

SoftPro Systems Limited

- REGD. OFFICE** : SoftPro Heights Plot No.12,
Software Units Layout, Cyberabad,
Hyderabad – 500081
- BOARD OF DIRECTORS** :
- 1) Sri G. Bala Reddy
Chairman & Managing Director
 - 2) Smt. G. Velangini Mary
Director
 - 3) Sri G. Venkateswara Rao
Executive Director
 - 4) Smt. G. Lalitha
Director
 - 5) Sri Shyam Sunder Reddy
Director
 - 6) Sri M S Reddy
Director
 - 7) Sri N. Venkata Reddy.
Director
 - 8) Sri A V N Reddy
Director
- COMPANY SECRETARY** : P. V. Durga Bhavani
- AUDITORS** : RAMBABU & CO.,Chartered Accountants,
Pancom Chambers, 6-3-1090/1/A,
Raj Bhavan Road, Hyderabad - 500082.
- BANKERS** :
- 1) AXIS Bank Ltd., Madhapur, Hyderabad.
 - 2) AXIS Bank Ltd., Ramnagar, Vizag.
 - 3) SBI, Hitec City Branch, Hyderabad.
 - 4) Andhra Bank, Sulthan Bazar, Hyd.

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Notice of the 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the members of **SOFTPRO SYSTEMS LIMITED** will be held at 10.00 AM on Thursday, the 30th September, 2010 at the Conference Hall, 5th Floor, SoftPro Heights, Cyberabad, Hyderabad – 500081 (A.P), to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2010, Balance Sheet as on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the financial year 2009-10.
3. To appoint Shri V Shyam Sunder Reddy, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Shri N Venkata Reddy, Director who retires by rotation and being eligible offers himself for reappointment.
5. To consider the reappointment of M/s. RAMBABU & Co., Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration and reimbursement of out of pocket expenses as may be mutually agreed upon between the Board of Directors and the Auditors.

SPECIAL BUSINESS :

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution :

Authorization to change the Company Name.

“RESOLVED THAT pursuant to the provisions of section 21 and other applicable provisions of the Companies Act, 1956 if any, and subject to the availability of name and the approval of the Registrar of Companies, the name of the company be changed from **SOFTPRO SYSTEMS LIMITED** to **CURA TECHNOLOGIES LIMITED** and the Name of **SOFTPRO SYSTEMS LIMITED**, wherever it appears in the Memorandum, Articles, documents, etc. be substituted by the new name “**CURA TECHNOLOGIES LIMITED**” in due course.

“RESOLVED FURTHER THAT Clause I of the Memorandum of Association of the Company be substituted by the following”:

The Name of the company is “**CURA TECHNOLOGIES LIMITED**”

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Special Resolution :

Authorization to Grant Employee stock Options up to 150,000 Options of Rs.10/- each:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any of the companies Act 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which terms shall be deemed to include any Committee, including the ESOP Compensation Committee which has been / may be constituted to exercise its

powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, which includes present and future employees, in India or overseas and any Directors including Executive and Non-Executive Directors but excluding (i) Promoter Directors and (ii) those directors who hold directly or indirectly more than 10% of the outstanding equity shares of the Company, option exercisable into equity shares being **not more than 150,000 options of Rs.10/- each** of the Company under a Scheme titled ‘Employee Stock Option Plan 2010’ (hereinafter referred to as the “ESOP 2010”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Compensation Committee for the benefit of the employees, interalia, on the terms and conditions as detailed in the Explanatory Statement, in accordance with the provisions of the law and guidelines issued by the relevant Authority”.

“**RESOLVED FURTHER THAT** the Compensation Committee be and is hereby authorized to issue and allot Equity Shares upon exercise of such options from time to time in accordance with the ESOP 2010 and such Equity shares shall rank pari-passu in all respects with the existing Equity shares of the Company.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of equity shares, the Board and / or Committee of Board and / or other designated officer(s) of the Company be, and are, hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it / they may at its / their absolute discretion deem necessary or desirable for such purpose, including without limitation, filing necessary documents / statements with the Stock Exchanges, Statutory authorities and other agencies and such other regulatory authority as may be necessary for listing the securities on the stock exchange.”

“**RESOLVED FURTHER THAT** the Board be, and is, hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of restricted stock units giving rise to shares upon exercise and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of these resolutions”.

“**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid allottees under the ESOP 2010 shall automatically stand augmented or reduced, as the case may be in the same proportion as the present face value of Rs.10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board / Compensation Committee set up for the purpose of the said ESOP 2010, be and is hereby authorized to do all such acts, deeds matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment of Options and utilization of proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and any other Regulations in force for the time being.”

By the order of the Board of Directors
For SOFTPRO SYSTEMS LIMITED

Sd/-

G.BALA REDDY

Chairman & Managing Director

Place: Hyderabad

Date :25.08.2010

Notes :

1. Explanatory Statement in respect of the special business as required under Section 173(2) of the Companies Act, 1956 is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member.
3. The proxy form duly completed and signed should be deposited at the registered office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting.
4. Members are requested to bring their copy of the Annual Report while attending the Annual General Meeting.
5. Register of Members and Share Transfer Books of the Company will be closed from 28.09.2010 to 30.09.2010, inclusive of both dates. If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made as under:
 - a. To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on 27.09.2010;
 - b. To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 27.09.2010;
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company and its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. While members holding shares in physical form, may write to the company for any change in their address and bank mandates, members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the company to dispatch dividend warrants to the correct address.
8. Shareholders seeking any information regarding the accounts are requested to write to the company atleast two days in advance to enable the management to keep the information ready.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.6

Consequent to the acquisition of 100% paid up equity share Capital of Cura Global GRC Solutions Pte Ltd (Cura Global) by Softpro Systems Limited (Softpro) in March' 09. The acquisition of Cura Risk Management Software (Proprietary) Ltd., South Africa was Completed in July 2009.

The word "CURA" is the name with which all of its immediate and step down subsidiaries in Singapore, South Africa and in various countries across the globe operate with. Hence the Company wishes to align the same name of "CURA" to its Indian company "Softpro Systems Limited", to replicate the group brand name "CURA". This change of name to "CURA Technologies Limited" would enable Indian company to represent itself with the same name structure (using the prefix of the words "CURA")

This name change would enable the company to benefit considerably from the global recognition of the Brand name “Cura” goodwill and reputation attached to its products / services around the world. The Registrar of Companies, Andhra Pradesh vide its sanction letter dated 24/08/2010 has made available the proposed name “Cura Technologies Limited”.

Change of the Company’s name in the aforesaid manner requires approval of the Members of the Company by a Special Resolution, pursuant to Section 21 of the Companies Act, 1956.

The existing Memorandum and Articles of Association and Certificate of Incorporation are available for inspection at the Registered Office of the Company between 11:00 A.M. to 1.00 P.M. upto 05th October 2010.

Your Board of Directors recommend the resolution for your approval.

None of the Directors is concerned or interested in the resolution.

Item No.7:

To attract, reward, motivate and retain its employees, who have contributed to the success of the Company, the Company proposes to sanction ESOPs to the employees. The details of ESOP Scheme - 2010 are as follows:

Appointment of Merchant Banker for implementation of the Scheme. M/s.CIL Securities Ltd, were appointed as Merchant Bankers to implement the scheme by the Board in the Board meeting held on 25/08/2010.

The Compensation Committee will administer the ESOP Scheme 2010 such as:

- Adopt rules and regulations for implementation of Plan from time to time
- Identify the Employees eligible to participate under the Plan.
- Grant Options to the identified Eligible Employees and determine the date of Grant
- Determine the number of Options to be granted to each Grantee
- Decide all other matters that must be determined in connection with an Option under the plan.

The silent features of the ESOP Scheme 2010 as required as per the Clause 6.2 of the (SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 are as given below.

(a) Total number of options to be granted

Options exercisable is not more than 150,000 (One lakh Fifty Thousand) Options of Rs.10/- (Ten) each of the company will be available for being granted to eligible employees of the Company including employees present and future working in India or abroad.

(b) Identification of classes of employees entitled to participate in the ESOP Scheme -2010.

All Permanent Employees present and future, Executive and Non-Executive, Directors (Excluding promoter Directors), Employees of Subsidiary Companies as may be decided by the Compensation Committee, from time to time, would be entitled to options under the ESOP Scheme – 2010.

As per the SEBI (Employees Stock Option Scheme & Employees Stock Option Plan) Guidelines 1999 the following are not eligible to participate in the Scheme:

- (i) An employee who is a promoter or belongs to the promoter group
 - (ii) A Director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.
- (c) Requirements of vesting and period of vesting and maximum period:

The options granted shall vest so long as the employee continues to be in the employment of the Company Vesting of the options shall take place over a maximum period of 4 years with a minimum vesting period of 1 (One) year from the date of grant. The Options will vest in installments as follows:

- 30% upon the Completions of 1st year from the date of grant
- 35% upon the Completions of 2nd year from the date of grant
- 35% upon the Completions of 3rd year from the date of grant

- (d) Exercise Price:

The 'Exercise price' for conversion of each option into one Equity share shall be the price, at a discount (as decided and at the discretion of Compensation Committee) of closing market price on the date of the Grant on the Stock Exchange which has recorded the Highest Trading Volume.

- (e) Exercise Period and the process of Excise:

Upon vesting, Options shall be converted into Equity shares on the written request of the employee and the Options shall be valid and exercisable for a period of six months from the date of vesting or such higher period as may be determined by the Board from time to time.

- (f) Appraisal Process for determining the eligibility of the employees to ESOP Scheme 2010.

All permanent employees, present or future employees, including executive and non-executive directors (excluding promoter directors) working in India or abroad of the company are eligible under this ESOP Scheme 2010.

- (g) Maximum number of options to be issued per employee and in aggregate:

The maximum number of Options to be allotted in any financial year to each employee shall be decided by the Board of Director based on merits on case to case basis on the recommendation of the Compensation committee. The options to be allotted to all employees in aggregate shall not exceed 150,000 options under ESOP 2010.

- (h) Method of option valuation:

To calculate the stock based compensation, the Company shall use the Intrinsic value method for valuation of the options granted. The difference between the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors Report.

- (i) The Company shall confirm to the accounting policies specified in clause 13.1 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999 and its amendments, if any or such other guidelines as may be issued by SEBI or any other authority in this respect.

- (j) Subject to the approval of the Stock Exchanges, where the shares of the company are listed, the relevant Equity Shares on conversion of the Options shall rank pari passu in all respects with the existing Equity shares.

(k) The employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits as a shareholder in respect of option granted to him till the shares are issued on exercise of option.

(l) Consequence of failure to exercise option:

The amount payable by the employee, if any, at the time of grant of option:

- may be forfeited by the Company if the option is not exercised by the employee within the exercise period or
- the amount may be refunded to the employee if the options are not vested due to non-fulfillment of condition relating to vesting of option as per the ESOS.

(m) Non transferability of option:

Option granted to an employees shall not be transferable to any person. The option granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. In the event of death of employee while in the employment, all the options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee. In the event of resignation or termination of the employee all options not vested as on that day shall expire.

(n) The Board shall have the powers to make fair and reasonable variation to the terms and conditions in respect of number of Options and the Exercise Price, in case of rights issues, bonus issues and other corporate actions.

As the ESOP Scheme – 2010 provide for issue of Options to be offered to persons other than existing share holders of the company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 of the SEBI Guidelines.

Your Board of Directors recommend the resolution for your approval.

None of the directors is either interested or concerned in this resolution except to the extent of their respective share holdings and for further allotments, if any.

Additional Information:

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

Name of the Director	Date of Birth	Date of appointment/ reappointment	Experience in specific areas	Qualifications	Directorships in other companies
V. Shyam Sunder Reddy	08.08.1966	24.04.2008	He is a Law Graduate & has very good knowledge in corporate Laws & Business Administration.	B.A., LLB.	ICSA(India) Limited
N. Venkata Reddy	10.04.1963	24.04.2008	He has 18 years of experience in electrical & electronics and software embedded industry in India & abroad.	B.E. (Electricals)	Nil

By the order of the Board of Directors
For SOFTPRO SYSTEMS LIMITED
Sd/-

G.BALA REDDY
Chairman & Managing Director

Place: Hyderabad
Date :25.08.2010

Directors' Report

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts for the financial year ended 31st March 2010.

Financial Highlights on Standalone basis:

The Highlights of the financial results for the year 2009-2010 are as below :

Rs in lakhs

Particulars	Year ended 2009-2010	Year ended 2008-2009
INCOME		
- Software & technical Services	1010.58	67.67
- Lease / Rental income	466.15	562.53
- Other Income	56.99	98.95
TOTAL INCOME	1533.72	729.15
EXPENDITURE	1142.77	454.93
PROFIT BEFORE TAX	390.95	274.22
PROVISION FOR TAX	105.81	96.59
PROFIT AFTER TAX	285.14	177.63
EPS Basic	4.29	2.96
Diluted	3.34	2.96

REVIEW OF OPERATIONS

For the financial year ended March 31, 2010, your Company had reported a total income of Rs.1533.72 lakhs an increase of 110.34% as against Rs.729.15 lakhs during the previous financial year. The company recorded a net profit of Rs.285.14 lakhs as against Rs.177.63 lacs.

SHARE CAPITAL*Authorised Capital*

Your Company has increased its Authorized Share Capital by Rs.175,00,000/- aggregating the capital to Rs.10,00,00,000 divided into 1,00,00,000 Equity shares of Rs.10/- each

Issued & Subscribed Capital

Your Company has allotted 925,000 Equity shares on preferential basis. With this, your company's capital has become Rs.6,92,50,000/- divided into 69,25,000 Equity shares of Rs.10/- each as on 31.03.2010.

Sl.No.	Date of Allotment	Particulars	No. of shares allotted
1	25.05.2009	Allotment on Preferential basis	725,000
2	28.01.2010	Allotment on Preferential basis	200,000
	Total		925,000

DIVIDEND:

Your Board of Directors recommended a Dividend of Rs. 0.50 (5%) per Equity Share of Rs.10/- each, for the financial year 2009-2010.

FIXED DEPOSITS:

The company has not invited any Fixed Deposits from the public during the year.

INSURANCE:

The Properties and Assets of the company are adequately insured.

SUBSIDIARY COMPANY

Financials of India based subsidiary - SoftPro Technologies Pvt. Ltd. & Singapore based subsidiary - Cura Global GRC Solutions Pte Ltd., are included in this Annual Report as per Section 212 of the Companies Act, 1956.

The annual accounts of subsidiary companies are available for inspection at the Registered Office of the Company.

EMPLOYEES STOCK OPTION PLAN

Your Company has One Plan in operation, namely, ESOP 2008 Plan. The Company has granted options to its employees under this scheme. As required by clause 12 of SEBI (Employee stock option scheme & employee stock purchase scheme) Guidelines, 1999, the particulars of the stock options granted & other disclosures as on 31/3/2010 are furnished as Annexure-B.

EXTENSION OF ANNUAL GENERAL MEETING:

Your Board of Directors in their meeting held on July 01, 2010 had given their consent to file application with the Registrar of Companies, Andhra Pradesh for seeking extension of time for convening 19th Annual General Meeting of the Company for the financial year 2009-10.

Application was made to ROC for extension of AGM and Registrar of Companies, Andhra Pradesh, vide their letter dated July 07, 2010 had granted the Company extension of 2 (Two) months time for holding the Annual General Meeting (i.e. 19th AGM) for the financial year ended on March 31, 2010. The Company had intimated to the Stock Exchanges in this regard vide its letter dated July 12, 2010.

OTHER DEVELOPMENTS

Acquisition of Cura Global GRC Solutions Pte. Ltd. , incorporated under singapore companies Act.

During the year, your Company acquired Cura Global GRC Solutions Pte Ltd, along with its step down subsidiaries in South Africa, Australia, USA & UK. Cura Global service offerings include application development and maintenance, application implementation, testing, product development and support. Cura Global GRC Solutions Pte Ltd became a subsidiary of your Company and a part of the Business Unit with effect from July 2009.

This acquisition is a significant step and will help your Company augment its capabilities to offer domain solutions backed by a highly skilled talent pool. The acquisition adds capability to, and enhances the value of your Company and provides new relationships in the Software industry.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your Directors confirm:

1. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS:

Mr.K.Vijay Rao has been appointed as Additional Director on 15.06.2009 and later w.e.f 01.11.2009 occupied the position of Vice Chairman to hold the office for the period of Three Years. But due to his pre-occupied schedules, he resigned to his position as Vice Chairman from the Board of Director of the Company w.e.f. 08.04.2010.

Mr.V Shyam Sunder Reddy, & Mr.N Venkata Reddy, Directors of the Company who retires by rotation and are being eligible for reappointment, offers themselves for appointment.

AUDITORS:

M/s RAMBABU & Co., Chartered Accountants, have expressed their willingness to continue in office until conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.

EMPLOYEES:

The information required under Section 217 (2A) of the Companies Act, 1956, and the rules made thereunder is given in the annexure, to this report, which forms a part of this report as Annexure - C.

LISTING AT STOCK EXCHANGE

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited & National Stock Exchange of India Limited. Annual listing fees have been paid to these Exchanges for the year 2010-11.

REPORT ON CORPORATE GOVERNANCE:

Your Company has been practicing the principles of good corporate governance over the years and it is a continuous and ongoing process. A detailed report on Corporate Governance is given as Annexure 'A' to this Report. Report on Corporate Governance including Auditor's Certificate on Compliance with the code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as Annexure -A to this report.

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

Information as required to be furnished under the provisions of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are as hereunder:

CONSERVATION OF ENERGY:

The company uses electric energy for air conditioning, computer terminals, lightning and utilities etc in the work premises. All possible measures such as centralized Air conditioning with imported chillers, energy efficient lightning

systems etc, have been taken to conserve energy The Company has in place the internal control procedures by which the cost of the electricity shall be identified with the project and thereby there will be an incentive for the concerned Department to consume optimum power.

Additional Investment & Proposals for Reduction of Consumption of Energy: Nil.

Total Energy Consumption requirement: Not applicable, as the Company is not engaged in any of the specified industries specified in Schedule 1 to the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988.

RESEARCH AND DEVELOPMENT:

The Company is committed to continue its efforts in Research and Development. Our Research and Development activities will help us gear for future opportunities. We invest and encourage continuous innovation.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

The company being a knowledge based entity, continuously adapts itself to changing technologies so as to adhere to the quality policy and to meet its client's expectations.

Foreign Exchange Earnings and outgo

a. Foreign Exchange Earnings : Rs. 983.03 Lacs

b. Foreign Exchange Outgo : Rs. NIL

EXPLANATION TO POINT NO.2(IV) OF THE AUDIT REPORT OF SOFTPRO SYSTEMS LIMITED:

The disqualification mentioned in para 2(iv) of Audit Report regarding provision of gratuity has to be done on accrual basis which will be rectified in the ensuing financial year.

ACKNOWLEDGEMENTS:

Your Directors thank all investors, customers, vendors, banks, and service providers as well as regulatory and government authorities for their support. Your Directors greatly appreciate and thank the significant contributions of Employees in the initiatives of the Company.

