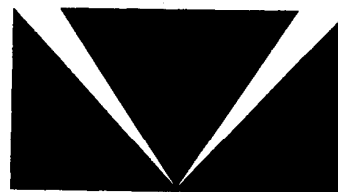


# VALUEMART

INFO TECHNOLOGIES LTD



why pay more?

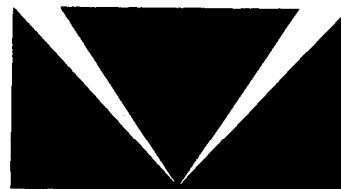
## FORM B

Format for Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges  
[Pursuant to Clause 31(a) of the Listing Agreement]

1.	Name of the Company	VALUEMART INFO TECHNOLOGIES LIMITED
2.	Annual Financial Statements for the year ended	March 31, 2013
3.	Type of Audit observation	<p>Subject to</p> <p>Page No. 26</p> <p><b>Emphasis</b></p> <p>Without qualifying the financial statements, I state that</p> <p>i. Note No. 26: Confirmation of balances under Debtors, loans and advances and Creditors has not been obtained.</p> <p>ii. Note No. 31: Statutory payments outstanding for more than 6 months as on March 31, 2013 are as under:</p> <ul style="list-style-type: none"> <li>- Professional Tax: Rs. 47,450/- (2007-08 Rs. 9,250/-; 2008-09 Rs. 18,600/-; 2009-10 Rs. 4,000/-; 2010-11 Rs. 4,800/- and 2011-12 Rs. 6,800/-)</li> <li>- Income Tax : Rs. 1,36,75,467/- ( 2001-02 Rs. 4,22,351/-; 2007 - 08 Rs. 16,50,000/-2008-09 Rs. 8,45,000/-; 2009-10 Rs. 28,97,015/-; 2010-11 Rs. 6,661,101/- and 2011-12 Rs. 28,00,000/-)</li> </ul>
4.	Frequency of observation	Appeared in 2011-12 and 2012-13
5.	Draw attention to relevant Notes in the Annual Financial Statements and Management response to the Qualification in the Directors Report	<p>i. Page No. 45 – Note No. 26</p> <p>An amount of Rs. 1,29,14,516/- is outstanding from clients for a period exceeding 180 days. This includes an amount of Rs. 98,91,939/- due from parties outside India. The company is approaching RBI to seek extension in time limit for recovery. The Company is confident of</p>

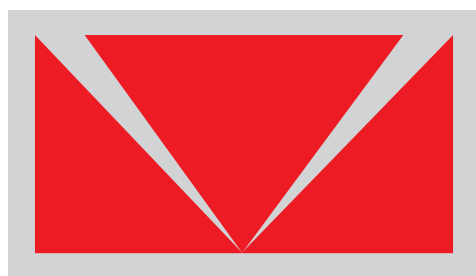
# VALUEMART

INFO TECHNOLOGIES LTD



why pay more?

		<p>recovering the remaining amounts due. Hence, no provision has been made for the same. Confirmation of balances has been called for from all parties and is awaited.</p> <p>ii. Page No. 46 – Note No. 31 During the year under review, the Company has paid Rs. 45,00,000/- (Rupees Forty Five Lakhs only) towards Income Tax. The Management has taken steps to liquidate the outstanding statutory liabilities in 2013-14.</p>
6.	Additional comments from the Board/ Audit Committee Chair	<p>i. The Managing Director was requested to actively pursue by correspondence and personal contacts to realise the receivables at the earliest.</p> <p>ii. Advised the Managing Director to settle the Statutory dues before the end of the 3<sup>rd</sup> Quarter of 2013-14</p>
7.	<p>To be signed by</p> <ul style="list-style-type: none"> <li>Managing Director</li> <li>Director – Finance and Corporate Affairs</li> <li>Auditor of the Company</li> <li>Audit Committee Chairman</li> </ul>	<p><i>Vasudha</i> (Mr. C. K. Vasudha)</p> <p><i>G. K. Krishna</i> (Mr. G. K. Krishna)</p> <p><i>V. Sreenivasan</i> V. SREENIVASAN, B.Com., FCA CHARTERED ACCOUNTANT MEMBERSHIP No : 027386.</p> <p><i>K. H. Ramakrishna</i> (Mr. K. H. Ramakrishna)</p>



# **VALUEMART INFO TECHNOLOGIES LTD**

**16<sup>th</sup> ANNUAL REPORT  
2012 - 2013**

Board of Directors

**Mr. K H Ramamurthi**

Non-Executive Chairman

**Mr. Karni Singh Daval**

Managing Director (Till 22-09-2012)

**Mr. C. K. Vasudevan**

Managing Director (From 22-09-2012)

**Mr. G Krishna**

Director - Finance and Corporate Affairs

**Mr. M Manivannan**

Non – Executive Director (Till 09-11-2012)

**Mr. S. Prem Anand**

Non – Executive Director (Till 09-11-2012)

**Mr. P. K. Pande**

Non – Executive Director (From 02-09-2013)

Company Secretary and Compliance Officer

**Ms. Shraddha Vasanth**

Auditors

**Mr. V. Sreenivasan**

Chartered Accountant,  
No. 24, 5<sup>th</sup> Cross,  
Malleshwaram,  
Bangalore 560 003

Bankers

**Bank of Maharashtra,**  
Chamarajpet Branch, Bangalore

**State Bank of India,**  
Jayanagar 2<sup>nd</sup> Block, Bangalore

**Oriental Bank of Commerce**  
Richmond Road, Bangalore

Registrars & Share Transfer Agents

**M/s. Venture Capital & Corporate Investments  
Private Limited**  
12-10-167, Bharatnagar, Hyderabad 500 018

REGISTERED OFFICE

# 2, 2<sup>nd</sup> Floor, R. R. Chambers, 11<sup>th</sup> Main Road, Vasanth Nagar, Bangalore – 560 052



**VALUEMART INFO TECHNOLOGIES LIMITED**  
Regd. Office: No. 2, 2<sup>nd</sup> Floor, R. R. Chambers, 11<sup>th</sup> Main Road,  
Vasanth Nagar, Bangalore – 560 052

## **NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Sixteenth Annual General Meeting of the Shareholders of the Company will be held on Saturday, September 28, 2013, at 11 a.m. at “Hotel Woodlands”, Mini Hall, No. 5, Rajaram Mohan Roy Road, Bangalore – 560 025, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Mr. V. Sreenivasan as the Auditor of the Company to hold office until the conclusion of the next Annual General Meeting and to fix his remuneration thereon.
3. Mr. K. H. Ramamurthi, Non-Executive Chairman retires by rotation at this Annual General Meeting and does not seek re-appointment.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII, and all other applicable provisions, if any, of the Companies Act, 1956; subject to the approval of the Central Government and such other consents and permission as may be necessary; and subject to such modifications and variations as may be approved and acceptable to the appointee; the consent of the Shareholders of Valuemart Info Technologies Limited be and is hereby accorded to the appointment of Mr. C. K. Vasudevan, who is also the Managing Director of Valuemart Retail Solutions Limited, as the Managing Director of the Company, not liable to retire by rotation; on such terms and remuneration as are provided hereinbelow:

**A. Tenure of Appointment : 5 years**

**B. Basic Salary:** Rs. 80,000/- per month

**C. Perquisites & Allowances:**

House Rent: 40% of basic pay.

Medical Allowance: Rs. 3,000/- per month

Special Allowance: Rs. 10,000/- per month

Leave Travel Concession / allowance: Reimbursement of actual, subject to a maximum of one month's pay

Club Fees: Annual Membership Fee – Subject to Maximum of two clubs

Personal Accident Insurance: As per company's policy

**D. Other Benefits:**

Earned / Privilege Leave, Company's contribution to P. F., Gratuity and Encashment of Leave: As per Company's Policy

Company's Car / Telephone: Use of company car and telephone for official purposes to be billed on actual basis.

Commission on Profits: 3% of the net profits on an annual basis.

RESOLVED FURTHER THAT notwithstanding anything stated hereinabove, where in any financial year during the currency of the tenure of Mr. C. K. Vasudevan, the Company has no profits or its profits are inadequate, the aggregate of the amounts (excluding commission on profits) mentioned hereinabove shall be the minimum remuneration payable by the Company.

RESOLVED FURTHER THAT the abovementioned remuneration shall be payable to Mr. C. K. Vasudevan for a period of 3 years with effect from October 1, 2012 until revision of the terms thereof by the Central Government or the Shareholders of the Company or on expiration of his tenure by resignation or otherwise; and during such currency of his tenure as the Managing Director of the Companies, M/s. Valuemart Info Technologies Limited and M/s. Valuemart Retail Solutions Limited simultaneously, or any other Company as may be applicable from time to time, the abovementioned remuneration shall be the aggregate remuneration; payable to him by the said Companies in equal proportions (excluding such allowances and / or perquisites which are capable of being allocated separately to each company) as decided mutually by the Board of Directors of the said Companies."

5. To consider, and if thought fit, pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION in respect of which a Notice under Section 257 of the Companies Act, 1956 has been received from a Member:

"RESOLVED THAT Mr. P. K. Pande, Additional Director laying down office at this Annual General Meeting, being eligible and willing, be and is hereby appointed as a Non – Executive Director. His term of office shall be liable for retirement by rotation."

