

BOOK-POST

**21ST
ANNUAL REPORT
2009-2010**



ANCENT SOFTWARE INTERNATIONAL LIMITED



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BOARD OF DIRECTORS

Sri C.Ashok Babu	Managing Director
Smt C.Jhansi Lakshmi	Director
Sri Pavan Kumar Sanwar Mal	Director
Sri Anjaney Vishnudas Bhutada	Director
Sri Ramkumar Santhakumar Nair	Director

REGISTERED OFFICE

Unit No.401, 1Vth Floor,
TOPAZ Building, Amrutha Hills,
Punjagutta, Hyderabad-500 082, A.P. (India.)

SOFTWARE DIVISION

Apt # 1, Vishnu Smruti
425/35, TMV Colony,
Gultekadi, Pune- 411 037, Maharashtra. (India)

AUDITORS

M/s RAMASAMY KOTESWARA RAO & CO.
FF-II, Plot No. 238/A, MLA Colony,
Road No. 12, Banjara Hills, Hyderabad - 500034.

BANKERS

HDFC BANK LTD
Banjara Hills, Hydersbad - 500 034. A.P.

SHARE TRANSFER AGENTS

M/s. VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LTD.,
12-10-167, Bharat Nagar, Moosapet, Hyderabad-500 018.
Phone : 040-23818475, 23818476, Fax : 040-23868024.

LISTING AT

BOMBAY STOCK EXCHANGE LTD.

NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the 21st ANNUAL GENERAL MEETING of M/s. ANCENT SOFTWARE INTERNATIONAL LIMITED, will be held on Thursday, the 30th day of September, 2010 at 10.30 A.M. at The Hyderabad Gymkhana, near L.V. Prasad Eye Institute, Road No.2, Banjara Hills, Hyderabad-500 034, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Pavan Kumar Sanwar Wal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Smt C. Jhansi Lakshmi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory auditors and to fix their remuneration.

By Order of the Board of Directors

Sd/-
(C. ASHOK BABU)
Managing Director

Place : Hyderabad

Date : 02.09.2010



ANCENT SOFTWARE INTERNATIONAL LIMITED

NOTES:

1. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint and vote instead of himself/herself and such proxy need not be a member of the company. Proxy forms to be valid shall be lodged at the Registered Office of the company not less than 48 hours before the meeting.
3. The Register of members and share transfer books of the company will remain closed from 26th September 2010 to 29th September 2010 (both days inclusive).
4. Members are requested to notify immediately changes if any, in their addresses to the Company quoting their folio number.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the company the details of such folios together with the share certificates for consolidating their holdings in one folio. The Share certificates will be returned to the members after making requisite changes thereon.
6. Share certificates along with transfer deeds should be forwarded to the registrars and share transfer agents of the company in physical form at the following address:

M/s. VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LTD.,
12-10-167, Bharat Nagar, Moosapet, Hyderabad - 500 018.

Phone : 040-23818475, 23818476, Fax : 040-23868024.

7. Members desiring to seek any information on the annual accounts are requested to write to the company at an early date to enable compilation of information.
8. Reappointment of Directors

Information on Directors seeking appointment /reappointment is furnished below as per Clause 49 of the Listing Agreement with the Stock Exchanges.

1) Sri Pavan Kumar Sanwar Mal

2) Smt C. Jhansi Lakshmi

By Order of the Board of Directors

Place : Hyderabad

Date : 02.09.2010

Sd/-
(C. ASHOK BABU)
Managing Director

DIRECTORS REPORT

To
The Members of Ancient Software International Limited,
Hyderabad.

We have pleasure in presenting the 21st Annual Report and the Audited Statement of Accounts for the Financial Year ended 31.03.2010.

FINANCIAL RESULTS:

	Current Year	Previous Year
	2009-10	2008-09
	(Rs. In Lakhs)	(Rs. In Lakhs)
Income	94.64	93.53
Profit before Interest and Depreciation	19.85	24.75
Interest	4.35	5.92
Depreciation	17.99	17.99
Profit before Tax	1.85	6.76
Provision for Taxation	0.32	1.85
Net Profit	(1.36)	4.91

OPERATIONS:

During the year under review your company has earned a total income of Rs.94.64 Lakhs and incurred a Net Profit of Rs. 1.85 Lakhs as against an income of Rs. 93.53 Lakhs and Net Profit of Rs. 6.76 Lakhs in the previous year. During the year company has earned income from Software Development of Rs. 89.94 lakhs and Other Income of Rs. 4.70 Lakhs. Your Directors are confident that the company will achieve better results in the coming years.

The member may be aware that the company proposed to change the name of the company and alter the main objects of Infrastructure industry by replacing the existing main objects through Postal Ballot. The Postal Ballot is under process of getting your approval.