Place: Hyderabad
Date: 25.08.2010

By the order of the Board of Directors
Sd/-
G.BALA REDDY
Chairman & Managing Director

Annexure 'A' to the Directors' Report**Corporate Governance**

The Board of Directors of the Company supports the broad principles of corporate governance. Your company has been practicing the principles of good Corporate Governance over the years.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. At SOFTPRO, all senior management employees are guided by a code of conduct, which sets forth Company's policies on important issues, including relationship with our customers, shareholders and Government. Global capital investors feel comfortable in an environment where the bed rocks of Corporate Governance is best protected and practised and bypasses where Corporate Governance is limited or not followed. Companies stand to gain by adopting systems that bolster Stake holder's trust through transparency, accountability and fairness.

2. BOARD OF DIRECTORS**Composition:**

The Board of Directors has combination of Executive and Non-Executive Directors. The Board consisting of Two Executive and Six Non-Executive Directors as on the date of this report. Out of them Five are Independent Directors, one Promoters & Non Executive Directors. The composition of the Board is in conformity with the Listing Agreement, as below:

Name of the Director	Category of Director	Designation
Mr. G. Bala Reddy	Promoter & Executive	Chairman & Managing Director
Mr.G.Venkateswara Rao	Executive	Executive Director
Mrs.G.Velangini Mary	Promoter & Non Executive	Director
Ms. G. Lalitha	Independent & Non-Executive	Director
Mr. N. Venkata Reddy	Independent & Non-Executive	Director
Mr. V. Shyam Sunder Reddy	Independent & Non-Executive	Director
Mr. A.V.N. Reddy	Independent & Non-Executive	Director
Mr. M.S. Reddy	Independent & Non-Executive	Director
Mr. K Vijay Rao *	Executive	Vice Chairman

* Note: Mr.K Vijay Rao resigned as Vice Chairman from the Board of Director of the Company w.e.f. 08.04.2010.

Meetings & Attendance:

Attendance of each Director at Board Meetings during the year ended 31st March 2010 and at the Last Annual General Meeting:

Name of the Director	No. of Meetings Held	No. of meeting	Attendance at attended last AGM	No. of other Companies		
				Directorships as on 31.03.2010	Committee member-ships	Committee Chairmanships
Mr. G. Bala Reddy	18	18	Present	6	1	Nil
Mr. G.Venkateswara Rao	18	18	Present	2	Nil	Nil
Ms. G.Velangini Mary	18	18	Present	3	Nil	Nil
Ms. G. Lalitha	18	17	Absent	Nil	Nil	Nil
Mr. N. Venkata Reddy	18	Nil	Absent	Nil	Nil	Nil
Mr. V. Shyam Sunder Reddy	18	18	Present	1	Nil	Nil
Mr. A.V.N.Reddy	18	18	Present	Nil	Nil	Nil
Mr. M.S.Reddy	18	Nil	Absent	Nil	Nil	Nil
Mr. K Vijay Rao	18	Nil	Absent	Nil	Nil	Nil

Note: Shri K Vijay Rao resignation from the Board of Directors of Company w.e.f. 08.04.2010

No. of other BOD or Board Committees in which he/she is a Member or Chairperson:

Name of Director	Committees		
	Audit	Remuneration	Shareholders
Ms. G.Lalitha	Chairman	Chairman	Chairman
Mr. N.Venkat Reddy	Member	Member	Nil
Mr. V.Shyam Sunder Reddy	Member	Member	Member
Mr. G.V.Rao	Nil	Nil	Member

Eighteen BOD meetings were held on 13.03.2009, 12.05.2009, 25.05.2009, 12.06.2009, 15.06.2009, 24.06.2009, 10.07.2009, 20.07.2009, 23.07.2009, 31.07.2009, 14.09.2009, 19.10.2009, 29.10.2009, 26.11.2009, 04.12.2009, 22.01.2010, 28.01.2010 & 22.03.2010.

Board Meeting Procedures

The draft agenda papers along with all relevant information to be discussed at the upcoming Board meeting is sent to the Directors wherever possible, at least two weeks prior to the Board meeting to invite the suggestions from each Board member for their views and for the inclusion of items on the agenda if any. Relevant materials to be considered at the meeting are circulated to the Board before the Board meeting.

Information supplied to the Board

The Board of Directors of SOFTPRO SYSTEMS LIMITED are presented with various issues affecting the business and environment whenever applicable and materially significant. The Board is also given presentations covering Finance, Sales, Compliance and Marketing covering all the major business operations and segments of the Company at each of the scheduled Board meetings. The Processes for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board of Directors.

Directors' membership in board/committees of other companies

As per the Listing Agreement, no Director can be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a Director. In terms of the Listing Agreement, none of the Directors of our Company were members in more than 10 committees nor acted as chairman of more than five committees across all companies in which they were Directors.

Shareholdings of Directors, if any as on 31.03.2010:

Sl.No.	Name of the Director	Number of shares held
1	Ms. G. Lalitha	11,414
2	Mr. A. V .N Reddy	14,000
3.	Mr. G. Bala Reddy	25,000
4.	Ms. G. Velangini Mary	21,644

3. COMMITTEES OF THE BOARD

A. Audit Committee:

The terms of reference, composition and meetings of Audit Committee are described hereunder:

- i. Brief description of terms of reference
- ii. Composition, name of members and Chairperson
- iii. Meetings and attendance during the year

I. Brief description of the terms of reference of the Audit Committee

The Audit Committee reviews, acts and reports to the Board of Directors with respect to:

- Auditing and accounting matters, including the appointment of independent auditors;
- Company compliance with legal and statutory requirements;
- Integrity of the Company's financial statements, the scope of the annual audits, and fees to be paid to the independent auditors;
- Performance of the Company's Internal Audit function, Independent Auditors and accounting practices and other matters as may be required in accordance with the rules and regulations of the Exchanges from time to time.

Though the financial results are sent to the Audit Committee and the Board at the same time, the Audit Committee reviews the audited quarterly, half-yearly and yearly financial results with the management before submitting them to the Board for its consideration and approval. The Chairman of the Audit Committee is present at the Annual General Meeting.

II. Composition & Qualifications

The Audit Committee comprises of the following three independent non-executive Directors as on 31.03.2010.

Ms. G. Lalitha	- Chairperson
Mr. N. Venkata Reddy	- Member
Mr. V. Shyam Sunder Reddy	- Member

None of the members receive, directly or indirectly, any consulting, advisory or compensatory fees from the Company other than their remuneration as a Director.

III. Meetings and attendance during the year

The Audit Committee met four times during the financial year 2009-10 as mentioned below:

Sl.No.	Date	Committee Strength	No. of members present
1	13.04.2009	3	2
2	31.07.2009	3	2
3	29.10.2009	3	2
4	10.05.2010	3	2

Attendance at Audit Committee Meetings during the financial year:

Name of the director	No. of meetings attended
Ms. G. Lalitha	4
Mr. N. Venkata Reddy	0
Mr. V. Shyam Sunder Reddy	4

B. Remuneration Committee:

The terms of reference, composition and meetings of Remuneration Committee are described as hereunder:

- i. Brief description of terms of reference
 - ii. Composition, name of members and Chairperson
 - iii. Attendance during the year
 - iv. Remuneration policy
 - v. Details of remuneration to the Directors, as per format in main report.
- i. **Brief description of terms of reference of Remuneration & Compensation Committee:**

The brief Terms of Reference of the Committee is as follows:

- To determine salaries, benefits and stock option grants to Employees and Directors of your Company.

- Develop and recommend, to the Board, Corporate Governance Guidelines applicable to the Company
- Implement policies and processes relating to Corporate Governance Principles

ii. Composition

The Remuneration & Compensation Committee comprise of the following three independent non-executive members of the Board.

Ms. G. Lalitha	- Chairperson
Mr. N. Venkata Reddy	- Member
Mr. V. Shyam Sunder Reddy	- Member

iii. Meetings and attendance during the year

The Remuneration Committee met once in the year and 2 members were present for all meetings except Mr. N. Venkata Reddy.

iv. Remuneration Policy and Criteria of making payments to Executive and Non-Executive Directors

Executive Directors

Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is recommended by the Remuneration and Compensation Committee to the Board and is approved by the Board as well as the Shareholders of the Company.

Non-Executive Director

Non-Executive Independent Directors are reimbursed the actual expenses incurred for attending meetings. During the year no sitting fee / other remunerations paid to the non-executive Directors

v. Details of Remuneration to all Directors

The details of remuneration paid / payable for the financial year 2009-10 to the Directors of the Company are as follows:

S.No	Name & Designation	Salary	HRA	Other	Others Allowances	Total
1	G.Venkateswara Rao Executive Director	Rs.750,000/-	Rs.300,000/-	Rs.360,000/-	Rs.90,000/-	Rs.15,00,000/-
2	K Vijay Rao Director (From 01.11.2009)	Rs.625,000/-	-	-	-	Rs.625,000/-

C. Shareholders & Investors Grievance Committee

Brief description of the terms of reference

The Shareholders & Investors Grievance administers mainly the following:

- Transfer of shares

- Transmission of shares
- Issuance of duplicate share certificates as and when required with approval of the Board.
- Shareholders / Investors Grievance issues from time to time and redress the same. The composition of Executive Directors managing the committee and other details are described as hereunder:

The composition of the Shareholders'/Investors' Grievances is as follows :

Ms. G. Lalitha	-	Chairperson
Mr. G Venkateswara Rao	-	Member
Mr. V. Shyam Sunder Reddy	-	Member

Name and designation of compliance officer as on 31.03.2010:

Mr. G Venkateswara Rao – Executive Director

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under Clause 49(IV)(F) is given as Annexure, to this Report.

5. CEO / CMDs' DECLARATION

Pursuant to the provisions of Clause 49(I)(D)(ii) of the Listing Agreement, the declaration by the Managing Director of the Company declaring that all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, is set out as Annexure, to this Report.

6. CEO/ CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and Executive Director have certified to the Board the financial statements for the year ended 31st March, 2010 is set out as an Annexure, to this Report.

7. GENERAL BODY MEETINGS

General Information pertaining to last three years Annual General Meetings is as follows:

i. Location and time where last three Annual General Meetings were held are given below:

Day, Date and Time of AGM	Location	No. of Special Resolutions passed	Resolutions requiring Postal ballot	Postal Ballot procedure
Tuesday, 12.05.2009 At 3.00 PM	Plot No.12, Softpro heights, Software Units layout Cyberabad, Hyderabad -500 081	6	Nil	Nil
Thursday, 28.08.2008 At 12.30 PM	Plot No.12, Softpro heights, Software Units layout Cyberabad, Hyderabad -500 081	4	Nil	Nil
Thursday 20.09.2007 At 10.30 AM	Plot No.12, Softpro heights, Software Units layout Cyberabad, Hyderabad -500 081	Nil	Nil	Nil

8. DISCLOSURES

i. Related Party Transactions

The details of related party transactions during the year under review are shown in notes to accounts which form part of this report.

ii. Compliances by the Company

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.

iii. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

Your Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement.

The details of these compliances have been given in the relevant sections of this Report.

9. MEANS OF COMMUNICATION

The Company regularly intimates un-audited, as well as audited financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are published in the Newspapers and are also on the website of the Company www.softprosys.com. The official news releases are also displayed on the Company's website.

10 GENERAL SHAREHOLDERS INFORMATION

The requirement of general shareholders information is described as hereunder:

i. Annual General Meeting

Day, Date and Time

Thursday, 30.09.2010 at 10.00 AM

Venue

At the Conference Hall, 5th Floor, SoftPro Heights,
Cyberabad, Hyderabad – 500081 (A.P),

ii. Financial Calendar

The company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the relevant quarter.

iii. Date of Book Closure

from 28.09.2010 to 30.09.2010

(both days inclusive)

iv. Listing on Stock Exchanges & Stock Code

S.No.	Listing on Stock Exchanges with Stock Code	Stock Code
1	Bombay Stock Exchange Limited	532332
2	National Stock Exchange Limited	SOFTPRO

v. Listing Fee: The Company has paid the Listing Fee for the year 2010-11 to BSE & NSE

vi. Annual Custodial Charges to Depositories:

The Company has paid Annual Custodial Charges for the year 2010-2011 to National Securities Depository Limited and Central Depository Services (India) Limited.

vii. Market Price Data and performance in comparison to BSE Sensex:

High/Low during each month of the financial year:

Month	BSE Price		No. of Shares Traded
	High (Rs.)	Low (Rs.)	
April 2009	111.00	53.00	253
May 2009	160.65	96.25	329
June 2009	241.50	162.25	898
July 2009	241.30	206.10	503
August 2009	240.60	200.25	248
September 2009	298.90	244.00	507
October 2009	275.00	250.00	235
November 2009	320.00	235.00	523
December 2009	304.70	230.90	1188
January 2010	290.00	246.00	735
February 2010	346.00	262.00	530
March 2010	287.90	260.00	146

ix. Registrar & Share Transfer Agent Address

Venture Capital and Corporate Investments Ltd
12-10-167, Bharatnagar, Hyderabad - 18

x. Address for Communication

Plot # 12, Softpro Heights, Softwar Units layout
Cyberabad, Hyderabad – 500 081

xi. Transfer system

The share transfers are affected twice in every month and dispatched to the respective holders.

xii. Distribution of Shareholding as on 31.03.2010:

No. of Shares		No. of Holders	% of Holders	No. of Shares	% of Shares
From	To				
1	500	2479	89.40	2,76,988	4.04
501	1000	82	2.95	68,313	0.98
1001	2000	57	2.05	88,229	1.27
2001	3000	25	0.90	61,429	0.88
3001	4000	16	0.57	55,812	0.80
4001	5000	22	0.79	1,00,007	1.44
5001	10000	41	1.47	2,87,855	4.15
10001 & above		52	1.87	59,86,367	86.44
TOTAL		2774	100.00	69,25,000	100.00

xiii Shareholding Pattern as on 31.03.2010

S.No.	Category	No.of Shares held	Percent of Shareholding
1	Indian Promoters Persons acting in concert	35,56,764	51.36
2	Non-Promoters Holding institutional Investors: Mutual Funds and URI, banks, Financial Institutions Insurance Companies (Central/State Govt. Institutions/ Non-governmental Institutions)	—	—
	FII's	—	—
	Sub –Total	35,56,764	51.36
3	Others Private Corporate Bodies	798987	11.54
	Indian public	2488397	35.93
	NRI's/OCBs	80852	1.17
	Any other	—	—
	Sub-Total	3368236	48.64
	Grand Total	6925000	100.00

xiv Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on March, 2010, 99.04% of the Equity Share Capital of the Company, stand dematerialized. Demat ISIN No. for NSDL and CDSL for Equity Shares – INE117B01012.

xv. Outstanding GDRs/ADRs/Warrants or any Convertible instrument, conversion date and likely impact on equity:
The Company has not issued any GDRs/ADRs.

The Company has 27,65,000 FCWs outstanding as on 31.03.2010.

By the order of the Board of Directors
for SOFTPRO SYSTEMS LIMITED
Sd/-

G.BALA REDDY

Chairman & Managing Director

Place : Hyderabad

Date : 25.08.2010

Annexure to Corporate Governance Report

Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

I, G. Bala Reddy, Chairman & Managing Director of the Company, hereby declare that the Board of Directors has laid down a Code of Conduct for its Board Members and Senior Management Personnel of the Company and the Board Members and Senior Management Personnel have affirmed compliance with the said code of Conduct.

By the order of the Board of Directors
for SOFTPRO SYSTEMS LIMITED
Sd/-

G. BALA REDDY

Chairman & Managing Director

Place : Hyderabad

Date : 25.08.2010

Annexure - B

Sl.No.	Description	ESOP Scheme 2008
1	Options granted	100,000 Options of Rs.10/- each
2	Pricing Formula	The 'Exercise Price' for conversion of each stock option into one equity share shall be the price at a discount of 80 per cent to 95 per cent (at the discretion of compensation committee) of closing market price on the date of the grant, on the stock exchange which recorded the highest trading volume
3	Options vested	Nil
4	Options exercised	Nil
5	Total number of shares arising as a results of exercise of options	Nil
6	Options lapsed	Nil
7	Variation of terms of options	Nil
8	Money realized by exercise of options	Nil
9	Total Number of options in force as on March 31, 2010	100,000
10	Employee wise details of options granted to i. Senior Managerial personnel ii. Any other employee who received a grant in any year of options amounting to 5% or more of options granted during the year iii. Identified employees who were granted options, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Enclosure-1 Nil Nil
11	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'EPS'	3.39

Enclosure – 1

Employee wise details of options of R.10/- each granted to senior managerial personnel and in force (ie., options outstanding) as on the date of Report (Number of options of Rs.10/- each)

S.No.	Name of the Employee	Designation	ESOP 2008
1	G Venkateswara Rao	Executive Director	3150
2	V Shyam Sunder Reddy	Director	3150
3	A V N Reddy	Director	3150
4	M S Reddy	Vice President - Delivery	3150

Annexure - C

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 as amended and forming a part of the Directors report for the year ended March 31, 2010

Sl. No.	Name of the employee and age	Designation and nature of the duties	Qualification and experience	Date of commencement of employment	Previous Employment	Gross Remuneration
1	Sanjay Saran Garg, 42 years	VP-Technology (Heading India R&D Division)	MCA, 18years	21.10.2009	Misys Software Solutios Pvt. Ltd,	17,67,028
2	Charles Sasi Paul, 36 years	Director Engineering (Heading the Technical Team, Goal Setting, Designing & Developing)	B.Tech, 14years	05-10-2009	Thomson Reuters	20,35,381
3	John Verghese 42 years	Vice President Sales (Heading Sales Organisation)	MBA, 18years	04.01.2010	24/7 Pvt. Ltd.	993,613
4	P Venka Reddy 36 years	Associate Vice PesidentHR (Heading of HR Division & India -R & D Centre)	Pre Ph. D, MPMIR, BA(HRM) 14 years	11.12.2009	Patni	736,371
5	Y Koteswar Rao 33 years	Development Manager (Product Designing & Development.)	M.S, 12 years	05.10.2009	Amazon.com	12,95,563
6	Arjun Balamam 34 years	Program Manager (Resource Management, Project & Program Management)	B.E., MBA 12 years	11.01.2010	Broadcom India	649,919

Annexure to Corporate Governance Report

Certification by CMD & ED of the Company

To the Board of Directors of SOFTPRO Systems Limited,

We, G. Bala Reddy, CMD and G.Venkateswara Rao, Executive Director, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010, and that 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.
- (b) 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.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
 - (i) There has not been any significant changes in internal control over financial reporting during the year under reference;
 - (ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) There has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Hyderabad
25.08.2010

G. BALA REDDY
Chairman & Managing Director

G.VENKATESWARA RAO
Executive Director

Annexure to Corporate Governance Report

Management Discussion & Analysis

Disclaimer

The contents stated within this report may be futuristic in nature and may draw the attention of risks and uncertainties. The company would not have full control on risks associated with the new products, services and competitors' positioning. The following discussion and analysis should be interpreted in line with our other statements included herein and the notes thereto.

Activities during the Financial Year under review

The first step towards making SoftPro an Significant player in becoming a fully integrated "Enterprise Resource Management" (ERM) company has been taken by acquiring one of the visionary companies in the Governance, Risk & Compliance domain. SoftPro acquired Cura Global GRC solutions Pte Ltd, a global operation risk management solution provider that has been rated "visionary" in both Gartner's Magic Quadrant & Forrester Visionary list. Cura has an interesting track record of serving more than 50 fortune 500 clients with a total customer base in excess of 250 worldwide and operations spanned across US, UK, Australia and South Africa.