**THE NOTES AND ANNEXED EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 SHALL FORM PART OF THIS NOTICE.**

For and on behalf of the Board of Directors of  
VALUEMART INFO TECHNOLOGIES LIMITED

Place: Bangalore  
Date: September 02, 2013

(Mr. K. H. RAMAMURTHI)  
CHAIRMAN

**NOTES:**

The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING AND / OR ANY ADJOURNMENT THEREOF, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A blank proxy form is enclosed. The proxy form duly stamped and executed, should be deposited at the Registered Office of the Company, No. 2, 2<sup>nd</sup> Floor, R. R. Chambers, 11<sup>th</sup> Main Road, Vasanth Nagar, Bangalore – 560 052 atleast Forty Eight hours before the time fixed for commencement of the Meeting.

Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.

Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Registrar & Share Transfer Agents quoting their Folio Numbers.

Members / Proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall. Duplicate admission slips will not be provided at the hall.

The Register of Members and Share Transfer Books will remain closed from September 26, 2013 to September 28, 2013 (both days inclusive).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. C. K. Vasudevan was appointed as the Managing Director of the Company by the Board of Directors on September 22, 2012 for a period of 5 years.

Mr. C. K. Vasudevan is a professional with over 25 years' experience in Banking, Investment / Wealth Management, Corporate Finance and Restructuring. He is also the Managing Director of Valuemart Retail Solutions Limited, a Bangalore based Company listed on the Bombay Stock Exchange (BSE) and Bangalore Stock Exchange (BgSE). He was also the Managing Director of Valuemart Info Technologies Limited from 26-10-2005 to 31-03-2013. His full-time involvement with the overall operations of the Company augurs well for its performance and growth. His appointment will be in the best interest of the Company.

Mr. C. K. Vasudevan also holds Directorships in Valuemart Retail (India) Limited, Valuemart Gold & Jewels Limited, Ripple Investments Limited and Tejas Infoscripts Private Limited.

Mr. C. K. Vasudevan's appointment and remuneration has been approved by the Nomination and Remuneration Committee of the Board of Directors. Since the appointment of the Managing Director requires the approval of the Members, the appointment and terms thereof are placed for the ratification of Members.



None of the Directors of the Company, except Mr. C. K. Vasudevan, are in anyway concerned or interested in this Resolution.

**ITEM NO. 5**

Mr. P. K. Pande was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, by the Board of Directors on September 02, 2013. The Company has received a Special Notice and the deposit of Rs. 500/- from a Member proposing his name for appointment as a Director of the Company, in due compliance with the provisions of Section 257 of the Companies Act, 1956.

Mr. P. K. Pande is B. Com, L.L.B, CAIIB, and FCS with more than 18 years' experience in Banking. He has worked in senior positions at Vijaya Bank and Vysya Bank (now ING Vysya) from 1981 to 1998. Thereafter, he started implementing ERP Projects and was a functional consultant for 2 years. In 2001, Mr. P. K. Pande took up practice as a Company Secretary and is pursuing the profession since then. His appointment as an Independent Director will be in the best interest of the Company.

Mr. P. K. Pande also holds Directorships in Valuemart Retail Solutions Limited, Valuemart Retail (India) Limited and Valuemart Gold & Jewels Limited.

The Board recommends the appointment of Mr. P. K. Pande as a Director of the Company. Since his appointment requires the approval of the Members, the matter is placed at this Meeting for approval.

None of the Directors of the Company, except Mr. P. K. Pande are in any way concerned or interested in this Resolution.

For and on behalf of the Board of Directors of  
VALUEMART INFO TECHNOLOGIES LIMITED

Place: Bangalore  
Date: September 02, 2013

(Mr. K. H. RAMAMURTHI)  
CHAIRMAN





## DIRECTORS' REPORT

### TO THE MEMBERS

The Board of Directors of **VALUEMART INFO TECHNOLOGIES LIMITED** takes pleasure in placing the SIXTEENTH ANNUAL REPORT and AUDITED STATEMENTS OF ACCOUNTS for the period ended MARCH 31, 2013.

### FINANCIAL RESULTS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2013 (12 months)	Year ended March 31, 2012 (12 months)
Total Income	1,893.98	2,313.48
Expenditure	1,500.90	1,869.42
<b>Profit before Interest, Depreciation and Tax</b>	<b>393.08</b>	<b>444.06</b>
Interest and Finance charges	20.87	0.76
<b>Profit before Depreciation and Tax</b>	<b>372.21</b>	<b>443.30</b>
Less: Depreciation	300.27	297.86
<b>Net Profit Before Tax</b>	<b>71.94</b>	<b>145.44</b>
Provision for Tax	36.53	114.58
<b>Net Profit After Tax</b>	<b>35.41</b>	<b>30.86</b>
Net Profit after Adjustments	<b>35.41</b>	<b>30.86</b>
Surplus from Previous year	661.54	630.68
Profit carried forward	696.95	661.54
Paid-up Share Capital	1,263.34	1,263.34

### REVIEW OF PERFORMANCE

The year under review was fairly satisfying with a marginal increase in the net profits of the Company. Turnover for the year has reduced by 18% from Rs. 2,313.48 Lakhs to Rs. 1,889.00 Lakhs. Other Income during the year was 4.98 Lakhs. The Total Expenditure incurred by the Company has also reduced by almost 16% from Rs. 2,168.04 Lakhs in the previous year to Rs. 1,822.05 Lakhs in the current year. On account of decline in the expenditure, the Net Profits after Tax have increased by 15% to Rs. 35.41 Lakhs from Rs. 30.68 Lakhs in the previous year.

### INDUSTRY SCENARIO

The IT and the ITeS sectors have emerged as the anchors of the Indian Technology sector on account of high growth in terms of revenue and employment generation, and multiplicity of services ranging from core services like BPO, KPO and LPO to E-Commerce, E-Governance and IT enabled services covering banking, finance and insurance sectors, multimedia and medical transcription services. Skilled manpower, high quality services, low costs, high productivity, coupled with conducive regulatory policies by the Government have placed India on the global platform.



However, the high growth potential in the sector as a whole, has also adversely affected the small and mid-size companies. Some challenges faced by these companies include competition from large companies and other low cost countries, high attrition rates, and higher costs of acquiring new clients and retention of existing clients.

The year under review has also seen a number of big and mid-sized IT-BPO companies foray into rural areas mainly due to the availability of hugely untapped talent at lower costs and an overall lower operations costs. Reduced rates of attrition in rural areas and ample support of the respective State Governments have been added advantages in this segment.

## **BUSINESS TRENDS**

India as an emerging market offers a large pool of IT savvy resources. It is estimated that the Indian IT / ITeS industry will double its Domestic revenues in the next financial year, which constitutes almost 39% of total revenue. The IT / ITeS Exports revenue constitutes the remaining 61% of revenue share. The IT / ITeS sector in India is highly localized and clustered in some major cities, however, due to infrastructure limits and scarcity of land in these cities, the sector is gradually expanding to Tier II and Tier III cities. Access to high quality education in semi-urban and rural areas has further created a growing pool of resources in the industry. The employee base is also expected to grow over 10 times in the following years.

## **BUSINESS PROSPECTS**

Valuemart continues to focus on select segments across the IT and BPO industry and offers specialized and customized solutions to address the specific needs of its clients. The Company is targeting the enterprise solution space to address the mid to large size enterprise market. It offers contemporary Business Process Management (BPM) based solutions and frameworks. Valuemart has further consolidated its position and has added several new clients in this space.

Keeping in tune with the trends in the IT – BPO sectors, Valuemart has also forayed into the Tier II and Tier III cities due to availability of skilled labour at lower costs. Reduced operational costs, lower attrition rates and lower cost of acquiring and retaining new clients are the other benefits offered by these areas. The Company's edge in quality and cost benefits have further enhanced its ability to bid for high value projects and move up the value chain.

## **DIVIDEND**

In view of the need to conserve resources to meet working capital requirements, the Board expresses its inability to declare any dividend for the Financial Year.

## **FIXED DEPOSITS**

Your Company has not accepted any Fixed Deposits from public. Hence no amount of principal or interest was outstanding.

## **LISTING FEES**

The Company has paid the Annual Listing Fees for the year 2013-14 to the Bombay Stock Exchange Limited where your Company's shares are listed.



## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required u/s 217(2AA) of the Companies Act, 1956, your Board of Directors confirms that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on an ongoing concern basis.

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

In terms of Section 217(1) (e) of the Companies Act, 1956, following disclosures are made:

- The Management has taken adequate steps to conserve energy, wherever possible.
- Technology absorption and innovation is a continuous process in the company;
- Foreign Exchange Earnings : Nil  
Foreign Exchange Outgo : Nil

## **PARTICULARS OF EMPLOYEES**

There are no employees in the Company whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956, since the remuneration paid to them is less than the prescribed limits.

## **CORPORATE GOVERNANCE**

In accordance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Corporate Governance Report and the Auditors' Certificate thereon regarding compliance of requirements of Corporate Governance, Management Discussion and Analysis Report, Certificate on Code of Conduct and Certificate by the CEO / CFO are furnished as a part of this Annual Report.

## **DIRECTORS**

Mr. M. Manivannan and Mr. S. Prem Anand have resigned from the Board of Directors of the Company on November 09, 2012. Your Directors appreciate and acknowledge their contributions to the Company.



Mr. K. H. Ramamurthi, Non – Executive Chairman and Director has expressed his desire to step-down from the Board of Directors and retire at the ensuing Annual General Meeting of the Company. Your Directors express their sincere gratitude to Mr. Ramamurthi for his unstinted support and contributions to the Company.

Your Directors have appointed Mr. P. K. Pande as an Additional Director on September 02, 2013. Your approval is being sought for his appointment at the ensuing Annual General Meeting.

## **STATUTORY AUDITOR**

Mr. V. Sreenivasan, Chartered Accountant retires at the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. He has furnished the required Certificate under Section 224(1B) of the Companies Act, 1956. The Shareholders are requested to appoint the auditor and fix his remuneration.

