	--	--
Provision for FBT	--	--
Provision for Gratuity	1884616	1162423
<b>Total (B)</b>	<u>1884616</u>	<u>1162423</u>
<b>Total (A+B)</b>	<u>63200211</u>	<u>52043182</u>
<b>SCHEDULE - I</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary and Share Issue Expenses	--	--
	<u>--</u>	<u>--</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	FOR THE YEAR ENDED 31-03-2011 (Rs.)	FOR THE YEAR ENDED 31-03-2010 (Rs.)
<b>SCHEDULE - J</b>		
<b>OTHER INCOME</b>		
Interest earned (TDS Rs. NIL)	137349	144556
Profit on sale of Asset (Buildings)	8706449	--
Excess provision for gratuity written back	--	--
Miscellaneous Receipts	333000	--
	<u>9176798</u>	<u>144556</u>
<b>SCHEDULE - K</b>		
<b>INCREASE IN STOCKS</b>		
Closing Stock:		
Software Products/Projects under development	14971216	42481216
	<u>14971216</u>	<u>42481216</u>
Less: Opening Stock :		
Software Products/Projects under development	42481216	49528153
	<u>42481216</u>	<u>49528153</u>
Increase/(Decrease) in Stocks	<u>(27510000)</u>	<u>(7046937)</u>
<b>SCHEDULE - L</b>		
<b>SALARIES, WAGES AND BENEFITS TO EMPLOYEES</b>		
Salaries,Wages & Allowances	19423701	27122406
Contribution to Provident fund, ESI etc.,	1213886	1167791
Gratuity	1856161	-337284
Staff Welfare Expenses	103688	89010
	<u>22597436</u>	<u>28041923</u>
<b>SCHEDULE - M</b>		
<b>OPERATING,ADMINISTRATION &amp; OTHER EXPENSES</b>		
Power & Fuel	1103361	1219062
Rent	1346084	3019454
Consumables	3020476	491681
Postage, Telegram & Telephones	725902	919639
Travelling & Conveyance	1017757	738522
Printing & Stationery	123975	230816
Subscriptions, Books & Periodicals	104503	121891
Insurance	25681	118561
Advertisement	87290	55314
Legal & Professional Charges	726888	471899
HRD/Recruitment & Training Charges	16545	--
Filing, Registration and License Expenses	20750	26760
Repairs & Maintenance		
Plant & Machinery	--	25437
Other Assets	111280	135213
Vehicle Maintenance	253641	130549
Directors sitting fees	27000	27000
Payment to Auditors		
Audit Fee	300000	300000
Tax Audit Fee	75000	75000
Tax Representation Fee	75000	75000
Loss on sale of Cars	1266728	--
Bad Debts Written off	787000	151321000
Balances not Recoverable written off(Net of)	656496	17500000
Provision for Doubtful debts	5043733	--
Other Expenses	5949918	2348450
	<u>22868608</u>	<u>179351248</u>

	FOR THE YEAR ENDED 31-03-2011 (Rs.)	FOR THE YEAR ENDED 31-03-2010 (Rs.)
<b>SCHEDULE - N</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on Term Loan	767519	1269800
Interest on Working Capital Loans	1702148	945954
Finance charges on HP agreements	150857	398469
Other Interest and Finance Charges	1000000	382888
	<b>3620524</b>	<b>2997111</b>

**SCHEDULE - O**

**NOTES ON ACCOUNTS**

1. ACCOUNTING POLICIES:

1.1 COST CONVENTION

The Accounts have been prepared under the historical cost convention.

1.2 REVENUE RECOGNITION

All incomes and expenditure are accounted on accrual basis.

1.3 SECURED LOANS

Overdraft facilities from Canara Bank is secured by first charge on Company's Fixed Assets excluding Vehicles and Electrical installations, hypothecation of book debts, equitable mortgage of the property (office space) owned by the Company and also guaranteed by personal guarantee of three directors.

Term Loan from Canara Bank is secured by hypothecation of assets (Computers and equipments etc.) pertaining to "PASS Project of APSRTC "at Visakhapatnam and also guaranteed by personal guarantee of three directors.

The immovable property was auctioned by bank in under SARFESI Act due to the accounts becoming NPA. A sum of Rs. 1,15,78,000 was realized towards the immovable property and Rs. 2,61,500 part of movable items. The balance remain as outstanding as on 31.03.2011 Rs. 56,87,823 which includes the term loan of Rs. 12,02,059.

1.4 FIXED ASSETS

Fixed Assets have been valued at cost less depreciation.

1.5 DEPRECIATION

Depreciation is provided on straight line method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.

1.6 INVESTMENTS:

Investment in subsidiary is long term in nature and is stated at cost. Business circumstances indicate impairment in the value as the management is of the opinion that there has been decline in value. However the same has not been effected in this year.

1.7 INVENTORIES

Inventories are valued at lower of cost and net realisable value. Cost is determined on First in First out basis.

1.8 FOREIGN EXCHANGE TRANSACTIONS

Earnings in foreign currency are accounted at the rates prevailing on the day of the transaction. Differences in realisation is accounted as fluctuations in foreign currency. Sales made at overseas office and collections deposited in overseas bank accounts and also the expenditure incurred and disbursements made out of the said bank accounts of the overseas office are accounted at a rate that approximates the average monthly rate. However, current assets and current liabilities pertaining to the overseas office are translated at the exchange rate prevalent at the date of the balance sheet and the resultant difference is accounted in the profit and loss account. Fixed assets purchased at overseas office are recorded at cost, based on the exchange rate as of the date of purchase. The charge for depreciation is determined as per the company's accounting policy.