DIVIDEND:

Due to insufficiency of Profit your directors could not recommend Dividend on the Capital.

DIRECTORS:

Sri Pawan Kumar Samwar Mal and Smt C. Jhansi Lakshmi Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. During the year, it was immense pain to inform you that Sri Yuvraj Karan, Director of the company died due to his health problems and Sri M.N. Manjunath Resigned due to pre occupation.

AUDITORS:

M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Hyderabad will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000, your directors confirm:

- (i) that in the preparation of accounts under report the applicable accounting standards have been followed along with proper explanations relating to material departure.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account for the period.
- (iii) That the directors taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and deleting fraud and other irregularities.
- (iv) That the directors had prepared the annual accounts on the going concern basis.

CORPORATE GOVERNANCE :

Your Company has taken necessary measures to comply with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Corporate Governance.

A report on corporate governance along with a certificate of compliance from the Auditors and also the Management Discussion and Analysis report are annexed separately to this Annual Report.

PARTICULARS OF EMPLOYEES :

No employee was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

FIXED DEPOSITS :

Your Company has not accepted any deposit and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

INFORMATION UNDER SECTION 217 (1) (E) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

a) Conservation of Energy :

The operations of the company involve very low energy consumption. However adequate measures have been taken to conserve the more energy.

b) Technology Absorption:

The Company has not imported any Technology.

c) Foreign Exchange Earnings & Outgo:

Foreign Exchange Earnings : 15, 79, 168/-

Foreign Exchange Outgo : Nil

GENERAL:

The Company's shares are listed on Bombay Stock Exchange Ltd, the listing fee for the year 2009-2010 has been paid.

APPRECIATION:

The Directors wish to place on record their appreciation to employees at all levels for their co-operation. Your directors would also acknowledge the continued support of the company's shareholders.

By Order of the Board of Directors

Sd/-

(C. ASHOK BABU)

Managing Director

Sd/-

(C. JHANSI LAKSHMI)

Director

Place : Hyderabad

Date : 02.09.2010

ANCENT SOFTWARE INTERNATIONAL LIMITED

ANNEXURE TO THE DIRECTOR'S REPORT COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Company's philosophy on corporate governance

A strong governance process is integral to business success. For an important reason: a broad based governance initiative harmonizes the interest of all shareholders.

At Ancent, a commitment to a mature governance process is leading to stronger business prospects, a growth of business partners (customers and suppliers), enhanced employee and investor wealth as well as an increased societal development at large.

Board of Directors

Composition of the Board

The Board of Directors of Ancent consists of Five directors. Of these, one is Managing Director, One is Executive Directors and Three are Non-Executive. The composition of the Board during the financial year under review is presented in detail in the table 1.

Number of Board Meetings

During the financial year under review, the Board of Directors met 5 times on 30.04.2009, 05.06.2009, 31.07.2009, 04.09.2009, 31.10.2009 and 31.01.2010. As stipulated in Clause 49, the maximum time gap between any two meetings was not more than four months.

Director's Attendance Record and Directorships

Details are given in Table 1.

Table: 1 Details of the Board of directors:

Name of the Director	Executive / Non-Executive Director	No. of meetings Held during his Tenure	No. of meetings Attended	Whether Attended Last AGM	No. of Outside directorships
C. Ashok Babu	Executive	6	6	Yes	2
C. Jhansi Lakshmi	Executive	6	6	Yes	2
Yuvraj Karan	Non Executive	6	4	Yes	2
Pavan Kumar Sanwaram	Non Executive	6	4	Yes	8
Anjaneya Vishnudas Bhatada	Non Executive	4	4	No	0
Ramkumar Santhakumar Nair	Non Executive	4	4	No	0

Information Supplied to the Board

Ancent believes in providing the directors all relevant and required information to enable them make well informed decisions. The following information is regularly placed before the Board:

- > Annual Budget
- > Quarterly and Half Yearly results of the Company.
- > Minutes of Audit committee and other Committee meetings.
- > Information on recruitment and remuneration of any Sr. Manager just below the board.
- > Any material defaults in financial obligations to and by the company in any aspect.
- > Disclosures by management on material transactions if any including potential conflict of interest.
- > Strategic and operational plans for running the business.

The Board of Directors is presented with detailed notes with required annexure on the above heads. These are presented as a part of the agenda papers of the meeting or directly tabled at the Board meetings.

ANCENT SOFTWARE INTERNATIONAL LIMITED

Remuneration of Directors

Remuneration paid or payable to Directors for 2009-2010 (Rs.) 6,30,000/-

No sitting fee is paid to the Directors for attending the Board or Committee meetings. No commission or technical fee is paid to any director.