## **AUDIT OBSERVATIONS**

The Auditor has made certain observations and the Notes on Accounts adequately cover the action being taken by the Management.

## **ACKNOWLEDGEMENTS**

The Board places on record its appreciation for the continued support rendered by the Company's Shareholders, Business Partners and Associates, Bankers, Employees, Government, Stock Exchanges and Share Transfer Agents during the year under report.

For and on behalf of the Board of Directors  
VALUEMART INFO TECHNOLOGIES LIMITED

Place: Bangalore  
Date : September 02, 2013

K. H. RAMAMURTHI  
CHAIRMAN



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY

Corporate Governance is a system of policies, practices and processes that are aimed at balancing the conflicting interests of all the internal and external stakeholders of the Company in a fair and accountable manner. Your Company is consistently committed to following good Corporate Governance practices, which *inter-alia* includes protection of Shareholders' rights, enhancement of Shareholders' value and equitable treatment of all stakeholders, such as Customers, Suppliers and Employees and disclosure and reporting of financial and other information adequately and transparently.

### CORPORATE GOVERNANCE GUIDELINES

The Board has developed corporate governance guidelines to help fulfill our corporate responsibility to various stakeholders. These guidelines ensure that the Board has the necessary authority and practices in place, to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management. The Board may change these guidelines from time to time to effectively achieve the future objectives of the company.

### BOARD COMPOSITION

The Board of Directors of your Company consists of an optimum combination of Executive, Non – Executive and Independent Directors, to maintain the independence of the Board and to separate the Board functions of Governance and Management. As on March 31, 2013, your Company's Board has 3 Directors, out of which 1 is a Non-Executive Director who is also the Chairman, and the remaining 2 are Executive or Whole-time Directors. The number of Independent Directors is one third of the total number of Directors.

The composition of Directors for the year ended March 31, 2013 is as follows:

Sl. No.	Name of the Director		Executive / Non - Executive Director
1.	Mr. K H Ramamurthi	Chairman	Non-Executive
2.	Mr. Karni Singh Daval	Managing Director	Executive (till 22-09-2012)
3.	Mr. C. K. Vasudevan	Managing Director	Executive (from 22-09-2012)
4.	Mr. G. Krishna	Director- Finance and Corporate Affairs	Executive
5.	Mr. M. Manivannan	Director	Non-Executive (till 09-11-2012)
6.	Mr. S. Prem Anand	Director	Non-Executive (till 09-11-2012)

**Note: None of the directors are related to each other**

Mr. K. H. Ramamurthi, Non – Executive Chairman is deemed to be an Independent Director.

Six Board meetings have been held during the year and the gap between two Meetings did not exceed four months. The Meetings have been duly constituted and regularly attended by the Directors.



Sl. No	Name of the Director	Designation	No. of Board Meetings		Attendance at Last AGM held on 22-09-2012
			Held	Attended	
1	Mr. K H Ramamurthi	Chairman	6	6	Yes
2	Mr. Karni Singh Daval	Managing Director	6	3	No
3	Mr. C. K. Vasudevan	Managing Director	6	3	N. A
4	Mr. G. Krishna	Director – Finance & Corporate Affairs	6	6	Yes
5	Mr. M. Manivannan	Director	6	3	No
6	Mr. S. Prem Anand	Director	6	4	Yes

The attendance of the Directors at Board Meetings is given below:

Sl. No.	Name of the Director	May 15, 2012	August 14, 2012	August 18, 2012	September 22, 2012	November 9, 2012	February 13, 2013
1.	Mr. K. H. Ramamurthi	Yes	Yes	Yes	Yes	Yes	Yes
2.	Mr. Karni Singh Deval	Yes	Yes	Yes	N. A	N. A	N. A <sup>1</sup>
3.	Mr. C. K. Vasudevan	N. A	N. A	N. A <sup>2</sup>	Yes	Yes	Yes
4.	Mr. G. Krishna	Yes	Yes	Yes	Yes	Yes	Yes
5.	Mr. M. Manivannan	Yes	Yes	Yes	No	N. A	N. A <sup>3</sup>
6.	Mr. S. Prem Anand	Yes	Yes	Yes	Yes	N. A	N. A <sup>3</sup>

**Notes:** 1 – Resigned on 22-09-2012  
 2 – Appointed on 22-09-2012  
 3 – Resigned on 09-11-2012

## CEO / CFO CERTIFICATION

The CEO / CFO certification for the year ended March 31, 2013 has been enclosed at the end of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Report on Management Discussion and Analysis forms a part of the Directors' Report to the Shareholders and is provided elsewhere in the Annual Report.

## CODE OF CONDUCT

The Board had laid down a code of conduct for all the Board members and senior management of the Company, which is duly complied with by all the Board members and senior management personnel on an annual basis. The Annual Report of the Company contains a declaration to this effect signed by the Managing Director.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees to focus on specific matters as required by various statutory provisions. Each such Committee functions within the scope and powers as conferred by the Board. All decisions and recommendations of the Committees are placed before the Board at its ensuing Meeting for information and approval.



## 1. AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management Financial Reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting, reviewing the internal control systems, compliances with statutory and regulatory requirements to ensure that the financial statements are true and correct. The Audit Committee acts as a link between Board and Statutory Auditors. The Company Secretary acts as the Secretary to the Committee.

The composition of the Audit Committee as for the year ended March 31, 2013 is as follows:

Sl. No.	Name of the Director	
1	Mr. K H Ramamurthi	Chairman
2	Mr. M. Manivannan	Member
3	Mr. Prem Anand S	Member
4	Mr. Karni Singh Deval	Permanent Invitee
5	Mr. C. K. Vasudevan, Managing Director	Permanent Invitee
6	Mr. G. Krishna, Director - Finance & Corporate Affairs	Permanent Invitee

The recommendations of the Audit Committee have been taken on record and are being implemented. The Meetings of the Audit Committee and attendance thereat for the year 2012-13 are furnished below:

Sl. No.	Name of the Director	May 14, 2012	August 14, 2012	August 18, 2012	November 9, 2012	February 13, 2013
1.	Mr. K. H. Ramamurthi	Yes	Yes	Yes	Yes	Yes
2.	Mr. M. Manivannan	Yes	Yes	Yes	N. A	N. A
3.	Mr. Prem Anand S	Yes	Yes	Yes	N. A	N. A
4.	Mr. Karni Singh Deval	Yes	Yes	Yes	N. A	N. A
5.	Mr. C. K. Vasudevan	N. A	N. A	N. A	Yes	Yes
6.	Mr. G. Krishna	Yes	Yes	Yes	Yes	Yes

## 2. NOMINATION AND REMUNERATION COMMITTEE:

The purpose of the Nomination and Remuneration Committee of the Board of Directors is to discharge the Board's responsibilities relating to selection of a suitable candidate for the posts of Executive and Non – Executive Directors and determination of compensation of the Company's Executive Directors and senior management. The Committee has the overall responsibility of approving and evaluating the compensation plans, policies and programs for executive directors and senior management.

The composition of the Committee for the year ended March 31, 2013 is as follows:

Sl. No.	Name of the Director	
1	Mr. K. H. Ramamurthi	Chairman
2	Mr. M. Manivannan	Member
3	Mr. S. Prem Anand	Member
4	Mr. Karni Singh Deval	Member
5	Mr. C. K. Vasudevan	Member
6	Mr. G. Krishna, Director – Finance & Corporate Affairs	Member

The Company Secretary acts as the Secretary of the Committee.



During the year, no remuneration was paid to the Non – Executive Directors. The Non – Executive Directors do not hold any shares in the Company.

The Meetings of the Nomination and Remuneration Committee and attendance thereat for the year 2012-13 are furnished below:

Sl. No.	Name of the Director	August 14, 2012	September 22, 2012	November 9, 2012
1.	Mr. K. H. Ramamurthi	Yes	Yes	Yes
2.	Mr. M. Manivannan	Yes	No	N. A
3.	Mr. Prem Anand S	Yes	Yes	N. A
4.	Mr. Karni Singh Deval	Yes	N. A	N. A
5.	Mr. C. K. Vasudevan	N. A	Yes	Yes
6.	Mr. G. Krishna	Yes	Yes	Yes

Details of remuneration paid / payable to the Executive Directors for Financial Year 2012-13 are furnished herein:

Remuneration	Qualification	Age (years)	Experience (years)	Date of Joining	Previous Employment
<b>Mr. Karni Singh Deval – Managing Director (till 22-09-2013)</b>					
Rs. 4,50,000/-	Bachelor of Engineering	47	27	31-03-2011	Wipro – Delivery Head
<b>Mr. C. K. Vasudevan – Managing Director (from 22-09-2013)</b>					
Rs. 7,50,000/-	Bachelor of Commerce, CAIIB	49	29	22-09-2012	State Bank of India - Manager
<b>Mr. G. Krishna – Director-Finance and Corporate Affairs</b>					
Rs. 4,80,000/-	Bachelor of Commerce	49	29	05-12-2009	Infosys Technologies Limited – Senior Secretarial Officer

Mr. C. K. Vasudevan's appointment and remuneration has been approved by the Nomination and Remuneration Committee.

### 3. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE:

The objective of the Shareholders / Investors Grievances Committee is to resolve all grievance and complaints of shareholders relating to transfers and transmission of shares, non – receipt of annual and other reports, payment of dividends, issue of duplicate share certificates, disclosure of information relevant to members and other shareholder related queries. The Shareholders Grievance Committee meets once in a fortnight to resolve all investor complaints.