The company was suitable in all respects of having a strong product, with wide customer base, an experienced management team and operating in multiple geographies. This marks the shift in focus, as mentioned during our last discussion, from a services based company to a product based company.

During the first year after acquisition the company has been constantly working towards internal structuring, synchronizing cultures, bringing in processes and methodologies to inculcate the mindset of a high performing organization while simultaneously developing multiple opportunities to enhance revenue streams for the future.

Current Industry Trends

Global economic meltdown has taken a toll on technology spending worldwide. Corporations have adopted multiple ways to reduce costs and stay afloat. The receding recessionary trends in the last one year have given some organizations headroom to relook at technology adoption to build processes that not only identify risks but also mitigate them. Similarly, increasing compliance requirements for public corporations has started to put pressure on corporations to build and make the processes transparent. We would also see some operating policies, procedures and processes mandated to create transparency to all stake holders.

We are also seeing an increase in number of operational processes being automated which is increasing the robustness of the product. Compliance and risks are specific to geographies and therefore products in the market place are also turning from being generic to a combination of vertical and geography specific. While spending on technology is on the rise, corporations are judicious in selecting products which brings a hope with a caution.

Industry has been dominated with small players till the recent past and consolidation started to take place. Large IT players have acquired small GRC companies and are looking to deploy resources to enhance the product and build the presence in the space. This indicates that the market is gearing up for larger and specialized deployments and competition would strengthen in the short to medium term. Various government and industry forums are evolving promoting the importance of risk and compliance and are working closely with all the industry stakeholders to evolve standards in assessment and mitigation.

While the Industry is preparing itself for the next big leap in the next couple of years, is also cautioning on being judicious in planning and developing products that address the immediate needs of the customers.

Company's Plans

Taking industry trends in consideration and assessing the internal strengths of the company we have set out an agenda for the current financial year to focus on the following:

- a) Enhancing the product features and drawing up a product road map for the medium term;

- b) Increasing the management bandwidth by building leadership layers to build a long term sustainable growth plan;
- c) Strengthening domain expertise to widen our offering to multiple industries;
- d) Internal reorganization to create flexibilities in addressing the customer needs faster and better;
- e) Constantly looking for opportunities to strengthen our position in the market place ;
- f) While we focus on enhancing our customer base we also focus on the existing customer base for opportunities to broaden our offering and maintain continuity in serving them;
- g) Since the acquisition atmosphere is settled we also plan to strengthen the company operationally and financially.

OPPORTUNITIES AND OUTLOOK

Cost effective base and skilled work force provide excellent opportunities for Indian Companies in general and for Softpro in particular. The opportunity is being capitalized by growing outsourcing and number of products going off patent. Over the years, Softpro institutionalized competencies that make it a preferred partner for a number of companies. This could lead to enhanced value creating opportunities in software world through a better leverage of existing relationships and research capabilities.

Risks and concerns:

Some of the risks and concerns inherent to technology business which SoftPro may face are as follows

- a) Prolonged financial crisis, that can prolong shyness in Technology expenditure
- b) Cost cutting measures on corporate scale
- c) Cheaper alternative to achieve efficiencies
- d) Inherent lateral integration and subsequent competitive environment

Internal control systems and their adequacy:

We have adequate control procedures in place. The controls ensure optimum use and protection of data, resources and comply with policies, procedures and statutes. The internal audit is conducted to examine and evaluate the adequacy and effectiveness of the internal control systems, appraises periodically about activities and audit findings to the audit committee, statutory auditors and top management.

Discuss on financial performance with respect to operational performance.

During the year your company has raised the turnover of the company by 110.34% against previous year. Also increased its Authorized Share Capital by Rs.175,00,000/- aggregating the capital to Rs.100,00,000 divided into 1,00,00,000 Equity shares of Rs.10/- each.

Your company has also allotted equity shares on preferential basis with which the issued, Subscribed & paid up capital became Rs.6,92,50,000/- divided into 69,25,000 Equity Shares of Rs.10/- each.

SEGMENTWISE PERFORMANCE

The necessary details are given in point no.20 of the notes to the accounts.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The strength of a company lies in its Human Resources and your company is no exception to this universal rule. Your company continuously focuses on recruiting the best talent and also retaining and motivating the talent with them. Further improvements in the work environment and other related areas would be made through a process and metric-oriented approach.

Industrial relations of the company remained cordial and peaceful through the year

By the order of the Board of Directors
For SOFTPRO SYSTEMS LIMITED

Sd/-

G.BALA REDDY

CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad

Date: 25.08.2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
SOFTPRO SYSTEMS LIMITED
HYDERABAD.

We have examined the compliance of provisions of Corporate Governance by SOFTPRO SYSTEMS LIMITED for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges.

The compliance of provisions of Corporate Governance is the responsibility of the management. Our examination has been in the manner prescribed in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the provisions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management, we certify that the Company has complied with the provisions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the company as per the records maintained by the shareholders / investor's grievance committee.

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.

Place : Hyderabad
Date : 25-08-2010

For RAMBABU & CO.,
Chartered Accountants
Firm Reg. No: 002976S

RAVI RAMBABU
Partner
M.No: 18541

AUDITORS' REPORT

To
The Members of
SOFTPRO SYSTEMS LIMITED,
HYDERABAD

We have audited the attached Balance Sheet of SOFTPRO SYSTEMS LIMITED, HYDERABAD, as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date which we signed in reference to this Report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report comply with the Accounting Standards "except Accounting Standard 15 (Revised 2005) e. i. Employee benefits" referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) In our opinion and based on written representations received from Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) Subject to paragraph (iv) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - a) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in so far as it relates to Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Hyderabad
Date : 25-08-2010

For RAMBABU & CO.,
Chartered Accountants
Firm Reg. No: 002976S

RAVI RAMBABU
Partner
M.No: 18541

Annexure to the Auditors' Report:

Referred to as in paragraph 1 of our Report of even date.

1. In respect of its Fixed Assets:

- (a) The Company has maintained proper records showing full particulars including details and situation of Fixed Assets.
- (b) As explained to us, all the Fixed Assets have not been physically verified by the Management during the year but there is a program of verification in phased periodical manner at regular intervals, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) During the year, the Company has not disposed off substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions are affected involving disposal of assets so as to affect going concern status of the Company.

2. In respect of its Inventories:

As explained to us, the Company does not hold any inventories and, hence, the question of physical verification, procedures followed for verification and discrepancies thereof does not arise.

3. In respect of loans secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:

- (a) During the year, the Company has granted interest free demand loans of Rs. 1353.33 Lakhs to parties covered in the Register maintained under Section 301 of the Companies Act 1956.
- (b) According to the information and explanations given to us, we are of the opinion, the terms and conditions on which loan granted by the company to such parties listed in the register maintained under section 301 of the companies act, 1956 are not, Prima facie, prejudicial to the interest of the company.
- (c) In respect of interest-free demand loan granted, the principal amount is being receivable on demand and the question of overdue does not arise.
- (d) There is no overdue amount in-respect of interest-free demand loan granted to parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the steps taken for recovery of the Principal, and overdue amount of more than one lakh does not arise.

4. 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 purchase of fixed assets, office equipment and for rendering of services. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In respect of transactions covered under Section 301 of the Companies Act, 1956:

- (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956

and exceeding the value of Rs. 5,00,000 with parties covered above, during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
7. In our opinion, the Company has an independent internal audit system commensurate with its size and the nature of its business.
8. We are informed and according to the information and explanations given to us, that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for the activities of the Company.
9. In respect of statutory dues:
 - (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employees state insurance, Income tax, investor education and protection fund, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no disputed amounts payable in respect of Wealth tax, Income tax, Sales tax, Customs duty, Excise duty and Cess were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) *According to the information and explanations given to us, there are no dues of sales tax, income tax, Customs duty, Wealth tax, Excise duty and Cess, which have not been deposited on account of any dispute, except taxes mentioned below, have not been deposited by the company on account of dispute.*

Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
APVAT, 2005	Value Added Tax	9,25,791/-	2005-06	High Court of A.P.
APVAT, 2005	Value Added Tax	11,88,400/-	2006-07	High Court of A.P.
APVAT, 2005	Value Added Tax	15,40,143/-	2008-09	High Court of A.P.

10. In our opinion, the Company does not have accumulated losses at the end of the year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, the Company has given corporate guarantee to the Andhra Bank for securing stand by letter of credit for securing loans taken by M/s Cura Global GRC Solutions Pte. Ltd. from Bank of India, to the tune of Rs. 3413.33 Lakhs (US \$ 7.12 millions) and further the company has provided security by the first pari-passu mortgage charge over Land & Buildings situated at Softpro Hights, Software Units Layout, Madhapur, Hyderabad.
16. In our opinion, during the year, the Company has taken a fresh term loan of Rs. 938 Lakhs from Andhra Bank and the funds were utilized for the purpose for which the loan were obtained and the outstanding amount on the balance sheet date is Rs. 911.50 Lakhs.
17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the Company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
18. In our opinion and according to the information and explanations given to us, the Company has not issued debentures during the year.
19. In our opinion, the Company has not raised money by way of public issue for any specific purpose during the year.
20. During the year, the Company has made preferential allotment of 9,25,000 Equity shares of Rs. 10/- each to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which the said shares have been allotted is not prejudicial to the interest of the Company.
21. In our opinion, the Company is not required to create / register / modify any security (Charge) as the Company is not holding / issued any debentures.
22. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

Place: Hyderabad
Date: 25-08-2010

For RAMBABU & CO.,
Chartered Accountants
Firm Reg. No: 002976S

RAVI RAMBABU
Partner
M. No : 18541

SoftPro Systems Limited

Balance Sheet as at 31st March, 2010.

	Schedules	Year ended March 31, 2010 Rs.		Year ended March 31, 2009 Rs.	
SOURCES OF FUNDS					
(A) Shareholder's Fund					
a. Share Capital	I		69,250,000		60,000,000
b. ESOP/Warrant Application Money	II		112,712,500		0
c. Reserves and Surplus	III		286,959,886		177,029,950
(B) Loan funds:					
Secured Loans	IV		91,150,174		0
(C) Deferred Tax Liability					
			9,037,833		0
TOTAL			569,110,393		237,029,950
APPLICATION OF FUNDS:					
(A) Fixed Assets					
a) Gross Block	VI	209,715,777		200,321,667	
Less: Accumulated Depreciation		55,037,710		48,126,276	
Net Block			154,678,067		152,195,391
b) Capital Work-in-progress			64,201,865		48,497,854
c) Investments	V		141,826,996		9,328,200
Deferred Tax Asset			0		0
(B) Current Assets, Loans & Advances					
a. Inventory – Software WIP	VII	246,848		353,940	
b. Sundry Debtors	VIII	61,452,336		32,036,632	
c. Cash & bank Balances	IX	3,337,974		1,266,680	
d. Loans & Advances	X	173,468,369		21,702,551	
Sub Total:		238,505,527		55,359,802	
Less: Current Liabilities and provisions					
a. Current Liabilities	XI	28,001,942		16,453,284	
b. Provisions		22,700,570		11,898,014	
		50,702,512		28,351,298	
Net Current Assets			187,803,015		27,008,505
Misc.Exp.to the extent not written off or adjusted					
Deferred employee Compensation A/c-2008			20,435,000		0
ESOP Expenses			165,450		0
TOTAL			569,110,393		237,029,950
Significant Accounting Policies & Notes on Accounts					
	XX				

As per our report of even date attached

for and on behalf of the Board

For RAMBABU & CO

Chartered Accountants

Reg.No.002976S

RAVI RAMBABU

Partner M.No. 18541

G. BALA REDDY

Managing Director

G. VENKATESWARA RAO

Executive Director

P. DURGA BHAVANI

Company Secretary

Place : Hyderabad

Date : 25.08.2010

Profit and Loss Account for the year ended 31st March 2010

	Schedules	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
I. Income:			
1. Software and Technical services Income	XII	101,057,296	6,766,627
2. Lease / Rental Income	XIII	46,615,344	56,253,179
3. Other Income	XIV	5,699,480	9,895,040
Total:		153,372,120	72,914,846
II. Expenditure			
1. Decrease in WIP – Software	XV	107,092	-353,940
2. Software Expenses		40,650,000	0
3. Employee Costs	XVI	36,340,288	7,144,100
4. Business Development Expenses	XVII	6,666,663	516,432
5. Administrative Expenses	XVIII	19,350,934	20,493,788
6. Finance Charges	XIX	4,251,109	163,371
7. Depreciation on Assets	VI	6,911,434	6,426,808
8. Loss on Sale of Investments		0	11,102,000
Total:		114,277,520	45,492,599
PROFIT BEFORE TAX		39,094,600	27,422,288
Less: Provision for Income Tax			
Current Tax	9,770,089		
Deferred Tax	300,742		
Dividend Tax Paid	509,850	10,580,681	9,659,322
PROFIT AFTER TAX		28,513,919	17,762,965
Profit brought forward from previous year (See Note No.10 of notes on accounts)		60,045,259	54,019,385
Less:- Appropriations:		88,559,178	71,782,350
Transfer to General Reserve		30,000,000	0
Proposed Dividend (including Dividend Tax)		4,037,621	3,000,000
Balance Carried to Balance sheet		54,521,557	68,782,350
Earnings per Share :Basic	XVIII	4.29	2.96
Earning per Share : Diluted		3.39	2.96
Notes on Accounts			

As per our report of even date attached

for and on behalf of the Board

For RAMBABU & CO
Chartered Accountants
Reg.No.002976S

RAVI RAMBABU
Partner M.No. 18541

G. BALA REDDY
Managing Director

G. VENKATESWARA RAO
Executive Director

P. DURGA BHAVANI
Company Secretary

Place : Hyderabad
Date : 25.08.2010

Schedules Forming part of Balance Sheet as at 31st March 2010.

Particulars	Year ended 31st March 2010 Rs.	Year ended 31st March 2009 Rs.
Schedule I. <u>Share Capital:</u>		
<u>Authorised Share Capital</u>		
(a) 1,00,00,000 Equity Shares of Rs.10/-each <i>(Previous year 82,50,000 Equity Shares of Rs. 10/- each)</i>	100,000,000	82,500,000
(b) Redeemable Preference Shares of Rs. 10/- each <i>(Previous Year 7,50,000 shares of Rs. 10/- each)</i>	0	7,500,000
	100,000,000	90,000,000
<u>Issued, Subscribed & Paid up Capital</u>		
(a) 69,25,000 Equity Shares of Rs.10/- each fully paid up <i>(Previous year 60,00,000/- Equity Shares of Rs. 10/- each fully paid up)</i>	69,250,000	60,000,000
	69,250,000	60,000,000
Schedule II. <u>ESOP/Warrant Application Money</u>		
(a) Warrant Application Money Received	111,712,500	0
(b) ESOP 2008 Application Money Received	1,000,000	0
	112,712,500	0
Schedule III. <u>Reserves and Surplus</u>		
(a) Capital Reserve	1,565,900	1,565,900
(b) Equity Share Premium	179,637,429	105,881,700
(c) General Reserve	30,800,000	800,000
(d) Profit & Loss Account	54,521,557	68,782,350
(e) Reserve for ESOP Scheme 2008	20,435,000	0
	286,959,886	177,029,950
Schedule IV. <u>Secured Loans</u>		
Term Loan from Andhra Bank	91,150,174	0
	91,150,174	0
Schedule V. <u>Investments Unquoted</u>		
Equity shares in Subsidiary Companies -		
(a) Cura Global GRC Solutions Pte Ltd-Singapore <i>(Cost of 27,23,510 Equity Shares with face value of USD 1/- each fully paid up and One Equity Share of SGD 1/- each fully paid up)</i>	132,498,796	0
(b) Softpro Technologies Pvt Ltd :- <i>(9,32,820 Equity shares with face value of Rs. 10/- each fully Paid up)</i>	9,328,200	9,328,200
	141,826,996	9,328,200

Schedules Forming part of Balance Sheet as at 31st March 2010.

Particulars	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
Schedule VII. <u>Inventory:</u> (Valued and certified by the Management)		
Software Work in progress	246,848	353,940
	246,848	353,940
Schedule VIII. <u>Sundry Debtors.</u> (Unsecured and considered good)		
(a) Outstanding for more than 6months	7,730,758	14,004,234
(b) Others	53,721,578	18,032,398
	61,452,336	32,036,632
Schedule IX. <u>Cash and Bank Balances</u>		
(a) Cash in Hand	1,136,114	29,948
(b) Balances with Scheduled Banks		
i) In Current Accounts	1,624,765	710,652
ii) Fixed Deposit Accounts	331,749	309,596
iii) Unclaimed dividend Accounts	245,346	216,485
	3,337,974	1,266,680
Schedule X. <u>Loans and Advances:</u> (Advances recoverable in cash or in kind or for value to be received)		
(a) Loans to Subsidiaries	135,332,552	0
(b) Advances for Capital goods	18,276,953	466,509
(c) Other Advances	1,078,531	8,203,742
(d) Deposits with Government Authorities	1,762,950	1,792,523
(e) Prepaid Taxes	17,017,383	11,239,776
	173,468,369	21,702,550
Schedule XI. <u>Current Liabilities and Provisions</u>		
(A) Current Liabilities:		
(a) Sundry Creditors for Capital Goods	752,197	1,010,837
(b) Sundry Creditors for Expenses	2,986,213	458,648
(c) Deposits and Advances Received	16,981,324	12,044,064
(d) Outstanding Liabilities for Expenses	6,921,477	2,632,385
(e) Provision for Gratuity	115,385	90,865
(f) Unclaimed Dividend	245,346	216,485
	28,001,942	16,453,284
(B) Provisions:		
(a) Provision for Taxation	19,238,070	8,898,014
(c) Proposed Dividend	3,462,500	3,000,000
	22,700,570	11,898,014
Schedule XII. <u>Software and Technical Services Income</u>		
Software Projects (Exports)	98,303,082	0
Software Projects (Domestics)	0	1,500,000
Software Technical Services (Domestic)	2,754,214	5,266,627
	101,057,296	6,766,627

VI FIXED ASSETS SCHEDULE

Sl. No.	Name of the Asset	%	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Balance as on 01-04-2009	Additions during the year	Sale or adjsts for the year	Balance as on 31-03-2010	Balance 01-04-2009	During the Year	Sale or Adjts for the year	Total as on 31-03-2010	As on 31-03-2010	As on 31-3-2009
1	Land at Hyderabad	0.00	9,174,326	0	0	9,174,326	0	0	0	0	9,174,326	9,174,326
2	Building	1.63	84,389,820	1,122,486	0	85,512,306	8,166,528	1,381,569	0	9,548,097	75,964,209	76,223,292
3	Air Conditioning System	4.75	17,925,685	67,929	0	17,993,614	5,067,863	852,357	0	5,920,220	12,073,394	12,857,822
4	Plant & Machinery	4.75	3,170,162	0	0	3,170,162	1,025,336	150,583	0	1,175,919	1,994,243	2,144,826
5	Electrical Equipments	4.75	5,970,937	0	0	5,970,937	1,748,580	283,620	0	2,032,200	3,938,737	4,222,357
6	Electrical Fittings	4.75	9,478,245	0	0	9,478,245	2,635,179	450,217	0	3,085,396	6,392,849	6,843,066
7	Interiors, Furniture & Fixtures	6.33	35,327,751	399,162	0	35,726,913	13,511,550	2,248,527	0	15,760,077	19,966,836	21,816,201
8	Lift System	4.75	2,817,500	0	0	2,817,500	839,461	133,831	0	973,292	1,844,208	1,978,039
9	Fire Safety Equipment	4.75	2,439,423	0	0	2,439,423	675,843	115,873	0	791,716	1,647,707	1,763,580
10	Computers	16.21	8,453,313	5,296,897	0	13,750,210	7,615,755	459,858	0	8,075,613	5,674,597	837,558
11	Software Tools & Packages	4.75	13,911,417	174,537	0	14,085,954	5,524,129	664,472	0	6,188,601	7,897,353	8,387,288
12	Office Equipment	4.75	2,461,908	1,128,834	0	3,590,742	408,838	133,088	0	541,926	3,048,816	2,053,070
13	Library Books	16.21	63,389	0	0	63,389	63,389	0	0	63,389	0	0
14	Motor Cars	9.50	870,195	1,204,265	0	2,074,460	843,825	37,439	0	881,264	1,193,196	26,370
15	Land at Vizag (under development)		3,867,596	0	0	3,867,596	0	0	0	0	3,867,596	3,867,596
	TOTAL		200,321,667	9,394,110	0	209,715,777	48,126,276	6,911,434	0	55,037,710	154,678,067	152,195,391
	Previous Year		191,579,890	11,554,145	2,812,368	200,321,667	44,511,836	6,426,808	2,812,368	48,126,276	152,195,391	147,068,054

SoftPro Systems Limited

Schedules Forming part of Profit & Loss Account as at 31st March 2010.

