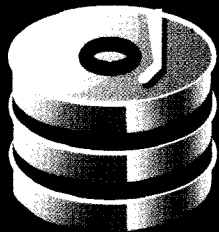




# '09 ANNUAL REPORT



# Enterprise Data Management Solutions

for Compliance and Information Lifecycle Solutions

## About Solix Technologies

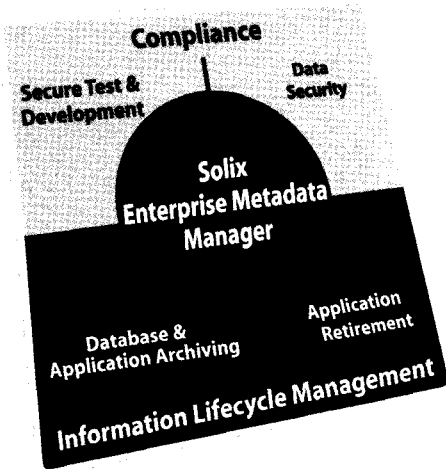
Solix Technologies is a leading provider of enterprise data management solutions with proven success helping organizations worldwide to meet compliance requirements and achieve Information Lifecycle Management (ILM) goals and strategies. Solix has an extensive global client base, including Fortune 500 companies, and is considered the standard for enterprise data management. Our solutions streamline information management, security and automate data storage and retrieval to:

- ▶ Enable compliance and E-Discovery through long term data retention, data masking, database audit and enterprise search.
- ▶ Improve application performance and business agility through active archiving of enterprise data.
- ▶ Improve DBA productivity, reduce storage and secure sensitive data through our Secure Test & Development solutions.
- ▶ Help data migrations for application sunseting and upgrades.

Solix Technologies provides best-of-breed solutions and has partnered with leading platform and application vendors like Oracle, SAP, IBM, NetApp, Hitachi Data Systems, EMC and Sun Microsystems to effectively cater to our customers unique environments and evolving needs.

## Products

- ▶ **DATABASE ARCHIVING** - create and deploy consistent policies for classifying, tiering, and managing archive data from a single archive policy console.  
Secure Test and Development - database cloning, subsetting and data masking to allow organizations to protect data in non-production environments while reducing infrastructure costs and improving development cycles.
- ▶ **DATA AUDITING** - ensure compliance by actively monitoring who is accessing the database and where copies are being made, combined with subsetting and data masking, internal theft of sensitive information is virtually eliminated.
- ▶ **APPLICATION SUNSETTING AND MIGRATION** - consolidation in technology and in business create the need for information lifecycle management practices to ensure data continuity.



## Partial Customer List



**BOARD OF DIRECTORS**

Mr. G. Parmeswara Rao	- Chairman
Mr. Sai Gundavelli	- Managing Director & CEO
Mr. T. Maheshwar Rao	- Whole Time Director
Mr. G. R. Venugopala Chary	- Director
Mr. Mohammed Abdul Majeed	- Director
Mr. Khalik Ashwin	- Director

**REGISTERED & CORPORATE OFFICE**

1486 (12-13-522), Lane No. 13,  
Street No. 14, Tarnaka,  
Secunderabad - 500 017.  
Phone No.: 040-2717 0822 (3 Lines)  
Fax No.: 040-2717 3240  
Email ID: [info@solix.in](mailto:info@solix.in)

**AUDITORS**

M/s. Ramu & Ravi,  
Chartered Accountants  
814, 8<sup>th</sup> Floor, Raghava Ratna Towers,  
Chirag Ali Lane, Abids,  
Hyderabad - 500 001.  
Phone Nos.: 040-23204498; 23204877

**BANKERS**

Citibank, NA, Secunderabad  
State Bank of Hyderabad, Secunderabad  
Union Bank of India, Hyderabad  
Axis Bank Limited, Secunderabad

**SHARE TRANSFER AGENTS**

M/s.Venture Capital and Corporate Investments Limited  
12-10-167, Bharatnagar,  
Hyderabad - 500 018.  
Phone Nos.: 040-23818475 / 476  
Fax No.: 040-23868024  
Email ID : [info@vccilindia.com](mailto:info@vccilindia.com)

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**NOTICE OF  
ANNUAL GENERAL MEETING**

**NOTICE TO MEMBERS**

Notice is hereby given to all the members of the Company that the Twenty Ninth Annual General Meeting of SOLIX TECHNOLOGIES LIMITED will be held on Wednesday, the 30<sup>th</sup> September 2009, at 'West Minister Hall', Hotel Central Court, Lakdi-Ka-Pul, Hyderabad - 500 004 at 3.00 P. M. to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and the Profit and Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. To appoint a Director in the place of Mr. Mohd. Abdul Majeed, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. G. R. Venugopala Chary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the current year and fix their remuneration and for that purpose to pass the following resolution with or without any modifications as an ORDINARY RESOLUTION.

“RESOLVED THAT M/s. Ramu and Ravi, Chartered Accountants, Hyderabad be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.”

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

**By order of the Board of Directors  
of Solix Technologies Ltd.,**

**T.M.Rao  
Whole Time Director**

**NOTES:**

1. **A Member entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the Proxy need not be the Member of the Company. The Proxies in order to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Members/proxies are requested to fill the attendance slips duly filled in for attending the meeting and bring their copies of the Annual Report to the meeting. As a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Members who hold shares in dematerialization form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
5. Members are requested to notify immediately, any change in their address to the Share Transfer Agents.
6. The Company has already notified closure of Register of Members and Transfer Books thereof from 26<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009 (both days inclusive).
7. Non-Resident Indian Shareholders are requested to inform M/s. Venture Capital and Corporate Investments Limited, Hyderabad immediately of:
  - a) the change in the Residential status on their return to India for permanent settlement.
  - b) the particulars of the Bank Account maintained in India with complete name, branch, account number and address of the Bank, if not furnished earlier.
8. Corporate Members intending to depute their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
9. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent viz. M/s. Venture Capital and Corporate Investments Limited, Hyderabad.
10. M/s. Venture Capital and Corporate Investments Limited, (12-10-167, Bharatnagar, Hyderabad-500018. Ph.Nos.: 040-23818475 / 476, Fax No.:040-23868024) acts as the Company's Registrar and Share Transfer Agent for both manual/physical and electronic form of shareholding. All communication relating to shares should be addressed to them directly.
11. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.
12. As required under the Listing Agreement, the particulars of Directors, who are proposed to be appointed / re-appointed, are given below:

1. **Mr. Mohd. Abdul Majeed**, a graduate from the Osmania University, Hyderabad was associated with A.P. State Government for several years. While in the service with State Government, he was held the post of Assistant Director and on reaching superannuation. His long association with the state government & liasoning work with other organizations, helped him in gaining rich experience both in the field of administration and accounts. Presently he is an Independent Director in the Board of Solix Technologies Limited. He is also a member of the Audit Committee of the Board of Solix Technologies Limited.
2. **Mr. G. R. Venugopala Chary**, completed academic & technical education at Hyderabad. He has service record of 6 years at Bharat Electrical Limited, Bangalore and 14 years at Vazir Sultan Tobacco Ltd, Hyderabad. During two decades of service, he gained rich experience in product development, upgradation of machinery and maintenance of special machine. Mr. G. R. Venugopala Chary, a committed entrepreneur, established a small scale industry in the name of Budhan Engineering in the year 1982 to offer engineering support to leading cigarette companies. Mr. Chary is Chairman of the Audit Committee.

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

**By order of the Board of Directors  
of Solix Technologies Ltd.,**

**T.M.Rao  
Whole Time Director**



# **DIRECTORS' REPORT**

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Ninth Annual Report and audited financials for the financial year 2008-09. The financial highlights of the Company are as follows

**FINANCIAL RESULTS**

(Rs. In Thousands)

<b>PARTICULARS</b>	<b>2008-09</b>	<b>2007-08</b>
Total Income	<b>50,076.99</b>	<b>59,868.63</b>
Operating Profit	<b>5,489.19</b>	<b>5,161.37</b>
Depreciation	<b>1,297.22</b>	<b>1,363.15</b>
Profit Before Tax	<b>4,191.96</b>	<b>3,798.22</b>
Provision for Tax - Current Tax - Deferred Tax	<b>732.40</b> <b>(62.73)</b>	<b>391.22</b> <b>(7.29)</b>
Profit After Tax	<b>3,522.29</b>	<b>3360.15</b>
Net Profit	<b>3,339.87</b>	<b>3,174.82</b>
Surplus Brought Forward	<b>57,159.80</b>	<b>53,984.98</b>
Surplus Carried Forward	<b>60,499.67</b>	<b>57,159.80</b>

**COMPANY PERFORMANCE**

For the financial year 2008-09 your Company reported a total income of Rs.500.76 lakhs. The Company has recorded an operating profit of Rs. 54.89 lakhs and a net profit of Rs.33.39 lakhs.

**BUSINESS PLANS**

We offer Enterprise Data Management suite of products that can be sold individually to solve specific technical challenges, but the emphasis of our product development and sales efforts is to create products that can enable businesses to operate efficiently while reducing infrastructure costs and meeting compliance requirements. Our products are currently licensed by companies worldwide in diverse industries such as manufacturing, financial services, telecommunications, retail, healthcare, energy, logistics, government and insurance. We sell our products through direct sales force and through alliances with leading software vendors and systems integrators.

Our professional services offerings include a wide range of consulting services such as systems planning and design, installation and systems integration based on our suite of products. We offer our professional services with the initial deployment of our products as well as on an ongoing basis to address the continuing needs of our customers. We also have relationships with resellers, professional service organizations and system integrators which include their participation in the deployment of our products to customers. These relationships help promote our product and service offerings and provide additional technical expertise to enable us to provide the full range of professional services our customers require to deploy our products.

We offer a suite of software support and maintenance options that are designed to meet the needs of our diverse customer

base. These support options include 24 hour coverage that is available seven days a week, 365 days a year, to meet the needs of our global customers. To accomplish this level of support we have established a worldwide support organization with major support centers in Santa Clara, California and Hyderabad, India and also thru our reseller network. In addition to support teams around the globe, we have a customer support website that provides our customers with the ability to submit service requests, receive confirmation that a service request has been opened and obtain current status on these requests. Additionally, the customer support website provides access to our support procedures, escalation numbers to provide updates and new information about our products.

Solix launching into the Cloud will be the most significant milestone for the year to come.

Cloud computing is widely seen as the new wave, the next big thing, and the realization of a vision of computing as a utility like electricity, delivered out of a plug in the wall and billed based on how much you use. The definition per Gartner for cloud computing is “a style of computing in which massively scalable IT-related capabilities are provided ‘as a service’ using Internet technologies to multiple external customers.” In general, everything in computing seems to be getting the as-a-service tail.

Cloud computing offers several major advantages to users,

- First, it avoids capital expenditure (CapEx) on IT.
- Second, consumption is usually billed on a utility (e.g. resources consumed, like electricity) or subscription (e.g. time based, like a newspaper) basis with little or no upfront cost, eliminating all the complexity of trying to predict what the organization will need three years hence.
- Third, the organization does not need to recruit, pay, and retain people with sometimes rare skills that have nothing to do with the core business.
- Fourth, it gives the business huge flexibility to respond very quickly to business changes compared to the months that it takes to purchase and install a new server and sometimes years to implement an ERP system.
- Fifth, cloud service vendors also can provide a level of disaster recovery capability that many businesses simply cannot afford to build into their internal systems, simply by the nature of the Cloud.

Other benefits of this time sharing style approach are low barriers to entry, shared infrastructure and costs, low management overhead, and immediate access to a broad range of applications. Users can generally terminate the contract at any time (thereby avoiding return on investment risk and uncertainty) and the services are often covered by service level agreements (SLAs) with financial penalties.

Major industry analysts such as Gartner and Forrester are predicting that this will be the wave of future. Forrester Research advises CFOs to take a closer look at cloud computing for messaging and collaboration and enterprise applications. Gartner says Cloud Computing will be as influential as E-business. Gartner also says that cloud computing is very much an evolving concept that will take many years to fully mature. While the buzz is there, enterprises are slow in embracing this model. The first of these to surface in most conversations is data security and loss of control over data. The second is quality-of-service (QoS), including network latency issues.

This now creates a wonderful opportunity for Solix to potentially play a catalyst role in bringing Cloud offering to enterprise customers as it has several products that have direct application to Cloud Computing:

- Solix EDMS Data Masking can provide much greater security by masking the sensitive data as it leaves the organization to go to the Cloud and then unmasking that data as it is retrieved. This ensures that data can only be read by authorized individuals and not by hackers on the Web or dishonest employees of the Cloud service provider.

- Solix EDMS Data Archiving can improve network latency by archiving off the least active data and improving the application performance, potentially that can offset the network latency time lag.

Solix EDMS Application Retirement will soon be offered as a Cloud offering. Application Retirement is removing a system, application, database or platform from service, while retaining access to the business-critical data. Reviewing application portfolio can help enterprises identify under performing or redundant systems where maintenance outweighs business value. By retiring these applications, companies can optimize their portfolio, reducing cost and risk.

### **DIVIDEND**

Your Director's, keeping in view of the prevailing circumstances, have decided not to recommend payment of any dividend for the year.

### **DIRECTORS**

Mr. Mohd. Abdul Majeed and Mr. G. R. Venugopala Chary, both Non-Executive Directors, retire by rotation and the Board of Directors of your Company, at its meeting held on 30<sup>th</sup> June, 2009 recommended for the approval of the members their re-appointment as Non-Executive Directors of your Company, liable to retire by rotation.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND CORPORATE GOVERNANCE**

The Corporate Governance and Management Discussion and Analysis Report form an integral part of this Report and are presented as separate sections to this Annual Report. The Auditors' Certificate certifying compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed with the Report on Corporate Governance

### **AUDITORS**

The auditors, M/s. Ramu and Ravi, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

### **SUBSIDIARY COMPANIES**

Solix Technologies Limited is having the following subsidiary companies:

1. Solix Technologies Inc., USA
2. SITI Corporation Inc., USA
3. AccelForce Pte. Ltd., Singapore
4. AccelForce Sdn. Bhd., Malaysia
5. AccelForce Inc., USA (Wholly owned subsidiary of Solix Technologies Inc., USA)
6. Solix Technologies Europe Ltd., UK \*

\*One of our subsidiary company, viz., Solix Technologies Europe Ltd., UK was dissolved during the year. Our business direction is to engage local and international partners and alliances for sales in UK, Europe and other parts of the world. Our UK subsidiary company was dissolved in light of this direction.

Relevant particulars of all the subsidiaries pursuant to Section 212 of the Companies Act, 1956 form a part of the Annual Report.

### **DEPOSITS**

Your Company has not accepted any fixed deposits during the year under review. As such no amount of principal or interest was outstanding on the date of Balance Sheet.

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

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are set out in this report.

### **PARTICULARS OF EMPLOYEES**

There are no employees who are in receipt of remuneration falling within the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there is no material departure from the same;
- ii. 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 financial year and of the profits of the Company for the period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The annual accounts have been prepared on a going concern basis.

### **RELATED PARTY TRANSACTIONS**

As a matter of policy, your Company carries out transactions with related parties on an arm's length. A statement of these transactions is given in the Notes to Accounts in compliance of Accounting Standard AS-18.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank all the customers, shareholders, suppliers, bankers, financial institutions and Central and State governments for their consistent support to the Company. The Directors also wish to place on record their appreciation of the hard work, dedication and commitment of all the employees.

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

**By order of the Board of Directors**

**G. P. Rao**  
Chairman

**ANNEXURE – I FORMING PART OF THE DIRECTORS’ REPORT**

**Disclosure of Particulars under Section 217 (1) (e) of the Companies Act, 1956**

a. Conservation of Energy

Our operations are not energy intensive. However, measures are being taken to reduce energy consumption by using energy efficient equipment.

b. Research & Development

The Company is constantly carrying out research and development of new products, enhancement to existing products, etc.

c. Technology absorption, adaptation and innovation

Your Company continues to use state of art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software apart from hiring the best talent in the Country.

d. Foreign Exchange earnings and Outgo:

(Rs. In Thousands)

	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>EARNINGS</b>		
Software Development & Services	36,658.09	16,306.79
<b>EXPENDITURE</b>		
Travel	99.82	NIL
Investment in WOS	NIL	14,252.66
Other expenditure-Capital	NIL	NIL
<b>TOTAL</b>	<b>99.82</b>	<b>14,252.66</b>

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

**By order of the Board of Directors  
of Solix Technologies Ltd.,**

**G. P. Rao  
Chairman**

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act 1956, and Generally Accepted Accounting Principles (GAAP) in India. The Management of your Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the company's state of affairs and profits for the year.

The following discussion may include forward looking statements which may involve risks and uncertainties, including but not limited to the risks inherent to Company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

### INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

The year 2008-09 has been a difficult year for economies across the globe with uncertainties of the global financial crisis. The year has been marred by economic recession, collapse of various large financial institutions and record losses being reported by large corporate worldwide. The World Bank painted a grim outlook for the global economy in 2009, with growth weakening to a crawl and trade volume falling for the first time in 26 years. According to its forecast, the global economy would expand a mere 0.9 percent and world trade volume would fall 2.1 percent. On the other hand, International Monetary Fund, forecast the world economy would expand by 2.2 percent and developing economies by 5.1 percent. The United States alone is approaching the longest period of economic decline since the Great Depression.

### OPPORTUNITY

This economic crisis will punish enterprises that cannot cut costs without also losing the ability to serve customers and operate efficiently. For this reason, successful enterprises will make information management a higher priority. Effective Information management enables enterprises to increase their efficiency (critical in a tough economy), improve their ability to compete and reduce risk of failure through greater transparency in their processes, enabling them to anticipate and forestall problems, such as legal and regulatory actions while reducing overall Information Technology costs. Technologies such as Database Archiving, Test Data Management, Data Security, Application Retirement can play a critical role in reducing IT costs while improving efficiency and meeting compliance requirements. They can help improve application performance without buying additional servers/storage, reduce infrastructure costs and meet regulatory compliance/risk (SOX, HIPPA, PCI ...).

Gartner recently did a study on Database Archiving and its key findings were

- Database archiving significantly lowers storage costs for primary storage by moving older data to less-costly storage.
- Archiving reduces the size of primary storage, resulting in improved application performance and lower storage requirements for copies of the database for testing, backup and other purposes.
- It isn't necessary to have terabyte-size database applications to benefit from archiving. Performance and cost improvements can be sizable, even with applications that have less than 200GB of data.

and then recommended

- Every application should have a retention policy that includes when to delete the data. When data is being kept long term, there should be a plan to archive older data.



- Require all new applications to have an archiving plan, because it's easier to implement upfront when the business user and the database administrators are engaged with the application design and deployment than it is once the application is running and everyone has moved on to other projects.