Audit Committee

The Audit Committee of Ancent is comprised of three members under the Chairmanship of an Independent and Non Executive Director. The terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement of the Stock Exchange and Section 292A of the Companies Act, 1956.

The Audit Committee reviews

- > The companies' financial reporting process.
- > Disclosure norms.
- > Internal control systems.
- > Accounting Policies.
- > Reports of the companies' internal auditors.
- > Quarterly, half yearly and yearly financial statements.
- > Financial and risk policies.

The Audit committee met four times during the period. The composition and attendance of the members of the committee are given in table 2.

Table: 2 Meetings and Attendance for Audit Committee Meetings

Name of the Member	No. of Meetings held during the tenure	No. of meetings attended
Anjaney Vishnudas Bhutada	4	4
C. Jhansi Lakshmi	4	4
Ramkumar Santhakumar Nair	4	4

Mr. Yuvraj Karan, an independent director, chairs the Committee and its members are Mr. C. Prabhakar Rao non-executive director and Smt. C. Jhansi Lakshmi, executive director.

Shareholders/Investors Grievance Committee

Terms of reference

The functions of shareholders grievance committee include redressal of shareholders and investor compliance regarding matter such as transfer of shares.

The Committee consists of

Anjaney Vishnudas Bhutada	-	Chairman
Mr. Pawan Kumar Sanwar Mal	-	Member
Ramkumar Santhakumar Nair	-	Member

The Committee met on 31.07.2009, 04.09.2009 and 31.01.2010 and all the members attended the meetings. During the year the Committee was reconstituted and Sri Anjaney Vishnudas Bhutada, an Independent Director Chairs the Committee and its member and Sri Pawan Kumar Sanwar Mal and Sri Ramkumar Santhakumar Nair, Non Executive Directors and Mr.C. Ashok Babu is the compliance officer of the company.



ANCENT SOFTWARE INTERNATIONAL LIMITED

The company had no transfers pending at the end of the financial year.

Other Committee Meetings

Two meetings each of the Remuneration Committee and Administrative Committee have been held during the financial year under review and the proceedings of the respective committees are taken note by the Board of Directors.

General Body Meetings

The details of the date, time and venue of the last three Annual General Meetings are as follows:

Year	Location	Date and Time
2006-2007	The Hyderabad Gymkhana, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad - 500 034.	29.09.2007 10.30 A.M.
2007-2008	The Hyderabad Gymkhana, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad - 500 034.	30.09.2008 10.30 A.M.
2008-2009	The Hyderabad Gymkhana, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad - 500 034.	30.09.2009 10.30 A.M.

No Postal Ballots were used for voting at above meetings and also for the year ended 31st March, 2010.

Disclosures

- ◆ During the Financial year 2009-2010, the Company had no materially significant related party transactions which may have potential conflict with the interest of the Company at large.
- ◆ There has neither been any noncompliance nor penalties, strictures imposed on the Company by the Stock Exchanges, SEBI, or any other Statutory authority, on any matter relating to the capital markets, during the last three years.
- ◆ Related party transactions have been disclosed in Note 4 to the Accounts.

Ancent posts all the vital information relating to the company and its performance as well as presentation to analysis on the web site for the benefit of the shareholders and public at large. The Company's web site is www.ancent.com.



ANCENT SOFTWARE INTERNATIONAL LIMITED

ADDITIONAL SHAREHOLDER INFORMATION

1. Date, time and venue of Annual General Meeting : 30.09.2010 at 10.30 A.M. at The Hyderabad Gymkhana, Near L.V.Prasad Eye Institute, Road No:2, Banjara Hills, Hyderabad -500 034
2. Date of Book Closure : 26th Sept. to 29th Sep. 2010 (both days inclusive)
3. Listing on Stock Exchanges : Bombay Stock Exchange
4. Stock Code : BSE-530375
5. Listing Fees : Paid upto F.Y.2009-10
6. Stock Data :

BSE - High	: 6.59
Low	: 3.15
Average	: 5.22

SHARE HOLDING PATTERN

Tables 3 & 4 present the distribution of shareholdings of Ancent by ownership/size class.