1.9 LEASES:

Leases, where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in Profit & Loss account on straight Line basis over the lease term.

1.10 RETIREMENT BENEFITS:

a) Contribution to Provident Fund is recognised as an expenditure on accrual basis.

b) The company has an obligation towards Gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plans of the entity is an unfunded plan. The company accounts for the liability for future Gratuity benefits on the basis of independent actuarial valuation.

c) Leave encashment is not categorised as a retirement benefit as the company is in the practice of paying the leave encashment benefit every year.

1.11 DEFERRED TAXES

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such tax assets can be realized.

2. The Company is engaged in the business of development of Computer Software and rendering of Software services. The production and sales of such Software/ Services is not capable of being expressed in any generic unit. The value details of Software Sales/Services is given below:

	2010-11 (Rs.)	2009-10 Rs.)
Software products (Developed)	8,10,000	11,56,000
Software products (Traded)	-	-
Project and Consulting Services	3,43,90,324	6,00,81,033
Total	<u>3,52,00,324</u>	<u>6,12,37,033</u>

3. Managerial Remuneration

	2010-11 (Rs.)	2009-10 (Rs.)
<b>EXECUTIVE CHAIRMAN</b>		
Salary and allowances	13,65,000	11,40,000
Perquisites	1,22,500	1,72,000
Total	<u>14,87,500</u>	<u>13,12,000</u>
<b>WHOLE TIME DIRECTOR</b>		
Salary and allowances	13,65,000	11,40,000
Perquisites	1,22,500	1,72,000
Total	<u>14,87,500</u>	<u>13,12,000</u>

**4. Disclosure as required under Accounting Standard (AS) 15:**

Consequent to the application of Accounting Standard AS-15 "Employee Benefits" notified by the Companies (Accounting Standards) Rule, 2006, all employee benefits were determined in accordance with the Standard in the preparation of financial statements for the year 2010-11:

**Disclosure (31-03-2011)**

<b>Profit &amp; Loss Account</b>	<b>2010-11</b>
Current Service Cost	1,38,027
Interest cost on benefit obligation	92,994
Expected return on plan assets	
Net Actuarial (gain) , Loss recognised in the year	9,52,063
Past Services cost	
Net Benefit expenses	18,56,161
Actual return on Plan Assets	
<b>Balance Sheet</b>	
Details of provision for Gratuity	
Change in the present value of the defined benefit obligation are as follows :	
Opening defined benefit obligation	11,62,423
Interest cost	92,994
Current services cost	1,38,027
Past service Cost	6,73,077
<b>Benefits paid</b>	(11,33,968)
Actuarial (gains)/Losses on obligation	9,52,063
Closing defined benefit obligation	18,84,616
The Principal assumptions used in determining gratuity and post employment medical benefit Obligations for the Company's plans are shown below:	
<b>Assumptions</b>	%
Salary Rise	12
Discount Rate	8
Attition Rate	18
Av Balance Services	23.80 Years



5. FOB Value of Exports (Software Services) **NIL** NIL
6. Expenditure in Foreign Currency  
Postage & Telegram **NIL** 5,975  
Other Expenses **NIL** 1,79,345
7. Maximum balance in current account with First Union Bank of Connecticut, USA on 16<sup>th</sup> March, 2011 (on 11<sup>th</sup> February'10 previous year) **NIL** NIL
8. As at the year-end, there were no dues to SSI units.
9. Contingent Liabilities not provided for: Outstanding Bank guarantees 10 Lakhs (As on 31.03.2010: 54 Lakhs)
10. The Company has recognized following deferred assets and liabilities determined on account of timing differences in accordance with Accounting Standard - 22 'Accounting of Taxes on Income' issued by the Institute of Chartered Accountants of India
- The break up of the deferred tax Assets/(Liabilities) is given below:

	<u>2011</u>	(Amount in rupees)	<u>2010</u>
Timing difference on account of			
- Depreciation	(85724)		8,65,776
- Gratuity	6,26,022		3,95,108
- Provision for Doubtful Debts	16,75,402		0
- Others	7,05,13,645		5,79,87,642
<b>Total</b>	<b>7,27,29,345</b>		<b>5,92,48,526</b>

As at March 31, 2011, the Company has net DTL of Rs. 7,27,29,345 . In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, the same has not been recognized in the books of account in line with Accounting Standard 22, dealing with "Accounting for taxes on income."

11. Segment Reporting:  
The Company is predominantly into software and related service business. The income from the training division for this financial year is very insignificant. Accordingly the total revenue is classified into one single segment.

**Geographic Segment**

Revenue attributable to location of customers is as follows:

Geographic location	<i>Rs. in lakhs</i>	
	Revenue for the year ended March 31 <sup>st</sup> 2011	2010
North America	--	42.27
India	<b>352.00</b>	861.01

12. Related Party Disclosure:
- a) Related parties: Wholly owned subsidiary' M/s Aravali Technologies Inc., California, USA.  
Members of the Board : Mr. P.S. Raman, Mr. P.S. Venkateswaran, Mr. R. Jagadeeswara Rao, Mr. Haragopal, Mr. S.K. Mathur & Mr. Kushwant Singh.  
Key Management Personnel: Mr. P.S. Raman, Mr. P.S. Venkateswaran, Mr. R. Jagadeeswara Rao
- b) Summary of transactions with the related parties:

Nature of Transactions	Transactions for the year ended		Balance as on	
	31 <sup>st</sup> March		31 <sup>st</sup> March	
	2011	2010	2010	2009
Transactions with Key Management Personnel:	--	--	--	--
Remuneration to Key Management personnel paid /payable	<b>27.30</b>	<b>26.80</b>	26.80	26.24

- c) Loans/advances in the nature of Loans and investments in its own shares by the company, its subsidiary, associates etc:
- (i) The company has not given any loans and advances in the nature of loans to its subsidiary and/or associates.
- (ii) Investment by the loanee in the shares of the company: Not applicable.