According to Forrester research on Application Retirement, "streamlining the existing application portfolio is a necessary step for organizations that have been in existence for a decade or more, especially if those organizations intend to evolve to SOA, only few legacy applications will be reusable, and some aren't fit for anything but retirement -- but how can you tell which is which? Why waste money maintaining applications that aren't worth keeping? Why not redirect that money to where it will benefit the organization?" Reviewing application portfolio can help Enterprises identify underperforming or redundant systems where maintenance outweighs business value. By retiring these applications, companies can optimize their portfolio, reducing cost and risk. Application Retirement is removing a system, application, database or platform from service, while retaining access to the business-critical data. In other words, it is removing the legacy application and the supporting software and hardware stack while keeping the application data accessible for reporting, regulatory compliance and regular business needs. Further according to Gartner, enterprises have accumulated vast amounts of legacy information but do not know how to find value in it or what risks it contains.

#### Business Drivers for Application Retirement

- Reducing costs
- Consolidating applications
- Upgrading from a legacy system to an off the shelf ERP solution
- Regulatory compliance

The other emerging trend given the current economic crisis is "Cloud Computing". This is widely seen as the new wave, the next big thing, and the realization of a vision of computing as a utility like electricity, delivered out of a plug in the wall and billed based on how much you use. Gartner Says Cloud Computing will be as influential as E-business for several reasons:

- First, it avoids capital expenditure (CapEx) on IT.
- Second, consumption is usually billed on a utility (e.g. resources consumed, like electricity) or subscription (e.g. time based, like a newspaper) basis with little or no upfront cost, eliminating all the complexity of trying to predict what the organization will need three years hence.
- Third, the organization does not need to recruit, pay, and retain people with sometimes rare skills that have nothing to do with the core business.
- Fourth, it gives the business huge flexibility to respond very quickly to business changes compared to the months that it takes to purchase and install a new server and sometimes years to implement an ERP system.
- Fifth, cloud service vendors also can provide a level of disaster recovery capability that many businesses simply cannot afford to build into their internal systems, simply by the nature of the Cloud.

Companies has focussed on business growth by building solutions to the needs of enterprise clients while building long-term relationship with the clients and aggressively pursuing new opportunities. Your Company will continue to improve its value proposition by continuously enhancing solution offerings. The focus will be to increase the revenue contribution per client and to win new high value client.

#### COMPETITION

The market for our products and services is extremely competitive and subject to rapid change. While we offer comprehensive suite of Enterprise Data Management solutions and believe we are the technology leader, we compete with

several large software companies such as IBM, HP & Informatica. Our competition, IBM, HP & Informatica offer products outside our segment and routinely bundle their broader set of products with their infrastructure software products. We expect additional competition from other established and emerging companies. In addition, we may face pricing pressures from our current competitors and new market entrants in the future. We believe that the competitive factors affecting the market for our products and services include product functionality and features, quality of professional services offerings, performance and price, ease of product implementation, quality of customer support services, customer training and documentation, and vendor and product reputation. The relative importance of each of these factors depends upon the specific customer environment. We believe that our products and services currently compete favorably with respect to such factors. However, we may not be able to maintain our competitive position against current and potential competitors.

#### **RESEARCH AND DEVELOPMENT**

Our success is heavily dependent upon our ability to develop new products and technologies and to enhance our existing products. We expect that a majority of our research and development activities will focus on enhancing and extending our Enterprise Data Management Suite and that such enhancements and new products will be developed internally. However, as part of our development strategy, we may also license or acquire externally developed technologies for inclusion in our product lines. We expect that we will continue to commit significant resources to product development in the future.

#### **RISK FACTORS**

The following risk factors, as well as other factors of which we may be unaware or do not currently view as significant, could materially and adversely affect our future operating results and could cause actual events to differ materially from those predicted in the forward-looking statements we make about our business.

#### **POLITICAL AND ECONOMIC CONDITIONS ARE LIKELY TO MATERIALLY ADVERSELY AFFECT OUR REVENUE AND RESULTS OF OPERATIONS**

Our business has been and may continue to be affected by a number of factors that are beyond our control such as general geopolitical economic and business conditions, conditions in the financial services markets, and changes in the overall demand for enterprise software and services. A severe and/or prolonged economic downturn could adversely affect our customers' financial condition and the levels of business activity of our customers. Uncertainty about current global economic conditions could cause businesses to postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values, which could have a material negative effect on the demand for enterprise software and services. Reduced demand for enterprise software could result in a reduction in our future license revenue and a reduction in the rate at which our customers renew their maintenance agreements and procure consulting services.

The current economic crisis affecting the banking system and financial markets and the current uncertainty in global economic conditions have resulted in a tightening in the credit markets, a low level of liquidity in many financial markets, and extreme volatility in credit, equity, currency and fixed income markets. There could be a number of follow-on effects from these economic developments and negative economic trends on our business, including the inability of customers to obtain credit to finance purchases of our products; customer insolvencies; decreased customer confidence to make purchasing decisions; decreased customer demand; and decreased customer ability to pay their trade obligations.

If conditions in the global economy, U.S. economy or other key vertical or geographic markets remain uncertain or weaken further, such conditions could have a material adverse impact on our business, operating results and financial condition. In addition, if we are unable to successfully anticipate changing economic and political conditions, we may be unable to effectively plan for and respond to those changes, which could materially adversely affect our business and results of operations.

Our revenues are highly dependent on clients primarily located in the United States as well as on clients concentrated in certain industries, and economic recession or factors that affect the economic health of the business.

The exchange rate between the Indian rupee and the US dollar has changed substantially in last year and may continue to fluctuate significantly in the future. During fiscal 2009, the value of the rupee against the US dollar depreciated significantly. Accordingly our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian rupee and the US dollar. Any strengthening of the Indian rupee against the US dollar could adversely affect our profitability.

#### **OUR FUTURE REVENUE IS UNPREDICTABLE AND WE EXPECT OUR QUARTERLY OPERATING RESULTS TO FLUCTUATE**

As a result of the evolving nature of the markets in which we compete and the size of our customer agreements, we have difficulty accurately forecasting our revenue in any given period. In addition to the factors discussed elsewhere in this section, a number of factors may cause our revenue to fall short of our expectations, including:

- The relatively long sales cycles for many of our products
- The timing of our new products or product enhancements or any delays in such
- The delay or deferral of customer implementations of our products
- Changes in customer budgets and decision making processes that could affect both the timing
- Reduced spending in the industries that license our products
- Our dependence on large deals, which, if such deals do not close, can greatly impact revenues for a particular quarter
- The timing, size and mix of orders from customers
- The deferral of license revenue to future periods due to the timing of the execution of an
- The impact of our provision of services and customer-required contractual terms on our
- Any unanticipated difficulty we encounter in integrating acquired businesses
- The tendency of some of our customers to wait until the end of a fiscal quarter or our fiscal year in the hope of obtaining more favorable terms
- The amount and timing of operating costs and capital expenditures relating to the expansion of our operations and the evaluation of strategic transactions; and Period-to-period comparisons of our operating results may not be a good indication of our future performance

#### **IF WE CANNOT SUCCESSFULLY RECRUIT, RETAIN AND INTEGRATE HIGHLY SKILLED EMPLOYEES, WE MAY NOT BE ABLE TO EXECUTE OUR BUSINESS STRATEGY EFFECTIVELY**

If we fail to retain and recruit key management, sales and other skilled employees, our business and our ability to obtain new customers, develop new products and provide acceptable levels of customer service could suffer. As we grow, we must invest significantly in building our sales, marketing and engineering groups. Competition for these people in the software industry is intense, and we may not be able to successfully recruit, train or retain qualified personnel. We are competing against companies with greater financial resources and name recognition for these employees, and as such, there is no assurance that we will be able to meet our hiring needs or hire the most qualified candidates. The success of our business is also heavily dependent on the leadership of our key management personnel. The loss of one or more key employees could adversely affect our continued operations.

In addition, we must successfully integrate new employees into our operations and generate sufficient revenues to justify the costs associated with these employees. If we fail to successfully integrate employees or to generate the revenue necessary to offset employee-related expenses, we may be forced to reduce our headcount, which would force us to incur significant expenses and would harm our business and operating results.

**WE OPERATE INTERNATIONALLY AND FACE RISKS RELATED TO THOSE OPERATIONS.**

We earn a significant portion of our total revenues from international sales generated through our foreign direct and indirect operations. As a result of these sales operations, we face risks arising from local political, legal and economic factors such as the general economic conditions in each country or region, varying regulatory requirements and compliance with international and local trade, labor and other laws. We may also face difficulties in managing our international operations, collecting receivables in a timely fashion and repatriating earnings. Any of these factors, either individually or in combination, could materially impact our international operations and adversely affect our business as a whole.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company strictly adhere to the internal control systems established over the years. The Company has a policy of maintaining effective internal control system and strict implementation of policies and procedures so as to safe guard the assets and interests of the Company. The Company has an audit committee consisting of all independent Directors of the Company.

The internal control systems of the Company are implemented with a view to achieve good culture in the organization. The internal control systems of the Company would ensure that any vulnerability in the achievement of the company's objectives caused risk factors whether internal or external, existing or emerging, is deleted and reported in a timely manner and is meted out with appropriate corrective action.

**ANALYSIS OF OUR FINANCIAL STATEMENTS**

**ACCOUNTING POLICY**

The Company's financial statement abided by the generally accepted accounting principles and the Accounting Standards as per section 211(3C) of the Companies Act 1956. The financial statements were prepared under the historical cost convention basis and disclosures were made in accordance with the requirement of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards. The Company followed the mercantile system of accounting and recognized income and expenditure on an accrual basis. The Company made all relevant provisions as were applicable as on March 31<sup>st</sup>, 2009.

**2008-09 vs. 2007-08**

(Rs. In Thousands)

<b>PARTICULARS</b>	<b>2008-09</b>	<b>2007-08</b>
Net sales and other incomes	50,076.99	59,868.63
Operating Profit	5489.19	5,161.37
Profit before tax	4,191.96	3,798.22
Net Profit	3,339.87	3,174.82
Earnings per share after extraordinary items (Basic) (in Rs.)	0.53	0.51

## REVENUE ANALYSIS

The Company's net revenues stood at Rs.500.77 lakhs during the year as compared to Rs.598.7 lakhs in 2007-08.

The segment-wise breakdown of total revenue is given below:

(Rs. In Lakhs)

SEGMENT REVENUE	YEAR ENDED	
	31 <sup>ST</sup> MARCH, 2009 (AUDITED)	31 <sup>ST</sup> MARCH, 2008 (AUDITED)
Overseas	501.32	712.80
Domestic	110.63	96.61
Net Sales from Operations	611.95	809.41
<b>SEGMENT RESULTS:</b>		
Profit / (Loss) before tax and interest from each Segment		
Overseas	107.92	138.13
Domestic	23.82	13.52
<b>Total</b>	<b>131.74</b>	<b>151.65</b>
<b>LESS:</b>		
(i) Interest	20.60	19.72
(ii) Other Un-allocable expenditure net off	70.16	98.26
(iii) Un-allocable income	0.94	4.31
<b>Total Profit Before Tax</b>	<b>41.92</b>	<b>37.98</b>

## EQUITY SHARE CAPITAL

The Company's share capital comprised 62,75,000 equity shares of Rs.10 each which remained unchanged from the previous year.

## RESERVE & SURPLUS

The Reserve & Surplus of the Company consists of Share Premium of Rs.180 lakhs and Profit & Loss Account of Rs.604.99 lakhs including Profit of Rs.33.4 lakhs during the year 2008-09. The Company has total Reserve & Surplus of Rs.784.99 lakhs as compared to Rs.751.6 lakhs in the last year.

## SECURED LOAN

Statement of loans raised/repaid during the Financial Year is:

(Rs. In Lakhs)

PARTICULARS	2008-09	2007-08
Repaid to Bank (EMI)	2.29	2.29
Amount raised by Term Loan from TDB	150.00	50.00
<b>TOTAL</b>		

### **FIXED ASSETS**

Gross Block as of 31<sup>st</sup> March 2009 was Rs. 47.86 lakhs, same as last year. During the year, there are no additions to the gross block.

### **SUNDRY DEBTORS**

The Company's debtors balance was Rs.975.72 lakhs in 2008-09 as compared with Rs.632.75 lakhs in 2007-08.

### **CASH AND BANK BALANCES**

The Company's cash and bank balance was Rs.12.87 lakhs as compared to Rs.17.00 lakhs in 2007-08.

### **TAXATION**

The Company's corporate tax burden was Rs.6.7 lakhs for 2008-09 as compared to Rs.4.38 lakhs in 2007-08.

### **HUMAN RESOURCES**

Our professionals are our most important assets. We believe that the quality and level of service that our professionals deliver are among excellent in the technology industry. The Company understands the significance of human resources in the growth of an organization and is committed to build a highly motivated and committed Human resource team especially when we are in growth mode. We are boosting our hiring sources and strengthening our recruitment channels to improve both our hiring rate as well as the quality of resources we hire.

### **FORWARD LOOKING STATEMENTS**

This report contains forward looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward looking statements. Forward Looking statements are based on certain assumptions and expectation of future events. The Company can not guarantee that these assumption and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

# REPORT ON CORPORATE GOVERNANCE

**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Companies across the world have adopted and practiced the best concept of Corporate Governance, in order to protect stakeholder's interest, including employees, customers, suppliers and vendors.

Corporate Governance is the set of processes, customs, policies, laws and practices affecting the way a company is directed, administered, controlled and governed. Corporate Governance also includes the relationships among the many stakeholders involved and the goals for which the company strives. Solix firmly believes that only good Corporate Governance will generate value on a sustained basis to all its stakeholders. Your Directors place on record the Corporate Governance Report for the year 2008-09.

**2. BOARD OF DIRECTORS**

The Company's Board of Directors' is characterized in Independence, professionalism, transparency in decision making and accountability. The Board of Directors consists of a majority of Non-Executive & Independent Directors. The Company has a Non-Executive Chairman from the Promoter Group.

The constitution of the Board during the financial year 2008-09 is as under:

DIRECTOR	CATEGORY	NUMBER OF		
		OTHER DIRECTORSHIP	COMMITTEE MEMBERSHIP OF COMPANY'S & OTHER BOARD	COMMITTEE CHAIRMANSHIP
Mr. G.Parmeswara Rao	Non-Executive Chairman, Promoter	1	Nil	Nil
Mr. Sai Gundavelli	Managing Director, Promoter	2	Nil	Nil
Mr. T.M.Rao	Whole Time Director, Promoter	3	Nil	Nil
Mrs. G.P. Premalata*	Non-Executive, Promoter	1	Nil	Nil
Mrs. Veena Gundavelli*	Non-Executive, Promoter	2	Nil	Nil
Mr. Abdul Majeed	Non-Executive, Independent	Nil	2	1
Mr. G.R.Venugopala Chary	Non-Executive, Independent	1	2	1
Mr. Khalik Ashwin	Non-Executive, Independent	Nil	2	1

\*Mrs Veena Gundavelli & Mrs. G. P. Premalata has been resigned from the Board w.e.f. 15.05.2008

The Board of Directors of the Company met five times during the Financial Year 2008-09 on 17<sup>th</sup> April 2008, 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 30<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009 The table hereunder gives the attendance record of the Directors at the Board Meetings held during the financial year 2008-09 and previous AGM held on 29.09.2008.



NAME OF THE DIRECTOR	NO. OF BOARD MEETINGS HELD DURING THE TENURE	NO. OF BOARD MEETINGS ATTENDED	WHETHER ATTENDED LAST AGM
Mr. G.Parmeswara Rao	5	5	No
Mr. Sai Gundavelli	5	Nil	Yes
Mr. T.M.Rao	5	5	Yes
Mrs. G.P.Premalata*	1	1	No
Mrs. Veena Gundavelli*	1	1	No
Mr. Mohd.Abdul Majeed	5	5	No
Mr. G.R.Venugopala Chary	5	5	Yes
Mr. Khalik Ashwin	5	5	No

\*Mrs. G. P. Premalata and Mrs. Veena Gundavelli, Directors have resigned from the Board w.e.f. 15.05.2008.

### 3. BOARD LEVEL COMMITTEES

Our Board has constituted three Committees to focus on specific areas and to make informed decisions within the authority delegated to each of the Committees. All decisions and recommendations of the Committees are placed before the Board either for their information or approval. The following are the three Committees of the Board:

- A. Audit Committee.
- B. Remuneration Committee.
- C. Shareholders' /Investors' Grievance Committee.

#### A) AUDIT COMMITTEE

##### OBJECT AND SCOPE

The role, powers and functions of the Audit Committee are in conformity with Section 292A of the Companies Act,1956 and guidelines as stated in Clause 49 of the Listing Agreement inter alia the Committee performs the following functions:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the Management, the annual financial statements before submission to the Board for their approval, with particular reference to:
  - Matters that required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices, and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by Management.
  - Significant adjustments made in the financial statements arising out of audit findings.

- Compliance with listing and other legal requirements relating of in financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
5. Reviewing with the Management, performance of statutory and internal auditors and adequacy of the internal control systems.
  6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  7. Discussion with internal auditors regarding any significant findings and follow up thereon.

**COMPOSITION**

The composition of the Committee complies with the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee comprised of three professional non-executive Independent Directors, viz, Mr. G. R. Venugopala Chary, Mr. Mohd. Abdul Majeed and Mr. Khalik Ashwin.

**MEETINGS**

During the Financial Year 2008-09, five meetings of the Committee were held on 17<sup>th</sup> April 2008, 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 30<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009. The particulars of attendance at the Committee Meetings during the year are given in the table below:

SL. NO.	NAME	CATEGORY	DESIGNATION	NO.OF MEETINGS ATTENDED
1	Mr. G.R.Venugopala Chary	Independent Director	Chairman	5
2	Mr. Abdul Majeed	Independent Director	Member	5
3	Mr. Khalik Ashwin	Independent Director	Member	5

**B) REMUNERATION COMMITTEE**

The Remuneration Committee was constituted by the Board of Directors in accordance with the requirement of clause 49 of the listing agreement. The Committee's objective is to evaluate compensation and other benefits for executive Directors subject to the Board of Directors and Members approval wherever necessary.

The composition of the Remuneration Committee is as follows:

SL. NO.	NAME	CATEGORY	DESIGNATION
1	Mr. Abdul Majeed	Independent Director	Chairman
2	Mr. G.R.Venugopala Chary	Independent Director	Member
3	Mr. Khalik Ashwin	Independent Director	Member

No meeting of the Remuneration Committee was held during the year under review.

### REMUNERATION POLICY

The appointment and remuneration of the Executive Directors is governed by resolution passed by the Board of Directors and the shareholders of the Company, which covers terms of such appointment, read with the service rules of the Company. Remuneration paid to the Executive Directors is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the General meeting.

There has been no Sitting Fee paid for attending each meeting of the Board of Directors and the Committee meetings for Non-Executive Directors.