The composition of the Committee for the year ended March 31, 2013 is as follows:

Sl. No.	Name of the Director	
1	Mr. K H Ramamurthi	Chairman
2	Mr. M. Manivannan	Member
3	Mr. S. Prem Anand	Member
4	Mr. Karni Singh Deval	Member
5	Mr. C. K. Vasudevan	Member
6	Mr. G. Krishna, Director	Member





The Company Secretary acts as the Secretary of the Committee.

#### **NAME, DESIGNATION AND ADDRESS OF THE COMPLIANCE OFFICER**

Ms. Shraddha Vasanth  
Company Secretary and Compliance Officer  
Valuemart Info Technologies Limited  
No. 2, 2<sup>nd</sup> Floor, R. R. Chambers,  
11<sup>th</sup> Main Road, Vasanth Nagar,  
Bangalore – 560 052  
Phone : 080 26633272 / 2220 2131 / 32  
Fax : 080 2220 2134  
E-mail : [shraddha.v@valuemartindia.com](mailto:shraddha.v@valuemartindia.com)

#### **GENERAL BODY MEETINGS**

Particulars of the Annual General Meetings held during the last three years are as follows:

➤ **Location and time of previous three Annual General Meetings**

1. The Thirteenth Annual General Meeting of the Company was held on Saturday, September 24, 2010 at 10:30 a. m. at “Hotel Woodlands”, No. 5, Raja Rammohan Roy Road, Bangalore – 560 025
2. The Fourteenth Annual General Meeting of the Company was held on Friday, September 30, 2011 at 9:30 a.m. at “Ada Rangamandira”, # 109, J. C. Road, Opp. Ravindra Kalakshetra, Bangalore – 560 002
3. The Fifteenth Annual General Meeting of the Company was held on Saturday, September 22, 2012 at 11:00 a.m. at “Hotel Woodlands”, No. 5, Raja Rammohan Roy Road, Bangalore – 560 025

➤ **Special Resolutions passed in the previous 3 Annual General Meetings**

1. **Thirteenth Annual General Meeting:** No Special Resolutions were passed.
2. **Fourteenth Annual General Meeting:** One Special Resolution was passed by the Shareholders for according their approval to the delisting of Equity Shares of the Company from the Bangalore Stock Exchange Limited.
3. **Fifteenth Annual General Meeting:** No Special Resolutions were passed

➤ **Whether Special resolution passed in the previous year was through Postal ballot**  
No

➤ **Person who conducted the postal ballot exercise**  
Not Applicable

➤ **Whether any special resolution is proposed to be conducted through postal ballot**  
No

➤ **Procedure for postal ballot**  
Not Applicable



## DISCLOSURES

The Company has complied with all the regulations of the Stock Exchange, SEBI and Other Statutory bodies. No strictures or penalties were imposed on the Company. There are no transactions with related parties having potential conflict with the interest of the company at large. Other transactions are adequately disclosed in the Notes to the Annual Accounts.

Clause 49 of the Listing Agreement mandates that the Company should obtain a certificate from either the Auditors or Practising Company Secretaries regarding compliance of conditions of corporate governance as stipulated in the clause, and annex the certificate with the Directors' Report, which is sent annually to all our shareholders. A certificate to this effect from the Auditor is given as an annexure to the Directors' Report.

## MEANS OF COMMUNICATION

The quarterly results are published in the leading newspapers both in English ("the Business Standard") and the regional language Kannada ("Sanjevani") newspapers. Important events are communicated through press and electronic media.

## GENERAL INFORMATION FOR SHAREHOLDERS

Date, time and venue of Sixteenth Annual General Meeting	September 28, 2013 at 11 a.m. at "Hotel Woodlands", Mini Hall, # 5, Rajaram Mohan Roy Road, Bangalore 560 025.
Dates of Book Closure	September 26, 2013 to September 28, 2013 (both days inclusive)
Listing on Stock Exchanges and Codes	<b>Bombay Stock Exchange limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Code: 532338 – VALUEMARTIN
Listing Fees for 2013-14	Paid
Dematerialisation of Shares	ISIN: <b>INE 996 A01029</b>
Registrar & Share Transfer Agents	M/s Venture Capital & Corporate Investments Private Limited 12-10-167, Bharatnagar, Hyderabad 500 018 Ph: 040 – 23818475 / 476 / 23868023 Fax: 040 – 23868024
Share Transfer in Physical Form	Share Transfer Committee meets as often as required
Investor Services – Investor Complaints*	Opening Balance : Nil No. of Complaints Received : 3 No. of Complaints Attended : 3 Closing Balance : Nil
Investor Correspondence	M/s Venture Capital & Corporate Investments Limited 12-10-167, Bharatnagar, Hyderabad 500 018 Ph: 040 – 23818475/ 476 / 23868023 Fax: 040 – 23868024

\* All the investor grievances / correspondences were attended within a period of 10 days from the date of receipt of such grievances.


**Market Price Data: High / Low during each Month of 2012-13 on the Bombay Stock Exchange**

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2012	2.74	2.31	5,35,499
May 2012	3.27	2.00	9,49,851
June 2012	3.78	2.67	8,40,320
July 2012	4.13	2.62	16,41,476
August 2012	3.86	2.97	5,08,289
September 2012	4.30	3.15	42,48,112
October 2012	4.00	3.00	9,28,318
November 2012	4.35	3.21	2,57,760
December 2012	3.75	2.80	2,97,257
January 2013	3.19	2.28	3,92,729
February 2013	4.29	2.75	30,64,307
March 2013	3.94	2.80	23,61,469

**Distribution of Shareholding as on March 31, 2013**

No of Equity Shares held	No of shareholders	% to Share-Holders	No. of shares	% to No. of Shares
1 – 500	11,230	71.51	19,36,308	3.07
501 – 1000	1,640	10.44	14,84,017	2.35
1001 – 2000	1,061	6.76	17,44,588	2.75
2001 – 5000	924	5.88	32,50,891	5.15
5001 – 10000	372	2.37	28,72,751	4.55
10001 & above	476	3.04	5,18,78,645	82.13
<b>Total</b>	<b>15,703</b>	<b>100.00</b>	<b>6,31,67,200</b>	<b>100.00</b>

**Categories of Shareholding as on March 31, 2013**

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoter	1	1,51,16,350	23.93
Companies	214	1,04,65,016	16.57
Individuals	15,407	3,68,15,940	58.28
NRI's	35	2,15,586	0.34
Mutual Funds, FI's, FII's	0	0	0.00
Clearing Member	46	5,54,308	0.88
<b>Total</b>	<b>15,703</b>	<b>6,31,67,200</b>	<b>100.00</b>

For and on behalf of the Board of Directors of  
VALUEMART INFO TECHNOLOGIES LIMITED

Place: Bangalore  
Date : September 02, 2013

(K H RAMAMURTHI)  
CHAIRMAN



## **AUDITOR'S CERTIFICATE**

(Pursuant to Clause 49 of the Listing Agreement)

To the Members of

**VALUEMART INFO TECHNOLOGIES LIMITED**

I have examined the compliance of conditions of Corporate Governance by Valuemart Info Technologies Limited (the Company) for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's / Investor's Grievances Committee.

I 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: Bangalore

Date : September 02, 2013

**(V. Sreenivasan)**

Chartered Accountant

Membership No. 027386



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED MARCH 31, 2013**

### **INDUSTRY ANALYSIS**

The IT and the ITeS sectors have emerged as the anchors of the Indian Technology sector on account of high growth in terms of revenue and employment generation, and multiplicity of services ranging from core services like BPO, KPO and LPO to E-Commerce, E-Governance and IT enabled services covering banking, finance and insurance sectors, multimedia and medical transcription services. Skilled manpower, high quality services, low costs, high productivity, coupled with conducive regulatory policies by the Government has placed India on the global platform.

However, the high growth potential in the sector as a whole, has also adversely affected the small and mid-size companies. Some challenges faced by these companies include competition from large companies and other low cost countries, high attrition rates, and higher costs of acquiring new clients and retention of existing clients.

The year under review has also seen a number of big and mid-sized IT-BPO companies foray into rural areas mainly due to the availability of hugely untapped talent at lower costs and an overall lower operations costs. Reduced rates of attrition in rural areas and ample support of the respective State Governments have been added advantages in this segment.

### **BUSINESS TRENDS**

India as an emerging market offers a large pool of IT savvy resources. It is estimated that the Indian IT / ITeS industry will double its Domestic revenues in the next financial year, which constitutes almost 39% of total revenue. The IT / ITeS Exports revenue constitutes the remaining 61% of revenue share. The IT / ITeS sector in India is highly localized and clustered in some major cities, however, due to infrastructure limits and scarcity of land in these cities, the sector is gradually expanding to Tier II and Tier III cities. Access to high quality education in semi-urban and rural areas has further created a growing pool of resources in the industry. The employee base is also expected by over 10 times in the following years.

### **BUSINESS PROSPECTS**

Valuemart continues to focus on select segments across the IT and BPO industry and offers specialized and customized solutions to address the specific needs of its clients. The Company is targeting the enterprise solution space to address the mid to large size enterprise market. It offers contemporary Business Process Management (BPM) based solutions and frameworks. Valuemart has further consolidated its position and has added several new clients in this space.

Keeping in tune with the trends in the IT – BPO sectors, Valuemart has also forayed into the Tier II and Tier III cities due to availability of skilled labour at lower costs. Reduced operational costs, lower attrition rates and lower cost of acquiring and retaining new clients are the other benefits offered by these areas. The Company's edge in quality and cost benefits have further enhanced its ability to bid for high value projects and move up the value chain.