Particulars	Year ended 31st March 2010 Rs.	Year ended 31st March 2009 Rs.
Schedule XIII. <u>Lease/Rental Income</u>		
Rent Receipts for Space	31,436,528	36,687,933
Rent Receipts for Furniture	15,178,816	19,565,246
	46,615,344	56,253,179
Schedule XIV. <u>Other Income</u>		
Interest received	228,465	2,747,304
Parking Charges	733,200	1,007,150
Maintenance Charges	4,283,994	5,182,367
Other Income	453,821	28,219
Profit on Sale of Assets	0	930,000
	5,699,480	9,895,040
Schedule XV. <u>Change in W I P Software.</u>		
Closing Software Work in progress	246,848	353,940
Less: Opening Software Work in progress	353,940	0
	-107,092	353,940
Schedule XVI. <u>Employee Costs :</u>		
Salaries & Benefits	36,033,263	7,072,840
Staff Welfare expenses	307,025	71,260
	36,340,288	7,144,100
Schedule XVII. <u>Business Development Expenses:</u>		
Travelling & Conveyance	5,371,942	66,349
Advertisement	133,212	283,666
Computer Software Renewal Fee	9,516	12,000
Softnet Charges	637,908	114,516
Marketing Development Expenses	462,048	3,101
Membership & Subscriptions	52,037	36,800
	6,666,663	516,432
Schedule XVIII. <u>Administrative Expenses:</u>		
Professional Charges	7,865,299	1,364,035
Printing and Stationery	182,298	57,821
Repairs and Maintenance	4,898,212	5,656,923
Telephone & Faxes	211,148	44,591
Electricity Charges	1,164,785	670,996
Auditor's Remuneration	193,025	258,990
Insurance	189,102	136,685
Rent,Rates,Taxes & Fees	1,308,845	1,262,914
Exchange fluctuation	2,119,068	-919
Office Maintenance Expenses	755,535	413,513
Bad debts written off	463,617	10,628,239
	19,350,934	20,493,788
Schedule XIX. <u>Finance Charges</u>		
Interest Paid to Bank on Term Loans	3,668,453	140,629
Interest Paid to Others	0	2,233
Bank Charges	582,656	20,509
	4,251,109	163,371

Schedule forming part of financial statements for the year ended March 31, 2010

Schedule -XX-SIGNIFICANT ACCOUNTING POLICIES

Notes to the Accounts:

1. Accounting Conventions:-

The Financial Statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2. Revenue Recognition

a). Revenue from Services is recognized as and when the Services are rendered. Expenditure on software purchase, developed and/or customized during the year is treated as revenue expenditure. The Company follows completed method of accounting for services rendered in respect of Software projects and significant products under development.

b). *Interest Income:* Interest income is recognized on accrual basis.

3. Expenditure:-

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

4. Fixed Assets

Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from taxes, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets.

5. Depreciation:

Depreciation on Fixed assets including additions has been provided on straight-line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

6. Investments:-

Long term Investments are stated at cost. Provision, if any, is made for permanent diminution in the value of Investments. Current investments are stated at lower cost or Market value.

7. Inventories:-

Inventories are valued at cost or net realizable value which ever is less.

8. Employee Benefits:-

Company's contribution towards provident fund and pension fund are charged to Profit and Loss account.

The company provides for retirement benefits in the form of gratuity and leave encashment based on valuations, as at the balance sheet date, made by Independent actuaries.

In respect of employee's stock options, in excess of fair price on the date of grant over the exercise price is recognized as deferred compensation cost amortized over the vesting period.

9. Foreign Exchange Transactions:-

All foreign exchange transactions entered into during the current period are accounted at the exchange rate prevailing on the date of contract/documentation. Foreign exchange fluctuations on transactions entered into during the period and received/paid during the period are accounted in the current financial year. The outstanding accounts in foreign currency are restated at the end of the period at the foreign currency rate prevailing on that and any fluctuation on the same is recognized in profit and loss account.

10. Miscellaneous Expenditure:-

Preliminary and issue expenses, deferred revenue expenditure and R & D expenditure have been written off over a period of 10 years.

11. Income Taxes:-

Income Tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company. Deferred tax resulting from timing difference between accounting income and taxable income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

12. Earnings per share:-

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

For the purpose of calculating diluted earning per share, the net profit attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

13. Provisions:-

A provision is recognized when the company has present obligation as a result of past event and it is probable than an out flow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

14. Cash and cash equivalents:-

Cash and cash equivalents in the cash flow statement comprise cash at bank, Cash in hand, fixed deposits and unclaimed dividend a/c

15. Use of estimates:-

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operation during the reporting period. Although these estimates based upon management best knowledge of current events and actions, actual results could differ from these estimates.

Notes on Accounts:-

1. The company has the following contingent liabilities as on:

Particulars	31-03-2010	31-03-2009
i). Bank guarantee issued to Central Excise Department	260,000	260,000
ii). Claim against the Company not acknowledge as debt	376,112	376,112
<p>iii). The Commercial Tax Officer, (FAC), Madhapur, has vide his Assessment orders dated 27.04.2010 demanded valued added tax of Rs.10,58,047/-, Rs. 13,58,171/- and Rs. 17,60,163/- (Totaling to Rs. 41,76,381/-) for the financial years 2005-06, 2006-07 and 2008-09 respectively on rent for furniture. The Company approached Hon'ble High Court of Andhra Pradesh for stay and in turn the Hon'ble High Court of Andhra Pradesh has granted interim Stay for further proceedings with a condition that Company shall pay 12.5% of disputed tax and the Company has paid an amount of Rs.5,22,047/- towards disputed Tax liability of Rs. 41,76,381/-.</p>		
<p>iv). During the year the company has provided Corporate Guarantee to an extent of Rs. 3413.33 Lakhs to Andhra Bank for the guarantee provided by them to Bank of India, who has sanctioned a term loan of US \$ 14.24 millions to the Cura Global GRC Solutions Pte. Ltd, Singapore a subsidiary of the Company. The said guarantee given by the company is also secured by the first Pari-pasu mortgage charge over Land & Buildings situated at Softpro Heights, Softpro Units layout, Madhapur, Hyderabad.</p>		
2. Estimated amount of contracts remaining to be executed on capital accounts not provided for is Rs. 70,85,907/-		
3. During the year the company has received Equity Warrant application money on allotment of 1,65,000 warrants @ Rs. 22.50/- each and 24,00,000 warrants @ Rs. 45/- each amounting to Rs. 11,17,12,500/-		
4. The Company has granted 100,000 Options under ESOP 2008 to its employees at Rs. 42/- each (Including premium of Rs. 32/- each) on 28-08-2008. During the year the Company has received ESOP application money of Rs. 10,00,000/- on granting of 100,000 Options @ Rs. 10/- each. The Company has created a Reserve for ESOP 2008 towards premium of Rs. 32/- each and the difference price of Rs. 172.35 each on 100,000 options and correspondingly debited to Deferred Employee Compensation account with an amount of Rs. 2,04,35,000/- The said amount of Rs. 2,04,35,000/- shall be amortized in proportion to conversion of options into Equity Shares.		
5. During the year the Company has issued 9,25,000 Equity Shares for Rs. 90/-each (Including Premium Rs. 80/- each) on Preferential basis to the Promoters and others and received an amount of Rs.7,40,00,000/- towards share premium account and an amount of Rs. 2,44,271/- has been utilized from Share premium account to meet the Preferential issue expenses.		
6. During the year the Company has converted authorized capital relating to 7,50,000 Redeemable Preference Shares of Rs. 10/- each into Equity Shares of Rs. 10/- each.		
7. During the year the Company has availed Term Loan of Rs. 9.38 Crores from Andhra Bank, Koti, Hyderabad. The Said Term Loan is secured by extension of Charge of Land and Building of Softpro Heights, Hyderabad and Equitable mortgage of Vizag unit Land and Building located at Plot No.17, Hill No. 2, Rishikonda Vishakapatnam. This Loan is further secured by personal guarantee of Shri. G. Bala Reddy, C M D of the Company.		
8. During the year under review an amount of Rs. 9,949/- being unclaimed dividend for the year 2001-2002 has been transferred to Investor Education and Protection Fund A/c.		

9. In compliance with Accounting Standard 22 relating to “Accounting for taxes on Income” issued by the Institute of Chartered Accountants of India, the company has accounted for Deferred Tax, the details of which are given below.

(Rs. In Lakhs)

Deferred tax liabilities recognized for timing differences due to	31-03-2010	31-03-2009
Depreciation	3.01	0
Others etc.,	0	0
Total	3.01	0

(ii) During the year the company has adjusted deferred tax liability relating to the earlier years amounting to Rs. 87,37,091/- to the profit & Loss account balance

10. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006.

SL.No.	Particulars	As at March 31,2010 Rupees.
a.	Principal amount remaining unpaid and interest due thereon.	Nil
b.	Interest paid in term of Section 16	Nil
c.	Interest due and payable for the period of delay in payment.	Nil
d.	Interest accrued and remaining unpaid.	Nil
e.	Interest due and payable even in succeeding years.	Nil

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

11. **Earnings per share:-**

Earnings per share computed in accordance with Accounting Standard 20 in respect of profit for the year 2009-2010 is as under:

(Rs. in Lakhs)

Description	31-03-2010 (Per Equity Share of Rs.10/- each)	31-03-2009 (Per Equity Share of Rs. 10/- each)
Profit after Tax	285.14	177.63
Adjusted Profits	0	0
No. of shares – Basic	66.50	60.00
No. of Shares – Diluted	85.23	60.00
EPS - Basic Rs.	4.29	2.96
EPS - Diluted Rs.	3.34	2.96

The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

12. Related parties information:

A) Information regarding related party transactions as per Accounting Standard 18 is given below:

Names of related parties and description of relationship:

Party	Relationship
G Bala Reddy	Key Management Person
G. Venkateswara Rao	Key Management Person
Softpro Technologies Private limited	Subsidiary Company
Cura Global Grc Solutions Pte Ltd	Wholly Owned Subsidiary
ICSA (India) Limited	Associate Company
BRG Energy Limited	Associate Company
P R Cements Ltd	Associate Company
Sahasra Investments Pvt Ltd	Associate Company
G. Venkateswara Rao	-Director of Softpro Technologies Pvt. Ltd. -Director of Cura Global GRC Solutions Pte. Ltd.
G Velangini Mary	-Relative of KMP -Director of Softpro Technologies Pvt. Ltd. -Managing Director of B R G Energy Ltd -Director of Sahara Investments Pvt. Ltd.

B) The details of related party transactions in terms of Accounting Standard (AS-18) are as follows:

(Rs. in Lakhs)

Description	Subsidiaries	Associates	KMP's	Relatives of KMP's
Purchases/ Sub-contract works	0 (0)	414.78 (42.27)	0 (0)	0 (0)
Sales	462.48 (0)	18.16 (61.65)	0 (0)	0 (0)
Rendering of Services	0 (0)	0.00 (0)	0 (0)	0 (0)
Receiving of Services	0 (0)	0.00 (0)	0 (0)	0 (0)
Rent Receipts	0 (0)	308.16 (287.82)	0 (0)	0 (0)
Loans and Advances	1230.15 (0.18)	0 (0.92)	0 (0)	0 (0)
Rent Deposit	0 (0)	100.00 (0)	0 (0)	0 (0)
Total:	1692.63 (0.18)	841.10 (392.66)	0 (0)	0 (0)

Note: Figures in brackets represent for the previous year 2008-09.

C) Amounts due from / to related parties as at the year end are:

(Rs. In Lakhs)

Nature of the party	As at 31-03-2010		As at 31-03-2009	
	Due To	Due From	Due To	Due From
Cura Global GRC Solutions Pte Ltd	0	1815.81	0	0
Softpro Technologies Pvt Ltd	0	0	0	135.91
I C S A (India) Ltd	105.69	0	0	134.88
B R G Energy Ltd	0.75	0	0	0
P R Cements	0.50	0	0	0

13. Details of Remuneration to Directors.

(Rs. in Lakhs)

Name & Designation	Salary	HRA	Other Allowances	Total
G.Venkateswara Rao Executive Director	7.50	3.00	4.50	15.00
K.Vijay Rao Director(from 1 st Nov2009)	6.25	0	0	6.25
Total	13.75	3.00	4.50	21.25

14. Auditor's remuneration:-

(Rs. In Lakhs)

Particulars	March 31, 2010	March 31, 2009
i) Statutory Audit Fee	1.00	1.00
ii) Tax Audit fee	0.35	0.35
iii) Certification fee	0.25	0.75
iv) Other Services	0.15	0.15
v) Service Tax	0.18	0.34
Total:	1.93	2.59

15. The details of Foreign Exchange earnings during the year:

(Rs.in Lakhs)

Particulars	March 31, 2010	March 31, 2009
Foreign Exchange earnings		
Exports	983.03	0
Interest	0	0
Total	983.03	0

16. The details of Foreign Exchange Inward and Outgo during the year:

(Rs. in Lakhs)

Particulars	March 31, 2010	March 31, 2009
Foreign Exchange Inward		
Exports realization	450.74	63.65
Advance from Customers	0	0
Total	450.74	63.65
Foreign Exchange Out go		
Value of Imports during the year (C.IF.Basis)	NIL	NIL
-Raw Materials	NIL	NIL
-Capital goods- Furniture & Fixtures	NIL	NIL
Expenditure in Foreign Currency during the year		
Interest & Bank Charges (FCCB)	NIL	NIL
Professional Charges	NIL	NIL
Business Promotion	NIL	NIL
Foreign Travel	19.06	NIL
Loans and advances in Foreign currency during the Year		
Loans and Advances to Subsidiary	1226.91	NIL
Investments in WOS	1325.00	NIL

17. Provision for Gratuity is made for the employees whoever has completed the qualifying period of service (5 years).
18. The quantitative details requirements regarding software and technical services are not applicable.
19. The balances of sundry debtors, Loans & Advances and sundry creditors are subject to confirmation from the concerned parties.

20. Segment Report as per Accounting Standard 17 for the Year ended 31st March 2010 :

(Rs. In Lakhs)

S.No.	Particulars	Audited Figures for	
		Current Year ended 31-03-2010	Previous year ended 31-03-2009
1	Segment Revenue (Net Sale/Income from segment)		
	a) Software Development	1010.57	67.67
	b) Lease/Rental Income	466.15	562.53
	Total	1476.72	630.20
	Less: Inter Segment Revenue	0	0
	Net Sales/Income from Operations	1476.72	630.20
2	Segment Results Profit/Loss		
	before tax, interest and Lease/Rental Income from segment		
	a) Software Development	20.06	-142.48
	b) Lease/Rental Income	350.57	319.16
	Total	370.63	176.68
	c) Other Income	56.99	98.95
	Less:- Interest	36.68	1.41
	Total Profit/Loss Before Tax	390.94	274.22
3	Capital Employed		
	a) Software Development	4278.38	1187.80
	b) Lease/Rental Income	507.12	1182.59
	Total	4785.50	2370.39

21. The figures of the previous year have been regrouped/recast to render them comparable with figures of the current year wherever necessary.

As per our report of even date attached

For **RAMBABU & Co.**,
Chartered Accountants
Reg. No. 002976S

By and on behalf of the Board

RAVI RAMBABU
Partner M.No. 18541

G. BALA REDDY
Managing Director

G. VENKATESWARA RAO
Executive Director

P. DURGA BHAVANI
Company Secretary

Place : Hyderabad
Date : 25-08-2010.

Additional information pursuant to provisions of the Para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

i. Balance Sheet Abstract and Company's general business profile:

a. **Registration Details**

Registration No:	L72200AP1991PLC013479	State Code:	01
Balance Sheet Date	31-03-2010		

b. **Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placements	9,250

c. **Position of Mobilization and deployment of Funds: (Amount in Thousands)**

Total Liabilities	569,110	Total Assets	569,110
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Source of Funds

Reserves & Surplus	286,960	Paid up Capital	69,250
Un-secured Loans	0	Secured Loans	91,150
Application Money	112,712	Deferred Tax Liability	9038

Application of Funds

Net Fixed Assets	218,879	Investments	141,827
Net Current Assets	187,803	Misc. Expenditure	20,600
Accumulated losses	NIL	Deferred tax asset	0

d. **Performance of Company (Amount in Thousands)**

Turnover	153,372	Total Expenditure	114,277
Profit/Loss before tax	(+) 39,094	Profit/Loss after tax	28,513
Earnings per Share	Rs. 4.29	Dividend	5 %

e. **Generic Name of three Principal Products/Services of Company**

Item Code	
Product Description	Software Development

As per our report of even date attached

For **RAMBABU & Co.,**
Chartered Accountants
Reg. No. 002976S

By and on behalf of the Board

RAVI RAMBABU
Partner M.No. 18541

G. BALA REDDY
Managing Director

G. VENKATESWARA RAO
Executive Director

P. DURGA BHAVANI
Company Secretary

Place : Hyderabad
Date : 25-08-2010.