The details of remuneration paid to Executive Director are:

(Amount in Rs)

NAME OF DIRECTOR	SALARY	PERQUISITES	CONTRIBUTION TO P.F	COMMISSION	TOTAL
Mr. T.M.Rao	703,200	Nil	Nil	Nil	703,200
Mr. Sai Gundavelli	Nil	Nil	Nil	Nil	Nil

### C) SHARE HOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors' Grievance Committee is responsible for resolving investor's complaints pertaining to share transfers, non receipt of annual reports, issue of duplicate share certificates, transmission of shares & other related complaints.

The Chairman of the Committee is an independent non-executive Director. The Committee meets every fortnight for effecting transfers, transmissions, splits etc.

SL. NO.	NAME	CATEGORY	DESIGNATION
1	Mr. Khalik Ashwin	Independent Director	Chairman
2	Mr. G.R.Venugopala Chary	Independent Director	Member
3	Mr. Abdul Majeed	Independent Director	Member

### SECRETARIAL AUDIT

A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

The audit confirms that the total issued/paid-up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL & CDSL.

### 4. CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, a certificate was issued by M/s. Ramu and Ravi, Chartered Accountants, Statutory Auditors of the Company, regarding compliance of conditions of Corporate Governance is given as an annexure to the Report.

**5. GENERAL BODY MEETINGS**

a. Details of Location and Time of holding the last three AGMs.

YEAR	LOCATION	DATE AND TIME
AGM-2006	Flat No. 208, 2 <sup>nd</sup> Floor, Sangeet Plaza, Marol Maroshi Road, Andheri (E), Mumbai-400 059	29-09-2006, 4:00 P.M
AGM-2007	1486 (12-13-522), Lane No. 13, Street No. 14, Tarnaka, Secunderabad-500 017	28-09-2007, 4:00 P.M
AGM-2008	1486 (12-13-522), Lane No. 13, Street No. 14, Tarnaka, Secunderabad-500 017	28-09-2008, 4:00 P.M

At the last Annual General Meeting held on 29<sup>th</sup> September 2008, there was no special resolutions were passed.

b. There were no resolutions passed by way of postal ballot during the year under review.

**6. DISCLOSURES****(i) Related Party transaction:**

The details of related party transactions as required under Accounting Standard 18 notified under the Companies Act, 1956 are given in Notes to Accounts forming part of accounts for the year ended on 31<sup>st</sup> March 2009.

**(ii) Compliances by the Company:**

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during the last three years/period.

**(iii) Whistle Blower Policy and Access of personnel to the Audit Committee:**

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied to the Audit Committee.

**(iv) Compliance with the Mandatory requirements and Implementation of the Non-Mandatory requirements:**

The Company has complied with the mandatory requirements of the Corporate Governance Clauses of the Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the Listing Agreement.

**(v) Code of Conduct:**

The Board has adopted the Code of Conduct for all Board Members and Senior Management personnel in the Company. The code is comprehensive and applicable to all Executive and Non-Executive Directors as also Senior Management personnel.

The Code of Conduct for Directors and Senior Management personnel as per Clause 49 of the Listing Agreement is presented under the shareholders section in the Company's website viz. [www.solix.in](http://www.solix.in). The Code was circulated among the Directors and Senior Management personnel, the compliance of the same was affirmed by them.

### **Declaration as required under Clause 49 (I) (D) (ii) of the Stock Exchange Listing Agreement**

I hereby declare that all the Directors and senior personnel of the Company have affirmed compliance with Code of Business Conduct for the financial year ended on 31<sup>st</sup> March 2009.

Place: Secunderabad

Date: 30<sup>th</sup> June 2009

**T.M.Rao**

**Whole Time Director**

### **7. MEANS OF COMMUNICATION**

- a. The Quarterly, half-yearly and annual financial results of the company are communicated to the stock exchanges immediately after the same is considered by the Board and are published in prominent English and Telugu news papers.
- b. The Company's website: [www.solix.in](http://www.solix.in). The audited financial statements viz., Balance Sheet, Profit and Loss Account are posted on the Company's website in the Shareholders section.

### **8. CEO/CFO CERTIFICATION**

As required by Clause 49 of the Listing Agreement, the certification from Managing Director and Whole Time Director was placed at a duly convened meeting of the Board of Directors and is given as an annexure to this report.

### **8. GENERAL SHAREHOLDER INFORMATION**

#### **a. Annual General Meeting**

DATE : **Wednesday, the 30<sup>th</sup> September, 2009**  
TIME : **3.00 PM**  
VENUE : **'West Minister Hall', Hotel Central Court,  
Lakdi-Ka-Pul, Hyderabad - 500 004.**

#### **b. Financial Calendar for the year 2009-10 (Tentative)**

Results for Quarter ending June, 2009	-	Last Week of July 2009
Results for Quarter ending September, 2009	-	Last Week of October 2009
Results for Quarter ending December, 2009	-	Last Week of January 2010
Results for Quarter ending March, 2010	-	Last Week of June, 2010

#### **c. Book Closure Date**

**26<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009 (both days inclusive)**

**d. Listing of equity shares & stock code**

The equity shares of the company are listed at :

- (i) Bombay Stock Exchange Ltd., Mumbai, 1st Floor, New Trading Ring, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001 and the listing fee for 2009-10 has already been paid by the company.

**e. Stock Codes**

BSE SCRIP CODE – 501421

Name: solixtec

**f. Stock Market Data**

The Stock Market data of shares of the Company and of the Bombay Exchange for the period from April 2008 to March 2009 is given below:

MONTH	SOLIX TECHNOLOGIES LIMITED	
	HIGH	LOW
April - 2008	36.00	31.45
May - 2008	45.85	36.25
June - 2008	41.85	33.45
July - 2008	41.00	22.85
August - 2008	27.45	20.10
September - 2008	26.00	16.85
October - 2008	18.00	12.10
November - 2008	15.80	12.97
December - 2008	11.80	8.14
January - 2009	12.29	9.36
February - 2009	12.12	8.46
March - 2009	14.68	10.62

**g. Distribution of Shareholding as on 31<sup>st</sup> March 2009**

NOMINAL VALUE Rs.10/- each			SHAREHOLDERS		SHARES	
			NUMBERS	%	NUMBERS	%
1	To	500	318	66.80	55033	0.87
501	To	1000	55	11.55	44693	0.71
1001	To	2000	38	7.98	57941	0.92
2001	To	3000	9	1.89	24017	0.38
3001	To	4000	10	2.10	35943	0.57
4001	To	5000	6	1.26	27575	0.43
50001	To	10000	19	3.99	135556	2.16
10001 and Above			21	4.43	5894242	93.96
<b>TOTAL</b>			<b>476</b>	<b>100.00</b>	<b>6275000</b>	<b>100.00</b>

#### h. Shareholding Pattern as on 31<sup>st</sup> March 2009

SL. NO.	CATEGORY	NO OF SHARE HOLDERS	NO OF SHARES	%
1	Promoters - Indian	12	4663273	74.32
2	Foreign promoters	Nil	Nil	Nil
3	Mutual Funds & UTI	Nil	Nil	Nil
4	Foreign Institutional Investors	Nil	Nil	Nil
5	Non-Resident Indians/OCBs	2	519250	8.27
6	Bodies Corporate	34	29285	0.47
7	Others- Individuals upto Rs.1 Lakh	420	343223	5.47
8	Others- Individuals in excess of Rs.1Lakh	8	719969	11.47
	<b>TOTAL</b>	<b>476</b>	<b>6275000</b>	<b>100.00</b>

**i. Depository Registrar and Transfer Agents**  
**M/s Venture Capital & Corporate Investments Limited,**  
12-10-167, Bharat Nagar,  
Hyderabad – 500 018  
Ph: 040-23818475/76 Fax: 040-23868024

#### i. Share Transfer System

The power to approve transfer of securities in physical form has been delegated by the Board to the Share Transfer Committee. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names giving an option for dematerialisation of the physical shares. Physical shares are dematerialized and electronic credit is given to those shareholders who opt for dematerialisation and in respect of other shareholders who have not opted for dematerialisation, share certificates are dispatched by Registered post.

#### k. Address for Correspondence

For all matters relating to Shares and Annual Reports & Grievances:

**Solix Technologies Limited**  
1486 (12-13-522), Lane No. 13, Street No. 14,  
Tarnaka, Secunderabad - 500 017  
E-mail: [info@solix.in](mailto:info@solix.in)  
Website: [www.solix.in](http://www.solix.in)

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

for Solix Technologies Limited,

T.M.Rao  
Whole Time Director

# **CERTIFICATE ON CORPORATE GOVERNANCE**



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**Ramu & Ravi**  
Chartered Accountants

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## CERTIFICATE

To,  
**The Members,**  
**Solix Technologies Limited.**

We have examined the compliance of the conditions of Corporate Governance by **Solix Technologies Limited** for the year ended on 31<sup>st</sup> March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

**K.V.R.MURTHY**

Partner

**For and on behalf of Ramu & Ravi**

Chartered Accountants

Membership No.200021

Place: Hyderabad

Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: [contact@ramunravi.com](mailto:contact@ramunravi.com)

# CEO/CFO CERTIFICATE

To,  
The Board of Directors,  
SOLIX TECHNOLOGIES LIMITED.

We certify that:

1. We have reviewed the balance sheet and profit and loss account and all its schedules and Notes on accounts as well as the cash flow statements of Solix Technologies Limited for the year ended March 31<sup>st</sup>, 2009 and the Directors' Report and these statements/reports.
  - Do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - Together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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 violative of the Company's code of conduct.
3. 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. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
  - Significant improvement in internal control over financial reporting during the year;
  - Significant changes in accounting policies if any, made during the year and that the same have been discussed in the notes to the financial statements; and
  - No instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

**Sai Gundavelli**  
Managing Director

**T.M.Rao**  
Whole Time Director

# AUDITORS' REPORT

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**Ramu & Ravi**Chartered Accountants

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To,  
**The Members,**  
**Solix Technologies Limited.**

1. We have audited the attached Balance Sheet of SOLIX TECHNOLOGIES LIMITED, as at 31<sup>st</sup> March 2009 and Profit & Loss Account and also the cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on matters specified in paragraph 4 and 5 of the said Order.

Further to our comments referred to in Para 3 above, we report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
- iii. the Balance Sheet and Profit and Loss Account dealt with by this report is in agreement with the books of account;
- iv. in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
- v. on the basis of review of written representations received from the directors, as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956; in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2009; and
  - b. in the case of Profit & Loss Account, of the Profits of the company for the year ended on that date.
  - c. In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

**K.V.R.MURTHY**

Partner

**For and on behalf of Ramu & Ravi**

Chartered Accountants

Membership No.200021

Place: Hyderabad

Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

(i)	(a)	The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
	(b)	As per the phased programme designed by the company all tangible fixed assets have been physically verified by the management at reasonable intervals, and no material discrepancies have been noticed in respect of those assets, which have been physically verified.
	(c)	The Company has not disposed off substantial part of its fixed asset during the year.
(ii)		Due to the nature of Company's business of development of Computer Software and exports, the Company does not maintain inventories. Consequently, provisions of clause 4(ii) of Companies (Auditor's Report) Order, 2003 are not applicable in relation to its activities.
(iii)		The Company has taken loans during the year to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 where the rate of interest and other terms and conditions of loans are not prima facie prejudicial to the interest of the company. The maximum amount involved is Rs.122.32 Lakhs. The year end balances of such loans granted is Rs.109.37 Lakhs
(iv)		In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and in respect of sale of Computer Software and related services. During the course of our audit, no major weakness has been noticed in the internal controls.
(v)		Based on the examination of the books of account and related records and according to the information and explanations provided to us, we are of the opinion that the company has maintained the contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
(vi)		The Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
(vii)		In our opinion the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
(viii)		According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the Company.
(ix)	(a)	According to the information and explanations given to us and the records of the Company examined by us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, investor education and protection fund, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
	(b)	According to the information and explanations given to us, there are no arrears of undisputed statutory dues payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, as at 31 <sup>st</sup> March, 2009 for a period of more than six months.

	<p>As explained to us, and according to the information and explanations given to us, the disputed Income Tax which have not been deposited with the appropriate authorities are as under.</p> <table border="1"> <thead> <tr> <th>NATURE OF DUES</th> <th>AMOUNT DEMAND</th> <th>AMOUNT PAID</th> <th>FORUM WHERE DISPUTES ARE PENDING</th> </tr> </thead> <tbody> <tr> <td>Income Tax</td> <td>Rs 146.72 Lakhs</td> <td>Rs 96.17 Lakhs</td> <td>Commissioner of Income Tax (Appeals), Mumbai.</td> </tr> </tbody> </table>	NATURE OF DUES	AMOUNT DEMAND	AMOUNT PAID	FORUM WHERE DISPUTES ARE PENDING	Income Tax	Rs 146.72 Lakhs	Rs 96.17 Lakhs	Commissioner of Income Tax (Appeals), Mumbai.
NATURE OF DUES	AMOUNT DEMAND	AMOUNT PAID	FORUM WHERE DISPUTES ARE PENDING						
Income Tax	Rs 146.72 Lakhs	Rs 96.17 Lakhs	Commissioner of Income Tax (Appeals), Mumbai.						
(x)	The company does not have any accumulated losses nor has incurred any cash losses during the current year and the immediately preceding financial year.								
(xi)	Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not defaulted in repayment of its dues to the banks. During the year company has not taken any loans from financial institutions nor has it issued any debentures.								
(xii)	According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debenture and other securities.								
(xiii)	In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society to which the provisions of special statute relating to Chit Funds are applicable								
(xiv)	In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and debentures and other investments. .								
(xv)	According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.								
(xvi)	According to the information and explanations given to us and the records of the Company examined by us, the Company has not obtained any term loans during the year.								
(xvii)	According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have prima facie, not been utilized for long term investment.								
(xviii)	According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.								
(xix)	According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report.								
(xx)	The Company has not raised any money by way of public issue during the year.								
(xxi)	According to the information and explanations given to us and on the basis of the audit procedures applied by us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.								

**K.V.R.MURTHY**

Partner

**For and on behalf of Ramu & Ravi**

Chartered Accountants

Membership No.200021

Place: Hyderabad

Date: 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES LIMITED						
BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH, 2009						
		AS ON 31 <sup>ST</sup> MARCH, 2009			AS ON 31 <sup>ST</sup> MARCH, 2008	
		SCHEDULE	RUPEES	RUPEES	RUPEES	RUPEES
<b>I. SOURCES OF FUNDS :</b>						
(1)	Share Holders' Funds					
	a) Share Capital	1		62,750,000		62,750,000
	b) Reserves & Surplus	2		78,499,666		75,159,800
(2)	Secured Loans	3		50,357,730		33,871,809
(3)	Unsecured loans	4		144,300		413,000
(4)	Deferred Tax Liability (net)			168,085		230,820
				<b>191,919,781</b>		<b>172,425,429</b>
<b>II. APPLICATION OF FUNDS :</b>						
(1)	Fixed Assets	11				
	a) Gross Block			9,834,228		9,834,228
	b) Less : Depreciation			6,344,639		5,047,409
	c) Net Block			3,489,589		4,786,819
				<b>3,489,589</b>		<b>4,786,819</b>
(2)	Investments	5		<b>82,923,586</b>		<b>82,923,585</b>
(3)	Current Assets, Loans & Advances					
	a) Software -work-in-progress			23,547,221		34,759,721
	b) Sundry Debtors	6		97,572,121		63,275,388
	c) Cash & Bank Balances	7		1,287,045		1,700,549
	d) Loans & Advances	8		16,220,577		12,933,349
				<b>138,626,964</b>		<b>112,669,007</b>
	Less:					
	Current Liabilities & Provisions					
	a) Liabilities	9		28,546,072		24,092,235
	b) Provisions	10		4,586,879		3,886,879
				<b>33,132,951</b>		<b>27,979,114</b>
	Net Current Assets			<b>105,494,013</b>		<b>84,689,892</b>
	Miscellaneous Expenditure (to the extent not written off or adjusted)			<b>12,593</b>		<b>25,133</b>
				<b>191,919,781</b>		<b>172,425,429</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**

Partner

Membership Number: 200021

For and on behalf of Ramu & Ravi

Chartered Accountants

Sai Gundavelli  
Managing Director

T.M.Rao  
Whole Time Director

Place: Secunderabad

Date: 30<sup>th</sup> June 2009



<b>SOLIX TECHNOLOGIES LIMITED</b>			
<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009</b>			
		<b>AS ON 31<sup>ST</sup> MARCH, 2009</b>	<b>AS ON 31<sup>ST</sup> MARCH, 2008</b>
	<b>SCHEDULE</b>	<b>RUPEES</b>	<b>RUPEES</b>
<b>INCOME</b>			
Sales & Services (TDS Rs.10,77,471/- P.Y. Rs.8,43,428/-)	12	61,195,090	80,941,151
Miscellaneous Income (TDS Rs.Nil, P.Y. Rs.35,926/-)	13	94,402	430,591
Net Increase in Software Work in Progress	14	(11,212,500)	(21,503,113)
		<b>50,076,993</b>	<b>59,868,629</b>
<b>EXPENDITURE</b>			
Cost of sales	15	38,932,731	44,272,155
Selling, General & Administrative Expenses	16	3,582,182	8,450,095
Interest		2,060,350	1,972,470
Preliminary expenses w/off		12,540	12,540
Depreciation & Amortization		1,297,229	1,363,152
		<b>45,885,033</b>	<b>56,070,412</b>
Profit before taxes		4,191,960	3,798,216
Provision for Taxation			
Current		700,000	391,216
Fringe Benefit Tax		32,401	54,144
Deferred Tax		(62,735)	(7,294)
Profit after Taxes		3,522,294	3,360,150
Prior Period Expenses		182,428	185,333
Net Profit		<b>3,339,866</b>	<b>3,174,817</b>
Surplus Brought forward from Last year		57,159,800	53,984,982
Amount available for appropriation & carried to Balance Sheet		60,499,666	57,159,800
<b>EARNING PER SHARE</b>			
Equity shares of par value Rs.10/- each			
Basic		0.53	0.51
Diluted		0.53	0.51
Number of shares used in computing earnings per share		6,275,000	6,275,000

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Sai Gundavelli**  
Managing Director

**T.M.Rao**  
Whole Time Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES LIMITED			
SCHEDULES FORMING PART OF THE BALANCE SHEET			
		AS ON 31 <sup>ST</sup> MARCH, 2009	AS ON 31 <sup>ST</sup> MARCH, 2008
		RUPEES	RUPEES
<b>1</b>	<b>SHARE CAPITAL :</b>		
	Authorised :		
	70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
	<b>Issued, Subscribed and Paid up:</b>		
	62,75,000 ( PY 62,75,000 ) Equity Shares of Rs.10/- each fully paid Includes Bonus Shares of 55,00,000 Equity Shares of Rs 10/- each fully paid up, allotted on 3 <sup>rd</sup> May, 2005 by capitalising out of Reserves of Rs. 550 lakhs	62,750,000	62,750,000
		<b>62,750,000</b>	62,750,000
<b>2</b>	<b>RESERVES &amp; SURPLUS :</b>		
	Share Premium Account	18,000,000	18,000,000
	Profit & Loss Account	60,499,666	57,159,800
		<b>78,499,666</b>	75,159,800
<b>3</b>	<b>SECURED LOANS</b>		
	From Technology Development Board, New Delhi, India	50,159,176	33,479,176
	From Bank - ICICI Car Loan	198,554	392,633
		<b>50,357,730</b>	33,871,809
<b>4</b>	<b>UNSECURED LOAN :</b>		
	From Directors & their relatives	144,300	413,000
		<b>144,300</b>	413,000