Table - 3 Shareholding Pattern by Ownership as on 31st March, 2010

S.No.	Category of Shareholding	No. of Shares	Percentage
1.	Promoters, Directors, Relatives And Associates (Indian)	2368964	43.07
2.	Foreign Promoters	--	--
3.	Banks/SFCs/SIDCs(APIDC)	--	--
4.	Foreign Institutional Investors	--	--
5.	Private Corporate Bodies	1116475	20.30
6.	Indian Public	2014561	36.63
7.	NRIs / OCBs	--	--
	Total	5500000	100.00

Table - 4 Shareholding Pattern by Size class as on 31st March, 2010

Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to 500	1159	72.66	351387	6.38
501 - 1000	243	15.23	215334	3.91
1001 - 2000	59	3.69	89130	1.62
2001 - 3000	16	1.00	40534	0.73
3001 - 4000	10	0.62	36266	0.65
4001 - 5000	34	2.13	167791	3.05
5001 - 10000	17	1.06	126267	2.29
10001 and above	57	3.57	4473291	81.33
Total	1595	100.00	5500000	100.00



ANCIENT SOFTWARE INTERNATIONAL LIMITED

Opportunities, Threats and Outlook

In today's increasingly competitive business environment, companies have become dependent on technology not only to conduct day to day operations, but also as a strategic tool to enable them to re-engineer business processes restructure organizations, and react quickly to competitive, regulatory, and technological changes.

According to NASSCOM forecasts, the global IT services market is expected to grow from US\$595 Billions in 2000 to US\$1050 Billions by 2010. Some of the high value segments within IT services re-systems integration, processing services, is outsourcing, packaged software support/installation, and hardware support/installation.

The company's outlook for the year ending 31st March, 2010 is the company will make a turn around with the increased greater concrete efforts by increasing the revenues and by diversifying into other businesses.

Operational Performance

In 2009-2010, Ancient Software recorded a turnover of Rs.94.64 Lacs as against Rs. 93.53 Lacs in the previous year. The net Profite for the year was Rs. 1.85 Lacs as against a Profit of Rs. 6.76 Lacs in the previous year.

Human Resources and Industrial Relations

Your company believes that the quality of its employees is the key to its success. In the long run and is committed to provide necessary human resource development and training opportunities to equip them with skills, which enables them to adopt to contemporary technological advancements.

Cautionary Statements

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results would differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions effecting demand, supply and price conditions in the domestic or overseas markets in which the company operates, changes in the Govt. Regulations Tax Laws, other Statutes and other incidental factors.



AUDITOR'S CERTIFICATE

To the Members of
ANCENT SOFTWARE INTERNATIONAL LIMITED
HYDERABAD.

We have examined the compliance of provisions of Corporate Governance by ANCENT SOFTWARE INTERNATIONAL LIMITED for the year ended on 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 conditions 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 that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large.

We certify that the Company has complied in all material respects with the provisions of Corporate Governance as stipulated in listing agreement.

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

For RAMASAMY KOTESWARARAO & CO.
Chartered Accountants.,

Place: Hyderabad,
Date: 02-09-2010

Sd/-
(C.V. KOTESWARA RAO)
Partner
Membership.No.28353

AUDITORS' REPORT

To the Members of
**ANCENT SOFTWARE INTERNATIONAL LIMITED,
HYDERABAD.**

1. We have audited the attached Balance Sheet of **ANCENT SOFTWARE INTERNATIONAL LIMITED**, as at 31st March 2010, Profit and Loss account and also the related Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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. As required by the Companies (Auditor's Report) Order, 2003, and amendment thereto by the Companies (Auditor's Report) (Amendment) order, 2004, 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.
4. Further to our comments in the Annexure referred to in paragraph (3) 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 purposes 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 the 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 the 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. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that 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; and
 - VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010
 - b) In the case of the Profit and loss Account, of the loss for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAMASAMY KOTESWARA RAO & CO.,**
Chartered Accountants.,
Sd/-
(C.V. KOTESWARA RAO)
Partner
Membership No.28353

Place : Hyderabad

Date : 02-09-2010



ANCENT SOFTWARE INTERNATIONAL LIMITED

Annexure to the Auditors report referred to in Paragraph 3 of our Report of even date on the accounts of ANCENT SOFTWARE INTERNATIONAL LIMITED for the year ended 31st March, 2010.

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management during the period and, in our opinion, the verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No part of fixed assets has been disposed off during the year.
- 2) (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to book records.
- 3) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 3) (b), (c) and (d) of the Order, are not applicable.
- (b) According to the information and explanations given to us, the Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 accordingly, paragraphs 3) (f) and (g) of the Order. The outstanding balance unsecured loans amounts to Rs. 46,01,666/-
- 4) On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred in Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the 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 with in the meaning of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- 7) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- 8) The Central Government has not prescribed maintenance of cost records under Section 209 (i) (d) of the Companies Act, 1956 in respect of the Company's nature of business.