SoftPro Systems Limited

CASH FLOW STATEMENT	Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	39,094,600	27,422,288
<u>Adjustment for:</u>		
Depreciation	6,911,434	6,426,808
Profit/Loss on sales of Assets (profit-) (loss+)	-	(930,000)
Investments	-	11,102,000
Interest/Dividend received	(228,465)	(2,747,304)
Operating profit before working capital changes	45,777,569	41,273,792
<u>Adjustment for : increase(-)/ Decrease (+)</u>		
Trade and other Receivables	(181,181,523)	21,146,045
Inventories; Increase(-)/Decrease(+)	107,092	(353,940)
Trade Payables. Increase(+)/Decrease(-)	21,776,094	(537,802)
Cash generated from Operations	(113,520,768)	61,528,095
Interest paid	3,668,453	140,629
Direct Taxes paid	(10,279,939)	(9,659,322)
Cash flow before extra-ordinary items	(120,132,254)	52,009,402
Extra ordinary items- (ESOP Expenses)	(165,450)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(120,297,704)	52,009,402
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,394,110)	(11,554,145)
Capital working Progress	(15,704,011)	(33,961,929)
Sale of Fixed Assets	-	930,000
Purchase of Investments	(132,498,796)	-
Sale of Investments	-	1,527,500
Interest Received	228,465	2,747,304
Interest paid	(3,668,453)	(140,629)
NET CASH USED IN INVESTING ACTIVITIES	(161,036,905)	(40,451,899)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	195,718,229	38,000
Proceeds from Long term borrowings	93,800,000	-
Repayment of financial lease/liabilities	-	(16,755,291)
Repayment of Working Capital Loan	(2,649,826)	-
Dividends paid(Net of reserval of excess provision)	(3,462,500)	(6,000,000)
NET CASH FLOW FROM FINANCING ACTIVITIES	283,405,903	(22,717,291)
Net Increase in cash and cash equivalent (A+B+C)	2,071,294	(11,159,788)
Cash and cash equivalent at the beginning	1,266,680	12,426,468
Cash and cash equivalent at the close	3,337,974	1,266,680
	2,071,294	(11,159,788)

As per our report of even date attached

for and on behalf of the Board

For RAMBABU & CO
Chartered Accountants
Reg.No.002976S

RAVI RAMBABU
Partner M.No. 18541

G. BALA REDDY
Managing Director

G. VENKATESWARA RAO
Executive Director

P. DURGA BHAVANI
Company Secretary

Place : Hyderabad
Date : 25.08.2010

STATEMENT PURUSANT TO SECTION 212 OF COMPANIES ACT, 1956 IN RESPECT OF THE SUBSIDIARY COMPANIES:

S.No.	Name of the Subsidiary Company	Financial year of the Subsidiary Interest	Holding Company	Net Aggregate amount of profit /(Loss) of the Subsidiary Companies so far as they members of holding company	
				Current Year Rs. in Lacs	Previous Year Rs. In Lacs
1	Softpro Technologies Pvt. Ltd, Hyderabad, India	31 st March 2010	93.28% (932,820 Equity Shares of Rs.10/- each Fully paid)	7.47	Not applicable – A no Profit & Loss account of the subsidiary is prepared
2	Cura Global GRC Solutions Pte Ltd, Singapore	31 st March 2010	100%	(104.44)	Nil

As the financial year of the Subsidiary Companies coincides with the financial year of the Holding Company, section 212(5) of the Companies Act, 1956 is not applicable.

As per our report of even date attached

For and behalf of the Board

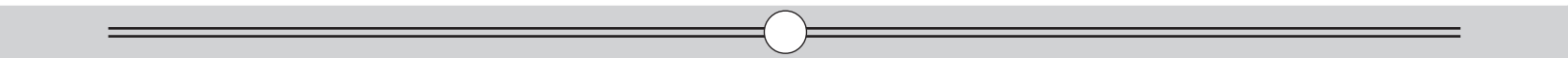
G BALA REDDY
Managing Director

G VENKATESWARA RAO
Executive Director

P V DURGA BHAVANI
Company Secretary

Place : Hyderabad
Date : 25.08.2010

Subsidiary Company
Softpro Technologies Pvt. Ltd.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Accounts for the financial year ended 31st March 2010.

REVIEW OF OPERATIONS

During the year under review, your company has reported a total income of Rs. 136.89 Lacs as against Rs. Nil during the previous financial year. The company has recorded a profit of Rs. 7.47 Lacs during the year.

DIVIDEND:

Your Board of Directors has not recommended any Dividend during the year under review.

FIXED DEPOSITS:

The company has not invited any Fixed Deposits from the public during the year.

INSURANCE:

The Properties and Assets of the company are adequately insured.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your Directors confirm:

1. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS:

M/s . RAM BABU & Co, Chartered Accountants the retiring Auditors offer themselves for re-appointment to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

EMPLOYEES:

There are no Employee(s) who fall under section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

EARNINGS AND OUTGO:

Adequate measures have however been taken to conserve energy. Your company continues to focus on quality upgradation of product and services development. There were no foreign exchanges earnings and outgo during the year under review.

COMPLIANCE CERTIFICATE:

In terms of the proviso to Section 383A of the Companies Act, 1956, Compliance certificate obtained from a Practicing Company Secretary is annexed for the year ended 31st March 2010.

ACKNOWLEDGEMENTS:

Your Directors thank all investors, customers, vendors, banks, and service providers as well as regulatory and government authorities and the erstwhile Management for their support. Your Directors greatly appreciate and thank the significant contributions of Employees in the initiatives of the Company.

By the order of the Board of Directors
for **SOFTPRO TECHNOLOGIES PRIVATE LIMITED**

Sd/-
G.BALA REDDY
Director

Place : Hyderabad
Date : 16.07.2010

SECRETARIAL COMPLIANCE CERTIFICATE

Corporate Identity Number (CIN): U72200AP1999PTC031773

Rs.1,00,00,000

Authorised Capital:

To
The Members of
M/s. Softpro Technologies Private Limited,
Plot No. 12, Software Units Layout, Cyberabad,
Hyderabad-81

I have examined the registers, records, books and papers of M/s. Softpro Technologies Private Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company during the year ended on 31st March 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being private limited company has the minimum prescribed paid up capital and its maximum number of members during the year under review was 2 (Two) excluding its present and past employees and the company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives:
4. The Board of Directors duly met 04 (Four) times respectively on 31.07.2009, 29.10.2009, 28.01.2010 & 10.05.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members or Debenture holders during the year under review.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 12.05.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the year under review.
8. The Company being a private company, Section 295 of the Act is not applicable.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The provisions of Section 314 of the Act have not been attracted and therefore no approvals were required to be taken.
12. The Company has not issued any duplicate share certificates during the year under review.
13. The Company:
 - i) has not allotted any shares and there was no transfer or transmission of shares during the financial year.

- ii) Was not required to deposit any amount in a separate Bank Account as no dividend was declared during the year under review.
 - iii) was not required to post warrants to any member of the company as no dividend was declared during the year under review.
 - iv) was not required to transfer any amount to the Investor Education and Protection Fund.
 - v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year.
 15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
 16. The Company has not appointed any sole-selling agents during the year under review.
 17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under various provisions of the Act during the year under review.
 18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares, debentures or other securities during the financial year.
 20. The company has not bought back any shares during the year under review.
 21. The company has not issued any redeemable preference shares/debentures.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the year under review.
 24. The Company has not made any borrowings during the financial year ended 31st March 2010.
 25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
 27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
 30. The company has not altered its Articles of Association during the period under review.
 31. There was/were no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the period under review, for offences under the Act.
 32. The company has not received any money as security from its employees during the year under review.

33. During the year under review, provision of section 418 of the Act are not applicable to the company.

Place: Hyderabad
Date : 16.07.2010

S. Sarweswara Reddy
Practicing Company Secretary
C.P.No. 7478

Annexure - A

Registers as maintained by the Company

1. Register of Members u/s 150 of the Act.
2. Register of Directors u/s 303 of the Act.
3. Register of Directors' Shareholding u/s 307 of the Act.
4. Minutes of the Board Meetings u/s 193 of the Act.
5. Minutes of General meetings u/s 193 of the Act
6. Books of Accounts u/s 209 of the Act.
7. Attendance Register of Board Meetings.
8. Attendance Register of General Meetings

Annexure-B

Forms and Returns as filed by the Company with the Registrar of Companies, Andhra Pradesh, Hyderabad during the financial year ending 31st March, 2010.

S.No.	Form no./ Return	Filed u/s	Purpose of filing	Date of Filing	Whether filed within Prescribed Time Y/ N	If delay whether requisite additional fee paid Y/N
1	Form 20 B	159	Annual Return	09.07.09	Yes	No
2	Form 23AC & ACA	220	Balance Sheet, Profit & Loss Account, etc	12.06.09	No	Yes
3	Form 66	383A	Compliance Certificate	12.06.09	No	Yes

Place : Hyderabad
Date : 16.07.2010

S. Sarweswara Reddy
Practicing Company Secretary
C.P.No. 7478

AUDITORS' REPORT

To
The Members of
SOFTPRO TECHNOLOGIES PVT LIMITED,
HYDERABAD

We have audited the attached Balance Sheet of SOFTPRO TECHNOLOGIES PVT LIMITED, HYDERABAD, as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date which we signed in reference to this Report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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) In our opinion and based on written representations received from Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a 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 read with significant accounting policies and other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - a) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in so far as it relates to Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Hyderabad
Date : 16-07-2010

For RAMBABU & CO.,
Chartered Accountants
Firm Reg. No: 002976S

RAVI RAMBABU
Partner
M. No: 18541

Annexure to the Auditors' Report:

Referred to as in paragraph 1 of our Report of even date.

1. In respect of its Fixed Assets:

- (a) The Company has maintained proper records showing full particulars including details and situation of Fixed Assets.
- (b) As explained to us, all the Fixed Assets have not been physically verified by the Management during the year but there is a program of verification in phased periodical manner at regular intervals, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) During the year, the Company has not disposed off substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions are affected involving disposal of assets so as to affect going concern status of the Company.

2. In respect of its Inventories:

As explained to us, the Company does not hold any inventories and, hence, the question of physical verification, procedures followed for verification and discrepancies thereof does not arise.

3. In respect of loans secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:

- (a) During the year, the Company has not taken/granted loans from/to parties covered in the Register maintained under Section 301 of the Companies Act 1956.
- (b) According to the information and explanations given to us, we are of the opinion, the terms and conditions on which loans taken/granted by the company to such parties listed in the register maintained under section 301 of the companies act, 1956 are not, Prima facie, prejudicial to the interest of the company.
- (c) In respect of loans taken/granted, the principal amount is being receivable on demand and the question of overdue does not arise.
- (d) There is no overdue amount in respect of loans taken/granted to parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the steps taken for recovery of the Principal, and overdue amount of more than one lakh does not arise.

4. 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 purchase of fixed assets, office equipment and for rendering of services. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In respect of transactions covered under Section 301 of the Companies Act, 1956:

- (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956

and exceeding the value of Rs. 5,00,000 with parties covered above, during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
7. In our opinion, the Company has an independent internal audit system commensurate with its size and the nature of its business.
8. We are informed and according to the information and explanations given to us, that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, for the activities of the Company.
9. In respect of statutory dues:
 - (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employees state insurance, Income tax, investor education and protection fund, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no disputed amounts payable in respect of Wealth tax, Income tax, Sales tax, Customs duty, Excise duty and Cess were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, Customs duty, Wealth tax, Excise duty and Cess, which have not been deposited on account of any dispute,
10. In our opinion, the Company does not have accumulated losses at the end of the year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, according to the information and explanations given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions
16. In our opinion, during the period, the company has not taken fresh term loans.

17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the Company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
18. In our opinion and according to the information and explanations given to us, the Company has not issued debentures during the year.
19. In our opinion, the Company has not raised money by way of public issue for any specific purpose during the year.
20. In our opinion, the Company has not made any preferential allotment of shares/securities during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
21. In our opinion, the Company is not required to create / register / modify any security (Charge) as the Company is not holding / issued any debentures.
22. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

Place : Hyderabad
Date : 16-07-2010

For RAMBABU & CO.,
Chartered Accountants
Firm Reg. No: 002976S

RAVI RAMBABU
Partner
M. No : 18541

Balance Sheet as at 31st March, 2010.

	Schedules	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
I SOURCES OF FUNDS			
Shareholder's Fund			
1. Share Capital	I	10,000,000	10,000,000
2. Reserves & Surplus	II	747,184	-
TOTAL		10,747,184	10,000,000
II APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	III	15,735	15,735
Less: Accumulated Depreciation		14,532	11,982
Net Block		1,203	3,753
Current Assets, Loans & Advances			
1. Inventory:			
Software Work-in-Progress	IV	10,610,550	22,895,550
2. Cash & bank balances	V	10,977	61,533
3. Loans & Advances		0	1,308
Sub Total:		10,621,527	22,958,391
Less: Current Liabilities and provisions	VI	390,256	13,605,532
Net Current Assets		10,231,271	9,352,859
Misc. Exp. To the extent not written off or adjusted			
Preliminary and Pre Operative Expenses		514,710	643,388
		10,747,184	10,000,000
Significant Accounting Policies & Notes on Accounts	VII		

As per our report of even date attached

for and on behalf of the Board

For **RAMBABU & CO**
Chartered Accountants
Firm Reg. No. 002976S

RAVI RAMBABU
Partner M.No.18541

G. BALA REDDY
Director

G VENKATESWARA RAO
Director

Place : Hyderabad
Date : 16-07-2010

Profit and Loss Account for the year ended 31st March 2010

	Schedules	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
I. Income:			
1. Software and Technical services		13,650,000	0
2. Other Income		39,640	0
Total:		13,689,640	0
II. Expenditure			
1. Decrease in Inventory	IV	12,285,000	0
2. Administrative Expenses	VII	141,486	0
3. Depreciation on Assets		2,550	0
4. Preliminary Expenses written off		128,678	
Total:		12,557,714	0
PROFIT BEFORE TAX		1,131,926	0
Less: Provision for Income Tax		384,741	0
PROFIT AFTER TAX		747,184	0
Profit brought forward from previous year		0	0
Balance Carried to Balance sheet		747,184	0
Earnings per Share :basic & Diluted		0.75	0
Significant Accounting Policies & Notes on Accounts	VIII		

As per our report of even date attached

for and on behalf of the Board

For **RAMBABU & CO**
Chartered Accountants
Firm Reg. No. 002976S

RAVI RAMBABU
Partner M.No.18541

G. BALA REDDY
Director

G VENKATESWARA RAO
Director

Place : Hyderabad
Date : 16-07-2010

Schedules Forming part of Balance Sheet as at 31st March 2010.

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
I. Share Capital		
<u>Authorised Share Capital</u> 10,00,000 Equity shares of Rs.10/- each	10,000,000	10,000,000
	10,000,000	10,000,000
<u>Issued, Subscribed & Paid up Capital</u> 10,00,000 Equity Shares of Rs.10/- each Fully paid up (of the above shares 932,820 Equity Shares of Rs.10/- each are held by the holding company, Softpro Systems Ltd.)	10,000,000	10,000,000
	10,000,000	10,000,000
II. Reserves & Surplus		
Profit & Loss Account	747,184	0
	747,184	0
VI. Increase / Decrease in Inventory		
Opening Inventory - Software	22,895,550	22,895,550
Less: Closing Inventory - Software	10,610,550	22,895,550
Decrease in Inventory	12,285,000	0
V. Cash & Bank Balance		
Cash in Hand	977	977
Balance with Scheduled Banks in Current Account	10,000	60,556
	10,977	61,533
VI. Current Liabilities & Provisions		
Outstanding Liabilities	5,515	13,937
Provision for Income Tax F.Y. 2009-10	384,741	0
Advances received	0	7,712,954
Sundry Creditors	0	5,878,641
	3,90,256	13,605,532
VII. Administrative Expenses		
Bank Charges	2,583	0
Exchange Fluctuations	127,080	0
Taxes & Fees	5,000	0
Sundry Balance written off	1,308	0
Auditor Remuneration	5,515	0
	141,486	0

III. FIXED ASSETS SCHEDULE

Sl. No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as on 01-04-2009	Additions during the year	Sale or adjsts for the year	Balance as on 31-03-2010	Balance 01-04-2009	During the Year	Sale or Adjts for the year	Total as on 31-03-2010	As on 31-03-2010	As on 31-3-2009
1	Computers	15,735	0	0	15,735	11,982	2,550	0	14,532	1,203	3,753
	TOTAL	15,735	0	0	15,735	11,982	2,550	0	14,532	1,203	3,753
	Previous Year	15,735	0	0	15,735	9432	2550	0	11982	3753	6303

Schedule VII - SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Conventions:-

The Financial Statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2. Revenue Recognition

a). Revenue from Services is recognized as and when the Services are rendered. Expenditure on software purchase, developed and/or customized during the year is treated as revenue expenditure. The Company follows completed method of accounting for services rendered in respect of Software projects and significant products under development.

b). *Interest Income:* Interest income is recognized on accrual basis.

3. Expenditure:-

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

4. Fixed Assets

Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from taxes, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets.

5. Depreciation:

Depreciation on Fixed assets including on the additions has been provided on straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956.

6. Inventories:-

Inventories are valued at cost or net realizable value which ever is less.

7. Foreign Exchange Transactions:-

All foreign exchange transactions entered into during the current period are accounted at the exchange rate prevailing on the date of contract/documentation. Foreign exchange fluctuations on transactions entered into during the period and received/paid during the period are accounted in the current financial year. The outstanding accounts in foreign currency are restated at the end of the year at the foreign currency rate prevailing on that and any fluctuation on the same is recognized and accounted at the end of the period.

8. Miscellaneous Expenditure:-

Preliminary and issue expenses, deferred revenue expenditure and R & D expenditure have been written off over a period of 10 years.

9. Income Taxes:-

Income Tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company. Deferred tax resulting from timing difference between accounting income and taxable income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

Notes on Accounts:

1. Profit and Loss account prepared during the current Financial Year 2009-10 only, hence previous year figures are nil.
2. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006.

SL.No.	Particulars	As at March 31,2010 Rupees.
a.	Principal amount remaining unpaid and interest due thereon.	Nil
b.	Interest paid in term of Section 16	Nil
c.	Interest due and payable for the period of delay in payment.	Nil
d.	Interest accrued and remaining unpaid.	Nil
e.	Interest due and payable even in succeeding years.	Nil

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

3. Related parties information:

- a) Information regarding related party transactions as per Accounting Standard 18 is given below:

Names of related parties and description of relationship:

Party	Relationship
G Bala Reddy	Key Management Person
G. Venkateswara Rao	Key Management Person
Softpro Systems Limited	Holding Company
G Venkateswara Rao	- Executive Director of Softpro Sytems Ltd -Director of Cura Global GRC Solutions Pte Ltd
G Velangini Mary	-Relative of KMP -Director of Softpro Systems Ltd - Managing Director of B R G Energy Ltd. -Director of Sahasra Investments Pvt. Ltd.

- b) The details of related party transactions in terms of Accounting Standard (AS-18) are as follows:

(Rs. in Lakhs)

Nature of transactions	Holding Company		Associates	
	Current Year	Previous Year	Current Year	Previous Year
Purchases/ Sub-contract works	Nil	Nil	Nil	Nil
Sales	Nil	Nil	Nil	Nil
Rent	Nil	Nil	Nil	Nil
Loans and Advances	0.10	0.18	NIL	Nil
Rent Deposit	Nil	Nil	Nil	Nil

c) Amounts due from / to related parties as at the year end are:

(Rs. In Lakhs)

Nature of the party	As at 31-03-2010		As at 31-03-2009	
	Due To	Due From	Due To	Due From
Softpro Systems Ltd	0	0	135.71	0

4. Auditor's remuneration:-

(Rupees.)

Particulars	March 31, 2010	March 31, 2009
i) Statutory Audit Fee	5000	5000
ii) Service Tax	515	1133
Total:	5515	6133

5. The details of Foreign Exchange earnings during the year:

(Rs.in Lakhs)

Particulars	March 31, 2010	March 31, 2009
Exports	136.50	0
Interest	0	0
Total	136.50	0

6. The details of Foreign Exchange Inward and Outgo during the year:

(Rs. in Lakhs)

Particulars	March 31, 2010	March 31, 2009
Exports realization	135.20	0
Total	135.20	0
Foreign Exchange Out go	0	0

7. The figures of the previous year have been regrouped/recast to render them comparable with figures of the current year wherever necessary.