SOLIX TECHNOLOGIES LIMITED									
SCHEDULES FORMING PART OF THE BALANCE SHEET									
		AS ON 31 <sup>ST</sup> MARCH, 2009			AS ON 31 <sup>ST</sup> MARCH, 2008				
		RUPEES			RUPEES				
<b>5</b>	<b>INVESTMENTS :</b>								
	<b>Long Term Investments :</b>								
	In shares : Quoted (Non Trade)								
	1 (PY 1) fully paid Equity shares of Rs. 10 each in Associated Cement Company Ltd.*					120			120
	* Market Value of Investments								
	Unquoted (Trade)								
	<b>In subsidiary companies</b>								
	2,850,000 (PY 22,800,000) of US \$ 0.01 ( PY \$0.01) fully paid Common Stock in Solix Technologies Inc., USA .					66,653,328			66,653,328
	1 (PY 1) of 1 GBP each in Solix Technologies Europe Limited, UK					72			72
	2 (PY 2 ) of 1 MYR each in AccelForce SDN. BHD., Malaysia					24			24
	1 (PY1 ) of 1 SGD each in AccelForce Pte. Ltd., Singapore					28			28
	4,063,100 (PY 4,063,100) in SITI Corporation Inc., USA					16,270,014			16,270,014
	<b>TOTAL</b>					<b>82,923,586</b>			<b>82,923,586</b>
<b>6</b>	<b>SUNDRY DEBTORS :</b>								
	Debts outstanding for a period exceeding six months					56,585,986			19,564,182
	Other debts					40,986,135			43,711,205
	<b>TOTAL</b>					<b>97,572,121</b>			<b>63,275,387</b>
<b>7</b>	<b>CASH &amp; BANK BALANCES :</b>								
	Cash in hand					320,749			2,399
	Balance with Scheduled Banks								
	In current account					672,144			1,428,004
	In deposit accounts					294,152			270,145
	<b>TOTAL</b>					<b>1,287,045</b>			<b>1,700,548</b>
<b>8</b>	<b>LOANS &amp; ADVANCES :</b>								
	Loan & Advance recoverable in cash or kind or for value to be received					16,220,577			12,933,349
	<b>TOTAL</b>					<b>16,220,577</b>			<b>12,933,349</b>
<b>9</b>	<b>CURRENT LIABILITIES :</b>								
	Sundry Creditors & Other Liabilities					28,546,072			24,092,235
	<b>TOTAL</b>					<b>28,546,072</b>			<b>24,092,235</b>
<b>10</b>	<b>PROVISIONS :</b>								
	Provision for Taxation					4,586,879			3,886,879
	<b>TOTAL</b>					<b>4,586,879</b>			<b>3,886,879</b>
<b>11</b>	<b>FIXED ASSETS :</b>								
		<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>			<b>NET BLOCK</b>	
Sr.No.		AS ON	NET	AS ON	AS ON	PROVISION	AS ON	AS ON	AS ON
	PARTICULARS	01.4.2008	ADDITIONS	31.03.09	01.4.2008	FOR THE YEAR	31.03.09	31.03.09	31.03.08
1	Computers & Accessories	6,772,183	-	6,772,183	4,592,894	1,097,771	5,690,664	1,081,519	2,179,290
2	Office equipment	1,066,910	-	1,066,910	105,260	50,678	155,937	910,973	961,651
3	Furniture & fixtures	1,109,778	-	1,109,778	185,143	70,249	255,392	854,386	924,635
4	Electrical	117,422	-	117,422	11,156	5,578	16,734	100,688	106,266
5	Vehicles	767,935	-	767,935	152,959	72,954	225,912	542,023	614,976
	<b>TOTAL</b>	<b>9,834,228</b>	<b>-</b>	<b>9,834,228</b>	<b>5,047,412</b>	<b>1,297,229</b>	<b>6,344,639</b>	<b>3,489,589</b>	<b>4,786,819</b>
	PREVIOUS YEAR	9,175,517	658,711	9,834,228	3,684,258	1,363,153	5,047,411	4,786,819	5,491,259

SOLIX TECHNOLOGIES LIMITED			
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT.			
		AS ON 31 <sup>ST</sup> MARCH, 2009	AS ON 31 <sup>ST</sup> MARCH, 2008
		RUPEES	RUPEES
<b>12</b>	<b>SALES &amp; SERVICES</b>		
	<b>Export</b>		
	IT Services & BPO Services	36,546,998	76,229,842
	Software Products	111,100	-
	<b>A</b>	<b>36,658,098</b>	<b>76,229,842</b>
	<b>Domestic</b>		
	Information Technology Services (TDS Rs.10,77,471/- P.Y. Rs.8,43,428/-)	11,063,058	8,798,297
	Software Products	-	862,400
	<b>B</b>	<b>11,063,058</b>	<b>9,660,697</b>
	Gain / (Loss) on exchange rate fluctuations	13,473,934	(4,949,388)
	<b>C</b>	<b>13,473,934</b>	<b>(4,949,388)</b>
	<b>(A+B+C)</b>	<b>61,195,090</b>	<b>80,941,151</b>
<b>13</b>	<b>Miscellaneous Income</b>		
	Interest Received	88,040	76,541
	Others	6,362	354,050
		<b>94,402</b>	<b>430,591</b>
<b>14</b>	<b>INCREASE /DECREASE IN SOFTWARE WORK IN PROGRESS</b>		
	Opening Work in Progress	34,759,721	56,262,834
	Closing Work in Progress	23,547,221	34,759,721
		<b>(11,212,500)</b>	<b>(21,503,113)</b>
<b>15</b>	<b>COST OF SALES</b>		
	Salaries, Allowances & Incentives	35,511,195	40,683,417
	External Consultants	1,315,220	-
	Communication Expenses	188,626	871,490
	Electricity charges	804,376	1,158,493
	Travel & Conveyance	696,606	1,342,378
	Insurance	216,709	216,378
	Other Expenses	200,000	-
		<b>44,272,155</b>	<b>44,272,155</b>
<b>16</b>	<b>SELLING ,ADMINISTRATIVE &amp; OTHER EXPENSES :</b>		
	Advertisement	-	2,116
	Auditors' Remuneration	255,068	144,300
	Bank charges	17,037	99,781
	Business Promotion Expenses	10,000	476,418
	Listing & Filing Fee	40,365	75,939
	Miscellaneous Expenses	39,535	89,113
	Office Maintenance	70,444	235,639
	Postage & Delivery	22,488	30,038
	Printing & Stationery	190,048	221,426
	Utilities	22,556	65,579
	Professional Fees	454,390	530,342
	Repairs & Maintenance	109,103	429,379
	Rent, Rates & Taxes	1,817,807	5,032,909
	Staff Welfare	90,062	160,932
	Security charges	88,248	223,330
	Subscription & Membership fees	178,569	270,000
	Legal expenses	21,090	14,799
	Training Expenses	739	2,037
	Telephone Expenses	154,634	346,018
		<b>3,582,182</b>	<b>8,450,096</b>
<b>17</b>	<b>Interest &amp; Finance Charges</b>		
	Interest on TDB Loan	1,680,000	1,533,334
	Interest on others	380,350	439,136
		<b>2,060,350</b>	<b>1,972,470</b>

**SOLIX TECHNOLOGIES LTD.  
NOTES TO ACCOUNTS**

**SOLIX TECHNOLOGIES LIMITED.**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS:**

**1. STATEMENT ON ACCOUNTING POLICIES**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**1.1 REVENUE RECOGNITION**

(a) Revenue from software development on fixed-price and fixed-time frame contracts, where there is no uncertainty as to measurement or collectibility, revenue consideration is recognized as per the percentage of completion method. On the time-and-materials contracts, revenue is recognized as related services are rendered.

(b) Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

(c) Profit on sale of investments is recorded on transfer of title from the company and is determined as difference between sales price and carrying value of the investment.

**1.2 FIXED ASSETS**

Fixed assets are stated at cost less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

**1.3 DEPRECIATION**

Depreciation is provided under the 'Straight Line Method' at the rates specified in Schedule XIV of the Companies Act, 1956.

**1.4 VALUATION OF INVENTORIES**

Closing work-in-progress is valued at cost consisting of employee and direct infrastructure expenses.

**1.5 BORROWING COST**

Borrowing costs are charged to profit & loss account in the year in which they are incurred.

**1.6 INVESTMENTS**

Investments are stated at cost inclusive of brokerage and stamp duty.

**1.7 FOREIGN CURRENCY TRANSACTIONS**

Foreign exchange transactions outstanding are restated at appropriate exchange rates at the close of the year. The gain or loss on account of increase / decrease in rupee liability due to fluctuation in the rate of exchange is charged to Profit & Loss

Account in respect of current assets and to the fixed assets in respect of liability outstanding.

### **1.8 RETIREMENT BENEFITS**

The company does not have any retirement benefit scheme. However until such scheme is framed, the company will follow 'pay as you go' method.

In case of other benefits like Provident Fund, the employees who come under the purview of the Act are extended the benefit.

### **1.9 CONTINGENT LIABILITIES**

As informed to us, there are no contingent liabilities.

### **1.10 RELATED PARTY DISCLOSURES**

As per Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

#### **A) LIST OF RELATED PARTIES**

##### **Holding Company**

Tiebeam Technologies India Private Ltd (formerly Solix Systems Pvt. Ltd.)

##### **Subsidiary Companies**

1. Solix Technologies Inc., USA
2. AccelForce SDN. BHD., Malaysia (formerly Solix Malaysia SDN BHD)
3. AccelForce Pte Ltd., Singapore
4. Siti Corporation Inc., USA
5. AccelForce Inc., (Wholly owned subsidiary of Solix Technologies, Inc USA)
6. Solix Technologies Europe Ltd., UK \*

\*One of our subsidiary company, viz., Solix Technologies Europe Ltd., UK was dissolved during the year. Our business direction is to engage local and international partners and alliances for sales in UK, Europe and other parts of the world. Our UK subsidiary company was dissolved in light of this direction.

##### **Associate Companies**

1. Tiebeam Ventures Inc., USA (formerly Solix Systems Inc.)
2. Digiprise India Pvt Ltd., India
3. Digiprise Inc., USA
4. Tiebeam Pte Ltd., Singapore (formerly Solix Technologies Asia Pacific Pte Ltd)

##### **Key management personnel and relatives**

1. Mr. G.P.Rao
2. Mrs. G.P.Premalata
3. Mr. Sai Gundavelli
4. Mr. T.M.Rao
5. Mrs. T.Geetanjali
6. Mr. Srinath Gundavelli

**B) TRANSACTIONS WITH RELATED PARTIES**

Amount In Rupees

RELATED PARTY	NATURE OF TRANSACTION	AS ON 31 <sup>ST</sup> MARCH, 2009	AS ON 31 <sup>ST</sup> MARCH, 2008
<b>Capital transactions:</b>			
SITI Corporation., USA	Investment in Common Stock - US\$ 356,400	NIL	1,42,52,664
<b>Revenue transactions:</b>			
Solix Technologies Inc., USA	Sale of services	1,86,76,776	63,69,180
SITI Corporation Inc., USA	Sale of services	1,78,70,220	1,64,50,060
Mrs. G.P.Premalata	Rent of office	2,40,000	2,40,000
Mr. Srinath Gundavelli	Rent of Guest House / Office	1,20,000	1,20,000
Tiebeam Technologies India Pvt. Ltd.	Interest income	NIL	1,67,187
Digiprise India Pvt. Ltd.	Interest income	NIL	1,15,644

**c) Details of amounts due to or due from and maximum dues from subsidiaries for the year ended 31<sup>st</sup> March, 2009 and 2008.**

Amount In Rupees

PARTICULARS	AS ON 31 <sup>ST</sup> MARCH 2009	AS ON 31 <sup>ST</sup> MARCH 2008
<b>SUNDRY DEBTORS :</b>		
Solix Technologies Inc., USA	3,66,11,528	3,23,55,377
SITI Corporation Inc., USA	1,75,63,876	1,13,33,356
AccelForce Inc., USA	5,618	5,387
AccelForce Sdn. Bhd., Malaysia	5,618	5,618
AccelForce Pte. Ltd., Singapore	5,618	5,637
Solix Technologies Europe Ltd., UK	5,618	5,618
<b>SUNDRY CREDITORS :</b>		
Solix Technologies Inc., USA	20,56,732	33,19,759
Tiebeam Ventures Inc., USA	16,24,227	NIL
Tiebeam Technologies India Pvt. Ltd.	90,77,011	NIL
<b>LOANS &amp; ADVANCES :</b>		
Tiebeam Technologies India Pvt. Ltd.	70,20,562	74,40,723
Digiprise India Pvt. Ltd.	39,17,072	47,91,097
<b>MAXIMUM BALANCES OF LOANS &amp; ADVANCES</b>		
Digiprise India Pvt. Ltd.	47,91,097	48,57,276
Tiebeam Technologies India Pvt. Ltd.	74,40,723	74,40,723



### 1.11 DUES TO SMALL SCALE INDUSTRIES

There are no Small Scale Industrial undertakings to whom amount is outstanding for more than 30 days as at the Balance Sheet date.

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding as at the Balance Sheet date. The information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

### 1.12 PAYMENT TO AUDITORS

Amount In Rupees

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
As Auditors	1,50,000	1,34,832
Reimbursement of expenses	-	9,468
<b>TOTAL</b>	<b>1,50,000</b>	<b>1,44,300</b>

### 1.13 TRANSACTION WITH KEY MANAGEMENT PERSONNEL

The key management personnel comprises of directors. The aggregate managerial remuneration under section 198 of the Companies Act 1956, to the directors (including managing director) is :

Amount In Rupees

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
Whole Time Director Salary	7,03,200	7,03,200
<b>TOTAL REMUNERATION</b>	<b>7,03,200</b>	<b>7,03,200</b>

### 1.14 TAXES ON INCOME

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

Deferred tax is recognized, as the difference between the taxable income and the accounting income that originate at one period and capable of reversal in one or more subsequent periods.

### 1.15 DEFERRED TAX

The break up of net deferred tax assets as on 31<sup>st</sup> March, 2009 is as under:

Amount In Rupees

PARTICULARS	AS ON 1 <sup>ST</sup> APRIL, 2008	CURRENT YEAR	AS ON 31 <sup>ST</sup> MARCH, 2009
Difference between book and tax depreciation and unabsorbed Depreciation	89,422	(257,308)	(167,886)
Sec 40 A (3) of the Income Tax Act,1961.	1,41,381	194,573	335,971
<b>TOTAL</b>	<b>2,30,823</b>	<b>(62,735)</b>	<b>168,085</b>

### 1.16 INCOME TAX

The Income tax department has raised a tax demand of Rs. 37,68,906/-(including interest) for the Assessment year 2002-

2003. Pending disposal of appeal by the Hon'ble IT Appellate Tribunal, Mumbai, the company has paid the entire amount of Rs. 37 lakhs till 04<sup>th</sup> August, 2008.

The Income tax department has also raised a tax demand of Rs.99,80,358/- dated 21/12/2006 (inclusive of interest) for the Assessment year 2004-2005. Pending disposal of our appeal by Hon'ble CIT (Appeals), Mumbai, the company paid an amount of Rs. 26.29 lakhs till 29<sup>th</sup> June 2008. After allowing set-off of previous year losses the tax demand was revised to Rs.41,32,246 by an Order U/s 154 of the Income Tax 1961. However, the Assessment will require further rectification to allow credit for TDS & self assessment tax paid, thus the tax demand shall be Rs.35,57,129/-.

The Income Tax department has also raised a tax demand of Rs.9,23,013/- dated 22.12.2008 for the Assessment Year 2006-2007 disallowing deduction U/s 10A. An appeal has been filed with the Hon'ble CIT (Appeals), Mumbai.

**Most of Solix operations are conducted through Software Technology Park ("STPs") Income from STP's is tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences commercial operations, or March 31<sup>st</sup>, 2011.**

**1.17 SEGMENT REPORTING**

- a) Software development Services, Information Technology enabled services and products are considered as its business segment. The Company is primarily engaged in the said business, the activities as such are governed by the same sets of risk and return. Therefore they have been grouped as single segment as per AS-17 dealing with segment reporting. All the assets of the company are located in India and hence secondary segment reporting is based on geographical location of the customers.
- b) Information about secondary segment information:

Rupees in lakhs

<b>REVENUE</b>	<b>31<sup>ST</sup> MARCH, 2009</b>	<b>31<sup>ST</sup> MARCH, 2008</b>
<b>Domestic Sales</b>	110.63	96.61
<b>Overseas Sales</b>	501.32	712.80
Work in progress	(112.12)	(215.03)
	<b>499.83</b>	<b>594.38</b>
<b>Profit/Loss before tax and unallocated expenditure from each segment</b>		
Domestic	23.82	13.52
Overseas	107.92	138.13
	<b>131.74</b>	<b>151.65</b>
<b>Unallocated expenditure net of income</b>		<b>126.21</b>
<b>Profit before taxes</b>	<b>41.92</b>	<b>37.98</b>
<b>Capital employed Assets-External liabilities</b>		
Domestic	323.70	190.44
Overseas	1150.16	1038.67
Unallocated corporate assets-liabilities	442.22	92.80
	<b>1,916.07</b>	<b>1321.91</b>

1.18 Previous year figures have been regrouped / reclassified to confirm to current year classification.

**1.19 FOREIGN EXCHANGE INFLOW / OUTFLOW:**

a) Earning in foreign currency	:	<b>Rs.1,92,87,354.30/-</b> ( Pr year Rs 1,63,06,793/-)
b) Expenditure in foreign currency	:	<b>Rs. 99,825/-</b> (Pr. Year Rs. 1,42,52,664/- )

As per our report of even date attached

**For and on behalf of the Board**

**K.V.R.Murthy**

Partner

Membership Number: 200021

**For and on behalf of Ramu & Ravi**

Chartered Accountants

**Sai Gundavelli**  
**Managing Director**

**T.M.Rao**  
**Whole Time Director**

Place: Secunderabad

Date : 30<sup>th</sup> June 2009

# CASH FLOW STATEMENT

SOLIX TECHNOLOGIES LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2009		
		Rupees in Thousands
<b>A. Cash Flow from operating activities :</b>		
Income from Operating activities	3,340	3,175
Adjustment for :		
Add : Depereciation & Amortization	1,297	1,363
Preliminary expenses	13	13
Deferred Tax	(63)	(7)
Operating Profit before working capital charges	4,587	4,543
Adjustment for :		
(Increase)/ Decrease in trade and other receivable	(34,297)	(40,359)
(Increase) /Decrease in the Loans & Advances	(3,287)	1,041
Increase in Software Work in Progress	11,213	17,403
Increase / (Decrease) in Trade payables	5,154	15,852
	<b>(21,217)</b>	<b>(6,063)</b>
Net cash from operating activities (A)	<b>(16,631)</b>	<b>(1,519)</b>
<b>B. Cash Flow from investment activities :</b>		
Investment in fixed assets	0	(659)
Sale of shares	0	(14,253)
Net cash used in Investing activities (B)	0	(14,911)
<b>C. Cash Flow from Financing activities :</b>		
Proceeds from long term & other borrowings	16,217	4,690
Net cash used in Financing activities (C)	16,217	4,690
Net increase in cash and cash equivalent (A+B+C)	(414)	(11,741)
Cash & Cash equivalent at the beginning of the year	1,701	13,441
Cash & Cash equivalent at the end of the year	1,287	1,701

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

Sai Gundavelli  
Managing Director

T.M.Rao  
Whole Time Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

## CERTIFICATE

We have examined the attached Cash Flow Statement of Solix Technologies Limited for the period ended 31<sup>st</sup> March, 2009. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 of Bombay Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 30<sup>th</sup> June, 2009 to the members of the Company.