## FINANCIAL ANALYSIS

Particulars	2012-13 (Rs. Lakhs)	2011-12 (Rs. Lakhs)	% Change over previous year
Sales	1,889.00	2,313.48	(18.35)
Other Income	4.98	0.00	100.00
<b>Total Revenues</b>	<b>1,893.98</b>	<b>2,313.48</b>	<b>(18.13)</b>
Software Development Expenses	1,319.79	1,597.70	(17.39)
Manpower Cost	121.25	193.04	(37.19)
Administrative Expenses	59.87	78.68	(23.91)
Financial Expenses	20.87	0.76	2646.05
Depreciation	300.27	297.86	0.81
<b>Total Expenditure</b>	<b>1,822.05</b>	<b>2,168.04</b>	<b>(15.96)</b>
<b>Profit before Tax</b>	<b>71.94</b>	<b>145.44</b>	<b>(50.54)</b>
Tax	36.53	114.58	(68.12)
<b>Profit after Tax</b>	<b>35.41</b>	<b>30.86</b>	<b>14.74</b>

Turnover has reduced by over 18% from Rs. 2,313.48 Lakhs in the previous year to Rs. 1,889.00 Lakhs in the current year under review. Other Income during the year was Rs. 4.98 Lakhs. There is a reduction in the Expenditure incurred by the Company by 16% to Rs. 1500.91 Lakhs in the current year as compared with Rs. 1869.42 Lakhs in the previous year. Depreciation has marginally increased by 0.8% to Rs. 300.27 Lakhs as compared with Rs. 297.86 Lakhs in the previous year.

On account of a decline in revenues in the current year, the Net Profits before Tax has reduced by almost 51% to Rs. 71.94 Lakhs as against a profit of Rs. 145.44 Lakhs in the previous year. However, The Net Profits after Tax have increased by 15% to Rs. 35.41 Lakhs from Rs. 30.68 Lakhs in the previous year.

## INTERNAL CONTROL SYSTEMS

The Company has in place an internal control system, which is being upgraded on a continuous basis. The Company has appointed an Internal Auditor. The Audit Committee of the Board of Directors meets regularly to review the internal control systems, ensure compliance of statutory and regulatory requirements, discuss with the Auditors and the Management regarding issues raised in the Audit Report and all financial matters to reinforce the impact of Internal controls in the Company.

## RECEIVABLES, LOANS AND ADVANCES

The Management has reviewed the outstanding balances and in the opinion of the Management, the amounts are likely to be realized at the book value in the normal course of business. In respect of foreign exchange receivables, the Management has initiated discussion with the parties to settle the outstandings.



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## **SETTLEMENT OF OUTSTANDING STATUTORY LIABILITIES**

During the year under review, the Company has paid Rs. 45,00,000/- (Rupees Forty Five Lakhs only) towards Income Tax. The Management has made arrangements for the settlement of remaining statutory liabilities outstanding for more than six months in 2013 – 2014.

For and on behalf of the Board of Directors of  
VALUEMART INFO TECHNOLOGIES LIMITED

Place: Bangalore  
Date: September 02, 2013

(Mr. K. H. RAMAMURTHI)  
CHAIRMAN



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## **CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2013.

Place: Bangalore  
Date : September 02, 2013

C. K. Vasudevan  
Managing Director

## **CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

We, C. K. Vasudevan, Managing Director and G. Krishna, Director – Finance & Corporate Affairs, to the best of our knowledge and belief certify that,

We have reviewed the Balance Sheet, the Statement of Profit and Loss, the Notes to Accounts thereof and the Cash Flow Statement for the year ended March 31, 2013 and

### **To the best of our knowledge and belief state that:**

- These statements do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
- The financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and 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 steps taken or proposed to be taken to rectify these deficiencies.
- We have indicated to the Company's Auditors and the Audit committee of the Company's Board of Directors that during the year:
  - There are no significant changes in internal control over financial reporting during the year;
  - There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and,
  - There are no instances of fraud, whether or not material that involves management or other employees having a significant role in the company's internal control system over financial reporting.

Place: Bangalore  
Date : September 02, 2013

C. K. Vasudevan  
Managing Director

G. Krishna  
Director – Finance & Corporate Affairs





## INDEPENDENT AUDITOR'S REPORT

To the Members of,  
**VALUEMART INFO TECHNOLOGIES LIMITED**

### Report on the Financial Statements

I have audited the accompanying Financial Statements of VALUEMART INFO TECHNOLOGIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes reevaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.

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

### Opinion

In my opinion and to the best of my information and according to the explanations given to me,

the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2013
- b) In the case of the Statement of Profit and Loss, the profit for the year ended on that date and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date



**Emphasis**

**Without qualifying the financial statements, I state that**

- i. **Note No. 26: Confirmation of balances under Debtors, loans and advances and Creditors has not been obtained.**
- ii. **Note No. 31: Statutory payments outstanding for more than 6 months as on March 31, 2013 are as under:**
  - **Professional Tax: Rs. 47,450/- (2007-08 Rs. 9,250/-; 2008-09 Rs. 18,600/-; 2009-10 Rs. 4,000/-; 2010-11 Rs. 4,800/- and 2011-12 Rs. 6,800/-)**
  - **Income Tax : Rs. 1,36,75,467/- ( 2001-02 Rs. 4,22,351/-; 2007 – 08 Rs. 16,50,000/-2008-09 Rs. 8,45,000/-; 2009-10 Rs. 28,97,015/-; 2010-11 Rs. 6,661,101/- and 2011-12 Rs. 28,00,000/-)**

**Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, I give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, I report that:
  - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company.
  - d) In my opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**Place: Bangalore**

**Date : September 02, 2013**

**V. Sreenivasan**

**Chartered Accountant**

**Membership No. 027386**



## ANNEXURE TO THE AUDITOR'S REPORT

(This is the Annexure referred to in my Report of even date)

In terms of information and explanations given to me and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state as under:-

### I. FIXED ASSETS:

- The Company has maintained records showing particulars including quantitative details and situation of Fixed Assets.
- According to the information and explanation given to me, the fixed assets have been physically verified by the Management in a phased and periodical manner. **However having regard to the size of the Company and nature of assets, the periodicity requires to be increased.** As explained to me, no discrepancies are noticed on such verification.
- According to the information and explanation given to me and as per books of account, no substantial part of fixed assets have been disposed-off during the year, which will affect its status as a going concern.

### II. INVENTORY:

The Company deals mainly in Computer Software Development and allied services and does not carry any inventory.

### III. LOANS WITH RELATED PARTIES:

- The Company has not taken loans, secured or unsecured, from Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- The Company has not granted any loans to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

### IV. INTERNAL CONTROL:

In my opinion and according to the information and explanations given to me, the system of internal control is generally adequate, but requires improvement. **However, considering the size of the Company and the nature of its business, the internal control system needs to be strengthened and enlarged.**

### V. RELATED PARTY TRANSACTION:

- According to the information and explanation given to me, I am of the opinion that the transactions made in pursuance of contracts or arrangements that needs to be entered into the Register maintained under Section 301 of the Companies Act, 1956 are not applicable to the Company.
- In my opinion and according to the information and explanation given to me, there are no transactions exceeding Rs. 5,00,000/- during financial year in respect of each party made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.



# **VI. ACCEPTANCE OF PUBLIC DEPOSITS:**

According to the information and explanation given to me, the Company has not accepted deposits from the public during the year.

# **VII. INTERNAL AUDIT:**

The Company has established an Internal Audit System to cover major and critical areas of its operations. **However, the same needs to be strengthened.**

# **VIII. MAINTENANCE OF COST RECORDS:**

As explained by the Management, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 for the Company.

# **IX. STATUTORY PAYMENTS:**

- According to the records of the Company and explanations given to me, there are no Employees for coverage under Provident Fund dues and Employees State Insurance.
- According to information and explanations given to me, undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Excise duty, Customs duty as at 31.03.2012 for a period of more than six months from the date they became payable are as under:

<b>Professional Tax.....</b>	<b>Rs. 47,450/-</b>
<b>Income Tax.....</b>	<b>Rs. 1,36,75,467/-</b>

- According to information and explanations given to me, the Company does not have any dispute during the year in respect of Income Tax, Wealth Tax, Sales Tax, Excise duty, Customs duty etc.

# **X. POTENTIALLY SICK COMPANY:**

The Company is not a sick Company.

# **XI. DEFAULT IN REPAYMENT OF DUES:**

In my opinion and according to the information and explanations given to me, the Company has not availed any loan from any financial institutions or banks and hence, comments on defaults, if any does not arise. The Company has not issued any debentures during the year.

# **XII. MAINTENANCE OF DOCUMENTS AND RECORDS OF LOANS AND ADVANCES ON THE BASIS OF SECURITY:**

The Company has not granted any loan or advance during the year on the basis of security by way of security, pledge of shares, debentures and other securities.

# **XIII. CHIT FUND, NIDHI OR OTHER COMPANIES:**

The Company is not a chit fund or Nidhi mutual benefit fund / society.



**XIV. DEALING WITH SECURITIES:**

The Company is not dealing with or trading in shares, securities, debentures and other investments.

**XV. GUARANTEE GIVEN:**

According to information and explanation given to me, the Company has not given guarantee for loans taken by others from banks or financial institutions.

**XVI. UTILISATION OF TERM LOAN:**

The Company has no term loans outstanding against it.

**XVII. UTILISATION OF LONG-TERM FUNDS FOR SHORT-TERM INVESTMENT AND VICE VERSA:**

According to the information and explanation given to me and on an overall examination of the Balance Sheet of the Company, I report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used for short-term investment.