8. The quantitative details requirements regarding software and technical services are not applicable.

9. No Provision for Gratuity is made as none of the employees have completed the qualifying period of service.

10. Some of the balances of sundry debtors, loans & advances and sundry creditors are subject to confirmation from the concerned parties.

As per our report of even date attached

For **RAMBABU & Co.**,
Chartered Accountants
Firm Reg. No. 002976S

RAVI RAMBABU
Partner. M.No.18541

By and on behalf of the Board

G. BALA REDDY
Director

G.VENKATESWARA RAO
Director

Place : Hyderabad
Date : 16-07-2010

Balance Sheet Abstract

BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE

a. Registration Details

Registration No.	U72200AP1999PTC0031773	State Code	01
Balance Sheet	31-03-2010		

b. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

c. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	10747	Total Assets	10747
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Source of Funds

Paid-up Capital	10000	Reserves & Surplus	747
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	1	Investments	NIL
Net Current Assets	10231	Misc. Expenditure	514
Accumulated Assets	NIL		

d. Performance of Company (Amount in Rs. Thousands)

Turnover	13650	Total Expenditure	12577
Profit Before Tax	1132	Profit/Loss After Tax	747
Earning per Share (Basic)	0.75	Dividend	NIL
Earning per Share (Diluted)	0.75		

e. Generic Names of Three Principal Products / Services of Company (as per monetary Items)

Item Code No.	
Product Description	Software Development

For **RAMBABU & Co.**,
Chartered Accountants
Firm Reg. No. 002976S

By and on behalf of the Board

RAVI RAMBABU
Partner. M.No.18541

G. BALA REDDY
Director

G.VENKATESWARA RAO
Director

Place : Hyderabad
Date : 16-07-2010

CASH FLOW STATEMENT

	Year Ended 31, March 2010	Year Ended 31, March 2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	1,131,926	-
<u>Adjustment for:</u>		
Depreciation	2,550	2,550
Operating profit before working capital changes	1,134,476	2,550
Adjustment for : increase(-)/Dec (+)		
Inventories; Increase(-)/Decrease(+)	12,285,000	(20,914)
Trade Payables. Increase(+)/Decrease(-)	(13,215,276)	18,364
Cash generated from Operations	204,200	-
Direct Taxes paid	(384,741)	-
Cash flow before extra-ordinary items	(180,541)	-
Extra ordinary items-	128,678	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(51,863)	-
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase in cash and cash equivalent (A+B+C)	(51,863)	-
Cash and cash equivalent at the beginning	62,840	61,533
Cash and cash equivalent at the close	10,977	61,533
	(51,863)	-

As per our report of even date attached

for and on behalf of the Board

For **RAMBABU & Co.**,
Chartered Accountants
Firm Reg. No. 002976S

RAVI RAMBABU
Partner. M.No.18541

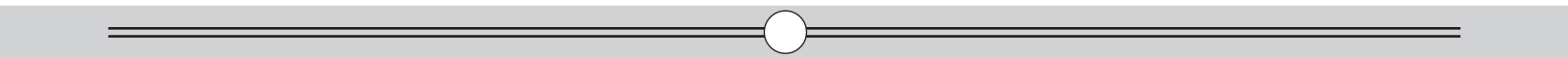
G. BALA REDDY
Director

G.VENKATESWARA RAO
Director

Place : Hyderabad
Date : 16-07-2010

Subsidiary Company

Cura Global GRC Solutions Pte. Ltd.



DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Company for the year ended 31 March 2010

Review of activities

Your Company is engaged in development and deployment of software and operates principally in Singapore along with its step down subsidiaries in South Africa, UK, USA & Australia.

The operating results and state of affairs of the Company are fully set out in the attached financial statement.

Particulars	Year ended 2009-2010
TOTAL INCOME	4620.44
EXPENDITURE	4733.75
PROFIT BEFORE TAX	(113.30)
PROVISION FOR TAX	48.49
PROFIT AFTER TAX	(104.44)
Earning Per Share	
Basic	(3.83)
Diluted	(3.83)

For the financial year ended 31st March 2010, your company reported a total income of Rs.4620.44 Lakhs. The Company recorded a Net Loss of Rs.104.44Lakhs

Dividends

No dividends were declared or paid to shareholders during the year.

Directors

The Directors of the Company at the date of this report are:

Gopu Bala Reddy

G. Venkateswara Rao

N. Ravi Prasad

Arrangements to enable directors to acquire shares or debentures

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

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

Directors' Interest in Shares or Debentures:

According to the register of directors shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company or any related corporations except as stated below:

Holding registered in the name of directors:

	As at 01.04.2009	As at 31.03.2010
Softpro Solutions Ltd.		
Ordinary Shares of USD 1/- each	-	130,469,747
Equity Shares of SGD 1/- each	-	33
	-	130,469,780

Options granted : During the year, there were no options to take up unissued shares of the Company.

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

Options outstanding : There were no share options outstanding, as at 31st March 2010

Independent auditor:

The independent auditor, BSR & Company, Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the directors

G BALA REDDY
Director

G VENKATESWARA RAO
Director

N. RAVI PRASAD
Director

Place : Hyderabad,

Date : 25.08.2010

Statement by Directors for the financial year ended 31 March 2010

In the opinion of the directors, the accompanying balance sheet, Statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results of the business, the changes in equity and the cash flows of the Company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

G BALA REDDY
Director

G VENKATESWARA RAO
Director

N. RAVI PRASAD
Director

Place : Hyderabad,

Date : 25.08.2010

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

To
The Board of Directors
Softpro Systems Limited
Hyderabad

Dear Sir

At your specific request, we have audited the attached Consolidated Balance Sheet of Cura Global GRC Solutions Pte Limited (“the Company”) and its subsidiaries (Collectively referred to as the “Cura Group”) as at 31 March 2010 and the Consolidated Profit and Loss account for the period 1 July 2009 to 31 March 2010, annexed thereto. These consolidated 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 the auditing standards generally accepted in India, including the guidance note on audit of consolidated financial statements issued by “The Institute of Chartered Accountants of India”. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements have been prepared by the Company’s management in accordance with the requirements of Accounting Standard 21 – “Consolidated Financial statements” as prescribed by “The Institute of Chartered Accountants of India”.

In our opinion and to the best of our information and according to the explanations given to us, the said Consolidated financial statements give a true & fair view in conformity with the accounting principles generally accepted in India;

- (i) in the case of Consolidated the balance sheet, of the Consolidated state of affairs of the Company as at 31 March 2010;
- (ii) in the case of the Consolidated profit and loss account, of the Consolidated results of operations of Cura Group for the period 1 July 2009 to 31 March 2010 and

for B S R & Company
Chartered Accountants
Firm Registration No. 128032W

Sriram Mahalingam
Partner
Membership No. 49642

Place : Hyderabad
Date : 25.08.2010

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

Balance sheet as at 31 March 2010

All Amounts in Indian Rupees, except share data and where otherwise stated

	Schedule	As at 31 March 2010
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	1	130,469,780
Reserves and surplus	2	(3,415,931)
		127,053,849
Loan funds		
Secured loans	3	645,604,124
Unsecured loans	4	114,973,398
		760,577,522
		887,631,371
APPLICATION OF FUNDS		
Fixed Assets		
Gross block	5	157,342,505
Less: Accumulated depreciation		(78,318,912)
Net block		79,023,593
Capital work-in-progress (including capital advances)		8,603,480
		87,627,073
Deferred Tax		2,969,581
Goodwill		629,686,805
Current assets, loans and advances		
Cash and bank balances	6	70,979,736
Loans and advances	7	23,181,667
Sundry debtors	8	217,588,272
		311,749,675
Less: Current liabilities		
Current liabilities & provisions	9	154,846,041
		154,846,041
NET CURRENT ASSETS		
Debit balance in profit & loss account		10,444,278
		887,631,371
Notes to accounts	12	

The schedules referred above form an integral part of the balance sheet.

As per our report attached

for B S R & Company

Chartered Accountants

Firm Registration number : 128032W

for and on behalf of the Board of Directors

SRIRAM MAHALINGAM

Partner

Membership No. 49642

G. BALA REDDY

Director

G.VENKATESWARA RAO

Director

Place : Hyderabad

Date : 25.08.2010

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

Profit and loss account for the period 1 July 2009 to 31 March 2010

All Amounts in Indian Rupees, except share data and where otherwise stated

	Schedule	For the period 1 July 2009 to 31 March 2010
INCOME		
Sale of software licenses & maintenance		461,279,134
Other Income	10	765,247
		462,044,381
EXPENDITURE		
Employee Costs		275,796,757
Operating and other expenses	11	141,511,506
Depreciation and amortization		30,509,077
Finance charges		25,557,861
		473,375,201
Profit / (loss) before taxation		(11,330,820)
Income tax expense		4,849,339
Deferred Tax		(5,735,881)
Profit / (loss) after taxation		(10,444,278)
Balance in profit and loss account brought forward		-
Amount available for appropriation		(10,444,278)
<u>Earnings/ (Loss) per share</u>		
Basic and diluted EPS – Par value of USD 1		(3.83)
Notes to the accounts	14	

The schedules referred above form an integral part of the profit and loss account.

As per our report attached

for B S R & Company

Chartered Accountants

Firm Registration number : 128032W

for and on behalf of the Board of Directors

SRIRAM MAHALINGAM

Partner

Membership No. 49642

Place : Hyderabad

Date : 25.08.2010

G. BALA REDDY

Director

G.VENKATESWARA RAO

Director

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

Schedules to the balance sheet

All Amounts in Indian Rupees, except share data and where otherwise stated

1. Share Capital

Authorised Capital	As at 31 March 2010
2,723,510 ordinary shares of USD 1/- each	130,469,747
Equity Shares 1 No - each SGD 1/-	33
	130,469,780

Issued, subscribed and paid up capital	As at 31 March 2010
2,723,510 ordinary shares of USD 1/- each	130,469,747
Equity Shares 1 No - each SGD 1/-	33
	130,469,780

2. Reserves and surplus

Foreign Currency translation reserve	(3,415,931)
	(3,415,931)

3. Secured loans

<i>From banks</i> (Refer Note 1)	645,604,124
	645,604,124
Notes:	
1. Loan from Bank of India is secured by the way of Corporate guarantee of Soft Pro Systems Limited, Hyderabad the Holding Company, mortgage charge over the land and buildings of Soft Pro Heights, Hyderabad, first pari passu pledge of shares of the Company and first parri passu pledge of share of Cura Risk Management Software Pty Limited. The loans carries an interest rate of Three month LIBOR plus 450- 600 bps.	

4. Unsecured loans

<i>From banks</i> (Refer Note 1)	114,973,398
	114,973,398
Notes:	
1. These loans are taken from Soft Pro Systems Limited, the Holding Company for the working capital requirement of the Company	

5. Fixed Assets -Tangible

	Leasehold improvements	Furniture & Fixtures & office Equipment	Motor Vehicles	Computers	Plant & Machinery
As cost As at 01.07.2009	1,349,558	8,545,134	403,477	13,692,813	-
Additions	1,006,156	1,001,603	-	4,599,748	924,489
Disposals	33,594	161,529	7,176	287,382	8,812
As at 31.03.2010	2,322,120	9,385,208	396,301	18,005,179	915,677
Accumulated Depreciation As at 01.07.2009	793,919	3,195,425	107,594	6,423,354	-
Charge for the year	400,217	1,073,463	60,017	3,142,637	130,490
Deletions	17,935	67,065	2,486	144,200	1,244
As at 31.03.2010	1,176,201	4,201,823	165,125	9,421,791	129,246
Net Book Value as at 31.03.2010	1,145,919	5,183,385	231,176	8,583,388	786,431
Net Book Value as at 31.07.2009	555,639	5,349,709	295,883	7,269,459	-

Intangible

	Development Cost	Computer Software
As cost As at 01.07.2009	95,729,801	3,218,567
Additions	28,611,972	699,781
Disposals	1,878,058	63,914
As at 31.03.2010	122,463,715	3,854,305
Accumulated DepreciationAs at 01.07.2009	37,039,520	1,415,950
Charge for the year	24,994,994	707,259
Deletions	901,072	31,925
As at 31.03.2010	61,133,442	2,091,284
Net Book Value as at 31.03.2010	61,330,273	1,763,021
Net Book Value as at 31.07.2009	58,690,281	1,802,617

6. Cash and bank balances

	As at 31 st March 2010
Cash in hand	17,779
Balance with scheduled banks outside India	
In current accounts	29,605,887
In Deposit accounts (Refer Note 1)	41,356,070
	70,979,736
<p>Note 1: Deposits with scheduled banks outside India represents amount held in “Debt Service Reserve account” with Bank of India as per the loan agreement representing the future quarterly installment and interest payable thereupon</p>	

7. Loans and Advances

(unsecured)	As at 31 st March 2010
<i>Considered good</i>	
Staff Loans & advances	259,309
Other advances recoverable in cash or kind for value to be received	14,764,855
Deposits	3,914,937
TDS receivable	139,455
Advance tax	4,103,111
	23,181,667

8. Debtors

(Unsecured)	As at 31 st March 2010
Debts outstanding for a period exceeding six months	
Considered good	217,934,969
Less: Provision for doubtful debts	(346,697)
	217,588,272

9. Current liabilities

	As at 31 st March 2010
Sundry Creditors	
Due to medium and small enterprises	-
Others	63,049,461
Deferred revenue	51,522,064
Other liabilities	28,894,870
Payable to holding & subsidiary companies	11,379,646
	154,846,041

10. Other Income

	As at 31 st March 2010
Interest Income	712,647
Sales of Non Current Assets	52,600
	765,247

11. Operating and other Expenses

	As at 31 st March 2010
Software Licenses	48,519,881
Marketing Expenses	13,496,415
Rent paid	17,063,275
Telephone expenses	11,331,702
Computer Expenses	7,661,478
Travel & Accomodation	7,654,796
Training Expenses	8,325,512
Entertain expenses	2,352,694
Commission	2,234,337
Consulting fees	1,954,041
Insurance	1,756,626
Printing & Stationery	1,622,181
Accounting / Audit fee	1,578,242
Relocation Expenses	1,531,835
Advertisement & Promotions	1,304,759
Entertainment expenses	825,832
Consulting expenses	667,626
Repairs & maintenance	653,250
Legal Fees	5,684,939
Motor Vehicle Expenses	401,635
Bank charges	1,580,731
Training course expenses	352,781
Business Development expenses	415,474
Amortization of the preliminary expenses	2,148,258
Miscellaneous expenses	393,206
	141,511,506

Schedule 12 - Notes to consolidated accounts

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented in accordance with the Indian Generally Accepted Accounting Principles (GAAP), under the historical cost convention on the accrual basis. GAAP comprises accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and other pronouncements of the provisions of The Institute of Chartered Accountants of India.

b) Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision in accounting estimate is recognized prospectively in the current and future periods.

c) Principles of consolidation

The consolidated financial statements include the financial statements of Cura Global GRC Solutions Pte Ltd (“Cura or the Company”) the parent company and all of its subsidiaries (Collectively referred to as the Group or Cura Group), in which the company has more than one-half of the voting power of an enterprise or where the company controls the composition of the board of directors.

The consolidated financial statements have been prepared on the following basis:

The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

The excess / deficit of cost to the parent company of its investment in the subsidiaries, joint ventures and associates over its portion of equity at the respective dates on which investment in such entities were made is recognized in the financial statements as goodwill / capital reserve. The parent company’s portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investments. Goodwill / capital reserve arising on the acquisition of an associate by the parent company is included in the carrying amount of investments in the associate but is disclosed separately.

Goodwill arising on account of acquisition of subsidiaries and affiliates is not being amortised but is reviewed periodically for impairment. If the carrying value of the goodwill exceeds its fair value, goodwill is considered to be impaired and the impairment is charged to the income statement for the year.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

d) Fixed assets and depreciation

Fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Advances paid towards the acquisition of the fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under capital work-in-progress.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in schedule XIV to the Companies' Act, 1956 or based on the useful lives of the assets as estimated by Management, whichever is higher. Depreciation is calculated on a pro-rata basis from the date of installation till the date that assets are sold or disposed off.

The Management's estimates of the useful lives for various categories of fixed assets are given below:

	<u>Years</u>
Leasehold improvements	3 years
Furniture, fixtures and office equipment	3-6 years
Motor vehicles	5 years

e) Employee benefits

Contributions payable to recognized provident funds, approved superannuation scheme, employee pension and social security schemes which are defined contribution schemes, are charged to the profit and loss account.

f) Foreign currency transactions, balances and translation of financial statements of foreign subsidiaries

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date not covered by forward exchange contracts are translated at year-end-rates.

The resultant exchange differences are recognized in the profit and loss account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

The financial statements of the foreign integral subsidiaries, representative offices and 'collectively referred to as the 'foreign integral operations' are translated into Indian rupees as follows:

- Revenue items, except depreciation are translated at the respective monthly average rates. Depreciation is translated at the rates used for the translation of the values of the assets on which depreciation is calculated.
- Monetary items are translated using the closing rate.
- Non-monetary items are translated using the exchange rate at the date of transaction i.e., the date when they were acquired.
- The net exchange difference resulting from the translation of items in the financial statements of foreign integral operations is recognized as income or as expense for the year.
- Contingent liabilities are translated at the closing rate.

The following consolidated foreign subsidiaries have been identified as non-integral operations in accordance with the requirements of AS-11 (Revised 2003):

- Cura Risk Management Software (Proprietary) Limited
- Cura Software Solutions Company
- Cura Software Solutions UK Limited
- Cua Risk Management Software (Pty) Ltd, Australia

In accordance with AS-11 (Revised 2003) "The Effect of Changes in Foreign Exchange rates", the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

- All assets and liabilities, both monetary and non-monetary, are translated using the closing rate.
- Revenue items are translated at the respective monthly average rates.
- The resulting not exchange difference is credited or debited to a foreign currency translation reserve. However, an exchange difference arising out of intragroup monetary item, whether short term or long term is recognized in the profit and loss account.
- Contingent liabilities are translated at the closing rate.

g) Revenue recognition

Revenue from the sale of user licenses (i.e., product sales) for computer-aided engineering systems is recognized on transfer of the title to the customer.

Revenue from support services are recognized proportionately over the period in which services are rendered.

Revenue from consulting and training is recognized as the related services are rendered.

Earnings in excess of billings are classified as unbilled revenue, while billing in excess of earnings is classified as unearned revenue.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method.

h) Income tax expense

Income tax expense comprises current tax and deferred tax charge or credit.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the entities in the Group.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably or virtually certain (as the case may be) to be realized.

The break-up of the major components of the deferred tax assets and liabilities as at the balance sheet date have been arrived at after setting off deferred tax assets and liabilities where the Group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

i) Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

j) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

k) Provisions and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

l) Leases

Assets taken on lease where the Group acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of the minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected in secured loan. Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and recorded as expenses as and when payments are made over the lease term.

2. Description of the Group:

Cura Global GRC Solutions Pte Limited (“The Company”) is a subsidiary of SoftPro Systems Limited, India, holding Company. The Company is engaged in the business of development and deployment of software and operates principally in South Africa, United Kingdom, Singapore, Australia and the USA.