**K.V.R.MURTHY**

Partner

**For and on behalf of Ramu & Ravi**

Chartered Accountants

Membership No.200021

Place: Hyderabad

Date: 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES LIMITED			
ABSTRACT OF BALANCE SHEET AND PROFILE OF THE COMPANY'S GENERAL BUSINESS			
Rupees in Thousands			
<b>I</b>	<b>Registration Details</b>		
	Registration No.	22277 of 1980	22277 of 1980
	State Code	11	11
	Balance Sheet Date	31-Mar-09	31-Mar-08
<b>II</b>	<b>Capital Raised during the year (Rupees in Thousands)</b>		
	Public Issue	NIL	NIL
	Rights Issue	NIL	NIL
	Bonus Issue	NIL	NIL
	Private Placement	NIL	NIL
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds</b>		
	Total Liabilities	191,920	172,425
	Total Assets	191,920	172,425
	<b>Sources of Funds:</b>		
	Paid-up Capital	62,750	62,750
	Reserves & Surplus	78,500	75,160
	Secured Loans	50,358	33,872
	Unsecured Loans	144	413
	Others	168	231
	<b>Application of Funds:</b>		
	Net Fixed Assets	3,490	4,787
	Investments	82,924	82,924
	Net Current Assets	105,494	84,690
	Misc. Expenditure	13	25
<b>IV</b>	<b>Performance of company (Rupees in Thousands):</b>		
	Total Income	50,077	59,869
	Total Expenditure	45,885	56,070
	Profit/(Loss) Before Tax	4,192	3,798
	Profit/(Loss) After Tax	3,340	3,175
	Earning per share in Rs.	0.53	0.51
	Dividend	NIL	NIL
<b>V</b>	<b>Generic Names of Three Principal Products / Services of Company</b>		
	(as per monetary terms).		
	i) Item Code No. (ITC Code)	N.A.	
	Product Description	IT & IT Enabled Services	

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Sai Gundavelli**  
Managing Director

**T.M.Rao**  
Whole Time Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

# SOLIX TECHNOLOGIES LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY ACCOUNTS						
NAME OF THE SUBSIDIARY	SOLIX TECHNOLOGIES INC., USA	SOLIX TECHNOLOGIES EUROPE LTD, UK *	ACCELFORCE PTE LTD, SINGAPORE	ACCELFORCE SDN BHD, MALAYSIA	SITI CORPORATION INC, US	*ACCELFORCE INC, USA [WHOLLY OWNED SUBSIDIARY OF SOLIX TECHNOLOGIES INC, USA]
FINANCIAL PERIOD ENDED	31 <sup>ST</sup> MARCH, 2008	31 <sup>ST</sup> MARCH, 2008	31 <sup>ST</sup> MARCH, 2008	31 <sup>ST</sup> MARCH, 2008	31 <sup>ST</sup> MARCH, 2008	31 <sup>ST</sup> MARCH, 2008
Holding company's interest	100%	100%	100%	100%	100%	100%
Shares held by the holding company in the subsidiary	2,850,000 shares	1 share	1 share	2 share	4,063,100 shares	10,000 shares
Par Value of each share	US\$ 0.01	GBP 1	S\$ 1	MYR 2	US\$ 0.09	US\$ 1,000
<b>THE NET AGGREGATE OF PROFITS OR LOSSES OF THE SUBSIDIARY FOR THE CURRENT PERIOD SO FAR AS CONCERN THE MEMBERS OF THE HOLDING COMPANY (IN RUPEES)</b>						
a. dealt with or provide for in the accounts of the holding company						
b. not dealt with or provided for in the accounts of the holding company	11,645,221	-	-	-	(11,979,685)	168,349
<b>THE NET AGGREGATE OF PROFITS OR LOSSES OF THE SUBSIDIARY FOR PREVIOUS FINANCIAL YEAR OF THE SUBSIDIARY SO FAR AS IT CONCERN THE MEMBERS OF THE HOLDING COMPANY (IN RUPEES)</b>						
a. dealt with or provide for in the accounts of the holding company						
b. not dealt with or provided for in the accounts of the holding company	1,893,033.00	-	1,191,409.00	(189,498.00)	5,587,536.00	(347,908.00)

\* Solix Technologies Europe Ltd., UK is dissolved on February 10th, 2009.

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**

Partner

Membership Number: 200021

For and on behalf of Ramu & Ravi

Chartered Accountants

**Sai Gundavelli**  
Managing Director

**T.M.Rao**  
Whole Time Director

Place: Secunderabad

Date: 30<sup>th</sup> June 2009



**INDIAN GAAP CONSOLIDATED  
FINANCIAL STATEMENTS  
2008 – 09**

**AUDITORS' REPORT**

To,  
**The Members,**  
**SOLIX TECHNOLOGIES LIMITED.**

1. We have audited the attached Consolidated Balance Sheet of SOLIX TECHNOLOGIES LIMITED and its subsidiaries as at 31<sup>st</sup> March, 2009 and also consolidated Profit and Loss Account and consolidated Cash Flow Statements for the period ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Indian auditing standards issued by the Institute of Chartered Accountants of India. Our audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates and judgments made by the management in the preparation of financial statements and evaluating the overall financial statement presentation. We planned and performed our audit, so as to obtain all the information and explanations which we considered necessary in order to provide us the sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements and to provide a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Solix Technologies Limited and its subsidiaries in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual financial statements of Solix Technologies Limited and its subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31<sup>st</sup> March, 2009;
  - ii) in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the period ended on that date; and
  - iii) in the case of the consolidated Cash Flow Statements of the Company and its subsidiary for the period ended on that date.

**KVR Murthy**  
Partner  
**For and on behalf of Ramu & Ravi,**  
Chartered Accountants  
Membership No. 200021

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com

SOLIX TECHNOLOGIES LIMITED					
CONSOLIDATED BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH, 2009					
		AS ON 31 <sup>ST</sup> MARCH, 2009		AS ON 31 <sup>ST</sup> MARCH, 2008	
	SCHEDULE	RUPEES	RUPEES	RUPEES	RUPEES
<b>I. SOURCES OF FUNDS :</b>					
(1) Share Holders' Funds					
a) Share Capital	1	62,750,000			62,750,000
b) Reserves & Surpluses	2	111,797,352			78,884,718
c) Preferred Stock	3	50,950,000			39,900,000
(2) Secured Loan	4	66,838,689			49,613,093
(3) Unsecured Loans	5	101,624,541			75,510,605
(4) Deferred Tax Liability (net)		168,085			230,820
		394,128,666			306,889,237
<b>II. APPLICATION OF FUNDS :</b>					
(1) Fixed Assets	6				
a) Gross Block		357,609,723		284,766,516	
b) Less : Depreciation		99,104,015		76,484,537	
c) Net Block		258,505,708		208,281,979	
d) Capital Work in Progress		-	258,505,708	-	208,281,979
(2) Investments	7		120		120
(3) Current Assets, Loans & Advances					
a) Software Work-In-Progress		23,547,221		34,759,721	
b) Sundry Debtors	8	134,029,102		116,550,324	
c) Cash & Bank Balances	9	7,940,966		10,225,151	
d) Loans & Advances	10	102,901,544		64,535,058	
		268,418,833		226,070,254	
Less:					
Current Liabilities & Provisions					
a) Liabilities	11	128,221,709		123,601,370	
b) Provisions	12	4,586,879		3,886,879	
		132,808,588		127,488,249	
Net Current Assets			135,610,246		98,582,004
(4) Miscellaneous Expenses to the extent not Written off or adjusted			12,593		25,133
			394,128,667		306,889,236

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**

Partner

Membership Number: 200021

For and on behalf of Ramu & Ravi

Chartered Accountants

Sai Gundavelli  
Managing Director

T.M.Rao  
Whole Time Director

Place: Secunderabad

Date: 30<sup>th</sup> June 2009

<b>SOLIX TECHNOLOGIES LIMITED</b>			
<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH , 2009</b>			
	<b>SCHEDULE</b>	<b>YEAR ENDED</b>	
		<b>31<sup>ST</sup> MARCH, 2009</b>	<b>31<sup>ST</sup> MARCH, 2008</b>
		<b>RUPEES</b>	<b>RUPEES</b>
<b>INCOME</b>			
Sales & Services (TDS Rs.10,77,471/- P.Y. Rs.8,43,428/-)	13	<b>263,207,139</b>	311,383,352
Miscellaneous Income (TDS Rs.Nil, P.Y. Rs.35,926/-)	14	<b>3,063,593</b>	3,408,849
Net Increase in Software Work in Progress		<b>(11,212,500)</b>	(21,503,113)
		<b>255,058,232</b>	<b>293,289,088</b>
<b>EXPENDITURE</b>			
Cost of sales	15	<b>189,728,861</b>	197,096,766
Selling ,General & Adminstrative Expenses	16	<b>32,527,622</b>	46,249,627
Interest		<b>6,175,701</b>	4,389,041
Preliminary expenses w/off		<b>12,540</b>	12,540
Depreciation & Amortization		<b>22,587,663</b>	31,923,877
		<b>251,032,387</b>	<b>279,671,851</b>
Profit before Taxes		<b>4,025,845</b>	13,617,237
Provision for Taxation :			
Current / Fringe Benefit Tax		<b>732,401</b>	694,470
Deferred tax		<b>(62,735)</b>	(7,294)
Prior Period Expenses		<b>182,428</b>	2,359,100
Profit for the year		<b>3,173,752</b>	10,570,961
Surplus Brought forward from Last year		<b>70,557,157</b>	59,986,196
Amount available for appropriation		<b>73,730,908</b>	70,557,157
Less: Capitalisation by Bonus Issue		-	-
Surplus Carried to Balance sheet		<b>73,730,908</b>	70,557,157
<b>EARNING PER SHARE</b>			
Equity shares of par value Rs.10/- each			
Basic		<b>0.51</b>	1.68
Diluted		<b>0.51</b>	1.68
Number of shares used in computing earnings per share		<b>6,275,000</b>	6,275,000

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Sai Gundavelli**  
Managing Director

**T.M.Rao**  
Whole Time Director

Place: Secunderabad  
Date : 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES LIMITED			
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET			
		31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>1</b>	<b>SHARE CAPITAL :</b>		
	<b>Authorised :</b>		
	70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
	<b>Issued, Subscribed and Paid up:</b>		
	62,75,000 ( PY 62,75,000 )Equity Shares of Rs.10/- each fully Paid up Includes Bonus Shares of 55,00,000 Equity Shares of Rs 10/- each fully paid up, allotted on 3 <sup>rd</sup> May, 2005 by capitalising out of Reserves of Rs. 550 lakhs	62,750,000	62,750,000
		<b>62,750,000</b>	<b>62,750,000</b>
<b>2</b>	<b>RESERVES &amp; SURPLUS :</b>		
	Share Premium Account	18,000,000	18000000
	Profit & Loss Account	73,730,908	70,557,157
	Add: Exchange Fluctuation Adjustment	20,066,444	(9,672,437)
		<b>111,797,352</b>	<b>78,884,720</b>
<b>3</b>	<b>PREFERRED STOCK:</b>		
	Prefererd Stock in Solix Technologies Inc.,USA - 1,650,000 Shares	50,950,000	39,900,000
		<b>50,950,000</b>	<b>39,900,000</b>
<b>4</b>	<b>SECURED LOANS :</b>		
	From Technology Development Board, New Delhi, India	50,159,176	33,479,176
	From Banks (Against assignment of debts and hypothecation of equipment)	16,679,513	16,133,917
		<b>66,838,689</b>	<b>49,613,093</b>
<b>5</b>	<b>UNSECURED LOAN :</b>		
	From Directors & their relatives	19,959,886	12,520,620
	Others	81,664,655	62,989,985
		<b>101,624,541</b>	<b>75,510,605</b>

6 FIXED ASSETS :											
Sl.No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON	NET	EXCHANGE FLUCTUATION	AS ON	AS ON	PROVISION	EXCHANGE FLUCTUATION	AS ON	AS ON	AS ON
		01.4.2008	ADDITIONS	ADJUSTMENTS	31.03.09	01.4.2008	FOR THE YEAR	ADJUSTMENTS	31.03.09	31.03.09	31.03.08
1	Computers & Accessories	6,772,183	-	-	6,772,183	4,592,894	1,097,771	-	5,690,664	1,081,519	2,179,290
2	Office equipment	1,066,910	-	-	1,066,910	105,260	50,678	-	155,937	910,973	961,651
3	Furniture & fixtures	1,109,778	-	-	1,109,778	185,143	70,249	-	255,392	854,386	924,635
4	Electrical	117,422	-	-	117,422	11,156	5,578	-	16,734	100,688	106,266
5	Vehicles	767,935	-	-	767,935	152,959	72,954	-	225,912	542,023	614,976
6	Fixed Asset of Subsidiaries	274,932,287	(2,344,362)	75,187,570	347,775,495	71,437,127	20,243,301	1,078,948	92,759,376	255,016,119	203,495,160
	<b>TOTAL</b>	<b>284,766,515</b>	<b>658,711</b>	<b>75,187,570</b>	<b>357,609,723</b>	<b>76,484,539</b>	<b>1,363,153</b>	<b>1,078,948</b>	<b>99,104,015</b>	<b>258,505,708</b>	<b>208,281,979</b>
	PREVIOUS YEAR	261,384,801	24,712,114		284,766,516	47,105,415	29,379,123		76,484,537	208,281,981	212,948,987

SOLIX TECHNOLOGIES LIMITED		
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET		
	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>7 INVESTMENTS :</b>		
Long Term Investments :		
In shares : Quoted (Non Trade)		
1 (PY 1) fully paid Equity shares of Rs. 10/- each in Associated Cement Company Ltd.*	120	120
In shares : Unquoted (Non Trade)		
	<b>120</b>	<b>120</b>
Market Value of Investments *	577	535
<b>8 SUNDRY DEBTORS :</b>		
Debts outstanding for a period exceeding six months	22,998,177	19,564,182
Other debts	111,030,925	96,986,142
	<b>134,029,102</b>	<b>116,550,324</b>
<b>9 CASH &amp; BANK BALANCES :</b>		
Cash in Hand	320,749	2,399
<b>Balance with Scheduled Banks</b>		
In Current accounts	7,326,065	9,952,607
In Deposit accounts	294,152	270,145
	<b>7,940,966</b>	<b>10,225,151</b>
<b>10 LOANS &amp; ADVANCES :</b>		
Loans		
Advance recoverable in cash or kind or for value to be received	29,773,497	43,648,891
Other Loans and Advances	73,128,047	20,886,167
	<b>102,901,544</b>	<b>64,535,058</b>
<b>11 CURRENT LIABILITIES :</b>		
Sundry Creditors & other Liabilities	128,221,709	123,601,370
	<b>128,221,709</b>	<b>123,601,370</b>
<b>12 PROVISIONS :</b>		
Provisions for taxation	4,586,879	3,886,879
	<b>4,586,879</b>	<b>3,886,879</b>

SOLIX TECHNOLOGIES LIMITED			
SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT			
		31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>13</b>	<b>SALES &amp; SERVICES :</b>		
	Information Technology Services	132,053,502	168,659,406
	Business Process Outsourcing	21,307,854	47,597,441
	Software Products	96,371,849	100,075,893
	Gain / (Loss) on exchange rate fluctuations	13,473,934	(4,949,388)
		<b>263,207,139</b>	<b>311,383,352</b>
<b>14</b>	<b>MISCELLANEOUS INCOME</b>		
	Interest Received	88,040	76,541
	Others	2,975,553	3,332,308
		<b>3,063,593</b>	<b>3,408,849</b>
<b>15</b>	<b>COST OF SALES :</b>		
	Salaries, Allowances & Incentives	85,192,293	95,581,858
	External Consultants	80,879,281	74,960,109
	Communication Expenses	700,426	1,585,654
	Electricity charges	804,376	1,158,493
	Equipment rental	97,686	170,060
	Travel & Conveyance	9,532,032	11,120,378
	Insurance	7,067,804	7,415,070
	Other Expenses	5,454,964	5,105,145
		<b>189,728,861</b>	<b>197,096,766</b>
<b>16</b>	<b>SELLING , ADMINISTRATIVE &amp; OTHER EXPENSES :</b>		
	Advertisement	847,095	1,589,609
	Auditors' Remuneration	255,068	144,300
	Bank Charges	17,192	99,781
	Business Promotion Expenses	254,834	(937,368)
	Listing & Filing Fee	150,629	116,724
	Miscellaneous Expenses	11,540,887	19,121,709
	Office Maintenance	343,892	467,899
	Postage & Delivery	102,075	159,967
	Printing & Stationery	190,048	221,426
	Utilities	987,679	1,468,887
	Professional Fees	4,653,408	3,651,135
	Repairs & Maintenance	749,364	742,125
	Rent, Rates & Taxes	6,115,856	11,839,385
	Staff Welfare	192,370	713,795
	Security charges	88,248	223,330
	Subscription & Membership fees	786,595	1,356,356
	Legal expenses	595,764	983,330
	Training Expenses	739	2,037
	Telephone Expenses	4,655,880	4,389,041
		<b>32,527,622</b>	<b>46,353,468</b>

**SOLIX TECHNOLOGIES LTD.  
CONSOLIDATED  
NOTES TO ACCOUNTS**



## CONSOLIDATED

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS:

#### 1 . STATEMENT ON ACCOUNTING POLICIES

The Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

- The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidated Financial Statements issued by the ICAI.
- The financial statements of Solix Technologies Limited, the parent company, Solix Technologies Inc., USA, AccelForce SDN. BHD ., Malaysia (formerly Solix Malaysia SDN. BHD), AccelForce Pte Ltd, Singapore, Solix Technologies Europe Ltd.,UK, SITI Corporation Inc., and AccelForce Inc., (Wholly owned subsidiary of Solix Technologies., Inc USA) have been combined on a line-by-line basis by adding together book values of similar items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain / loss.
- The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

#### 1.1 REVENUE RECOGNITION

- (a) Revenue from software development on fixed- price and fixed - time frame contracts, where there is no uncertainty as to measurement or collectability, revenue consideration is recognized as per the percentage of completion method. On time-and-materials contracts, revenue is recognized as related services are rendered.
- (b) Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.
- (c) Profit on sale of investments is recorded on transfer of title from the company and is determined as difference between sales price and carrying value of the investment.