ANCENT SOFTWARE INTERNATIONAL LIMITED

- 9) According to the information and explanations given to us, there are no income tax, wealth tax, sales tax, service tax, customs duty and excise duty, which have not been deposited on account of any dispute.
- 10) The company does not have any accumulated losses at the end of the year. The company has not incurred any cash losses during the financial year covered by our audit but has incurred cash loss in the immediately preceding financial year.
- 11) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions, bank or to debenture holders during the year.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xii) of the said Order are not applicable to the company.
- 14) According to the information given to us, the company is not a dealer or trader in securities, accordingly the provisions of clause 4 (xiv) of the order is not applicable.
- 15) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- 16) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- 17) According to the information and explanation given to us, and on an overall examination of the Balance Sheet, the company has not raised any short-term funds. Hence the question of reporting on its application does not arise.
- 18) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company has not issued any debentures. Accordingly, the question of creating security or charge for such debentures does not arise.
- 20) According to the information and explanations given to us, the company has not raised any money through the public issue during the year.
- 21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **RAMASWAMY KOTESWARA RAO & CO.,**
Chartered Accountants.,

Sd/-

Place: Hyderabad

Date: 02-09-2010

(C.V. KOTESWARA RAO)
Partner
Membership No.28353

**ANCENT SOFTWARE INTERNATIONAL LIMITED****BALANCE SHEET AS ON 31st MARCH, 2010**

PARTICULARS	AS ON SCHEDULE (Rs.)	AS ON 31.03.2010 (Rs)	31.03.2009
SOURCE OF FUNDS			
1. SHARE HOLDERS FUNDS :			
a. Share Capital	1	55000000	55000000
b. Reserves & Surplus	2	12318000	12318000
		67318000	67318000
Deferred Tax Liability (Net)	3	1216637	925968
2. LOAN FUNDS :			
Secured Loans	4	-	148582
Unsecured Loans	5	4601666	5426666
		4601666	5575248
TOTAL		73136303	73819216
APPLICATION OF FUNDS :			
1. Fixed Assets			
a) Gross Block		21923849	21923849
b) Less : Depreciation		14545982	12746666
c) Net Block	6	7377867	9177183
Product Development Expenditure	7	2100000	2100000
Deferred Tax asset (Net)		-	-
3. Current Assets, Loans & Advances			
a) Current Assets	8	11980373	11195535
b) Loans & Advances		39432782	39181822
		51413155	50377357
Less : Current Liabilities & Provisions	9	1366480	1310489
Net Current Assets		50046675	49066868
5. Miscellaneous Expenditure (to the extent not written off or adjusted)	10	13611761	13475165
TOTAL		73136303	73819216
Notes on Accounts	15		

As per our report of even date
For **RAMASAMY KOTESWARA RAO & CO.**
Chartered Accountants,

Sd/-
(C.V. KOTESWARA RAO)
Partner
Membership.No. 28353

PLACE- HYDERABAD
DATE : 02-09-2010

For and on behalf of the Board

Sd/-
(C.ASHOK BABU)
Managing Director

Sd/-
(C.JHANSI LAKSHMI)
Director

**ANCENT SOFTWARE INTERNATIONAL LIMITED****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	SCHEDULE	AS ON	AS ON
		31.03.2010 (Rs.)	31.03.2009 (Rs)
INCOME :			
Software Income (Domestic)		7415380	5085000
Software Income (Overseas)		1579168	3587397
Sale of Software		-	-
Other Income	11	470000	680953
		9464548	9353350
EXPENDITURE :			
Personnel Cost	12	5134281	4610029
Administrative & Other cost	13	1909591	1598110
Finance Cost	14	435378	592239
		7479250	6800378
Profit Before Depreciation & Amortisation		1985298	2475616
LESS : Depreciation		1799316	1799316
Profit before Taxation		185982	753657
Provision for Taxation			
Current Tax		31909	77356
Mat Credit Entitlement		-	-
Deferred Tax Liability/(Asset)		290669	(85277)
Fringe Benefit Tax		-	22748
Profit After Taxation		(136596)	738830
Net Profit carried to Balance Sheet		(136596)	738830
Earnings per Share		(0.03)	0.13

As per our report of even date
For RAMASAMY KOTESWARA RAO & CO.
Chartered Accountants.