13. There are no dues in respect of amounts mentioned under Section 205 C of the Companies Act, 1956 that are required to be credited to the Investor Education and Protection Fund as at 31<sup>st</sup> March 2011.
14. Figures for the previous year have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.

15. The Statutory Dues as on 31.03.2011
- |                  |   |  |
|------------------|---|--|
| PF               | : | Rs. 95,04,014 (Demand Rs. 40,50,585/- Disputed not provided for) |
| ESI              | : | Rs. 8,92,612   |
| Professional Tax | : | Rs. 8,44,254   |
| TDS              | : | Rs. 13,36,691  |
16. The balances in Loan & Advances, Sundry Debtors, Creditors, Deposits are subject to confirmation of the balances by the parties.
17. The fixed assets of the company has not been verified physically, hence the value of loss due to shortages and damages has not been ascertained.

As per our report of even date

For and on behalf of the Board

For S.S. Kothari & Co.  
Chartered Accountants  
(H.K. Mehta)  
Partner

P.S. Raman  
Executive Chairman

Place: Hyderabad  
Date : 23.09.2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011**

(RUPEES IN THOUSANDS)

PARTICULARS	FOR THE YEAR ENDED 31-Mar-2011	FOR THE YEAR ENDED 31-Mar-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extra-ordinary items	(354403)	(161719)
Adjustments for:		
Miscellaneous expenditure written off	--	50
Depreciation	4220	5614
Provision for Doubtful debts	5044	--
Provision for Investment	317963	--
Provision for Gratuity (net)	722	(337)
Investment Income (interest)	(137)	(144)
Loss on Sale on Asset	1266	--
Profit on Sale on Asset	(8706)	--
Interest	3620	2997
Operating profit before working capital changes	(30411)	(153539)
Adjustments for:		
Trade and other receivables	(12490)	119125
Inventories	27510	7046
Trade payables	10434	14137
Cash generated from operations	(4957)	(13231)
Direct Tax paid	--	(1203)
Cash flow before Extra-ordinary items	(4957)	(14434)
Extra-ordinary items	--	--
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(4957)</b>	<b>(14434)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(108)	(7)
Sale of Fixed Assets	14216	--
Interest received	137	144
Decrease in Loans and advances	(1611)	17294
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>12634</b>	<b>17431</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Unsecured Loans	6425	(367)
(Decrease)/Increase in Long Term Borrowings	(12250)	411
Interest paid	(3620)	(2997)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(9445)</b>	<b>(2953)</b>
Net (Decrease)/Increase in cash and cash equivalents	(1768)	44
Cash and cash equivalents as at (opening Balnace)	2075	2031
Cash and cash equivalents as at (Closing Balnace)	307	2075

As per our report of even date

For and on behalf of the Board

For S.S. Kothari & Co.  
Chartered Accountants  
(H.K. Mehta)  
Partner

P.S. Raman  
Executive Chairman

Place: Hyderabad  
Date : 23.09.2011

**Balance Sheet Abstract and Company's General Business Profile**

I	Registration																
	Registration No	1	7	5	9	8	State Code	0	1								
	Balance Sheet	3	1	0	3	2	0	1	1								
		DD	MM	YYYY													
II	Capital raised during the year (Amount in Rs. Thousands)																
	Public Issue	N	I	L	Rights Issue	N	I	L									
	Bonus Issue	N	I	L	Private Placements	N	I	L									
III	Position of mobilisation and deployment of funds (Amount in Rs. Thousands)																
	Total Liabilities	6	1	8	4	3	8	Total Assets	6	1	8	4	3	8			
	SOURCES OF FUND																
	Paid up Capital	1	1	2	4	1	4	Reserves & Surplus	4	8	8	4	4	0			
	Secured Loans	5	9	5	6	Unsecured Loans	1	1	6	2	8						
	APPLICATION OF FUNDS																
	Fixed Assets	1	9	9	9	8	Investments	0	1								
	Net Current Assets	2	0	1	5	3	Misc. Expenditure	0	0								
	Deferred Tax Asset	1	2	5	6	5											
	Accumulated Losses	5	6	5	7	2	2										
IV	Performance of the Company (Amount in Rs. Thousands)																
	Turnover (Gross Revenue)	1	6	8	6	7	Total Expenditure	3	7	1	2	7	1				
	Profit before Tax	-	3	5	4	4	0	4	Profit after Tax	-	3	5	4	4	0	4	
	Earning per share(Rs.)	0	.	0	0	Dividend Rate(%)	N	I	L								
V	Generic names of three principal products/services of Company (as per monetary terms)																
	Item code No.(ITC Code)	8	5	2	4	9	0	0	9	1	0						
	Product Description	S	O	F	T	W	A	R	E	S	E	R	V	I	C	E	S

**ANNEXURE – D**

**STATEMENT PURSUANT TO SEC. 212(1)(e) OF THE COMPANIES ACT, 1956  
RELATING TO THE SUBSIDIARY COMPANY**

1	Name of the Subsidiary	:	Aravali Technologies Inc., USA
2	Financial year of the subsidiary	:	1st January 2010 - 31st December 2010
3	Holding Company's interest in the subsidiary		
	i. No.of shares and face value	:	40000 common stock of US \$ 1 each fully paid up
	ii. Extent of holding	:	100%
4	The net aggregate amount of the subsidiary's profits/losses for the current period, so far as it concerns the members of the holding company		
	i. Dealt with/provided for in the accounts of the holding company	:	Nil
	ii. Not dealt with /provided for in the accounts of the holding company	:	(US \$ 42,744)
5	Net aggregate amount of the profits/ Losses for previous financial years of the subsidiary		
	i. Dealt with/provided for in the accounts of the holding company	:	Nil
	ii. Not dealt with / provided for in the accounts of the holding company	:	(US \$46,254 )