#### 1.2 FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

#### 1.3 INTANGIBLE ASSETS

##### Capitalization Policy

All costs incurred ( direct & indirect ) for development of a product / tool which is meant to be reused , sold or marketed are identified and capitalized till the point of deployment or sale to an external customer.

All costs incurred, which results in bringing into existence a new version, which would be reused, sold or marketed are capitalized as a separate product / tool till the point of deployment or sale to external customer.

**Amortization Policy**

The capitalized software is amortized over a period of 9 (nine) years commencing from the year in which the product / tool is deployed or sold to an external customer.

**1.4 DEPRECIATION**

Depreciation is provided under the 'Straight Line Method' at the rates provided by schedule XIV to the Companies Act, 1956. Depreciation has not been provided by one of the subsidiary company.

**1.5 VALUATION OF INVENTORIES**

Closing work in progress is valued at cost consisting of employee cost and direct infrastructure expenses

**1.6 BORROWING COST**

Borrowing costs are charged to profit & loss account in the year in which they are incurred.

**1.7 INVESTMENTS**

Investments are stated at cost inclusive of brokerage and stamp duty.

**1.8 FOREIGN CURRENCY TRANSACTIONS**

Foreign exchange transactions outstanding are restated at appropriate exchange rates at the close of the year. The gain or loss on account of increase/decrease in rupee liability due to fluctuation in the rate of exchange is charged to Profit & Loss Account in respect of current assets and to the fixed assets in respect of liability outstanding.

**1.9 RETIREMENT BENEFITS**

The company does not have any retirement benefit scheme. However until such scheme is framed, the company will follow 'pay as you go' method.

In case of other benefits like Provident Fund, the employees who come under the purview of the Act are extended the benefit.

**1.10 CONTINGENT LIABILITIES**

As informed to us, there are no contingent liabilities.

**1.11 RELATED PARTY DISCLOSURES**

As per Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

**a) List of Related Parties**

### Holding Company

Tiebeam Technologies India Private Ltd ( formerly Solix Systems Pvt. Ltd.)

### Subsidiary Companies

1. Solix Technologies Inc., USA
2. Siti Corporation Inc., USA
3. AccelForce Pte Ltd., Singapore.
4. Solix Technologies Europe Ltd.,UK \*
5. AccelForce SDN BHD., Malaysia (formerly Solix Malaysia SDN BHD)
6. AccelForce Inc., USA (A subsidiary of Solix Technologies, Inc USA)

\* Solix Technologies Europe Ltd., UK is since dissolved during the year.

### Associate Companies

1. Tiebeam Ventures Inc., USA (formerly Solix Systems Inc.)
2. Digiprise India Pvt. Ltd., India
3. Digiprise Inc., USA
4. Tiebeam Pte. Ltd., Singapore (formerly Solix Technologies Asia Pacific Pte Ltd.)

### Key management personnel and relatives

1. Mr. G.P.Rao
2. Mrs. G.P.Premalata
3. Mr. Sai Gundavelli
4. Mr. T.M.Rao
5. Mrs. T.Geetanjali
6. Mr. Srinath Gundavelli

### b) Transactions with related parties

Amount in Rupees

RELATED PARTY	NATURE OF TRANSACTION	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>Capital Transactions</b>			
		NIL	NIL
<b>Revenue Transactions:</b>			
Mrs. G.P.Premalata	Rent of Office	2,40,000	2,40,000
Mr. Srinath Gundavelli	Rent of Guest House/Office	1,20,000	1,20,000
Tiebeam Technologies India Pvt. Ltd.	Interest income	-	1,67,187
Digiprise India Pvt. Ltd.	Interest income	-	1,15,644

c) Details of amounts due to or due from and maximum dues from subsidiaries for the year ended 31<sup>st</sup> March, 2009 and 2008.

Amount in Rupees

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>DUE FROM:</b>		
Tiebeam Ventures Inc, (formerly Solix Systems Inc.)	32,459,518	NIL
Digiprise Inc	(1,602,188)	NIL
<b>DUE TO:</b>		
<b>Sundry Creditors</b>		
Tiebeam Technologies India Pvt. Ltd.	90,77,011	NIL
<b>LOANS &amp; ADVANCES :</b>		
Tiebeam Technologies India Pvt.Ltd.	70,20,562	74,40,723
Digiprise India Pvt. Ltd.	39,17,072	47,91,097
<b>MAXIMUM BALANCES OF LOANS AND ADVANCES</b>		
Digiprise India Pvt. Ltd.	47,91,097	48,57,276
Tiebeam Technologies India Pvt. Ltd.	74,40,723	74,40,723

**1.12 DUES TO SMALL SCALE INDUSTRIES**

The company does not owe any money exceeding Rs. 1 Lakh and outstanding for more than 30 days to any Small Scale Industries as at the end of 31<sup>st</sup> March,2009.

There are no Micro, Small and Medium Enterprises, to who the Company owes dues, which are outstanding as at the Balance Sheet date. The information has determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**1.13 PAYMENT TO AUDITORS**

Amount In Rupees

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
As Auditors	1,50,000	1,34,832
Reimbursement of expenses	-	9,468
<b>TOTAL</b>	<b>1,50,000</b>	<b>1,44,300</b>

**1.14 Transaction with key Management personnel**

The key Management personnel comprises of Directors. The aggregate managerial remuneration under section 198 of the Companies Act 1956, to the Directors (including Managing Director) is :

Amount In Rupees

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
Whole Time Director		
Salary	7,03,200	7,03,200
<b>TOTAL REMUNERATION</b>	<b>7,03,200</b>	<b>7,03,200</b>

### 1.15 TAXES ON INCOME

Current tax is the amount payable on the taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized, as the difference between the taxable income and the accounting income that originate at one period and capable of reversal in one or more subsequent periods.

### 1.16 DEFERRED TAX

The break up of net deferred tax assets as on 31<sup>st</sup> March, 2008 is as under:

Amount In Rupees

PARTICULARS	AS ON 1 <sup>ST</sup> APRIL, 2008	CURRENT YEAR	AS ON 31 <sup>ST</sup> MARCH, 2009
Difference between book and tax depreciation and unabsorbed Depreciation	89,422	(257,308)	(167,886)
Sec 40 A (3) of the Income Tax Act,1961.	1,41,398	194,573	335,971
<b>TOTAL</b>	<b>2,30,820</b>	<b>(62,735)</b>	<b>168,085</b>

### 1.17 INCOME TAX

The Income tax department has raised a tax demand of Rs. 37,68,906/- (including interest) for the Assessment year 2002-2003. Pending disposal of appeal by the Hon'ble IT Appellate Tribunal, Mumbai, the company has paid the entire amount of Rs. 37 lakhs till 04<sup>th</sup> August, 2008.

The Income tax department has also raised a tax demand of Rs.99,80,358/- dated 21/12/2006 (inclusive of interest) for the Assessment year 2004-2005. Pending disposal of our appeal by Hon'ble CIT (Appeals), Mumbai, the company paid an amount of Rs. 26.29 lakhs till 29<sup>th</sup> June, 2008. After allowing set-off of previous year losses the tax demand was revised to Rs.41,32,246 by an Order U/s 154 of the Income Tax 1961. However, the Assessment will require further rectification to allow credit for TDS & self assessment tax paid, thus the tax demand shall be Rs.35,57,129/-.

The Income Tax department has also raised a tax demand of Rs.9,23,013/- dated 22.12.2008 for the Assessment Year 2006-2007 disallowing deduction U/s 10A. An appeal has been filed with the Hon'ble CIT (Appeals), Mumbai.

**Most of Solix operations are conducted through Software Technology Park ("STPs") Income from STP's is tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences commercial operations, or March 31<sup>st</sup>, 2011.**

### 1.18 SEGMENT REPORTING

- a) Software development Services and Information Technology enabled services and products are considered as its business segment. The Company is primarily engaged in the said business, the activities as such are governed by the same sets of risk and return. Therefore they have been grouped as single segment as per AS-17 dealing with

segment reporting. All the assets of the company are located in India and hence secondary segment reporting is based on geographical location of the customers.

b) Information about secondary segment information

Rs in lakhs

		YEAR ENDED	
		31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
<b>1</b>	<b>Segment Revenue</b>		
	Overseas	2,521.44	3,017.22
	Domestic	110.63	96.61
	<b>NET SALES FROM OPERATIONS</b>	<b>2,632.07</b>	<b>3,113.83</b>
<b>2</b>	<b>Segment results</b>		
	Profit / (Loss) before tax and interest from each Segment:		
	Overseas	1,418.32	914.32
	Domestic	23.82	13.52
	<b>TOTAL</b>	<b>1,442.14</b>	<b>927.84</b>
	<b>Less:</b>		
	(i) Interest	61.76	43.89
	(ii) Other Un-allocable expenditure net off	1,370.77	878.59
	(iii) Un-allocable income	30.64	34.09
	<b>TOTAL PROFIT BEFORE TAX</b>	<b>40.25</b>	<b>39.45</b>
<b>3</b>	<b>Capital Employed</b>		
	Overseas	2,157.44	1,507.60
	Domestic	323.70	190.44
	Unallocated Corporate Assets less Liabilities	442.22	92.80
	<b>TOTAL</b>	<b>2,923.36</b>	<b>1,790.84</b>

- 1.19 i) Previous year figures have been restated as per audited balance sheet for subsidiary companies.  
 ii) Previous year figures have been regrouped / reclassified to confirm to current year classification.

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
 Partner  
 Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
 Chartered Accountants

**Sai Gundavelli**  
 Managing Director

**T.M.Rao**  
 Whole Time Director

Place: Secunderabad  
 Date : 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES LIMITED		
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH ,2009		
	YEAR ENDED	
	31 <sup>ST</sup> MARCH,2009	31 <sup>ST</sup> MARCH,2008
(in Rs. Thousands)		
<b>A. Cash Flow from operating activities :</b>		
Income from Operating activities	3,174	10,571
Adjustment for :		
Add : Depereciation & Amortization	22,619	31,924
Preliminary expenses	13	13
Deferred Tax	(63)	(7)
Operating Profit before working capital charges	25,743	42,500
Adjustment for :		
Exchange fluctuation on Consolidation	29,739	(9,672)
Increase/ (Decrease) in trade and other receivable	(17,479)	(25,227)
Increase / ( Decrease) in the Loans & Advances	(38,366)	(37,693)
Increase in Software Work in Progress	11,213	21,503
Increase / (Decrease) in Trade payables	5,320	25,128
<b>Net cash from operating activities (A)</b>	<b>16,169</b>	<b>16,540</b>
<b>B. Cash Flow from investment activities :</b>		
Investment in fixed assets	(72,843)	(27,236)
<b>Net cash in Investing activities (B)</b>	<b>(72,843)</b>	<b>(27,236)</b>
<b>C. Cash Flow from Financing activities :</b>		
Proceeds from Pref issue	11,050	(3,690)
Proceeds from long term & other borrowings	43,340	8,633
<b>Net cash used in Financing activities (C)</b>	<b>54,390</b>	<b>4,943</b>
<b>Net increase in cash and cash equivalent (A+B+C)</b>	<b>(2,284)</b>	<b>(5,753)</b>
<b>Cash &amp; Cash equivalent at the beginning of the year</b>	<b>10,225</b>	<b>15,979</b>
<b>Cash &amp; Cash equivalent at the end of the year</b>	<b>7,941</b>	<b>10,225</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
**Membership Number: 200021**  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Sai Gundavelli**  
Managing Director

**T.M.Rao**  
Whole Time Director

Place: Secunderabad  
Date : 30<sup>th</sup> June 2009

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**Ramu & Ravi**

Chartered Accountants

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## CERTIFICATE

We have examined the attached Consolidated Cash Flow Statement of Solix Technologies Limited for the period ended 31<sup>st</sup> March, 2009. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 of Bombay Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 30<sup>th</sup> June, 2009 to the members of the Company.

**K.V.R.MURTHY**

Partner

**For and on behalf of Ramu & Ravi**

Chartered Accountants

Membership No.200021

Place: Hyderabad

Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com



**FINANCIALS OF SUBSIDIARY  
COMPANIES  
2008 - 09**

**DIRECTORS REPORT**

To  
**The Members,  
Solix Technologies Inc, USA.**

Your Directors present this report on **Solix Technologies, Inc, USA** for the financial year ended March 31<sup>st</sup>, 2009. The company has prepared Audited financial statements covering the period from April 1<sup>st</sup>, 2008 through March 31<sup>st</sup>, 2009.

**Financial Highlights**

Amount in US \$

<b>PARTICULARS</b>	<b>31<sup>ST</sup> MARCH, 2009</b>	<b>31<sup>ST</sup> MARCH, 2008</b>
Revenue	4,092,878	4,744,361
Gross Profit	1,152,364	1,162,193
Operating profit	275,706	90,526
<b>NET PROFIT</b>	<b>256,108</b>	<b>55,666</b>

**AUDITORS**

The Board recommends the reappointment of Ramu & Ravi, Chartered Accountants, Hyderabad the present Auditors, as Statutory Auditors of the Company for the year ended March 31<sup>st</sup>, 2010.

**APPRECIATION**

The Board places on record its thanks to all the associates, vendors and other service providers for their continuous support.

**For and on behalf of the Board,**

**Sai Gundavelli  
President & CEO**

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**Ramu & Ravi**  
Chartered Accountants

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To  
**The Members,**  
**Solix Technologies Inc., USA**

We have audited the accompanying Balance Sheet of **Solix Technologies Inc, USA**, as of March 31<sup>st</sup>, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto which we signed in reference to this report. These financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its holding Company i.e. Solix Technologies Limited, as prescribed by Section 212 of the Indian Companies Act, 1956. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

- 1) The Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Company.
- 2) We report that:
  - i. We have obtained all the information and explanations, which to the best our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - v. In our opinion, and to the best of our information and according to the explanations given to us, clause (g) of sub section (1) to section 274 of the Companies act, 1956 is not applicable to the company.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes there on, give the information required by the Companies, act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) In so far as relates to the Balance sheet, of the state of affairs of the company as at March 31<sup>st</sup>, 2009 and
    - b) In so far as it relates to Profit and Loss Account, of the profit of the company for the year ended on that date.

**KVR Murthy**  
Partner  
**For and on behalf of Ramu & Ravi,**  
Chartered Accountants  
Membership No. 200021

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES INC., USA					
BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH 2009					
	SCHEDULE	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
		AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4	125,773	6,408,150	45,796	1,827,254
Accounts Receivable	5	2,591,175	132,020,378	2,048,522	81,736,044
Other Current Assets	6	688,362	35,072,041	431,618	17,221,576
<b>Total Current Assets</b>		<b>3,405,310</b>	<b>173,500,569</b>	<b>2,525,936</b>	<b>100,784,874</b>
Fixed Assets	7	4,569,311	232,806,404	4,663,452	186,071,740
Investments		1,000	50,950	1,000	39,900
Other assets		-	-	199,970	7,978,796
<b>Total Assets</b>		<b>7,975,622</b>	<b>406,357,923</b>	<b>7,390,359</b>	<b>294,875,311</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Current Liabilities & Provisions	8 & 9	2,842,713	144,836,210	2,621,118	104,582,618
<b>Total Current Liabilities</b>		<b>2,842,713</b>	<b>144,836,210</b>	<b>2,621,118</b>	<b>104,582,618</b>
Long-term debt, excluding current portion	10	323,473	16,480,959	421,131	16,803,110
Other liabilities	11	499,088	25,428,542	302,000	12,049,800
<b>Total Liabilities</b>		<b>3,665,274</b>	<b>186,745,710</b>	<b>3,344,249</b>	<b>133,435,528</b>
<b>Shareholders' equity</b>					
Capital stock	12	3,914,420	199,439,699	3,906,020	155,850,198
Retained earnings	13	395,928	20,172,514	140,090	5,589,586
<b>Total shareholders' equity</b>		<b>4,310,348</b>	<b>219,612,213</b>	<b>4,046,110</b>	<b>161,439,784</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,975,622</b>	<b>406,357,923</b>	<b>7,390,359</b>	<b>294,875,311</b>

As per our report of even date attached

For and on behalf of the Board

K.V.R.Murthy  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

Sai Gundavelli  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

SOLIX TECHNOLOGIES INC., USA					
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31 <sup>ST</sup> , 2009					
	SCHEDULE	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
		AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>REVENUES</b>					
Sales	1	4,092,878	186,103,169	4,744,361	198,053,362
<b>Total Revenues</b>		<b>4,092,878</b>	<b>186,103,169</b>	<b>4,744,361</b>	<b>198,053,362</b>
Cost of Sales	2	2,940,514	133,705,170	3,582,169	149,537,630
<b>GROSS PROFIT</b>		<b>1,152,364</b>	<b>52,397,998</b>	<b>1,162,192</b>	<b>48,515,732</b>
Selling, General and Administrative expenses	3	408,428	18,571,215	390,123	16,285,678
Depreciation		468,230	21,290,434	30,192	1,204,661
Amortization				651,352	27,190,690
<b>Total operating expenses</b>		<b>876,658</b>	<b>39,861,648</b>	<b>1,071,667</b>	<b>44,681,029</b>
<b>OPERATING PROFIT</b>		<b>275,706</b>	<b>12,536,350</b>	<b>90,525</b>	<b>3,834,703</b>
Other Income		65,300	2,969,191	71,344	2,978,258
Interest expense		84,898	3,860,320	58,207	2,429,843
Loss on Sale of investments					-
Taxes				829	34,619
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS/(LOSSES) OF ASSOCIATED COMPANIES</b>		<b>256,108</b>	<b>11,645,221</b>	<b>102,833</b>	<b>4,348,498</b>
Prion Period Adj		-	-	47167	2,069,929
<b>PROFIT FOR THE YEAR</b>		<b>256,108</b>	<b>11,645,221</b>	<b>55,666</b>	<b>1,893,032</b>
<b>PROFIT/(LOSS) BROUGHT FORWARD</b>		<b>139,820</b>	<b>8,527,293</b>	<b>84,423</b>	<b>3,696,553</b>
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>		<b>395,928</b>	<b>20,172,514</b>	<b>140,089</b>	<b>5,589,585</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