Cura’s subsidiaries and step-down subsidiaries are listed below:

Entity	Country of incorporation	Percentage holding (%)
Cura Risk Management Software (Propreitary) Limited	A subsidiary of Cura Global GRC Solutions Pte Limited organized under the laws of South Africa	100%
Cura Risk Management Software (Pty) Ltd.	A subsidiary of Cura Risk Management Software (Proprietary) Limited organized under the laws of Australia	100%
Cura Software Solutions UK Limited	A subsidiary of Cura Risk Management Software (Proprietary) Limited organized under the laws of United Kingdom	100%
Cura Software Solutions Company	A subsidiary of Cura Risk Management Software (Proprietary) Limited organized under the laws of United States of America	100%

3. Related party transaction:

A) Parties where control exists

S. No.	Name of the party	Relationship
1.	SoftPro Systems Limited, India	Holding company

B) Key management personnel represented on the Board:

Mr. G. Bala Reddy,

Mr. G. Venkateswara Rao,

Mr. N. Ravi Prasad

C) Particulars of related party transactions

i. The following is a summary of the related party transactions:

Particulars	For the period 1 July 2009 to 31 March 2010
Expenditure incurred on behalf of the Company:SoftPro Systems Limited	11,379,646
Working capital loan obtained fromSoftPro Systems Limited	114,973,398

Cura Global GRC Solutions Pte Ltd, (incorporated in Singapore)

ii. The Company has the following amount due to related parties:

Particulars	As at 31 March 2010
SoftPro Systems Limited (included in current liabilities)	11,379,646
SoftPro Systems Limited (included in unsecured loans)	114,973,398

4. Earnings / (Loss) per share

Particulars	For the period 1 July 2009 to 31 March 2010
Earnings (Rs.)	
Profit / (Loss) after tax	(10,444,278)
Shares	
Weighted average number of equity shares outstanding during the year	2,723,511
Basic and diluted EPS – Par value of USD 1	(3.83)

5. Segment reporting

The Company does not have more than one business or geographic segment. Accordingly, segment reporting is not required to be disclosed.

6. Acquisition of Subsidiaries:

Cura Global GRC Solutions Pte Limited acquired the entire share holding in Cura Risk Management Software (Proprietary) Limited, South Africa on 1 July 2009 for an amount of 787,643,817.

Cura Risk Management Software (Proprietary) Limited holds the entire share holding in the following companies as at 1 July 2009:

- a) Cura Software Solutions Company
- b) Cura Software Solutions UK Limited
- c) Cura Risk Management Software (Proprietary) Limited

Accordingly, the Company in its consolidated financial statements has computed the excess of cost to the parent company of its investment over its portion of equity in all the above mentioned subsidiaries as at 1 July 2009 and recorded the same as goodwill of an amount of 592,224,354.

7. Comparatives:

SoftPro Systems Limited acquired the entire share capital in the Company on 30 June 2009 and thereby making the Company, a wholly owned subsidiary. As the Company was incorporated in the current year, the previous year are not presented.

For Cura Global GRC Solutions Pte Limited

G BALA REDDY
Director

G VENKATESWARA RAO
Director

CONSOLIDATED AUDIT REPORT

AUDITORS' REPORT

To

The Board of Directors

SOFTPRO SYSTEMS LIMITED

HYDERABAD.

1. We have audited the attached Consolidated Balance Sheet of **SOFTPRO SYSTEMS LIMITED** and its subsidiaries (*collectively referred to as the Group*) as at 31st March 2010 and the Consolidated Profit and Loss Account and Consolidated Cash Flow statement for the period ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding the components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the financial statements of the subsidiary **Softpro Technologies Pvt. Ltd** whose financial statements reflect total assets of Rs. 106.23 Lakhs as at 31st March, 2010, total revenue of Rs.136.90 Lakhs and net cash flows amounting to Rs. (0.52) lakhs for the period ended 31st March, 2010.
4. We did not audit the financial statements of the subsidiary **Cura Global GRC Solutions Pte. Ltd.** whose financial statements reflect total assets of Rs. 3993.77 Lakhs as at 31st March, 2010, total revenue of Rs. 4620.44 Lakhs and net cash flows amounting to Rs. 414 lakhs for the period ended 31st March, 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006
5. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting policies generally accepted in India
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;
 - b) in the case of Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - c) in the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

Place: Hyderabad

Date :25.08.2010

for **RAMBABU & Co.,**

Chartered Accountants

Reg. No: 002976S

RAVI RAMBABU

Partner

M.No.18541

Balance Sheet as at 31st March, 2010.

	Schedules	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
<u>SOURCES OF FUNDS:</u>			
(A) Share holder's Funds:			
a) Share Capital	I	69,250,000	60,000,000
b) ESOP/Warrant Application Money	II	112,712,500	0
c) Reserves and Surplus	III	277,212,596	177,029,950
d) Minority Interest		721,996	671,800
(B) Loan funds:			
(a) Secured loans	IV	736,754,298	0
(C) Deferred Tax Liability		9,037,833	0
TOTAL		1,205,689,223	237,701,750
<u>APPLICATION OF FUNDS:</u>			
(A) Fixed Assets:			
a) Gross Block	V	367,074,017	200,337,402
Less. Accumulated Depreciation		133,371,165	48,138,258
Net Block		233,702,852	152,199,144
b) Capital Work in Progress		72,805,345	48,497,854
c) Goodwill on consolidation		644,733,885	643,388
(B) Deferred Tax Asset		2,969,581	0
(C) Current Assets, Loans & Advances			
a) Inventory - Software WIP	VI	10,857,398	23,249,490
b) Sundry Debtors	VII	232,791,714	26,157,991
c) Cash and bank balances	VIII	74,328,687	1,328,213
d) Loans and Advances	IX	61,317,484	13,990,904
Sub Total:		379,295,283	64,726,598
Less: Current Liabilities and Provisions			
a) Current Liabilities	X	125,332,862	16,467,220
b) Provisions		23,085,311	11,898,014
Net Current Assets		148,418,173	28,365,234
Miscellaneous Expenses to the extent not written off or adjusted.		20,435,000	-
Deffered employee Compensation A/c-2008		165,450	-
TOTAL		1,205,689,223	237,701,750
Significant Accounting Policies and Notes on Accounts	XIX		

As per our report of even date attached

For and on behalf of the Board

For **RAMBABU & CO.**

Chartered Accountants

Firm Reg No.002976S

RAVI RAMBABU

Partner M.No.18541

G BALA REDDY

Managing Director

G VENKATESWARA RAO

Executive Director

P V DURGA BHAVANI

Company Secretary

Place : Hyderabad

Date : 25.08.2010

Profit and Loss Account for the year ended 31st March 2010

	Schedules	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
I. Income:			
1. Software and Technical Services Income	XI	529,737,536	6,766,627
2. Lease/Rental Income	XII	46,615,344	56,253,179
3. Other Income	XIII	6,504,367	9,895,040
TOTAL		582,857,247	72,914,846
II. Expenditure:			
1. Decrease in WIP-Software	XIV	12,392,092	(374,854)
2. Software Expenses		40,650,000	-
3. Employee Costs	XV	267,419,986	7,144,100
4. Business Development Expenses	XVI	48,112,215	516,432
5. Administrative Expenses	XVII	116,571,903	20,512,151
6. Finance Charges	XVIII	31,392,284	163,371
7. Depreciation on Assets	V	37,423,063	6,429,358
8. Loss on Sale of Investments		-	11,102,000
TOTAL		553,961,543	45,492,558
PROFIT BEFORE TAX		28,895,705	27,422,288
Less :- Provision for Income Tax			
Current Tax		15,004,169	-
Deferred Tax		(5,435,139)	-
Dividend Tax paid		509,850	9,659,322
PROFIT AFTER TAX		18,816,825	17,762,966
Less:-Minority Interest		50,196	-
Profit brought forward from previous year (See Note No.10 of notes on accounts)		60,045,259	54,019,385
		78,811,888	71,782,351
Less:-Appropriations:			
Transfer to General Reserve		30,000,000	-
Proposed Dividend(including Dividend Tax)		4,037,621	3,000,000
Balance Carried to Balance Sheet		44,774,267	68,782,351
Earnings per Share : Basic		2.83	2.96
Earnings per Share : Diluted		2.21	2.96
Significant Accounting Policies & Notes on Accounts	XIX		

As per our report of even date attached

For and on behalf of the Board

For RAMBABU & CO.

Chartered Accountants

Firm Reg No.002976S

RAVI RAMBABU
Partner M.No.18541G BALA REDDY
Managing DirectorG VENKATESWARA RAO
Executive DirectorP V DURGA BHAVANI
Company SecretaryPlace : Hyderabad
Date : 25.08.2010

Schedules Forming part of Balance Sheet as at 31st March 2010.

	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
Schedule I. Share Capital:		
Authorised Share Capital		
(a) 1,00,00,000 Equity Shares of Rs.10/-each (Previous year 82,50,000 Equity Shares of Rs. 10/- each)	100,000,000	82,500,000
(b) Redeemable Preference Shares of Rs. 10/- each (Previous Year 7,50,000 shares of Rs. 10/- each)	-	7,500,000
	100,000,000	90,000,000
Issued, Subscribed & Paid up Capital		
(a) 69,25,000 Equity Shares of Rs.10/- each fully paid up (Previous year 60,00,000/- Equity Shares of Rs. 10/- each fully paid up)	69,250,000	60,000,000
TOTAL	69,250,000	60,000,000
Schedule II. ESOP/Warrant Application Money		
(a) Warrant Application Money Received	111,712,500	0
(b) ESOP 2008 Application Money Received	1,000,000	0
TOTAL	112,712,500	0
Schedule III. Reserves and Surplus		
(a) Capital Reserve	1,565,900	1,565,900
(b) Equity Share Premium	179,637,429	105,881,700
(c) General Reserve	30,800,000	800,000
(d) Profit & Loss Account	44,774,267	68,782,350
(e) Reserve for ESOP Scheme 2008	20,435,000	0
TOTAL	277,212,596	177,029,950
Schedule IV. Secured Loans		
Term Loan from Andhra Bank,	736,754,298	0
TOTAL	736,754,298	0
Schedule VI. Inventory: (Valued and certified by the Management)		
Software Work in progress	10,857,398	23,249,490
TOTAL	10,857,398	23,249,490
Schedule VII. Sundry Debtors. (Unsecured and considered good)		
(a) Outstanding for more than 6months	7,730,758	8,125,593
(b) Others	225,060,956	18,032,398
TOTAL	232,791,714	26,157,991
Schedule VIII. Cash and Bank Balances		
(a) Cash in Hand	1,154,870	30,925
(b) Balances with Scheduled Banks		
i) In Current Accounts	31,240,652	771,207
ii) Fixed Deposit Accounts	41,687,819	309,596
iii) Unclaimed dividend Accounts	245,346	216,485
TOTAL	74,328,687	1,328,213
Schedule IX. Loans and Advances: (Advances recoverable in cash or in kind or for value to be received)		
(a) Advances for Capital goods	18,276,953	466,509
(b) Other Advances	16,102,695	492,096
(c) Deposits with Government Authorities	5,677,887	1,792,523
(d) Prepaid Taxes	21,259,949	11,239,776
TOTAL	61,317,484	13,990,904

V FIXED ASSETS SCHEDULE

Sl. No.	Name of the Asset	%	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Balance as on 01-04-2009	Additions during the year	Sale or adjts for the year	Balance as on 31-03-2010	Balance 01-04-2009	During the Year	Sale or Adjts for the year	Total as on 31-03-2010	As on 31-03-2010	As on 31-3-2009
1	Land at Hyderabad	0.00	9,174,326	0	0	9,174,326	0	0	0	0	9,174,326	9,174,326
2	Building	1.63	84,389,820	1,122,486	0	85,512,306	8,166,528	1,381,569	0	9,548,097	75,964,209	76,223,292
3	Air Conditioning System	4.75	17,925,685	67,929	0	17,993,614	5,067,863	852,357	0	5,920,220	12,073,394	12,857,822
4	Plant & Machinery	4.75	3,170,162	924,489	8,812	4,085,839	1,025,336	281,073	1,244	1,305,165	2,780,674	2,144,826
5	Electrical Equipments	4.75	5,970,937	0	0	5,970,937	1,748,580	283,620	0	2,032,200	3,938,737	4,222,357
6	Electrical Fittings	4.75	9,478,245	0	0	9,478,245	2,635,179	450,217	0	3,085,396	6,392,849	6,843,066
7	Interiors, Furniture & Fixtures	6.33	35,327,751	399,162	0	35,726,913	13,511,550	2,248,527	0	15,760,077	19,966,836	21,816,201
8	Lift System	4.75	2,817,500	0	0	2,817,500	839,461	133,831	0	973,292	1,844,208	1,978,039
9	Fire Safety Equipment	4.75	2,439,423	0	0	2,439,423	675,843	115,873	0	791,716	1,647,707	1,763,580
10	Computers	16.21	22,161,861	9,896,645	287,382	31,771,124	14,051,091	3,605,045	144,200	17,511,936	14,259,188	8,110,770
11	Software Tools & Packages	4.75	13,911,417	174,537	0	14,085,954	5,524,129	664,472	0	6,188,601	7,897,353	8,387,288
12	Office Equipment	4.75	11,007,042	2,130,437	161,529	12,975,950	3,604,263	1,206,551	67,065	4,743,749	8,232,201	7,402,779
13	Library Books	16.21	63,389	0	0	63,389	63,389	0	0	63,389	0	0
14	Motor Cars	9.50	1,273,672	1,204,265	7,176	2,470,761	951,419	97,456	2,486	1,046,389	1,424,372	322,253
15	Land at Vizag (under development)		3,867,596	0	0	3,867,596	0	0	0	0	3,867,596	3,867,596
16	Lease hold improvements		1,349,558	1,006,156	33,594	2,322,120	793,919	400,217	17,935	1,176,201	1,145,919	555,638
17	Development Costs		95,729,801	28,611,972	1,878,058	122,463,715	37,039,520	24,994,994	901,072	61,133,442	61,330,273	58,690,281
18	Computer Software		3,218,567	699,652	63,914	3,854,305	1,415,950	707,259	31,925	2,091,284	1,763,021	1,802,617
	TOTAL		323,276,752	46,237,730	2,440,465	367,074,017	97,114,020	37,423,061	1,165,927	133,371,154	233,702,863	226,162,731
	Previous Year		191,579,890	11,554,145	2,812,368	200,321,667	44,511,836	6,426,808	2,812,368	48,126,276	152,195,391	147,068,054

Schedules Forming part of Balance Sheet as at 31st March 2010.

	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
Schedule X. <u>Current Liabilities and Provisions</u>		
(A) Current Liabilities:		
(a) Sundry Creditors for Capital Goods	752,197	1,010,837
(b) Sundry Creditors for Expenses	19,894,683	458,648
(c) Deposits and Advances Received	16,981,324	12,044,064
(d) Outstanding Liabilities for Expenses	35,821,862	2,646,321
(e) Deferred revenue	51,522,065	0
(f) Provision for Gratuity	115,385	90,865
(g) Unclaimed Dividend	245,346	216,485
TOTAL	125,332,862	16,467,220
(B) Provisions:		
(a) Provision for Taxation	19,622,811	8,898,014
(b) Proposed Dividend	3,462,500	3,000,000
TOTAL	23,085,311	11,898,014
Schedule XI. <u>Software and Technical Services Income</u>		
(a) Software Projects (Exports)	526,983,322	0
(b) Software Projects (Domestics)	0	1,500,000
(c) Software Technical Services (Domestic)	2,754,214	5,266,627
TOTAL	529,737,536	6,766,627
Schedule XII. <u>Lease/Rental Income</u>		
(a) Rent Receipts for Space	31,436,528	36,687,933
(b) Rent Receipts for Furniture	15,178,816	19,565,246
TOTAL	46,615,344	56,253,179
Schedule XIII. <u>Other Income</u>		
(a) Interest received	941,112	2,747,304
(b) Parking Charges	733,200	1,007,150
(c) Maintenance Charges	4,283,994	5,182,367
(d) Other Income	546,061	28,219
(e) Profit on Sale of Assets	0	930,000
TOTAL	6,504,367	9,895,040
Schedule XIV. <u>Change in W I P Software.</u>		
Closing Software Work in progress	10,857,398	23,249,490
Less: Opening Software Work in progress	23,249,490	22,874,636
Decrease/Increase in WIP Software	-12,392,092	374,854
Schedule XV. <u>Employee Costs :</u>		
(a) Salaries & Benefits	265,581,126	7,072,840
(b) Staff Welfare expenses	1,838,860	71,260
TOTAL	267,419,986	7,144,100
Schedule XVI. <u>Business Development Expenses:</u>		
(a) Travelling & Conveyance	13,026,738	66,349
(b) Advertisement	1,437,971	283,666
(c) Computer Software Renewal Fee	7,670,994	12,000
(d) Training expenses	8,678,293	0
(e) Softnet Charges	637,908	114,516
(f) Commission	2,234,337	0
(g) Marketing Development Expenses	14,373,937	3,101
(h) Membership & Subscriptions	52,037	36,800
TOTAL	48,112,215	516,432

Schedules Forming part of Profit & Loss A/c for the year ended 31st March 2010

	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
Schedule XVII. <u>Administrative Expenses:</u>		
(a) Professional Charges	16,171,905	1,364,035
(b) Printing and Stationery	1,804,479	57,821
(c) Repairs and Maintenance	5,551,462	5,656,923
(d) Software licenses	48,519,881	0
(e) Telephone & Faxes	11,542,850	44,591
(f) Electricity Charges	1,164,785	670,996
(g) Auditor's Remuneration	1,776,782	265,123
(h) Insurance	1,945,728	136,685
(i) Rent, Rates, Taxes & Fees	18,377,120	1,274,914
(j) Exchange fluctuation	2,246,148	-919
(k) Entertainment expenses	3,178,526	0
(l) Office Maintenance Expenses	1,550,376	413,743
(m) Preliminary expenses written off	2,276,936	0
(n) Bad debts written off	464,925	10,628,239
TOTAL	116,571,903	20,512,151
Schedule XVIII. <u>Finance Charges</u>		
(a) Interest on Term Loan	3,668,453	140,629
(b) Interest to Others	25,557,861	2,233
(c) Bank Charges	2,165,970	20,509
TOTAL	31,392,284	163,371

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS
ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

A. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. Accounting Conventions:-

The Financial Statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2. Basis of Consolidation:-

The Consolidated Financial Statements relate to “Softpro Systems Limited (The Company or Softpro)” and its subsidiary companies “Softpro Technologies Private limited” and “Cura Global GRC Solutions Pte. Ltd” where “Softpro” holds 93.282% and 100% share holding respectively as on 31.03.2010

The consolidated financial statements of the company and its subsidiaries have been prepared by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements”.

Minority Interest’s share of net profit for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the company.

Minority Interest’s share of net assets of subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company’s shareholders.

All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.

3. Revenue Recognition :

a). Revenue from Services is recognized as and when the Services are rendered. Expenditure on software purchase, developed and/or customized during the year is treated as revenue expenditure. The Company follows completed method of accounting for services rendered in respect of Software projects and significant products under development.

b). *Interest Income:* Interest income is recognized on accrual basis.

4. Expenditure:-

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities

5. Fixed Assets:

Fixed assets are stated at cost of acquisition or construction as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from freight, other incidental expenses and all non-refundable taxes related to the acquisition or construction and installation of the respective fixed assets.

6. Depreciation:-

Depreciation on Fixed assets including additions has been provided on straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956.