For and on behalf of the Board

Place: Hyderabad  
Date: 23.09.2010

P.S.Raman  
Executive Chairman

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Board of Directors  
RAM Informatics Limited

We have examined the attached Consolidated Balance Sheet of RAM Informatics Limited and its subsidiary Aravali Technologies Inc as at March 31<sup>st</sup>, 2011, the consolidated Profit and Loss Account for the year then ended annexed thereto and the consolidated cash flow statement for the year ended on that date.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the wholly owned subsidiary Aravali Technologies Inc. These financial statements have been audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary Aravali Technologies Inc, is based solely on the report of the other auditors. We report the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards

(AS) 21, consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of RAM Informatics Limited and its subsidiary Aravali Technologies Inc included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of RAM Informatics Limited and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of RAM Informatics Limited and its subsidiary as at March 31<sup>st</sup>, 2011.
- b) The consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of RAM Informatics Limited and its subsidiary for the year then ended.
- c) The consolidated Cash Flow Statement of the consolidated cash flows for the year ended on that date.

For S.S. Kothari & Co.,  
Chartered Accountants

(H.K. Mehta)  
Partner  
M.No. : 051245  
Firm No. : 0014475

Place : Hyderabad  
Date : 23.09.2011

**CONSOLIDATED BALANCE SHEET AS ON 31st MARCH 2011**

SCHEDULE		AS AT 31-03-2011 (Rs.)	AS AT 31-03-2010 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>1</b>	<b>SHARE HOLDERS FUNDS</b>		
	Share Capital	A 112414000	112414000
	Reserves & Surplus	B 488439702	488439702
<b>2</b>	<b>LOAN FUNDS</b>		
	Secured Loans	C 5956691	18207239
	Unsecured Loans	D 11628113	5203113
		<u>618438506</u>	<u>624264054</u>
<b>APPLICATION OF FUNDS</b>			
<b>1</b>	<b>Fixed Assets</b>	E	
	Gross Block	193319659	202469755
	Less: Depreciation	<u>173163251</u>	<u>171423656</u>
	Net Block	20156408	31046099
<b>2</b>	<b>Goodwill</b>	1000	316895028
<b>3</b>	<b>CURRENT ASSETS, LOANS AND PROVISIONS</b>	F	
	Net Current Assets	95799973	117125656
	Less: CURRENT LIABILITIES AND PROVISIONS	G 73653952	60234736
	Net Current Assets	22146021	56890920
<b>4</b>	<b>Deferred Tax Asset (Net)</b>	12564681	12564681
<b>5</b>	<b>MISCELLANEOUS EXPENDITURE</b>		
	(to the extent not written off or Adjusted)	H --	--
<b>6</b>	<b>Profit and Loss account</b>	563570395	206867326
	<b>NOTES TO ACCOUNTS</b>	<u>618438506</u>	<u>624264054</u>

As per our report of even date

For S.S. Kothari & Co.  
Chartered Accountants

(H.K. Mehta)  
Partner  
Place: Hyderabad  
Date : 23.09.2011

For and on behalf of the Board

P.S. Raman  
Executive Chairman

Company Secretary

R. Jagadeeswara Rao  
Executive Director

**Consolidated Profit & Loss Account for the year ended 31st March 2011**

Schedule	For the Year Ended 31-03-2011 (Rs.)	For the Year Ended 31-03-2010 (Rs.)
<b>INCOME</b>		
<b>Software Sales/Services</b>		
Exports	9238697	13027601
Domestic	35063491	60859372
Training Income	136832	377661
Other Income	9176798	144556
Increase in Stocks	(27510000)	(7046937)
<b>Total</b>	<b>26105818</b>	<b>67362253</b>
<b>EXPENDITURE</b>		
Cost of Software packages sold		
Third Party Consulting expenses	2969340	7474500
Salaries, wages and benefits to employees	29855537	34705191
Operating, Administration and Other Expenses	24067906	180573216
Interest and Finance Charges	3682430	3074619
Preliminary and Share Issue expenses written off	--	50000
Depreciation	4233936	5627610
Exceptional Item:		
Provision for diminution of investment in subsidiary	317963746	--
<b>Total</b>	<b>382772895</b>	<b>231505136</b>
Profit for the year	(356667077)	(164142883)
Less: Prior year adjustment	--	--
Profit before Tax	(356667077)	(164142883)
Less: Provision for tax		
- Current Tax	35992	36240
- MAT Credit	--	--
- Deferred Tax	--	--
- Fringe Benefit Tax	--	--
Profit after tax	(356703069)	(164179123)
Loss brought forward from last year	(206867326)	(42688203)
Balance Carried to Balance Sheet	(563570395)	(206867326)