Sai Gundavelli  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

<b>SOLIX TECHNOLOGIES INC., USA</b>				
<b>SCHEDULES FOR PROFIT &amp; LOSS ACCOUNT</b>				
<b>PARTICULARS</b>	<b>31<sup>ST</sup> MARCH, 2009</b>		<b>31<sup>ST</sup> MARCH, 2008</b>	
	<b>AMOUNT IN US \$</b>	<b>AMOUNT IN INR</b>	<b>AMOUNT IN US \$</b>	<b>AMOUNT IN INR</b>
<b>1. SALES</b>				
Services	1,975,861	89,842,420	2,367,706	98,839,868
Products	2,117,017	96,260,749	2,376,656	99,213,493
	<b>4,092,878</b>	<b>186,103,169</b>	<b>4,744,361</b>	<b>198,053,362</b>
<b>2. COST OF SALES / SERVICES</b>				
Salaries and Other Benefits	1,090,084	49,566,134	1,310,950	54,725,617
Professional & Consultancy Charges	1,378,319	62,672,185	1,726,439	72,070,207
Equipment rental	2,148	97,686	4,074	170,060
Communication Expenses	11,256	511,800	17,108	714,164
Travelling and Conveyance	192,463	8,751,306	228,860	9,553,746
Insurance	150,673	6,851,095	172,444	7,198,692
Other Expenses	115,570	5,254,964	122,294	5,105,145
	<b>2,940,514</b>	<b>133,705,170</b>	<b>3,582,169</b>	<b>149,537,631</b>
<b>3. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Office Maintenance	6,014	273,448	5,564	232,260
Utilities	21,225	965,123	33,616	1,403,308
Rent, Rates & Taxes	118,525	5,389,329	163,049	6,806,476
Telephone Expenses	98,994	4,501,246	96,850	4,043,023
Postage	1,750	79,587	3,112	129,929
License & Permits			977	40,785
Repairs & Maintenance	14,081	640,261	7,492	312,746
Advertisement	18,630	847,095	38,028	1,587,493
Gifts & Business Promotion Expenses	5,385	244,834	(33,867)	(1,413,786)
Dues & Subscriptions	13,372	608,026	26,024	1,086,356
Legal expenses	12,600	572,922	23,201	968,531
Staff welfare			-	-
Professional & Consultancy charges	92,347	4,199,018	74,758	3,120,792
Miscellaneous Expenses	5,505	250,325	(48,682)	(2,032,235)
	<b>408,428</b>	<b>18,571,215</b>	<b>390,122</b>	<b>16,285,678</b>

SOLIX TECHNOLOGIES INC., USA				
SCHEDULES FOR BALANCE SHEET				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN \$	AMOUNT IN INR	AMOUNT IN \$	AMOUNT IN INR
<b>4. CASH &amp; CASH EQUIVALENTS</b>	125,773	6,408,150	45,796	1,827,254
	<b>125,773</b>	<b>6,408,150</b>	<b>45,796</b>	<b>1,827,254</b>
<b>5. ACCOUNTS RECEIVABLE</b>	2,591,175	132,020,378	2,048,522	81,736,044
	<b>2,591,175</b>	<b>132,020,378</b>	<b>2,048,522</b>	<b>81,736,044</b>
<b>6. OTHER CURRENT ASSETS</b>	688,362	35,072,041	431,618	17,221,576
	<b>688,362</b>	<b>35,072,041</b>	<b>431,618</b>	<b>17,221,576</b>
<b>7. FIXED ASSETS</b>				
Plant & Machinery				
Computer Hardware	133,310	6,792,169	130,845	5,220,706
Office Equipment	4,442	226,296	4,442	177,217
Furniture & Fixtures	10,693	544,806	10,693	426,649
Software Development	6,085,848	310,073,952	6,152,263	245,475,279
	<b>6,234,293</b>	<b>317,637,224</b>	<b>6,298,243</b>	<b>251,299,851</b>
Less: Accumulated Depreciation & Amortization	1,664,982	84,830,820	1,634,790	65,228,111
	<b>4,569,311</b>	<b>232,806,404</b>	<b>4,663,453</b>	<b>186,071,740</b>
<b>8. ACCOUNTS PAYABLE</b>				
	1,826,222	93,046,020	1,673,215	66,761,277
	<b>1,826,222</b>	<b>93,046,020</b>	<b>1,673,215</b>	<b>66,761,277</b>
<b>9. ACCRUED EXPENSES &amp; CURRENT LIABILITIES</b>				
American Express	100,000	5,095,000	100,000	3,990,000
Deferred Revenue-Unrealised	420,544	21,426,740	265,822	10,606,282
Outstanding Liabilities	495,946	25,268,450	582,082	23,225,060
	<b>1,016,490</b>	<b>51,790,190</b>	<b>947,904</b>	<b>37,821,342</b>
<b>10. DEBT</b>				
Bank borrowings	323,473	16,480,959	421,130	16,803,110
	<b>323,473</b>	<b>16,480,959</b>	<b>421,130</b>	<b>16,803,110</b>
<b>11. LOANS</b>				
Loans from Directors	369,088	18,805,042	302,000	12,049,800
Loans from others	130,000	6,623,500	-	-
	<b>499,088</b>	<b>25,428,542</b>	<b>302,000</b>	<b>12,049,800</b>
<b>12. CAPITAL STOCK</b>				
<b>Common Stock</b>				
2,850,000 ( 22,800,000) at a par value of US\$ 0.01 (PY US\$ 0.01)	2,914,420	148,489,699	2,906,020	115,950,198
<b>Preferred Stock</b>				
1,650,000 (PY 1,650,000) at a par value of US\$ 0.60606 (PY US\$ 0.60606)	1,000,000	50,950,000	1,000,000	39,900,000
	<b>3,914,420</b>	<b>199,439,699</b>	<b>3,906,020</b>	<b>155,850,198</b>
<b>13. RETAINED EARNINGS</b>				
Opening Balance	139,820	8,527,293	84,423	3,679,983
Profit for the Year	256,108	11,645,221	55,667	2,056,972
	0	-		(163,939)
	<b>395,928</b>	<b>20,172,514</b>	<b>140,090</b>	<b>5,573,016</b>

**Solix Technologies Inc., USA**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS**

**1. NATURE OF BUSINESS**

Solix Technologies Inc., USA, is a leading provider of business software products and related services in the area of enterprise data management solutions and information life cycle management solutions, with its primary location in Santa Clara, California, USA and is a subsidiary of Solix Technologies Limited, an Indian Company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies consistently applied by Management in the preparation of the accompanying financial statements.

**ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention.

**USE OF ESTIMATES**

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

**REVENUE RECOGNITION**

Revenue from software development on fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectability of consideration is recognized as per the percentage of completion method. On time-and-materials contracts, revenue is recognized as the related services are rendered.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in multiple element contracts, where revenue is recognized as per the percentage of completion method.

Annual Support Services revenue and revenue from fixed price maintenance contracts are recognized proportionately over the period in which services are rendered.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.

Lease rentals are recognized ratably on a straight line basis over the lease term Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

Dividend income is recognized when the company's right to receive dividend is established.



## **INTANGIBLE ASSETS**

### **CAPITALIZATION POLICY**

All costs incurred (direct & indirect) for development of a product / tool which is meant to be reused, sold or marketed are identified and capitalized till the point of deployment or sale to an external customer.

All costs incurred, which results in bringing into existence a new version, which would be reused, sold or marketed are capitalized as a separate product / tool till the point of deployment or sale to external customer.

### **AMORTIZATION POLICY**

The capitalized software is amortized over a period of 4 (four) years commencing from the year in which the product / tool is deployed or sold to an external customer.

### **PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less depreciation.  
Repairs and maintenance are charged to expense when incurred.

### **INCOME TAXES**

The Company is a C Corporation under the Internal Revenue Code and, therefore, is subject to federal and certain state income taxes.

## **3. LINE OF CREDIT**

The Company has entered into an accounts receivable line of credit with financial institutions. The agreement provided that the financial institution will advance to the Company 80% of net face value of eligible accounts receivable in no event shall the purchased receivables outstanding at any time exceed \$ 1,000,000.

## **4. UNSECURED LOANS**

- a. Notes payable to President & CEO aggregating to US\$ 295,500 – INR 150, 55,725/- (PY US\$ 302,000 – INR 12,049,800/-
- b. Other loans from – NIL (PY : NIL)

## **5. PRIOR YEAR / PERIOD FIGURES**

Previous years figures have been reclassified and regrouped wherever necessary to confirm to current years figures

**Note:** Indian Rupee equivalent of figures have been arrived at by applying the year end and average exchange rate of USD 1.00 = Rs.45.47 and Rs.50.95 respectively. (Previous year: USD 1.00 = Rs.39.90 and Rs.41.75).

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**

Partner

Membership Number: 200021

**For and on behalf of Ramu & Ravi**

Chartered Accountants

**Sai Gundavelli**

**President & CEO**

Place: Hyderabad.

Date: 30<sup>th</sup> June 2009

## DIRECTORS REPORT

To  
The Members,  
SITI Corporation Inc., USA.

Your Directors present this report on SITI Corporation, Inc, USA for the financial year ended March 31<sup>st</sup>, 2009. The company has prepared Audited financial statements covering the period from April 1<sup>st</sup>, 2008 through March 31<sup>st</sup>, 2009.

### Financial Highlights

Amount in US \$

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
Revenue	768,613	960,746
Gross Profit	(67,765)	605,091
Operating profit	(263,082)	135,418
NET PROFIT	(263,464)	133,849

### AUDITORS

The Board recommends the reappointment of Ramu & Ravi, Chartered Accountants, Hyderabad the present Auditors, as Statutory Auditors of the Company for the year ended March 31<sup>st</sup>, 2009.

### APPRECIATION

The Board places on record its thanks to the associates, vendors and other service providers for their continuous support.

For and on behalf of the Board,

Veena Gundavelli  
President & CEO

To  
**The Members,  
SITI Corporation Inc., USA.**

We have audited the accompanying Balance Sheet of SITI Corporation Inc, USA, as of March 31<sup>st</sup>, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto which we signed in reference to this report. These financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its holding Company i.e. Solix Technologies Limited, as prescribed by Section 212 of the Indian Companies Act, 1956. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

- 1) The Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Company.
- 2) We report that:
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
  - In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - In our opinion, and to the best of our information and according to the explanations given to us, clause (g) of sub-section (1) to section 274 of the Companies Act, 1956 is not applicable to the Company.
  - In our opinion and to the best of information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- 3) In so far as relates to the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2009, and
- 4) In so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date.

**KVR Murthy**  
Partner  
**For and on behalf of Ramu & Ravi,**  
Chartered Accountants  
Membership No. 200021

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com

SITI CORPORATION INC., USA					
BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH 2009					
	SCHEDULE	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
		AMOUNT IN \$	AMOUNT IN INR	AMOUNT IN \$	AMOUNT IN INR
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4	21,681	1,104,647	158,712	6,332,608
Accounts Receivable	5	555,830	28,319,558	241,243	9,718,091
Other Current Assets	7	1,003,468	51,126,719	639,631	25,932,624
<b>Total Current Assets</b>		<b>1,580,980</b>	<b>80,550,924</b>	<b>1,039,586</b>	<b>41,983,323</b>
Fixed Assets	6	435,524	22,189,933	435,524	17,377,396
<b>Total Assets</b>		<b>2,016,504</b>	<b>102,740,856</b>	<b>1,475,110</b>	<b>59,360,719</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts Payable & Other Current Liabilities	8	1,579,248	80,462,687	865,335	34,526,855
<b>Total Current Liabilities</b>		<b>1,579,248</b>	<b>80,462,687</b>	<b>865,335</b>	<b>34,526,855</b>
Other liabilities		92,075	4,691,221	-	-
<b>Total Liabilities</b>		<b>1,671,323</b>	<b>85,153,908</b>	<b>865,335</b>	<b>34,526,855</b>
<b>Shareholders' equity</b>					
Capital stock	9	406,310	20,701,495	406,310	16,211,769
Retained earnings	10	(61,129)	(3,114,546)	203,465	8,622,095
<b>Total shareholders' equity</b>		<b>345,181</b>	<b>17,586,949</b>	<b>609,775</b>	<b>24,833,864</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,016,504</b>	<b>102,740,856</b>	<b>1,475,110</b>	<b>59,360,719</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Veena Gundavelli**  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

SITI CORPORATION INC., USA					
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2009					
	SCHEDULE	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
		AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>REVENUES</b>					
Sales	1	768,613	34,948,854	960,746	40,106,344
<b>Total Revenues</b>		<b>768,613</b>	<b>34,948,854</b>	<b>960,746</b>	<b>40,106,344</b>
Cost of Software Development	2	836,378	38,030,124	345,335	14,416,010
<b>GROSS PROFIT</b>					
Selling, General and Administrative expenses	3	195,317	8,881,058	428,121	17,871,917
Amortization of Software Development Expenses				51,871	2,165,373
<b>Total operating expenses</b>		<b>195,317</b>	<b>8,881,058</b>	<b>479,993</b>	<b>20,037,290</b>
<b>OPERATING PROFIT</b>					
Interest expense		382	17,357	235	9,821
Taxes				1,334	55,688
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS/(LOSSES) OF ASSOCIATED COMPANIES</b>					
<b>PROFIT FOR THE YEAR</b>		<b>(263,464)</b>	<b>(11,979,685)</b>	<b>133,849</b>	<b>5,587,536</b>
<b>PROFIT/(LOSS) BROUGHT FORWARD</b>		<b>202,334</b>	<b>8,865,139</b>	<b>69,616</b>	<b>3,034,559</b>
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>		<b>(61,129)</b>	<b>(3,114,546)</b>	<b>203,465</b>	<b>8,622,095</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Veena Gundavelli**  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

SITI CORPORATION INC., USA				
SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>1. SALES</b>				
I T Services	300,000	13,641,000	3,870	161,553
R P O	468,613	21,307,854	956,876	39,944,791
	<b>768,613</b>	<b>34,948,854</b>	<b>960,746</b>	<b>40,106,344</b>
<b>2. COST OF SOFTWARE DEVELOPMENT</b>				
Salaries and Other benefits	2,528	114,965	4,140	172,824
Staff Welfare	-	-	-	-
Cost of Goods sold & External Consultants	832,000	37,831,040	335,823	14,018,931
Travelling and Conveyance	1,850	84,120	5,372	224,254
	<b>836,378</b>	<b>38,030,124</b>	<b>345,335</b>	<b>14,416,010</b>
<b>3. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Staff Welfare	2,250	102,308	10,320	430,808
Miscellaneous Expenses	193,067	8,778,751	417,801	17,441,109
	<b>195,317</b>	<b>8,881,058</b>	<b>428,121</b>	<b>17,871,917</b>
<b>4. CASH &amp; CASH EQUIVALENTS</b>				
Cash & Bank Accounts	21,681	1,104,647	158,712	6,332,608
	<b>21,681</b>	<b>1,104,647</b>	<b>158,712</b>	<b>6,332,608</b>
<b>5. ACCOUNTS RECEIVABLE</b>				
Accounts Receivable	555,830	28,319,558	241,243	9,718,091
	<b>555,830</b>	<b>28,319,558</b>	<b>241,243</b>	<b>9,718,091</b>
<b>6. FIXED ASSETS</b>				
Gross Block	591,138	30,118,488	591,138	23,586,412
Depreciation	155,614	7,928,556	155,614	6,209,016
Net Block	<b>435,524</b>	<b>22,189,933</b>	<b>435,524</b>	<b>17,377,396</b>
<b>7. OTHER CURRENT ASSETS</b>				
Other Current Assets	1,003,468	51,126,719	639,631	25,932,624
	<b>1,003,468</b>	<b>51,126,719</b>	<b>639,631</b>	<b>25,932,624</b>
<b>8. ACCOUNTS PAYABLE &amp; OTHER CURRENT LIABILITIES</b>				
Accounts Payable	1,579,248	80,462,687	865,335	34,526,855
	<b>1,579,248</b>	<b>80,462,687</b>	<b>865,335</b>	<b>34,526,855</b>
<b>9. CAPITAL STOCK</b>				
Common shares	406,310	20,701,495	406,310	16,211,769
	<b>406,310</b>	<b>20,701,495</b>	<b>406,310</b>	<b>16,211,769</b>
<b>10. RETAINED EARNINGS</b>				
Opening Balance	202,334	8,865,139	69,616	3,034,559
Profit for the year	(263,464)	(11,979,685)	133,849	5,587,536
Retained Earnings	<b>(61,129)</b>	<b>(3,114,546)</b>	<b>203,465</b>	<b>8,622,095</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
Chartered Accountants

**Veena Gundavelli**  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

SITI Corporation Inc., USA

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS

### 1. NATURE OF BUSINESS

SITI Corporation, Inc. (SITI) provides enterprise business software products and business process outsourcing services related to talent management, with its primary location is in Santa Clara, California, USA and is owned 100% by Solix Technologies Ltd, India.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied by Management in the preparation of the accompanying financial statements.

#### ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

#### USE OF ESTIMATES

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

#### REVENUE RECOGNITION

Revenue from software development on fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectibility of consideration is recognized as per the percentage of completion method. On time-and-materials contracts, revenue is recognized as the related services are rendered.

- Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.
- Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.
- Lease rentals are recognized ratably on a straight line basis over the lease term.
- Interest is recognized using the time-proportion method, based on rates implicit in the transaction.
- Dividend income is recognized when the company's right to receive dividend is established.

#### INTANGIBLE ASSETS

##### CAPITALIZATION POLICY

All costs incurred (direct & indirect) for development of a product / tool which is meant to be reused, sold or marketed are identified and capitalized till the point of deployment or sale to an external customer.

All costs incurred, which results in bringing into existence a new version, which would be reused, sold or marketed are capitalized as a separate product / tool till the point of deployment or sale to external customer.



#### **AMORTIZATION POLICY**

The capitalized software is amortized over a period of 9 (nine) years commencing from the year in which the product / tool is deployed or sold to an external customer .

#### **PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost.

Repairs and maintenance are charged to expense when incurred.

#### **INCOME TAXES**

The Company is a C Corporation under the Internal Revenue Code and, therefore, is subject to federal and certain state income taxes.

**3. Depreciation has not been provided during the year on its fixed assets.**

#### **4. PRIOR YEAR / PERIOD FIGURES**

Previous years figures have been reclassified and regrouped wherever necessary to confirm to current years figures.

**Note:** Indian Rupee equivalent of figures have been arrived at by applying the year end and average exchange rate of USD 1.00 = Rs.45.47 and Rs.50.95 respectively. (Previous year: USD 1.00 = Rs.39.90 and Rs.41.75 respectively).

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**

Partner

Membership Number: 200021

**For and on behalf of Ramu & Ravi**

Chartered Accountants

**Veena Gundavelli**

President & CEO

Place: Hyderabad.