**XVIII. PREFERENTIAL ALLOTMENT:**

No Preferential Allotment was made during the year under review.

**XIX. CREATION OF SECURITY ON DEBENTURE ISSUE:**

According to the information and explanation given to me, the Company has not issued debentures during the year.

**XX. UTILISATION OF MONEY RAISED ON PUBLIC ISSUE:**

The Company has not raised money by public issue during the year.

**XXI. FRAUD NOTICED OR REPORTED:**

According to information and explanation given to me and on the basis of test checks carried out in accordance with the generally accepted auditing procedure, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Bangalore  
Date : September 02, 2013

**V. Sreenivasan**  
**Chartered Accountant**  
**Membership No. 027386**

## BALANCE SHEET AS AT 31 MARCH, 2013

Particulars		Note No.	As at 31 March, 2013	As at 31 March, 2012
			(in Rs.)	(in Rs.)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital	3	126,334,400	126,334,400
	(b) Reserves and surplus	4	146,235,076	142,694,091
	(c) Money received against share warrants		-	-
			272,569,476	269,028,491
2	<b>Share application money pending allotment</b>		-	-
3	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	15,440,000	10,500,000
	(b) Deferred tax liabilities (net)	21	16,167,993	13,915,191
	(c) Other long-term liabilities		-	-
	(d) Long-term provisions		-	-
			31,607,993	24,415,191
4	<b>Current liabilities</b>			
	(a) Short-term borrowings		-	-
	(b) Trade payables	6	11,754,697	21,133,138
	(c) Other current liabilities	7	8,023,218	8,508,369
	(d) Short-term Provisions	8	13,722,924	16,822,924
			33,500,839	46,464,431
	<b>TOTAL</b>		<b>337,678,308</b>	<b>339,908,113</b>
<b>B</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	9A	4,774,141	5,233,972
	(ii) Intangible assets	9B	105,209,420	117,273,947
	(iii) Capital work-in-progress		43,654,370	43,654,370
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments	10	5,200,000	5,200,000
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	11	1,170,000	1,170,000
	(e) Other non-current assets		-	-
			160,007,930	172,532,289
2	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables	12	135,990,428	129,261,600
	(d) Cash and cash equivalents	13	212,844	147,118
	(e) Short-term loans and advances	14	41,388,312	37,888,312
	(f) Other current assets	15	78,794	78,794
			177,670,378	167,375,824
	<b>TOTAL</b>		<b>337,678,308</b>	<b>339,908,113</b>
	<b>See accompanying notes forming part of the financial statements</b>			

This is the Balance Sheet referred to in our report.

For and on behalf of the Board of Directors

V. Sreenivasan  
Chartered Accountant  
Membership No. 027386

(K. H. Ramamurthi)  
Chairman

(C. K. Vasudevan)  
Managing Director

Place : Bangalore  
Date : May 30, 2013

(G. Krishna)  
Director - Finance & Corporate Affairs

(Shraddha Vasanth)  
Company Secretary

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

Particulars		Note No.	For the year ended 31 March, 2013 (in Rs.)	For the year ended 31 March, 2012 (in Rs.)
1	Revenue from operations (gross)	16	188,900,874	231,348,540
	Less: Excise duty		-	-
	Revenue from operations (net)		188,900,874	231,348,540
2	Other income	17	497,529	-
3	<b>Total revenue (1+2)</b>		<b>189,398,403</b>	<b>231,348,540</b>
4	<b>Expenses</b>			
	(a) Cost of materials consumed		-	-
	(b) Purchases of stock-in-trade		-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
	(d) Software and Development Expenses		131,978,605	159,769,841
	(e) Employee benefits expense	18	12,124,575	19,304,953
	(f) Finance costs	19	2,087,024	76,237
	(g) Depreciation and amortisation expense	9C	30,027,258	29,786,153
	(h) Other expenses	20	5,987,155	7,867,480
	<b>Total expenses</b>		<b>182,204,616</b>	<b>216,804,664</b>
5	<b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>7,193,787</b>	<b>14,543,876</b>
6	Exceptional items		-	-
7	<b>Profit / (Loss) before extraordinary items and tax (5 <math>\pm</math> 6)</b>		<b>7,193,787</b>	<b>14,543,876</b>
8	Extraordinary items		-	-
9	<b>Profit / (Loss) before tax (7 <math>\pm</math> 8)</b>		<b>7,193,787</b>	<b>14,543,876</b>
10	<b>Tax expense:</b>			
	(a) Current tax expense for current year		1,400,000	5,000,000
	(b) Deferred tax	21	2,252,802	6,457,354
			3,652,802	11,457,354
11	<b>Profit / (Loss) for the year (9 <math>\pm</math> 10)</b>		<b>3,540,985</b>	<b>3,086,522</b>
12.i	<b>Earnings per share (of Rs. 2/- each):</b>			
	(a) Basic	23.a	0.06	0.05
	(b) Diluted	23.b	0.06	0.05
12.ii	<b>Earnings per share (excluding extraordinary items) (of Rs. 2/- each):</b>			
	(a) Basic	23.a	0.06	0.05
	(b) Diluted	23.b	0.06	0.05
	<b>See accompanying notes forming part of the financial statements</b>			

This is the Statement of Profit and Loss referred to in our report.

For and on behalf of the Board of Directors

V. Sreenivasan

Chartered Accountant

Membership No. 027386

(K. H. Ramamurthi)

Chairman

(C. K. Vasudevan)

Managing Director

Place : Bangalore

Date : May 30, 2013

(G. Krishna)

Director - Finance &amp; Corporate Affairs

(Shraddha Vasanth)

Company Secretary



## NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

### 1. CORPORATE INFORMATION

Valuemart Info Technologies Limited (formerly known as GDR Software Limited) was incorporated on October 31, 1997 and commenced business in Bangalore in October 22, 1998. The Company primarily focuses on select segments across the IT and BPO industry and offers specialised and customised solutions to address the mid to large size enterprise market. It offers contemporary Business Process Management (BPM) based solutions and frameworks. Valuemart has further consolidated its position and has added several new clients in this space.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### i. BASIS OF ACCOUNTING AND PREPERATION OF FINANCIAL STATEMENTS:

The Financial Statements of the Company have been prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the Companies Act, 1956 *except for rates of Depreciation as fully described in Note vi below.*

#### ii. SYSTEM OF ACCOUNTING:

The Financial Statements are prepared on accrual basis under the historical cost convention. The Accounting Policies adopted in the preparation of the Financial Statements are consistent with those followed in the Previous Year.

#### iii. USE OF ESTIMATES:

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

#### iv. INVENTORIES:

The Company deals mainly in Computer Software Development and allied services and does not carry any inventory.

#### v. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT):

Cash comprises cash on hand, current accounts and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



**vi. CASH FLOW STATEMENT:**

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

**vii. DEPRECIATION:**

Depreciation on fixed assets is provided using the WDV method based on the useful life as estimated by the management. Depreciation is charged on pro rata basis for assets purchased / sold during the year.

1. Computers and Software @ 45%
2. Office and Electrical Equipment @ 25%
3. Furniture @ 20%

**viii. REVENUE RECOGNITION:**

Revenue from consultancy and software development is recognized as per the terms of specific contracts.

**ix. OTHER INCOME:**

Interest income and income on sale of any asset are accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

**x. FIXED ASSETS:**

Fixed assets are carried at cost of acquisition and subsequent improvement thereto (including taxes, duties, freight and other incidental expenses relates to acquisition, construction and installation of asset/s concerned) less accumulated depreciation and impairment losses, if any. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress is carried at cost, comprising direct cost and related incidental expenses.

**xi. INVESTMENTS**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

**xii. EMPLOYEE RETIREMENT BENEFITS:**

In respect of provisioning for terminal benefits, like gratuity and leave salary, the Company had no employee on roll as at the end of the financial year 31-03-2013 and hence no liability is recognized.

**xiii. SEGMENT REPORTING:**

The Company operates primarily in India and provides services (ITeS). Hence, the disclosures under Segment Reporting do not apply to the Company.

**xiv. EARNINGS PER SHARE:**

The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

The diluted earnings per share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods.

**xv. INCOME TAXES:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. The Company has recognized Deferred Tax Liability and necessary provisions are made.

**xvi. PROVISIONS AND CONTINGENT LIABILITIES:**

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an out flow of resources and a reliable estimate can be made of the amount of the litigation.

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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote no provision or disclosure is made. The details are furnished in Note No. 24.