As per our report of even date

 For S.S. Kothari & Co.  
Chartered Accountants

 (H.K. Mehta)  
Partner  
Place: Hyderabad  
Date : 13.05.2011

For and on behalf of the Board

 P.S. Raman  
Executive Chairman

 Shraddha Mishra  
Company Secretary

 R. Jagadeeswara Rao  
Executive Director

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

	AS AT 31-03-2011 (Rs.)	AS AT 31-03-2010 (Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED CAPITAL 1,50,00,000 Equity Shares of Rs.10/- each.	<u>15,00,00,000</u>	<u>15,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP CAPITAL 1,12,41,400 equity shares of Rs.10/- each Issued Subscribed, and Paid up in full. (Including 10,00,000 Shares of Rs. 10/- each issued at a premium of Rs. 240/- each for consideration other than cash to acquire 100% stake in M/s. Aravali Technologies Inc., USA)	<u>11,24,14,000</u>	<u>11,24,14,000</u>
<b>Total</b>	<u><b>11,24,14,000</b></u>	<u><b>11,24,14,000</b></u>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve	<u>16781202</u>	<u>16781202</u>
Share Premium	<u>471658500</u>	<u>471658500</u>
	<u><b>488439702</b></u>	<u><b>488439702</b></u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Term Loan with Canara Bank	<u>1202059</u>	<u>4074496</u>
Overdraft facility with Canara Bank	<u>4485880</u>	<u>11901949</u>
Amounts due to Companies under Hire Purchase agreements for purchase of Assets	<u>268752</u>	<u>2230794</u>
	<u><b>5956691</b></u>	<u><b>18207239</b></u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
From Companies	<u>6000000</u>	<u>1000000</u>
From Directors	<u>5628113</u>	<u>4203113</u>
	<u><b>11628113</b></u>	<u><b>5203113</b></u>

**SCHEDULE - E**  
**Fixed Assets**

Sl. No.	Description	Gross Block			Depreciation				Net Block		
		As at 31-Mar-2010	ADDITIONS	Sales	AS AT 31-Mar-2011	Up to 31-Mar-2010	For the Year	Adjustment on Account of Sales	Up to 31-Mar-2011	As at 31-Mar-2011	As at 31-Mar-2010
1	Plant & Machinery	161207192	106788	0	161313980	150870585	2260387	0	153116641	8197339	10336607
2	Electrical installations	5911892	0	0	5911892	2973218	280815	0	3254033	2657859	2938674
3	Office Equipment	7540087	0	0	7540087	3585047	364278	0	3949325	3590762	3955040
4	Furniture & Fixtures	16752533	0	0	16752533	10057462	1157345	0	11214807	5537726	6695071
5	Vehicles	7665871	0	5864704	1801167	3416716	171111	1959382	1628445	172722	4249155
6	Office Building	3392180	0	3392180	0	520629	0	520629	0	0	2871551
	<b>TOTAL</b>	<b>202469755</b>	<b>106788</b>	<b>9256884</b>	<b>193319659</b>	<b>171423656</b>	<b>4233936</b>	<b>2480011</b>	<b>173163251</b>	<b>20156408</b>	<b>31046098</b>

	AS AT 31-03-2011 (Rs.)	AS AT 31-03-2010 (Rs.)
<b>SCHEDULE - F</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A) CURRENT ASSETS</b>		
Accrued Interest	--	55007
INVENTORIES ( As Certified by Management)		
Software Products/Projects under development	22169616	49729216
Stock of Stationery		
SUNDRY DEBTORS (Unsecured):		
Debts outstanding for a period exceeding 6 months		
Considered good	42753534	26878584
Considered doubtful	5043733	--
	<u>47797267</u>	<u>26878584</u>
Other debts - considered good	11137244	20749256
	<u>58934511</u>	<u>47627840</u>
Less: Provision for doubtful debts	5043733	--
	<u>53890778</u>	<u>47627840</u>
CASH & BANK BALANCES		
Cash on hand	20238	187142
BALANCES WITH SCHEDULED BANKS		
In Current Accounts	430502	578944
In Deposit Accounts	228832	1308568
Heritage Bank of Commerce, Sanjose, CA, USA	--	186998
<b>Total (A)</b>	<u><u>76739966</u></u>	<u><u>99673715</u></u>
<b>B) LOANS &amp; ADVANCES</b>		
<b>(UNSECURED CONSIDERED GOOD)</b>		
Deposits	4252086	4701001
ADVANCES RECOVERABLE IN CASH		
OR IN KIND OR FOR VALUE TO BE RECEIVED	361270	--
Call Deposit with a Company		
Advance for Supplies, Expenses & Services	5811707	4775466
Staff advances	8988	1353470
Pre-paid expenses	--	29677
MAT Credit Entitlement	2675884	3435359
TDS and Advance Tax	5950072	3156968
<b>Total (B)</b>	<u><u>19060007</u></u>	<u><u>17451941</u></u>
<b>Total (A+B)</b>	<u><u>95799973</u></u>	<u><u>117125656</u></u>
<b>SCHEDULE - G</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Advances/Deposits from customers	--	--
For Capital Items		
For Supply of Software		
For Expenses & Services	62176038	47313621
For Others	9593298	11758692
<b>Total (A)</b>	<u><u>71769336</u></u>	<u><u>59072313</u></u>
<b>B) PROVISIONS</b>		
Provision for Tax	--	--
Provision for FBT	--	--
Provision for Gratuity	1884616	1162423
<b>Total (B)</b>	<u><u>1884616</u></u>	<u><u>1162423</u></u>
<b>Total (A+B)</b>	<u><u>73653952</u></u>	<u><u>60234736</u></u>
<b>SCHEDULE - H</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<b>(To the extent not written off or adjusted)</b>		
Preliminary and Share Issue Expenses	--	--
	<u><u>--</u></u>	<u><u>--</u></u>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	FOR THE YEAR ENDED 31-03-2011 (Rs.)	FOR THE YEAR ENDED 31-03-2010 (Rs.)
<b>SCHEDULE - I</b>		
<b>OTHER INCOME</b>		
Exchange Rate Difference		
Interest earned	137349	144556
Profit on sale of Asset (Buildings)	8706449	--
Excess provision for gratuity written back	--	--
Miscellaneous Receipts	333000	--
	<u>9176798</u>	<u>144556</u>
<b>SCHEDULE - J</b>		
Software Products/Projects under development	14971216	42481216
	<u>14971216</u>	<u>42481216</u>
Less: Opening Stock :		
Software Products/Projects under development	42481216	49528153
	<u>42481216</u>	<u>49528153</u>
Increase in Stocks	<u>(27510000)</u>	<u>(7046937)</u>
<b>SCHEDULE - K</b>		
<b>SALARIES, WAGES AND BENEFITS TO EMPLOYEES</b>		
Salaries, Wages & Allowances	25936453	33052176
Contribution to Provident fund, ESI etc.,	1959235	1901289
Gratuity	1856161	-337284
Staff Welfare Expenses	103688	89010
	<u>29855537</u>	<u>34705191</u>
<b>SCHEDULE - L</b>		
<b>OPERATING, ADMINISTRATION &amp; OTHER EXPENSES</b>		
Power & Fuel	1103361	1219062
Rent	1812540	3489124
Postage, Telegram & Telephones	989904	1166071
Travelling & Conveyance	1117635	841127
Printing & Stationery	123975	230816
Subscriptions, Books & Periodicals	104503	121891
Insurance	114716	227100
Advertisement	87290	55314
Legal & Professional Charges	803371	548909
HRD/Recruitment & Training Charges	16545	--
Legal & Professional Charges		
Filing, Registration and License Expenses	20750	26760
Repairs & Maintenance		
Plant & Machinery	--	25437
Other Assets	111280	135213
Vehicle Maintenance	253641	130549
Directors sitting fees	27000	27000
Payment to Auditors		
Audit Fee	300000	300000
Tax Audit Fee	75000	75000
Tax Representation Fee	75000	75000
Loss on sale of Cars	1266728	--
Bad Debts Written off	787000	151321000
Balances not Recoverable written off (Net of)	656496	17500000
Provision for Doubtful Debts	5043733	--
Other Expenses	6156962	2566162
	<u>24067906</u>	<u>180573216</u>
<b>SCHEDULE - M</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on Term Loan	829425	1269800
Interest on Working Capital Loans	1702148	945954
Finance charges on HP agreement	150857	398469
Other Interest and Finance Charges	1000000	460396
	<u>3682430</u>	<u>3074619</u>