Sd/-
(C.V. KOTESWARA RAO)
Partner
Membership.No. 28353

PLACE: HYDERABAD
DATE : 02-09-2010

For and on behalf of the Board
Sd/-
(C.ASHOK BABU)
Managing Director

Sd/-
(C.JHANSI LAKSHMI)
Director

**ANCIENT SOFTWARE INTERNATIONAL LIMITED****PARTICULARS****CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	31.03.2010		31.03.2009	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit / (Loss) before tax & adjustments		(136596)		738811
Adjustments for :				
Depreciation	1,799,316		1,799,316	
Preliminary Expenses Written off	-		-	
Interest	435,378		592,239	
Deferred Tax Liability	290,669		(85,277)	
Interest Received	(470,000)		(680,953)	
		2,055,363		1,625,325
Operating Profit before Working Capital Change		1,918,767		2,364,155
Adjustments for :				
Sundry Debtors	(644,625)		(1,524,778)	
Loans & Advances			(758,660)	
Current Liabilities	24,082	(620,543)	(439,401)	(2,722,831)
Total Cash generated from Operations		1,298,223		(358,681)
Income Tax Paid		31,909		94,118
Net Cash generated from Operations after tax		2,612,642		(1,817,723)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets				
Product Development				
Net Cash used for Investing activities				
CASH FLOW FROM FINANCING ACTIVITIES				
Secured Loans	(146,582)		(197,800)	
Unsecured Loans	(825,000)		429,739	
Interest	34,622	(938,960)	88,714	320,653
Net Cash used for Financing Activities		(938,960)		320,653
Net increase in Cash & Cash Equivalents		359,263		(38,031)
Cash & Cash equivalents at the beginning of the year		45,911		83,942
Cash & Cash equivalents at the end of the year		405,174		45,911

As per our report of even date
For **RAMASAMY KOTESWARA RAO & CO.**
Chartered Accountants.,
Sd/
(C.V. KOTESWARA RAO)
Partner
Membership.No. 28353
PLACE: HYDERABAD
DATE : 02-09-2010

For and on behalf of the Board
Sd/-
(CASHOK BABU)
Managing Director
Sd/-
(C.JHANSI LAKSHMI)
Director

ANCENT SOFTWARE INTERNATIONAL LIMITED

SCHEDULES PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	AS ON 31-03-2010 (Rs.)	AS ON 31-03-2009 (Rs)
SCHEDULE-1		
SHARE CAPITAL:		
<u>Authorised Capital</u>		
55,00,000 Equity Shares of Rs.10/- Each	55000000	55000000
<u>Issued, subscribed & paid up Share Capital</u>		
55,00,000 Equity Shares of Rs.10/- each fully paid-up	55000000	55000000
(Of the above 14,70,000 Equity Shares of Rs.10/- each were allotted as fully paid-up equity shares for a consideration other than cash)		
Total	55000000	55000000
SCHEDULE-2		
RESERVES AND SURPLUS :		
Share Premium	12318000	12318000
Total	12318000	12318000
SCHEDULE-3		
DEFERRED TAX LIABILITY :		
Opening	925,968	1,011,245
Provision for Deferrtax Liability	290,669	85,277
Total	1,216,637	925,968
SCHEDULE-4		
SECURED LOANS:		
H/p Loan - Centurion Bank of Punjab Ltd.	-	148582
Total	-	148582
SCHEDULE-5		
UNSECURED LOANS:		
Dalal Street Investment Ltd.	4,601,666	3426666
Loan From Others	-	2000000
Total	4,601,666	5426666

ANCIENT SOFTWARE INTERNATIONAL LIMITED

SCHEDULE-6 FIXED ASSETS

PARTICULARS	Gross Block			Depreciation			Net Block			
	As on 01-04-2009	Additions during the year	Deletions during the year	As on 31-03-2010	As on 01-04-2009	For the Year	Deletions	Total As on 31-03-2010	As on 31-03-2010	As on 31-03-2009
Name of the Asset										
Air Condition	252605	0	0	252605	149767	11999	0	161766	90839	102838
Furniture	1038865	0	0	1038865	677748	65760	0	743508	295357	361117
Office Equipment	302305	0	0	302305	190531	14359	0	204890	97415	111774
Computers	2620149	0	0	2620149	2620149	0	0	2620149	0	0
Software	6000000	0	0	6000000	3105026	972600	0	4077626	1922374	2894974
Cars	3801355	0	0	3801355	2771659	361129	0	3132788	668567	1029696
Scooters	35370	0	0	35370	35370	0	0	35370	0	0
Television	10700	0	0	10700	10700	0	0	10700	0	0
Technical Knowhow	7862500	0	0	7862500	3185716	373469	0	3559185	4303315	4676784
	21923849	0	0	21923849	12746666	1799316	0	1454982	7377867	9177183