Depreciation on fixed assets of foreign subsidiary Cura Global GRC Solutions Pte. Ltd, Singapore based on the useful lives of the assets estimated by Management has been provided for various categories of fixed assets as given below:

Leasehold improvements	3 Years.
Furniture, Fixtures and Office equipment	3-6 Years.
Motor Vehicles	5 Years.

7. Investments:-

Long term Investments are stated at cost. Provision, if any, is made for permanent diminution in the value of Investments. Current investments are stated at lower of cost or Market value

8. Inventories:-

Inventories are valued at cost or net realizable value which ever is lower.

9. Employee Benefits:-

Company's contribution towards provident fund and pension fund are charged to Profit and Loss account.

The company provides for retirement benefits in the form of gratuity and leave encashment based on valuations, as at the balance sheet date, made by Independent actuaries.

In respect of employee's stock options, in excess of fair price on the date of grant over the exercise price is recognized as deferred compensation cost amortized over the vesting period.

10. Foreign Exchange Transactions:-

- a). All foreign exchange transactions entered into during the current period are accounted at the exchange rate prevailing on the date of contract/documentation. Foreign exchange fluctuations on transactions entered into during the period and received/paid during the period are accounted in the current financial year. The outstanding accounts in foreign currency are restated at the end of the period at the foreign currency rate prevailing on that and any fluctuation on the same is recognized in profit and loss account
- b). The net exchange difference resulting from the translation of items in the financial statements of integral foreign operations is recognized as income or as expense for the year.
- c). Contingent liabilities are translated at the closing rate.
- d). The following foreign subsidiaries have been identified as non-integral operations in accordance with the requirements of AS-11 (Revised 2003).
 - i). Cura Global GRC Solutions Pte. Ltd, Singapore.
 - ii).Cura Risk Management Software (Proprietary) Ltd.
 - iii). Cura Software Solutions Company, USA.
 - iv). Cura Software Solutions UK Ltd, UK.
 - v). Cura Risk Management Software (Pty) Ltd, Australia.

11. Miscellaneous Expenditure:-

Preliminary and issue expenses, deferred revenue expenditure and R & D expenditure have been written off over a period of 10 years.

12. Income Taxes:-

Income Tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company. Deferred tax resulting from timing difference between accounting income and taxable income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

13. Impairment of Assets:-

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

14. Leases:-

Assets taken on lease where the Group acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of the minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected in secured loan. Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and recorded as expenses as and when payments are made over the lease term.

B. NOTES ON ACCOUNTS

1. Softpro Systems Limited, has acquired Cura Global GRC Solutions Pte Ltd , Singapore along with its step down subsidiaries in South Africa, Australia, USA & UK in the month of July 2009. With this acquisition Cura Global has become the subsidiary of Softpro Systems Ltd w.e.f 1st July 2009. Hence, the accounting period for subsidiaries is for 9 months i.e. from 1st July 2009 to 31st March 2010.

2. The company has the following contingent liabilities as on:

Particulars	31-03-2010	31-03-2009
i). Bank guarantee issued to Central Excise Department	260,000	260,000
ii). Claim against the Company not acknowledge as debt	376,112	376,112
iii). The Commercial Tax Officer, (FAC), Madhapur, has vide his Assessment orders dated 27.04.2010 demanded value added tax of Rs.10,58,047/-, Rs. 13,58,171/- and Rs.17,60,163/- (Totaling to Rs. 41,76,381/-) for the financial years 2005-06, 2006-07 and 2008-09 respectively on rent for furniture. The Company approached Hon'ble High Court of Andhra Pradesh for stay and in turn the Hon'ble High Court of Andhra Pradesh has granted interim Stay for further proceedings with a condition that Company shall pay 12.5% of disputed tax and the Company has paid an amount of Rs.5,22,047/- towards disputed Tax liability of Rs. 41,76,381/-.		

3. Secured Loans:

- a) During the year "*the Company*" has availed Term Loan of Rs. 9.38 Crores from Andhra Bank, Koti, Hyderabad. The said Term Loan is secured by extension of Charge of Land and Building of Softpro Heights, Hyderabad and Equitable mortgage of Vizag unit Land and Building located at Plot No.17, Hill No. 2, Rishikonda Vishakapatnam. This Loan is further secured by personal guarantee of Shri. G. Bala Reddy, C M D of the Company.
- b) During the year M/s Cura Global GRC Solutions Pte. Ltd has obtained loan to the tune of US \$. 14.24 Millions from Bank of India, which is secured by the way of corporate guarantee of SoftPro Systems Ltd, Hyderabad, the holding company, mortgage charge over the land and buildings of Softpro heights of Hyderabad, first pari-passu pledge of shares of the company and first pari-passu pledge of shares of Cura Risk Management Software (Pty) Limited.
4. During the year under review an amount of Rs. 9,949/- being unclaimed dividend for the year 2001-2002 has been transferred to Investor Education and Protection Fund A/c.

5. The details of the disputed dues to Sales Tax are given below:

S.No	Nature of the Statute	Nature of the dues	Forum where dispute is pending	Amount	Rs.
1	AP VAT Act, 2005	Value Added Tax	High Court Of AP	9,25,791	
2	AP VAT Act, 2005	Value Added Tax	The Commissioner of Customs (Appeals)	11,88,400	
3	AP VAT Act, 2005	Value Added Tax	The Supreme Court of India	15,40,143	
Total				36,54,334	

6. Particulars of Managerial Remuneration:-

	Rs. In Lakhs	
	Year ended 31.03.2010 (12 months)	Year ended 31.03.2009 (12 months)
Salary	13.75	5.36
Perquisites	3.00	2.06
Other Allowances	4.50	3.11
	21.25	10.53

7. Auditor's remuneration:-

Particulars	(Rs. In Lakhs)	
	March 31, 2010	March 31, 2009
i) Statutory Audit Fee	16.83	1.05
ii) Tax Audit fee	0.35	0.35
iii) Certification fee	0.25	0.75
iv) Other Services	0.15	0.15
v) Service Tax	0.18	0.35
Total:	17.76	2.65

8. Related Party Disclosures:

a) Names of Related Parties

- | | | |
|--------------------------------------------|---|-----------------------------|
| i) Associate Companies | : | ICSA (India) Ltd |
| | : | BRG Energy Ltd |
| | : | P R Cements Ltd |
| | : | Sahasra Investments Pvt Ltd |
| ii) Key Management personnel | : | G Bala Reddy |
| | | G.Venkateswara Rao |
| iii) Relatives of Key Management Personnel | : | G.Velangini Mary |

b) The details of related party transactions in terms of Accounting Standard (AS-18) are as follows: (Rs. in Lakhs)

Description	Associates	KMP's	Relatives of KMP's
Purchases/ Sub-contract works	414.78 / (42.27)	0 / (0)	0 / (0)
Sales	18.16/ (61.65)	0 / (0)	0 / (0)
Rendering of Services	0.00 / (0)	0 / (0)	0 / (0)
Receiving of Services	0.00 / (0)	0 / (0)	0 / (0)
Rent Receipts	308.16 / (287.82)	0 / (0)	0 / (0)
Loans and Advances	0 / (0.92)	0 / (0)	0 / (0)
Rent Deposit	100.00 / (0)	0 / (0)	0 / (0)
Balance due to us	0 / (134.88)	0 / (0)	0 / (0)
Balance due to them	106.94 / (0)	0 / (0)	0 / (0)
Total:	848.04 / (527.54)	0 / (0)	0 / (0)

Note: Figures in brackets represent for the previous year 2008-09.

9. SEGMENT DETAILS:

Segment Report as per Accounting Standard 17 for the Year ended 31st March 2010:

(Rs. In Lakhs)

S.No.	Particulars	Audited Figures for	
		Current Year ended 31-03-2010	Previous year ended 31-03-2009
1	Segment Revenue (Net Sales/Income from segment)		
	a) Software Development	5297.38	67.67
	b) Lease/Rental Income	466.15	562.53
	Total	5763.53	630.20
	Less: Inter Segment Revenue	0	0
	Net Sales/Income from Operations	5763.53	630.20
2	Segment Results Profit/Loss before tax, interest and Lease/Rental Income from segment		
	a) Software Development	187.26	-142.48
	b) Lease/Rental Income	350.57	319.16
	Total	537.83	176.68
	c) Other Income	65.04	98.95
	Less:- Interest	313.92	1.41
	Total Profit/Loss Before Tax	288.95	274.22
3	Capital Employed		
	a) Software Development	4255.96	1194.42
	b) Lease/Rental Income	507.12	1182.59
	Total	4763.08	2377.01

10. Deferred Tax Asset (Rs.in Lakhs)	31.03.2010	31.03.2009
in respect of Softpro Systems Ltd	90.38	NIL
in respect of Subsidiaries	(29.70)	NIL
TOTAL	60.68	NIL

11. The details of Foreign Exchange earnings during the year:

(Rs.in Lakhs)

Particulars	March 31, 2010	March 31, 2009
Foreign Exchange earnings		
Exports	5297.38	67.67
Interest	0	0
Total	5297.38	67.67

12. The details of Foreign Exchange Inward and Outgo during the year:

(Rs. in Lakhs)

Particulars	March 31, 2010	March 31, 2009
Foreign Exchange Inward		
Exports realization	3231.03	63.65
Advance from Customers	0	0
Total	3231.03	63.65
Foreign Exchange Out go		
Value of Imports during the year (C.IF.Basis)	0	0
- Raw Materials	0	0
-Capital goods- Furniture & Fixtures	0	0
Expenditure in Foreign Currency during the year		
Interest & Bank Charges (FCCB)	0	0
Professional Charges	0	0
Business Promotion	0	0
Foreign Travel	0	0

13. Earnings per Share

(Rs. in Lakhs)

Description	31.03.2010 (Per Equity Share of Rs.10/- each)	31.03.2009 (Per Equity Share of Rs.10/- each)
Profit after Tax (after adjusting Minoriority Interest) as per Profit & Loss Account for Basic EPS	188.17	177.63
Adjusted Profits	0	0
Weighted Average No. of Shares - Basic	66,50,274	60,00,000
Weighted Average No. of Shares - Diluted	85,22,401	60,00,000
EPS - Basic Rs.	2.83	2.96
EPS - Diluted Rs.	2.21	2.96

The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

14. The quantitative details requirements regarding software and technical services are not applicable.
15. The balances of sundry debtors, Loans & Advances and sundry creditors are subject to confirmation from the concerned parties
16. Provision for Gratuity is made for the employees whoever has completed the qualifying period of service (5 years).
17. The previous year's figures have been regrouped, reclassified and rearranged wherever necessary. Figures are rounded off to the nearest rupee.

Signatures to Schedules 1 to 19

As per our report of even date attached

For **RAMBABU & Co.,**
Chartered Accountants
Firm Reg. No. 002976S

By and on behalf of the Board

RAVI RAMBABU
Partner.
M.No.18541

G. BALA REDDY
Managing Director

G.VENKATESWARA RAO
Executive Director

P V DURGA BHAVANI
Company Secretary

Place. Hyderabad
Date. 25-08-2010.

Additional information pursuant to provisions of the Para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

Balance Sheet Abstract and Company's general business profile:

a. **Registration Details**

Registration No:	L72200AP1991PLC013479	State Code :	01
Balance Sheet Date	31-03-2010		

b. **Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placements	9,250

c. **Position of Mobilization and deployment of Funds: (Amount in Thousands)**

Total Liabilities	1,205,689	Total Assets	1,205,689
Source of Funds			
Reserves & Surplus	277,212	Paid up Capital	69,250
Un-secured Loans	0	Secured Loans	736,754
Application Money	112,712		
Application of Funds			
Net Fixed Assets	233,702	Investments	0
Net Current Assets	230,877	Misc. Expenditure	20,600
Accumulated losses	NIL	Deferred tax asset	2,969
		Deferred tax Liability	9,038

d. **Performance of Company (Amount in Thousands)**

Turnover	582,857	Total Expenditure	553,961
Profit/Loss before tax	(+) 28,896	Profit/Loss after tax	(+) 18,816
Earnings per Share-Basic	2,83	Dividend	5 %
Earnings per Share - Diluted	2.21		

e. **Generic Names of two Principal Products/Services of Company (as per monitory items)**

Item Code	Not Applicable
Product Description	Software Development / Services

As per our report of even date attached

For **RAMBABU & Co.,**
Chartered Accountants
Reg. No. 002976S

RAVI RAMBABU
Partner.
M.No.18541

Place. Hyderabad
Date. 25-08-2010.

By and on behalf of the Board

G. BALA REDDY
Managing Director

G.VENKATESWARA RAO
Executive Director

P V DURGA BHAVANI
Company Secretary

CASH FLOW STATEMENT

	As at 31.03.2010	As at 31.03.2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Extraordinary items	28,895,705	27,422,288
Adjustment for: Depreciation	37,423,063	6,429,358
Profit/Loss on sale of Assets (Profit-) (Loss+)	-	(930,000)
Investments	-	11,102,000
Interest / Dividend received	(941,112)	(2,747,304)
Operating Profit before working capital changes	65,377,656	41,273,792
Adjustment for Increase (-) / Decrease (+)		
Trade and other Receivables	(253,960,303)	21,163,894
Inventories, Increase (-) / Decrease (+)	(12,392,092)	(374,854)
Trade Payables, Increase (-) / Decrease (+)	120,052,939	(537,287)
Cash generated from Operations	(80,921,801)	61,528,095
Interest Paid	29,226,314	140,629
Direct Taxes paid	(10,078,880)	(9,659,322)
Cash flow before extraordinary items		
Extra Ordinary items	(61,774,367)	52,009,402
NET CASH FLOW FROM OPERATING ACTIVITIES	(691,213,553)	52,009,402
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(46,237,730)	(11,554,145)
Capital Work-in-progress	(121,303,199)	(33,961,929)
Sale of Fixed Assets	2,440,851	930,000
Sale of Investments	-	1,527,500
Interest Received	941,112	2,747,304
Interest paid	(29,226,314)	(140,629)
NET CASH USED IN INVESTING ACTIVITIES	(193,385,666)	(40,451,899)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	222,985,047	38,000
Proceeds from Long term borrowings	736,754,298	-
Repayment of financial lease /liabilities	-	(16,755,291)
Repayment of Working Capital Loan	-	-
Repayment of Unsecured Loan and HP Loan	-	-
Dividends paid (Net of reversal of excess provision)	(3,000,000)	(6,000,000)
NET CASH FLOW FROM FINANCING ACTIVITIES	956,739,345	(22,717,291)
Net Increase in cash and cash equivalent (A+B+C)	73,000,475	(11,159,788)
Cash and cash equivalent at the beginning	1,328,213	12,488,001
Cash and cash equivalent at the close	74,328,688	11,328,213
	73,000,475	(11,159,788)

As per our report of even date attached

For **RAMBABU & Co.**,
Chartered Accountants
Reg. No. 002976S

For and on behalf of the Board

RAVI RAMBABU
Partner. M.No.18541

G. BALA REDDY
Managing Director

G.VENKATESWARA RAO
Executive Director

P.V. DURGA BHAVANI
Company Secretary

Place. Hyderabad
Date. .25-08-2010.

SOFTPRO SYSTEMS LIMITED

Registered office: Softpro Heights, Plot No.12, Cyberabad, Hyderabad – 500 0081

Dear Members,

Securities & Exchange Board of India (SEBI) has made it mandatory for all the Listed Companies to use the bank account details furnished by the depositories for distributing dividends and other cash benefits, etc. through Electronic Clearing System(ECS) to the investors, wherever ECS and bank details are available. In the absence of ECS facility, the companies should print the Bank Account details, if available, on the payment instrument, for the distribution of dividends and other cash benefits etc. to the investors.

Thus, in light of the above SEBI's Directive, the Company is initiating the process of ECS facility for the payment of dividend, if any, that may be declared by the Company to all those shareholders who are holding shares in dematerialized form, subject however, to the RBI Guidelines as regards availability of ECS facility in different locations.

In case you are still holding the shares in the physical form, we would request you to kindly consider the benefits of dematerialisation and open a De-mat Account with any depository Participant to get your physical shares dematerialized. Till you are holding shares in physical form we also request you to send us the bank mandate by completing and returning the perforated lower portion of this letter along with a photo copy of a cheque or a blank cheque duly cancelled at the Registered Office of the Company or to its Registrar and Transfer Agent i.e. M/s. Venture Capital and Corporate Investments Limited, 12-10-167, Bharat Nagar, Hyderabad - 18

However if, you prefer to get your dividend by way of physical warrants and not opt for ECS, please let us know the name, branch and account number of your bank, if not provided earlier. This will enable us to incorporate such particulars on the dividend warrant to avoid any fraudulent encashment.

Your action in the above matter will help us in serving you better.

Yours truly,
For **Softpro Systems Limited**

G. BALA REDDY
Chairman and Managing Director



SOFTPRO SYSTEMS LIMITED

Registered office: Softpro Heights, Plot No.12, Cyberabad, Hyderabad – 500 0081

Folio No.: _____

1. I/We give below the necessary particulars

Bank Account No. :
Name of the Bank :
Name and address of Branch :
Type of Account : Saving /Current
9-Digit Code Number appearing :

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on the clear band area of the
bottom of MICR cheque

2. I/We hereby opt for payment of dividend

· Through physical warrants with name & Account No. of my / our Bank
· Under ECS
(Please tick ✓ whichever is applicable)

3. I/We hereby declare that the above particulars are complete and correct. If the transaction is delayed or is not effected at all due to incomplete or incorrect information, I/We shall not hold the Company responsible.

Please: Signature of the First Named Shareholder.

Name of the Shareholder:

Date: Address:

Encl.: A photocopy of the Cheque/blank cheque duly cancelled.

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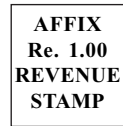
SOFTPRO SYSTEMS LIMITED
Regd. Off: SoftPro Heights, Plot No.12
Software Units Layout, Cyberabad, Hyderabad – 500 081

PROXY FORM
Nineteenth Annual General Meeting

Folio No. _____ Client ID. _____ DP ID _____

I/We.....of.....
in the district of being a member/members of the above named company
hereby appoint..... in the district of
..... as my / our Proxy to attend and vote for me / us
on my / our behalf at the 19th Annual General Meeting of the Company to be held at the Conference Hall, 5th Floor,
SoftPro Heights, Plot No.12, Software Units Layout, Cyberabad, Hyderabad – 500 081 on Thursday,
the 30th September, 2010 at 10.00 AM and at any adjournment thereof.

Signed at this day of 2010.



Number of Shares held

Note : The form of Proxy, duly signed across Re. 1/- Revenue Stamp should reach the Company not less than 48 hours before the time fixed for the Meeting. The Proxy need not be a member of the Company.



SOFTPRO SYSTEMS LIMITED
Regd. Off: SoftPro Heights, Plot No.12
Software Units Layout, Cyberabad, Hyderabad – 500 081

ATTENDANCE SLIP

I hereby record my presence at the 19th Annual General Meeting of the Company at 5th Floor, SoftPro Heights, Plot No.12, Software Units Layout, Cyberabad, Hyderabad – 500 081 on Thursday, the 30th September, 2010 at 10.00 AM

.....
Full Name of the Shareholder (in block letters) Signature

Folio No / Client ID & DP ID No. of Shares held

.....
Full Name of the Shareholder (in block letters) Signature

(To be filled if the Proxy attends instead of the Member)

Note : Shareholders attending the Meeting in person or by proxy are requested to complete the Attendance Slip and hand it over at the entrance.