## VALUEMART INFO TECHNOLOGIES LIMITED



## Notes forming part of Financial Statements

## Note 3 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount (in Rs)	Number of shares	Amount (in Rs)
<b>(a) Authorised</b>				
Equity shares of Rs. 2/- each with voting rights	200,000,000	200,000,000	200,000,000	200,000,000
<b>(b) Issued</b>				
Equity shares of Rs. 2/- each with voting rights	63,167,200	126,334,400	63,167,200	126,334,400
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 2/- each with voting rights	63,167,200	126,334,400	63,167,200	126,334,400
<b>Total</b>	<b>63,167,200</b>	<b>126,334,400</b>	<b>63,167,200</b>	<b>126,334,400</b>

Refer Notes (i) to (iv) below

**Notes:**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Conversion	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2013			
- Number of shares	63,167,200	-	63,167,200
- Amount (Rs. 2/- each₹)	126,334,400	-	126,334,400
Year ended 31 March, 2012			
- Number of shares	60,067,200	3,100,000	63,167,200
- Amount (Rs. 2/- each)	120,134,400	6,200,000	126,334,400

(ii) The Company has only one class of equity shares having a face value of Rs 2/- per share. Each holder of the equity shares is entitled to one vote per share

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Ripple Investments Limited	15,116,350	23.93	18,116,350	28.68
IFCI Financial Services Limited	4,000,000	6.33	11,300	0.02

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights (in Nos.)	
	As at 31 March, 2013	As at 31 March, 2012
Ripple Investments Limited, Promoter Company with 2 Common Directors	15,116,350	18,116,350

## Notes forming part of Financial Statements

## Note 4 Reserves and surplus

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Capital reserve		
Opening balance	4,140,000	-
Add: Additions during the year (Share Warrants Forfeited)	-	4,140,000
Less: Utilised / transferred during the year (give details)	-	-
Closing balance	4,140,000	4,140,000
(b) Securities premium account		
Opening balance	72,400,000	60,000,000
Add : Premium on shares issued during the year	-	12,400,000
Closing balance	72,400,000	72,400,000
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	66,154,091	63,067,569
Add: Profit / (Loss) for the year	3,540,985	3,086,522
Closing balance	69,695,076	66,154,091
<b>Total</b>	<b>146,235,076</b>	<b>142,694,091</b>

## Note 5 Long-term borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Unsecured Loans from Related parties (Refer Note No. 22)		
Mr. C. K. Vasudevan, Managing Director	3,715,000	-
Unsecured Loans from other parties		
Shapoorjee Chandabhoj Finvest Private Limited	6,725,000	5,500,000
Casa Laxmi Management Services Private Limited	5,000,000	5,000,000
<b>Total</b>	<b>15,440,000</b>	<b>10,500,000</b>

## Note 6 Trade payables

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Trade payables:	11,754,697	21,133,138
<b>Total</b>	<b>11,754,697</b>	<b>21,133,138</b>

## Note 7 Other current liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
(i) Advances from Promoters	4,260,000	4,260,000
(ii) Others (Salaries Payable)	132,375	486,548
(iii) Other Liabilities	3,630,843	3,761,821
<b>Total</b>	<b>8,023,218</b>	<b>8,508,369</b>

## Notes forming part of Financial Statements

## Note 8 Short-term provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Provision for employee benefits:	-	-
(b) Provision - Others:		
(i) Provision for tax	13,675,467	16,775,467
(ii) Provision for FBT	47,457	47,457
(iii) Provision - others (give details)	-	-
<b>Total</b>	<b>13,722,924</b>	<b>16,822,924</b>

## Note 10 Non-current investments

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Unquoted	Unquoted
	(in Rs.)	(in Rs.)
Investments in Equity Instruments of associate companies (At cost):		
Valuemart Retail (India) Limited		
52,00,000 Equity Shares of Re. 1/- each	5,200,000	5,200,000
<b>Total</b>	<b>5,200,000</b>	<b>5,200,000</b>

## Note 11 Long-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Security deposits		
Unsecured, considered good	1,170,000	1,170,000
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
<b>Total</b>	<b>1,170,000</b>	<b>1,170,000</b>

Note: Long-term loans and advances include amounts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member (give details per company)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Notes forming part of Financial Statements

## Note 12 Trade receivables

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	12,914,516	16,506,121
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
Other Trade receivables		
Unsecured, considered good	123,075,912	112,755,479
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
<b>Total</b>	<b>135,990,428</b>	<b>129,261,600</b>

Note: Trade receivables include debts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member (give details per company)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Note 13 Cash and cash equivalents

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Cash on hand	103,903	110,395
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	108,941	36,723
(iii) In deposit accounts (Refer Note (i) below)	-	-
<b>Total</b>	<b>212,844</b>	<b>147,118</b>

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 *Cash Flow Statements* is Rs. 2,12,844/-

## Note 14 Short-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Balances with government authorities		
Unsecured, considered good		
(i) Advance Income Tax (Net of Provisions)	300,000	300,000
(b) Others advances		
Unsecured, considered good	41,088,312	37,588,312
Doubtful	-	-
Less: Provision for other doubtful loans and advances	-	-
<b>Total</b>	<b>41,388,312</b>	<b>37,888,312</b>

## Notes forming part of Financial Statements

Note: Short-term loans and advances include amounts due from:

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member (give details per company)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Note 15 Other current assets

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
Deposits	57,024	57,024
Others (TDS receivable)	21,770	21,770
<b>Total</b>	<b>78,794</b>	<b>78,794</b>

## Note 16 Revenue from operations

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Sale of services		
Software Income (Incl. Unbilled Revenue)	144,967,874	231,348,540
(b) Other operating revenues	43,933,000	-
<b>Total</b>	<b>188,900,874</b>	<b>231,348,540</b>

## Note 17 Other income

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
Other non-operating income		
Gain on sale of asset	497,529	-
<b>Total</b>	<b>497,529</b>	<b>-</b>

## Note 18 Employee benefits expense

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
Salary - Directors	1,680,000	1,380,000
Salaries and wages	10,444,575	17,595,605
Contributions to provident and other funds (Refer Note 24)	-	-
Staff welfare expenses	-	329,348
<b>Total</b>	<b>12,124,575</b>	<b>19,304,953</b>

## Notes forming part of Financial Statements

## Note 19 Finance costs

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
(a) Interest expense on:		
(i) Borrowings	2,078,110	55,000
(b) Other Financial Charges	8,914	21,237
<b>Total</b>	<b>2,087,024</b>	<b>76,237</b>

## Note 20 Other expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
Administrative expenses	450,284	373,683
Advertisement expenses	182,691	107,372
AGM Expenses	520,432	512,781
Electricity charges	124,948	102,713
Rent	900,000	840,000
Repairs and maintenance - Computers	613,755	529,759
Repairs and maintenance - Others	920,875	1,213,146
Travelling and conveyance	556,586	795,237
Printing and stationery	39,035	45,726
Postage and Telegram	46,465	61,268
Telephone charges	421,396	482,977
Legal and professional	676,610	506,462
Web Design charges	302,980	364,836
Payments to auditors (Refer Note (i) below)	140,450	137,875
Miscellaneous expenses	90,648	1,793,645
<b>Total</b>	<b>5,987,155</b>	<b>7,867,480</b>

## Note 20(i) Other Expenses (contd)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
(i) Payments to the auditors comprises		
As auditors - statutory audit and Limited Review	125,000	125,000
For taxation and company law matters	-	-
For management services	-	-
For other services	-	-
Reimbursement of expenses	-	-
Service Tax thereon	15,450	12,875
<b>Total</b>	<b>140,450</b>	<b>137,875</b>

## Note 21 Deferred Tax (Liability) / Asset

Particulars	As at 31 March, 2013	As at 31 March, 2012
	(in Rs.)	(in Rs.)
<b>Deferred tax (liability) / asset</b>		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	16,167,993	13,915,191
<b>Net deferred tax (liability)</b>	<b>16,167,993</b>	<b>13,915,191</b>



## Notes forming part of Financial Statements

## Note 22 Related Party Transactions

## 22.a.Details of Related Parties

Description of Relationship	Names of Related Parties
Promoter Company	Ripple Investments Limited
Associate Company with Common Directors	Tejas Infoscripts Private Limited
Associate Company with 1 Common Director	Valuemart Retail (India) Limited
Managing Director	Mr C. K. Vasudevan

Note: Related parties are identified by the Management

## 22.b. Balances of Related Parties outstanding as at 31 March, 2013

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
Balances outstanding at the end of the year		
Ripple Investments Limited	9,905,100	4,260,000
Tejas Infoscripts Private Limited	1,120,400	-
Valuemart Retail (India) Limited	5,200,000	5,200,000
Mr. C. K. Vasudevan	3,715,000	-

## Note 23 Earnings per Share

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
<b>23.a.Basic</b>		
Net profit / (loss) for the year	3,540,985	3,086,522
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	3,540,985	3,086,522
Weighted average number of equity shares	63,167,200	60,067,200
Par value per share	2	2
<b>Earnings per share</b>	<b>0.06</b>	<b>0.05</b>
<b>23.b.Diluted</b>		
Net profit / (loss) for the year	3,540,985	3,086,522
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	3,540,985	3,086,522
Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)	3,540,985	3,086,522
Weighted average number of equity shares for Basic EPS	63,167,200	60,067,200
Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive	-	3,100,000
Weighted average number of equity shares - for diluted EPS	63,167,200	63,167,200
Par value per share	2	2
<b>Earnings per share</b>	<b>0.06</b>	<b>0.05</b>

## Notes forming part of Financial Statements

## Note 9 Fixed assets

	Particulars	Gross block				Accumulated depreciation and impairment				Net block	
		Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
		(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)
<b>A.</b>	<b>Tangible Assets Owned</b>										
	(a) Furniture and Fixtures	12,556,603	-	-	12,556,603	8,472,761	816,768	-	9,289,529	3,267,074	4,083,842
	(b) Office equipment	6,910,416	-	-	6,910,416	5,760,286	287,533	-	6,047,819	862,598	1,150,130
	(c) Motor Vehicle	-	740,000	-	740,000	-	95,531	-	95,531	644,469	-
	<b>Total</b>	<b>19,467,019</b>	<b>740,000</b>	<b>-</b>	<b>20,207,019</b>	<b>14,233,047</b>	<b>1,199,831</b>	<b>-</b>	<b>15,432,878</b>	<b>4,774,141</b>	<b>5,233,972</b>
	<b>Previous year</b>	19,467,019	-	-	19,467,019	13,212,785	1,020,262	-	14,233,047	5,233,972	6,254,233