ANCENT SOFTWARE INTERNATIONAL LIMITED

PARTICULARS	AS ON	AS ON
	31.03.2010 (Rs.)	31.03.2009 (Rs.)
SCHEDULE - 7		
INVESTMENTS :		
Unquoted 2,10,000 Equity Shares of Rs.10/- each Shares in Hy-Growth Finance Limited	2100000	2100000
Total	2100000	2100000
SCHEDULE - 8		
CURRENT ASSETS, LOANS & ADVANCES :		
CURRENT ASSETS :		
Cash And Bank Balance :		
Cash in hand	66710	25745
Balance with Banks	73503	20165
	140213	45910
Sundry Debtors :		
More than 6 months	8358661	7790964
Less than 6 months	3341286	3358661
Total (A)	11699947	11149625
LOANS & ADVANCES :		
Loans & Advances	7266714	7015754
Mat credit Entitlement	171542	171542
Deposits	29526	29526
Share Deposit with companies	31965000	31965000
B	39432782	39181822
Total (A+B)	51272942	50377357
SCHEDULE-9		
CURRENT LIABILITIES & PROVISIONS :		
Sundry Creditors for expenses	254116	254116
Other liabilities	1310490	1310490
Total	1564906	1564906
SCHEDULE - 10		
MISCELLANEOUS EXPENDITURE :		
Profit & Loss Account (Dr)	13475165	14213995
Add/Less : Loss/Profit during the year	(136596)	738830
	13611761	13475165
Total	13611761	13475165

**ANCENT SOFTWARE INTERNATIONAL LIMITED**

PARTICULARS	AS ON	AS ON
	31.03.2010 (Rs.)	31.03.2009 (Rs.)
SCHEDULE - 11		
OTHER INCOME :		
Interest received	470000	680953
Total	470000	680953
SCHEDULE-12		
PERSONAL COST :		
Salaries & Other benefits	4708918	4277119
Staff Welfare Expenses	425363	332910
Total	5134281	4610029
SCHEDULE - 13		
ADMINISTRATIVE & OTHER COST :		
Travelling & Conveyance	195198	169718
Directors Remuneration	630000	480000
Rent	180000	163860
Business Promotion Expenses	64720	48850
Postage & Fax & telegrams	31885	27015
Printing & Stationery	71441	62651
Electricity Charges	25411	23824
Advertisement	25670	-
Office Maintenance	117694	101820
Repairs & Maintenance (Building)	136479	120600
Repairs & Maintenance (Vehicles)	98520	90680
Computer Maintenance	146900	137030
Consultancy Charges	48750	47500
Telephone Charges	69749	64262
Rates, Taxes & Licences	27174	20300
Audit Fee-Statutory Audit	30000	30000
Tax Audit Fee	10000	10000
Total	1909591	1598110
SCHEDULE - 14		
FINANCE COST :		
Bank Charges	1856	10006
Finance Charges	433522	582233
Total	435378	592239

9. Earning per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, Earnings per share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

10. Retirement Benefits :

The future liability of gratuity in respect of employees is not provided for in the books. However, the same will be taken in to account as and when they become due.

11. NOTES TO THE ACCOUNTS :

Notes to the accounts forming part of balance sheet as on 31st March 2010 and profit & loss account for the year ended on that date.

1. Contingent Liabilities : are NIL.

2. The Names of small scale industrial units to whom the company owes a sum exceeding Rs. 1Lakh and outstanding for more then 30 days are : NIL.

3. Managerial Remuneration :

Particulars	(Rupees)	(Rupees)
	31 st March 2010	31st March 2009
Salaries & Allowances	6 30 000	4 80 000
TOTAL	6 30 000	4 80 000

4. Auditors' Remuneration (Rupees) (Rupees)

Particulars	31 st March 2010	31st March 2009
	Audit Fee - Statutory Audit	30 000
Tax Audit Fee	10 000	10 000
TOTAL	40 000	40 000

5. Segment Report : Accounting Standard - 17.

The Company is mainly engaged in the areas of Software Development. Hence, Segment is not applicable to the company and nature of its business.

▲ ANCENT SOFTWARE INTERNATIONAL LIMITED

6. As required by and in accordance with Accounting Standard 22 "Taxes on Income" by the institute of Chartered Accountants of India, the Company has recognised Deferred Tax which results from timing differences between book profits and tax profits. As a result Deferred Tax Liability as on 31.03.2010 aggregating Rs. 787790/- has been recognised in Profit and Loss Account, the details as under

Particulars	31.03.2010 Rs.	31.03.2009 Rs.
Deferred Tax Liability :		
On Account of Timing Differences		
Depreciation	1,759,675	1,759,675
Preliminary Expenses	-	-
Total Deferred Tax Liability (A)	1,759,675	1,759,675
Deferred Tax Asset		
On Account of Timing Differences		
Unabsorbed Depreciation	543,038	543,038
Preliminary Expenses	-	-
Total Deferred Tax Asset (B)	543,038	543,038
Deferred Tax Liability/(Asset) (Net) (A - B)	1,216,637	1,216,637

7. **Earnings Per Share :**
- | | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| Net Profit as per Profit and Loss a/c (Rs.) | 185000 | 738830 |
| Weighted average number of equity shares used in the calculation of Basic / Diluted earnings per share | 55,00,000 | 55,00,000 |
| Earnings Per Share (Basic/Diluted) | Rs. 0.03 | 0.14 |
| Face Value per Share | Rs. 10 | 10 |
8. Balance of sundry debtors / creditors and Loans and advances to the extent confirmed are reconciled. in respect of others confirmations are awaited.
9. **Earnings in Foreign Currency**
- | | 2009-10 | 2008-09 |
|----------|-------------|-------------|
| Earnings | 15,79,168/- | 35,87,397/- |
| Out flow | NIL | NIL |
10. Previous figures have been regrouped and reclassified wherever necessary and figures have been rounded off to the nearest rupee.