Schedule N

Notes to Consolidated Financial Statements:

Basis of Consolidation: The consolidated financial statements of the company together with its wholly owned subsidiary Aravali Technology Inc., have been prepared under historical cost convention on accrual basis to comply in all material respect with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

Investment in the subsidiary has been accounted in accordance with accounting principles as defined in Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

All material inter company balances and inter company transactions and resulting in unrealized profits/losses are eliminated in full in consolidation. The following are the details of the company's wholly owned subsidiary.

Name of the subsidiary	Country of incorporation	Nature of Interest	% of Interest	Accounting year
Aravali Technologies Inc	U.S.A.	Subsidiary	100%	31 <sup>st</sup> December

1. ACCOUNTING POLICIES:

1.1 COST CONVENTION

The Accounts have been prepared under the historical cost convention.

1.2 REVENUE RECOGNITION

All incomes and expenditure are accounted on accrual basis.

1.3 SECURED LOANS

Overdraft facilities from Canara Bank is secured by first charge on Company's Fixed Assets excluding Vehicles and Electrical installations, hypothecation of book debts, equitable mortgage of the property (office space) owned by the Company and also guaranteed by personal guarantee of three directors.

Term Loan from Canara Bank is secured by hypothecation of assets (Computers and equipments etc.) pertaining to "PASS Project of APSRTC "at Visakhapatnam and also guaranteed by personal guarantee of three directors.

The immovable property was auctioned by bank in under SARFESI Act due to the accounts becoming NPA. A sum of Rs.1,15,78,000 was realized towards the immovable property and Rs.2,61,500 part of movable items. The balance remain as outstanding as on 31.03.2011 Rs.56,87,823 which includes the term loan of Rs.12,02,059.

1.4 FIXED ASSETS

Fixed Assets have been valued at cost less depreciation.

1.5 DEPRECIATION

Depreciation is provided on straight line method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.

1.6 INVESTMENTS:

Investment in subsidiary is long term in nature and is stated at cost. Business circumstances indicate impairment in the value as the management is of the opinion that there has been decline in value, in accordance the provision of Rs.31,79,63,747 has been made in the books.

1.7 INVENTORIES

Inventories are valued at lower of cost and net realisable value. Cost is determined on First in First out basis.

1.8 FOREIGN EXCHANGE TRANSACTIONS

Earnings in foreign currency are accounted at the rates prevailing on the day of the transaction. Differences in realisation is accounted as fluctuations in foreign currency. Sales made at overseas office and collections deposited in overseas bank accounts and also the expenditure incurred and disbursements made out of the said bank accounts of the overseas office are accounted at a rate that approximates the average monthly rate. However, current assets and current liabilities pertaining to the overseas office are translated at the exchange rate prevalent at the date of the balance sheet and the resultant difference is accounted in the profit and loss account. Fixed assets purchased at overseas office are recorded at cost, based on the exchange rate as of the date of purchase. The charge for depreciation is determined as per the company's accounting policy.

1.9 LEASES:

Leases, where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in Profit & Loss account on straight Line basis over the lease term.

1.10 RETIREMENT BENEFITS:

- a) Contribution to Provident Fund is recognised as an expenditure on accrual basis.
- b) The company has an obligation towards Gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plans of the entity is an unfunded plan. The company accounts for the liability for future Gratuity benefits on the basis of an independent actuarial valuation.
- c) Leave encashment is not categorised as a retirement benefit as the company is in the practice of paying the leave encashment benefit every year.