	Particulars	Gross block				Accumulated depreciation and impairment				Net block	
		Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
		(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)
<b>B</b>	<b>Intangible assets</b>										
	Computer software	303,786,154	49,265,370	60,354,870	292,696,654	186,512,207	28,827,426	27,852,399	187,487,234	105,209,420	117,273,947
	<b>Total</b>	<b>303,786,154</b>	<b>49,265,370</b>	<b>60,354,870</b>	<b>292,696,654</b>	<b>186,512,207</b>	<b>28,827,426</b>	<b>27,852,399</b>	<b>187,487,234</b>	<b>105,209,420</b>	<b>117,273,947</b>
	<b>Previous year</b>	248,008,665	55,777,489	-	303,786,154	157,746,136	28,765,891	-	186,512,207	117,273,947	90,262,348

<b>C. Depreciation and amortisation relating to continuing operations:</b>			
	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
		(in Rs.)	(in Rs.)
	Depreciation and amortisation for the year on tangible assets as per Note 9 A	1,199,831	1,020,262
	Depreciation and amortisation for the year on intangible assets as per Note 9 B	28,827,426	28,765,891
	Less: Utilised from revaluation reserve	-	-
	<b>Depreciation and amortisation relating to continuing operations</b>	<b>30,027,258</b>	<b>29,786,153</b>



## 24. CONTINGENT LIABILITIES

The Company has recognised the following contingent liabilities:

- (i) Suit filed by one of the former employee of the Company pending resolution with the court Rs. 1,00,000/-. The Company is negotiating for a settlement; hence no provision has been made in the accounts.
- (ii) Liabilities, if any, towards interest and penalty on delayed payments of statutory dues not ascertained and hence not provided for.

## 25. EMPLOYEE RETIREMENT BENEFITS:

In respect of provisioning for terminal benefits like gratuity and leave salary, the Company had no employee on roll as at the end of the Financial Year 31-03-2013. Hence no liability is recognised.

## 26. SUNDRY DEBTORS, LOANS AND ADVANCES :

**Loans and Advances:** Represents advances made to vendors in the normal course of business and is not due for more than six months. Hence, no provision is required to be made for the same.

**Sundry Debtors:** An amount of Rs. 1,29,14,516/- is outstanding from clients for a period exceeding 180 days. This includes an amount of Rs. 98,91,939/- due from parties outside India. The company is approaching RBI to seek extension in time limit for recovery. The Company is confident of recovering the remaining amounts due. Hence, no provision has been made for the same. Confirmation of balances has been called for from all parties and is awaited.

## 27. MANAGERIAL REMUNERATION:

Period ended as on	31-3-2013	31-03-2012
Salaries & Allowances		
- Managing Director	Rs. 12,00,000/-	Rs. 9,00,000/-
- Director	Rs. 4,80,000/-	Rs. 4,80,000/-

- 28. Confirmation of balances under advances, deposits, receivables and payables were called for and pending receipt reliance is placed on the book balances. Management is of the opinion that the amounts exhibited will be realised / payable in full in the normal course of business.
- 29. Notional Taxes, if any, which would accrue, are accounted and provisions made.
- 30. There were no delays in payment to Micro, Small & Medium Enterprises (MSME) and there were no outstanding dues to MSME based on information available about the status of suppliers.
- 31. During the year under review, the Company has paid Rs. 45,00,000/- (Rupees Forty Five Lakhs only) towards Income Tax. The Management has taken steps to liquidate the outstanding statutory liabilities in 2013-14. The following statutory dues were outstanding for more than 6 months as on 31-03-2013.



**a) Professional Tax: Rs. 47,450/- (2007-08 Rs. 9,250/-; 2008-09 Rs. 18,600/-; 2009-10 Rs. 4,000/-; 2010-11 Rs. 4,800/- and 2011-12 Rs. 6,800/-)**

**b) Income Tax : Rs. 1,36,75,467/- (2001-02 Rs. 4,22,351/-; 2007 – 08 Rs. 16,50,000/- 2008-09 Rs. 8,45,000/-; 2009-10 Rs. 28,97,015/-; 2010-11 Rs. 6,661,101/- and 2011-12 Rs. 28,00,000/-)**

**32.** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Notes 1 to 32 forming part of the Balance Sheet and the Statement of Profit and Loss Account are hereby authenticated by me.

**As per my report attached.**

For and on behalf of the Board of Directors of  
**VALUEMART INFO TECHNOLOGIES LIMITED**

**V. SREENIVASAN**  
CHARTERED ACCOUNTANT  
MEMBERSHIP NO. 027386

**(K. H. RAMAMURTHI)**  
Chairman

**(C. K. VASUDEVAN)**  
Managing Director

**Place: Bangalore**  
**Date: September 02, 2013**

**(G. KRISHNA)**  
Director – Finance &  
Corporate Affairs

**(SHRADDHA VASANTH)**  
Company Secretary

## VALUEMART INFO TECHNOLOGIES LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	(in Rs.)	(in Rs.)
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	7,193,787	14,543,876
<u>Adjustments for:</u>		
Depreciation and amortisation	30,027,258	29,786,153
(Profit) / Loss on sale of asset	(497,529)	-
Finance costs	2,087,024	76,237
Operating profit / (loss) before working capital changes	38,810,539	44,406,266
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Trade receivables	(6,728,828)	(27,466,624)
Short-term loans and advances	(3,500,000)	(23,022,850)
Long-term loans and advances	-	710,000
Other current assets	-	-
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	(9,378,440)	13,509,014
Other current liabilities	(485,151)	1,669,424
Short-term provisions	-	-
	(20,092,419)	(34,601,036)
Cash flow from extraordinary items	-	-
Cash generated from operations	<b>18,718,120</b>	<b>9,805,230</b>
Net income tax (paid) / refunds	(4,500,000)	(1,000,000)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>14,218,120</b>	<b>8,805,230</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(50,005,370)	(30,456,459)
Proceeds from sale of fixed assets	33,000,000	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(17,005,370)</b>	<b>(30,456,459)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from conversion of share warrants	-	4,340,000
Securities Premium received	-	12,400,000
Proceeds from long-term borrowings	4,940,000	5,000,000
Finance cost	(2,087,024)	(76,237)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>2,852,977</b>	<b>21,663,763</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>65,726</b>	<b>12,534</b>

## VALUEMART INFO TECHNOLOGIES LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

Cash and cash equivalents at the beginning of the year	147,118	134,584
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		
<b>Cash and cash equivalents at the end of the year</b>	<b>212,844</b>	<b>147,118</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 <i>Cash Flow Statements</i> (give details)	-	-
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i> ) included in Note 13	212,844	147,118
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i> )		
<b>Cash and cash equivalents at the end of the year *</b>	<b>-</b>	<b>-</b>
* Comprises:		
Cash on hand	103,903	110,395
Balances with banks		
(i) In current accounts	108,941	36,723
(ii) In deposit accounts	-	-
	<b>212,844</b>	<b>147,118</b>

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

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

**For and on behalf of the Board of Directors****V. Sreenivasan**

Chartered Accountant

Membership No. 027386

(Mr. K. H. Ramamurthi)

**Chairman**

(C. K. Vasudevan)

**Managing Director****Place: Bangalore****Date : May 30, 2013**

(G. Krishna)

**Director - Finance & Corporate Affairs**

(Shraddha Vasanth)

**Company Secretary**



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## AUDITOR'S CERTIFICATE

I have verified the above Cash Flow Statement of Valuemart Info Technologies Limited, Bangalore derived from the Audited Financial Statements for the years ended 31 March, 2013 and 31 March, 2012 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

Place: Bangalore

Date : September 02, 2013

**V. Sreenivasan**

Chartered Accountant

Membership No. 027386

**VALUEMART INFO TECHNOLOGIES LIMITED**

Regd. Office: No. 2, 2<sup>nd</sup> Floor, R. R. Chambers, 11<sup>th</sup> Main Road, Vasanth Nagar, Bangalore – 560 052

**ATTENDANCE SLIP**

I hereby record my presence at the Sixteenth Annual General Meeting of the Company held on Saturday, September 28, 2013 at 11 a.m. at 'Hotel Woodlands', Mini Hall, No. 5, Rajaram Mohan Roy Road, Bangalore – 560 025

Name of the attending Shareholder / Proxy (in block letters) \_\_\_\_\_

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

\_\_\_\_\_  
Signature of the Shareholder / Proxy

**Note:**

Shareholders / Proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate affixing their signature on them.

**VALUEMART INFO TECHNOLOGIES LIMITED**

Regd. Office: No. 2, 2<sup>nd</sup> Floor, R. R. Chambers, 11<sup>th</sup> Main Road, Vasanth Nagar, Bangalore – 560 052

**PROXY FORM**

I / We \_\_\_\_\_ of \_\_\_\_\_ being a Member / Members of Valuemart Info Technologies Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend and vote for me / us and on my / our behalf at the Sixteenth Annual General Meeting of the Company to be held on Saturday, September 28, 2013 at 11 a.m. at 'Hotel Woodlands', Mini Hall, No. 5, Rajaram Mohan Roy Road, Bangalore – 560 025

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Member's Client ID / Folio Number \_\_\_\_\_ No. of shares held \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder / Proxy

**Note:**

The proxy form duly stamped and executed, should be deposited at the Registered Office of the Company situated at No. 2, 2<sup>nd</sup> Floor, R. R. Chambers, 11<sup>th</sup> Main Road, Vasanth Nagar, Bangalore – 560 052 atleast forty eight hours before the time fixed for the commencement of the meeting.



## Book Post

If undelivered, Please return to:

Valuemart Info Technologies Ltd,  
#2, 2nd Floor, RR Chamber,  
11th Main, Vasanthnagar,  
Bangalore - 560 052