As per our report of even date
For **RAMASAMY KOTESWARA RAO & CO.**
Chartered Accountants,

Sd/-
(C.V. KOTESWARA RAO)
Partner
Membership.No. 28353

For and on behalf of the Board
Sd/-
(C.ASHOK BABU)
Managing Director

Sd/-
(C.JHANSI LAKSHMI)
Director

PLACE: HYDERABAD
DATE : 02-09-2010



ANCENT SOFTWARE INTERNATIONAL LIMITED

BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No. 09171 State Code : 01

II. Balance Sheet Date : 31-03-2010

Capital raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Preferential Issue

NIL

III. Position of mobilization and deployment of funds (Amount in Rs. Thousands)

Sources Funds :

Total Liabilities

73136

Total Assets

73136

Paid up Capital

55000

Reserves & Surplus

12318

Secured Loans

NIL

Unsecured Loans

4601

Application of Funds :

Net Fixed Assets

7377

Investment

2100

Net Current Assets

50046

Misc. Expenditure

13611

Accumulated Losses

NIL

IV. Performance of Company (Amount in Rs. Thousand)

Turnover

9464

Total Expenditure

9168

Profit before Tax

1.85

Profit after Tax

136

Generic Names of three principal products/service of Company
(as per Monetary terms)

i) Item Code (ITC Code) : N A

Production Description : **SOFTWARE DEVELOPMENT**

As per our report of even date

For RAMASAMY KOTESWARA RAO & CO.

Chartered Accountants,

Sd/-

(C.V. KOTESWARA RAO)

Partner

Membership.No. 28353

PLACE: HYDERABAD

DATE : 02-09-2010

For and on behalf of the Board

Sd/-

(C.ASHOK BABU)

Managing Director

Sd/-

(C.JHANSI LAKSHMI)

Director



ANCENT SOFTWARE INTERNATIONAL LIMITED

Regd. Off.: Unit No. 401, IVth Floor, TOPAZ Building, Amrutha Hills,
Punjagutta, Hyderabad 500 082.

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company,
hereby appoint _____ of _____ or failing him/her _____ of _____
as my/our proxy to attend and vote for me/us, on my/our behalf at the 21st Annual General
Meeting of the Company to be held on Thursday the 30th day of September, 2010 at 10.30 A.M at The
Hyderabad Gymkhana, Near L.V.Prasad Eye Institute, Road No:2, Banjara hills, Hyderabad -500 034,
Andhra Pradesh, (INDIA). and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of _____ 2010.

Signed by the said _____

Folio No./DP ID & Client ID _____

No. of shares held _____

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited
at the Registered Office of the Company not less than Forty-eight hours before the time for holding the
aforesaid meeting. The proxy need not be a member of the company.

Affix
Rs. 1/-
Revenue
Stamp.



ANCENT SOFTWARE INTERNATIONAL LIMITED

Regd. Off.: Unit No. 401, IVth Floor, TOPAZ Building, Amrutha Hills,
Punjagutta, Hyderabad 500 082.

ATTENDANCE SLIP

1. Please fill the Attendance Slip and hand it over at the entrance of the Meeting Hall.
2. Only Shareholders of the Company or their proxies will be allowed to attend the meeting.

I hereby record my presence at the 21st Annual General Meeting of the company to be held on Thursday
the 30th day of September, 2010 at 10.30 A.M at The Hyderabad Gymkhana, Near L.V.Prasad Eye Institute,
Road No:2, Banjara hills, Hyderabad -500 034. Andhra Pradesh, (INDIA)

Shareholders/Proxy's Signature

Shareholders/Proxy's full name
(In block letters)

Folio No./DP ID & Client ID

No. of shares held

Note: Share holders attending the meeting in person or by proxy are requested to complete the attendance
slip and hand it over at the entrance of the meeting hall.

To,

If Undelivered, Please Return to :

ANCENT SOFTWARE INTERNATIONAL LIMITED
Registered Office : Unit No. 401, 14th Floor,
TOPAZ Building, Amrutha Hills, Panjagutta,
HYDERABAD - 500 082. (A.P.) INDIA. Ph : 91-40- 66831249.