1.11 DEFERRED TAXES

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such tax assets can be realized.

2. The Company is engaged in the business of development of Computer Software and rendering of Software services. The production and sales of such Software/Services is not capable of being expressed in any generic unit. The value details of Software Sales/Services is given below:

	2010-11 (Rs.)	2009-10 (Rs.)
Software products (Developed)	8,10,000	11,56,000
Software products (Traded)	-	-
Project and Consulting Services	3,43,90,324	6,00,81,033
Total	3,52,00,324	6,12,37,033

3. Managerial Remuneration

	2010-11 (Rs.)	2009-10 (Rs.)
Salary and allowances	13,65,000	11,40,000
Perquisites	1,22,500	1,72,000
Total	14,87,500	13,12,000
<b>WHOLE TIME DIRECTOR</b>		
Salary and allowances	13,65,000	11,40,000
Perquisites	1,22,500	1,72,000
Total	14,87,500	13,12,000

4. Disclosure as required under Accounting Standard (AS) 15:

Consequent to the application of Accounting Standard AS-15 "Employee Benefits" notified by the Companies (Accounting Standards) Rule, 2006, all employee benefits were determined in accordance with the Standard in the preparation of financial statements for the year 2008-09:

#### Disclosure (31-03-2011)

Profit & Loss Account	2010-11
Current Service Cost	1,38,027
Interest cost on benefit obligation	92,994
Expected return on plan assets	
Net Actuarial (gain) , Loss recognised in the year	9,52,063
Past Services cost	
Net Benefit expenses	18,56,161
Actual return on Plan Assets	
Balance Sheet	
Details of provision for Gratuity	
Change in the present value of the defined benefit obligation are as follows :	
Opening defined benefit obligation	11,62,423
Interest cost	92,994
Current services cost	1,38,027
Past service Cost	6,73,077
<b>Benefits paid</b>	<b>(11,33,968)</b>
Actuarial (gains)/Losses on obligation	9,52,063
Closing defined benefit obligation	18,84,616
The Principal assumptions used in determining gratuity and post employment medical benefit Obligations for the Company's plans are shown below:	
<b>Assumptions</b>	%
Salary Rise	12
Discount Rate	8
Attition Rate	18
Av Balance Services	23.80 Years

- |  |            |            |
|--|------------|------------|
| 5. FOB Value of Exports (Software Services)  | <b>NIL</b> | <b>NIL</b> |
| 6. Expenditure in Foreign Currency   |            |            |
| Postage & Telegram   | <b>NIL</b> | 5,975      |
| Other Expenses   | <b>NIL</b> | 1,79,345   |
| 7. Maximum balance in current account with First Union Bank of Connecticut, USA on 16 <sup>th</sup> March, 2011 (on 11 <sup>th</sup> February'10 previous year)  | <b>NIL</b> | <b>NIL</b> |
| 8. As at the year-end, there were no dues to SSI units.  |            |            |
| 9. Contingent Liabilities not provided for: Outstanding Bank guarantees 10 Lakhs (As on 31.03.2010: 54 Lakhs)  |            |            |
| 10. The Company has recognized following deferred assets and liabilities determined on account of timing differences in accordance with Accounting Standard - 22 'Accounting of Taxes on Income" issued by the Institute of Chartered Accountants of India |            |            |

The break up of the deferred tax Assets/(Liabilities) is given below:

	(Amount in rupees)	
	<b>2011</b>	<b>2010</b>
Timing difference on account of		
- Depreciation	<b>(85724)</b>	8,65,776
- Gratuity	<b>6,26,022</b>	3,95,108
- Provision for Doubtful Debts	<b>16,75,402</b>	0
- Others	<b>7,05,13,645</b>	5,79,87,642
<b>Total</b>	<b>7,27,29,345</b>	<b>5,92,48,526</b>

As at March 31, 2011, the Company has net DTL of Rs. 7,27,29,345 . In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, the same has not been recognized in the books of account in line with Accounting Standard 22, dealing with "Accounting for taxes on income."

11. Segment Reporting:

The Company is predominantly into software and related service business. The income from the training division for this financial year is very insignificant. Accordingly the total revenue is classified into one single segment.

**Geographic Segment**

Revenue attributable to location of customers is as follows:

Geographic location	Revenue for the year ended March 31 <sup>st</sup>		<i>Rs. in lakhs</i>
	<b>2011</b>	<b>2010</b>	
North America	<b>92.39</b>	130.28	
India	<b>352.00</b>	612.37	

12. Related Party Disclosure:

a) Related parties: Wholly owned subsidiary' M/s Aravali Technologies Inc., California, USA.  
Members of the Board : Mr. P.S. Raman, Mr. P.S. Venkateswaran, Mr. R. Jagadeeswara Rao, Mr. Haragopal, Mr. S.K. Mathur & Mr. Kushwant Singh.

Key Management Personnel: Mr. P.S. Raman, Mr. P.S. Venkateswaran, Mr. R. Jagadeeswara Rao

b) Summary of transactions with the related parties:

Nature of Transactions	Transactions for the year ended March 31 <sup>st</sup>		<i>Rs. in Lakhs</i>
	<b>2011</b>	<b>2010</b>	
Transactions with Key Management Personnel:	-	-	
Remuneration to Key Management personnel paid /payable	<b>22.00</b>	34.95	

13. Figures for the previous year have been regrouped and reclassified wherever necessary to be in conformity with the current year figures.
- a) Loans/advances in the nature of Loans and investments in its own shares by the company, its subsidiary, associates etc:
- (i) The company has not given any loans and advances in the nature of loans to its subsidiary and/or associates.  
(ii) Investment by the loanee in the shares of the company: Not applicable.
14. There are no dues in respect of amounts mentioned under Section 205 C of the Companies Act, 1956 that are required to be credited to the Investor Education and Protection Fund as at 31<sup>st</sup> March 2011.
15. The Statutory Dues as on 31.03.2011
- |                  |   |  |
|------------------|---|--|
| PF               | : | Rs. 95,04,014 (Demand Rs. 40,50,585/- Disputed not provided for) |
| ESI              | : | Rs. 8,92,612   |
| Professional Tax | : | Rs. 8,44,254   |
| TDS              | : | Rs. 13,36,691  |
16. The balances in Loan & Advances, Sundry Debtors, Creditors, Deposits are subject to confirmation of the balances by the parties.
17. The fixed assets of the company has not been verified physically, hence the value of loss due to shortages and damages has not been ascertained.

As per our report of even date

For and on behalf of the Board

For S.S.KOTHARI & CO  
Chartered Accountants

P.S. Raman  
Executive Chairman

(H.K.MEHTA)  
Partner

Place: Hyderabad  
Date : 23.09.2011

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

(RUPEES IN THOUSANDS)

PARTICULARS	FOR THE YEAR ENDED 31-Mar-2011	FOR THE YEAR ENDED 31-Mar-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extra-ordinary items	(356667)	(164143)
Adjustments for:		
Miscellaneous expenditure written off	--	50
Depreciation	4233	5627
Provision for Doubtful debts	5044	--
Provision for Gratuity (net)	722	(337)
Investment Income (interest)	(137)	(144)
Loss on Sale on Asset	1266	--
Profit on Sale on Asset	(8707)	--
Interest	3682	3075
Operating profit before working capital changes	(350564)	(155872)
Adjustments for:		
Trade and other receivables	(11301)	119680
Inventories	27559	6888
Trade payables	12697	18849
Cash generated from operations	(321609)	(10455)
Direct Tax paid	--	(1246)
Cash flow before Extra-ordinary items	(321609)	(11701)
Extra-ordinary items	--	--
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(321609)</b>	<b>(11701)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(106)	(11)
Sale of Fixed Assets	14216	--
Decrease\ (Increase) in Goodwill	316894	(956)
Interest received	137	144
Decrease in Loans and advances	(1608)	15526
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>329533</b>	<b>14703</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Unsecured Loans	6425	(366)
(Decrease)/Increase in Long Term Borrowings	(12250)	411
Interest paid	(3682)	(3075)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(9507)</b>	<b>(3030)</b>
Net (Decrease)/Increase in cash and cash equivalents	(1583)	(28)
Cash and cash equivalents as at (opening Balnace)	2262	2290
Cash and cash equivalents as at (Closing Balnace)	679	2262

This is the Cash Flow Statement referred to in our report of evendate.

For and on behalf of the Board

For S.S.KOTHARI & CO  
Chartered AccountantsP.S. Raman  
Executive Chairman(H.K.MEHTA)  
PartnerPlace: Hyderabad  
Date : 23.09.2011

**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SEC. 212(8) OF COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANY**

Particulars	For the period ended 31 <sup>st</sup> March 2011 (in US \$)	For the period ended 31 <sup>st</sup> March, 2010 (in Rs.)
Capital	40000	1799600
Reserves	82166	3696648
Total assets	303413	13650551
Total Liabilities	232357	10453741
Details of investment	--	--
Turnover	205350	9238697
Profit/(Loss) before taxation	(50310)	(2263447)
Provision for taxation	800	35992
Profit/(Loss) after taxation	(51110)	(22994439)
Dividend paid	--	-
Country	USA	
Reporting currency	US Dollars	

(Note: The exchange rate as on 31<sup>st</sup> March 2008 – 1 US \$ = Rs. 40.10)

For and on behalf of the Board

Place: Hyderabad  
Date: 23.09.2011

P.S.Raman  
Executive Chairman



# RAM INFORMATICS LIMITED

Regd. Office : SVR Towers, 8-2-1/B/1, Srinagar Colony Road, Punjagutta, Hyderabad – 500 082.

## PROXY FORM

Client ID No./Regd. Folio No. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member/members  
of \_\_\_\_\_

RAM INFORMATICS LIMITED hereby appoint \_\_\_\_\_

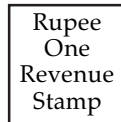
of \_\_\_\_\_

failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy  
to vote for me/us on my / our behalf at the 17<sup>th</sup> Annual General Meeting of the Company to be held on Monday the 7<sup>th</sup> November, 2011 at 10.00 a.m at Nagarjunanagar Community Hall, Nagarjuna Nagar, Ameerpet, Hyderabad – 16.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature \_\_\_\_\_

Note : This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered office of the Company, not less than 48 hours before the meeting.



# RAM INFORMATICS LIMITED

Regd. Office : SVR Towers, 8-2-1/B/1, Srinagar Colony Road, Punjagutta, Hyderabad — 500 082.

## ATTENDANCE SLIP

Client ID No./Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company

I hereby record my presence at the Annual General Meeting of the Company on Monday the 7<sup>th</sup> November, 2011 at 10.00 a.m at Nagarjunanagar Community Hall, Nagarjuna Nagar, Ameerpet, Hyderabad – 16.

.....  
Member's/ Proxy, name in  
Block Letters

.....  
Signature of Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Book-Post



## **RAM INFORMATICS LIMITED**

SVR Towers, 8-2-1/B/1, Srinagar Colony Road, Punjagutta, Hyderabad – 500 082.

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**ISO 9001 & 27001 Company**

**eMpowering eBusiness**