Date: 30<sup>th</sup> June 2009

**DIRECTORS REPORT**

To,  
The Members,  
AccelForce Inc, USA.

Your Directors present this report on AccelForce Inc., USA for the financial year ended 31<sup>st</sup> March, 2009. The company has prepared Audited financial statements covering the period from April, 1<sup>st</sup> 2008 through March, 31<sup>st</sup> 2009.

**Financial Highlights**

Amount in US \$

<b>PARTICULARS</b>	<b>31<sup>ST</sup> MARCH, 2009</b>	<b>31<sup>ST</sup> MARCH, 2008</b>
Revenue	1,022,834	927,980
Gross Profit	41,768	81,723
Operating profit	8,929	-5,083
<b>NET PROFIT</b>	<b>3,702</b>	<b>-8,334</b>

**AUDITORS**

The Board recommends the reappointment of Ramu & Ravi, Chartered Accountants, Hyderabad the present Auditors, as Statutory Auditors of the Company for the year ended March 31<sup>st</sup>, 2010.

**APPRECIATION**

The Board places on record its thanks to the associates, vendors and other service providers for their continuous support.

**For and on behalf of the Board,**

**Sai Gundavelli**  
President & CEO

---

**Ramu & Ravi**  
Chartered Accountants

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To  
**The Members,**  
**AccelForce Inc., USA.**

We have audited the accompanying Balance Sheet of **AccelForce Inc, USA**, as of March 31<sup>st</sup>, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto which we signed in reference to this report. These financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its holding Company i.e. Solix Technologies Limited, as prescribed by Section 212 of the Indian Companies Act, 1956. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

1. The Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Company.
- 2) We report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- In our opinion, and to the best of our information and according to the explanations given to us, clause (g) of sub-section (1) to section 274 of the Companies Act, 1956 is not applicable to the Company.
- In our opinion and to the best of information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In so far as relates to the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2009, and
- b) In so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date.

**KVR Murthy**  
Partner  
**For and on behalf of Ramu & Ravi,**  
Chartered Accountants  
Membership No. 200021

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com

ACCELFORCE INC.					
BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH, 2009					
PARTICULARS	SCHEDULE	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
		AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	(16,964)	(864,291)	8,452	337,224
Accounts Receivable	6	342,273	17,438,803	439,537	17,537,522
<b>Total Current Assets</b>		<b>325,309</b>	<b>16,574,512</b>	<b>447,989</b>	<b>17,874,746</b>
Fixed Assets		-	-	-	-
Other assets		-	-	-	-
<b>Total Assets</b>		<b>325,309</b>	<b>16,574,512</b>	<b>447,989</b>	<b>17,874,746</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts Payable & other Current Liabilities	7	297,406	15,152,833	376,813	15,034,784
<b>Total Current Liabilities</b>		<b>297,406</b>	<b>15,152,833</b>	<b>376,813</b>	<b>15,034,784</b>
Long-term debt, excluding current portion		-	-	-	-
Bank borrowings	8	-	-	46,976	1,874,342
<b>Total Liabilities</b>		<b>297,406</b>	<b>15,152,833</b>	<b>423,789</b>	<b>16,909,126</b>
<b>Shareholders' equity</b>					
Capital stock		1,000	50,950	1,000	39,900
Retained earnings	9	26,903	1,370,729	23,200	925,719
<b>Total shareholders' equity</b>		<b>27,903</b>	<b>1,421,679</b>	<b>24,200</b>	<b>965,619</b>
<b>Total liabilities and shareholders' equity</b>		<b>325,309</b>	<b>16,574,512</b>	<b>447,989</b>	<b>17,874,745</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Sai Gundavelli**  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

ACCELFORCE INC.					
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2009					
PARTICULARS	SCHEDULE	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
		AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>REVENUES</b>					
Sales	1	1,022,834	46,508,262	927,980	38,738,504
<b>Total Revenues</b>		<b>1,022,834</b>	<b>46,508,262</b>	<b>927,980</b>	<b>38,738,504</b>
Cost of Sales / Services	2	981,066	44,609,071	846,257	35,326,981
<b>GROSS PROFIT</b>					
Selling, General and Administrative expenses	3	32,839	1,493,168	86,806	3,623,722
Depreciation				-	-
<b>Total operating expenses</b>		<b>32,839</b>	<b>1,493,168</b>	<b>86,806</b>	<b>3,623,722</b>
<b>OPERATING PROFIT</b>		<b>8,929</b>	<b>406,023</b>	<b>(5,083)</b>	<b>(212,198)</b>
Interest expense	4	5,227	237,674	(553)	(23,093)
Taxes				3,804	158,803
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS/(LOSSES) OF ASSOCIATED COMPANIES</b>		<b>3,702</b>	<b>168,349</b>	<b>(8,334)</b>	<b>(347,908)</b>
<b>PROFIT FOR THE YEAR</b>		<b>3,702</b>	<b>168,349</b>	<b>(8,334)</b>	<b>(347,908)</b>
<b>PROFIT/(LOSS) BROUGHT FORWARD</b>		<b>23,201</b>	<b>1,202,379</b>	<b>31,534</b>	<b>1,392,749</b>
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>		<b>26,903</b>	<b>1,370,729</b>	<b>23,200</b>	<b>1,044,841</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
Chartered Accountants

**Sai Gundavelli**  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

ACCELFORCE INC.				
SCHEDULES FOR BALANCE SHEET AND PROFIT & LOSS ACCOUNT				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN US \$	AMOUNT IN INR	AMOUNT IN US \$	AMOUNT IN INR
<b>1. SALES</b>				
IT Services	1,022,834	46,508,262	927,980	38,738,504
	<b>1,022,834</b>	<b>46,508,262</b>	<b>927,980</b>	<b>38,738,504</b>
<b>2. COST OF SALES / SERVICES</b>				
External Consultants	981,066	44,609,071	846,257	35,326,981
	<b>981,066</b>	<b>44,609,071</b>	<b>846,257</b>	<b>35,326,981</b>
<b>3. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Legal Expenses	39	1,752	-	-
Miscellaneous Expenses	32,800	1,491,416	86,806	3,623,722
	<b>32,839</b>	<b>1,493,168</b>	<b>86,806</b>	<b>3,623,722</b>
<b>4. INTEREST</b>				
Interest	5,227	237,674	(553)	(23,093)
	<b>5,227</b>	<b>237,674</b>	<b>(553)</b>	<b>(23,093)</b>
<b>5. CASH AND CASH EQUIVALENTS</b>				
Cash & Bank Accounts	(16,964)	(864,291)	8,452	337,224
	<b>(16,964)</b>	<b>(864,291)</b>	<b>8,452</b>	<b>337,224</b>
<b>6. ACCOUNTS RECEIVABLE</b>				
Accounts Receivable	342,273	17,438,803	439,537	17,537,522
	<b>342,273</b>	<b>17,438,803</b>	<b>439,537</b>	<b>17,537,522</b>
<b>7. ACCOUNTS PAYABLE &amp; OTHER CURRENT LIABILITIES</b>				
Accounts Payable & other Current Liabilities	297,406	15,152,833	376,812	15,034,784
	<b>297,406</b>	<b>15,152,833</b>	<b>376,812</b>	<b>15,034,784</b>
<b>8. DEBT</b>				
Bank borrowings	-	-	46,976	1,874,342
	-	-	<b>46,976</b>	<b>1,874,342</b>
<b>9. RETAINED EARNINGS</b>				
Opening Balance	23,201	1,202,379	31,534	1,374,615
Profit for the Year	3,702	168,349	(8,334)	(332,532)
Exchange Fluctuation			-	(116,364)
<b>Retained Earnings</b>	<b>26,903</b>	<b>1,370,729</b>	<b>23,200</b>	<b>925,719</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
Chartered Accountants

Sai Gundavelli  
President & CEO

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

AccelForce Inc., USA

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS

### 1. NATURE OF BUSINESS

AccelForce Inc., provides enterprise business software services in enterprise applications, with its primary location in Santa Clara, California, USA and is owned 100% by Solix Technologies Inc., a US Corporation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied by Management in the preparation of the accompanying financial statements.

#### ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

#### USE OF ESTIMATES

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

#### REVENUE RECOGNITION

Revenue from software development on fixed- price, fixed - time frame contracts, where there is no uncertainty as to measurement or collectability of consideration is recognized as per the percentage of completion method. On time-and-materials contracts, revenue is recognized as the related services are rendered.

- Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.
- Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and the then carrying value of the investment.
- Lease rentals are recognized ratably on a straight line basis over the lease term.
- Interest is recognized using the time-proportion method, based on rates implicit in the transaction.
- Dividend income is recognized when the company's right to receive dividend is established.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less depreciation.  
Repairs and maintenance are charged to expense when incurred.

#### INCOME TAXES

The Company is a C Corporation under the Internal Revenue Code and, therefore, is subject to federal and certain state income taxes.

**3. PRIOR YEAR / PERIOD FIGURES**

Previous years figures have been regrouped / reclassified to confirm to current year Classification.

**Note:** Indian Rupee equivalent of figures have been arrived at by applying the year end and average exchange rate of USD 1.00 = Rs.45.47 and Rs.50.95 respectively. (Previous year: USD 1.00 = Rs.39.90 and Rs.41.75 respectively).

As per our report of even date attached

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
Chartered Accountants

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

For and on behalf of the Board

Sai Gundavelli  
President & CEO



## DIRECTORS REPORT

To,  
The Members,  
AccelForce SDN. BHD.,  
Malaysia.

Your Directors present this report on **AccelForce SDN. BHD**, Malaysia for the financial year ended March 31<sup>st</sup>, 2009. The company has prepared Audited financial statements covering the period from April 1<sup>st</sup>, 2008 through March 31<sup>st</sup>, 2009.

## FINANCIAL HIGHLIGHTS

Amount in MYR

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
Revenue	NIL	NIL
Gross profit / ( Loss)	NIL	-
Operating profit / (Loss)	NIL	(15,329)
NET PROFIT	NIL	(15,329)

Due to the prevailing market conditions the operations of this company have been suspended.

## AUDITORS

The Board recommends the reappointment of Ramu & Ravi ,Chartered Accountants ,Hyderabad the present Auditors , as Statutory Auditors of the Company for the year ended March 31<sup>st</sup>, 2010.

## APPRECIATION

The Board places on record its thanks to the associates, vendors and other service providers for their continuous support.

For and on behalf of the Board,

T.M.Rao  
Director

To,  
**The Members,  
AccelForce Sdn Bhd.,  
Malaysia.**

We have audited the accompanying Balance Sheet of **AccelForce SDN BHD** as of March 31<sup>st</sup>, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto which we signed in reference to this report. These financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its holding Company i.e. Solix Technologies Limited, as prescribed by Section 212 of the Indian Companies Act, 1956. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

1. The Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Company.
2. We report that:
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
  - In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - In our opinion, and to the best of our information & according to the explanations given to us, clause(g) of sub-section (1) to section 274 of the Companies Act, 1956 is not applicable to the Company.
  - In our opinion and to the best of information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) In so far as relates to the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2009, and
    - b) In so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date.

**KVR Murthy**  
Partner  
**For and on behalf of Ramu & Ravi,**  
Chartered Accountants  
Membership No. 200021

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com

<b>ACCELFORCE SDN. BHD., MALAYSIA</b>				
<b>BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009</b>				
<b>PARTICULARS</b>	<b>31<sup>ST</sup> MARCH, 2009</b>		<b>31<sup>ST</sup> MARCH, 2008</b>	
	<b>AMOUNT IN MYR</b>	<b>AMOUNT IN INR</b>	<b>AMOUNT IN MYR</b>	<b>AMOUNT IN INR</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	2,242	32,061	2,242	27,488
Accounts Receivable	10,500	150,150	10,500	128,730
Other Current Assets	40,350	577,005	40,350	494,691
<b>Total Current Assets</b>	<b>53,092</b>	<b>759,216</b>	<b>53,092</b>	<b>650,909</b>
Fixed Assets	3,754	53,682	3,754	46,024
Investments	-	-	-	-
Other assets	-	-	-	-
<b>Total Assets</b>	<b>56,846</b>	<b>812,898</b>	<b>56,846</b>	<b>696,933</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	1,878	26,855	1,878	23,039
Accrued Expenses and other current liabilities	-	-	-	-
<b>Total Current Liabilities</b>	<b>1,878</b>	<b>26,855</b>	<b>1,878</b>	<b>23,039</b>
Long-term debt, excluding current portion	-	-	-	-
Other liabilities	93,460	1,336,478	93,460	1,145,813
<b>Total Liabilities</b>	<b>95,338</b>	<b>1,336,478</b>	<b>95,338</b>	<b>1,168,852</b>
<b>Shareholders' equity</b>				
Capital stock	2	29	2	25
Retained earnings	(38,494)	(550,464)	(38,494)	(471,944)
<b>Total shareholders' equity</b>	<b>(38,492)</b>	<b>(550,436)</b>	<b>(38,492)</b>	<b>(471,919)</b>
<b>Total liabilities and shareholders' equity</b>	<b>56,846</b>	<b>812,898</b>	<b>56,846</b>	<b>696,933</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**T M Rao**  
Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

ACCELFORCE SDN. BHD., MALAYSIA				
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2009				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN MYR	AMOUNT IN INR	AMOUNT IN MYR	AMOUNT IN INR
<b>REVENUES</b>				
Sales	-	-	-	-
Other Income	-	-	-	-
<b>Total Revenues</b>	-	-	-	-
Cost of Software Development	-	-	-	-
<b>GROSS PROFIT</b>	-	-	-	-
Selling, General and Administrative expenses	-	-	15,329	189,498
Depreciation	-	-	-	-
<b>Total operating expenses</b>	-	-	<b>15,329</b>	<b>189,498</b>
<b>OPERATING PROFIT</b>	-	-	<b>(15,329)</b>	<b>(189,498)</b>
Bank Charges	-	-	-	-
Interest expense	-	-	-	-
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS/(LOSSES) OF ASSOCIATED COMPANIES</b>	-	-	<b>(15,329)</b>	<b>(189,498)</b>
<b>PROFIT FOR THE YEAR</b>	-	-	<b>(15,329)</b>	<b>(189,498)</b>
<b>PROFIT/(LOSS) BROUGHT FORWARD</b>	<b>(38,494)</b>	<b>(473,667)</b>	<b>(23,165)</b>	<b>(284,169)</b>
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>	<b>(38,494)</b>	<b>(473,667)</b>	<b>(38,494)</b>	<b>(473,667)</b>

As per our report of even date attached

For and on behalf of the Board

K.V.R.Murthy  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

T M Rao  
Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

ACELFORCE SDN. BHD., MALAYSIA				
SCHEDULES TO BALANCE SHEET				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN MYR	AMOUNT IN INR	AMOUNT IN MYR	AMOUNT IN INR
<b>Cash and Cash Equivalents</b>				
Cash & Bank Accounts	2,242	32,061	2,242	27,488
	<b>2,242</b>	<b>32,061</b>	<b>2,242</b>	<b>27,488</b>
Accounts Receivable	10,500	150,150	10,500	128,730
	<b>10,500</b>	<b>150,150</b>	<b>10,500</b>	<b>128,730</b>
<b>Other Current Liabilities</b>				
Common Stock	2	29	2	25
	<b>2</b>	<b>29</b>	<b>2</b>	<b>25</b>
Accounts Payable	1,421	20,320	1,421	17,421
Accounts Payable - Related Parties - STL	458	6,549	458	5,618
	<b>1,879</b>	<b>26,870</b>	<b>1,879</b>	<b>23,039</b>
<b>Retained Earnings</b>				
Opening Balance	(38,494)	(471,944)	(23,165)	(288,304)
Profit for the Year	-	-	(15,329)	(189,498)
Exchange Fluctuation	-	(78,520)	-	5,858
	<b>(38,494)</b>	<b>(550,464)</b>	<b>(38,494)</b>	<b>(471,944)</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
 Partner  
 Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
 Chartered Accountants

**T.M.Rao**  
 Director

Place: Secunderabad  
 Date: 30<sup>th</sup> June 2009

ACCELFORCE SDN. BHD., MALAYSIA

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS**

**1.NATURE OF BUSINESS**

AccelForce SDN. BHD., Malaysia provides software consulting practice in enterprise applications and is 100% owned by Solix Technologies Limited, India.

**2.SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies consistently applied by Management in the preparation of the accompanying financial statements.

**ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention.

**USE OF ESTIMATES**

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

**Note:** Indian Rupee equivalent of figures have been arrived at by applying the year end exchange rate of MYR 1.00 = Rs. 12.50/-

As per our report of even date attached

**For and on behalf of the Board**

**K.V.R.Murthy**

Partner

Membership Number: 200021

**For and on behalf of Ramu & Ravi**

Chartered Accountants

**T.M.Rao**

Director

Place: Secunderabad

Date: 30<sup>th</sup> June 2009

## DIRECTORS REPORT

To,  
The Members,  
AccelForce Pte Ltd.,  
Singapore.

Your Directors present this report on **AccelForce Pte. Ltd, Singapore** for the financial year ended March 31<sup>st</sup>, 2009. The company has prepared Audited financial statements covering the period from April 1<sup>st</sup>, 2008 through March 31<sup>st</sup>, 2009.

## FINANCIAL HIGHLIGHTS

Amount in SGD

PARTICULARS	31 <sup>ST</sup> MARCH, 2009	31 <sup>ST</sup> MARCH, 2008
Revenue	NIL	42,593
Gross profit /( Loss)	NIL	42,593
Operating profit / (Loss)	NIL	41,398
NET PROFIT	NIL	37,790

## AUDITORS

The Board recommends the reappointment of Ramu & Ravi, Chartered Accountants, Hyderabad the present Auditors, as Statutory Auditors of the Company for the year ended March 31<sup>st</sup>, 2010.

## APPRECIATION

The Board places on record its thanks to the associates, vendors and other service providers for their continuous support.

For and on behalf of the Board

T.M.Rao  
Director

To,  
**The Members,  
AccelForce Pte. Ltd.,  
Singapore.**

We have audited the accompanying Balance Sheet of **AccelForce Pte Ltd, Singapore** as of March 31<sup>st</sup>, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto which we signed in reference to this report. These financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its holding Company i.e. Solix Technologies Limited, as prescribed by Section 212 of the Indian Companies Act, 1956. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

1. The Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Company.
2. We report that:
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
  - In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - In our opinion, and to the best of our information and according to the explanations given to us, clause (g) of sub-section (1) to section 274 of the Companies Act, 1956 is not applicable to the Company.
  - In our opinion and to the best of information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) In so far as relates to the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2009, and
    - b) In so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date.

**KVR Murthy**  
Partner  
**For and on behalf of Ramu & Ravi,**  
Chartered Accountants  
Membership No. 200021

Place: Hyderabad.  
Date: 30<sup>th</sup> June 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.  
Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: [contact@ramunravi.com](mailto:contact@ramunravi.com)



ACCELFORCE PTE. LTD., SINGAPORE				
BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH 2009				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN SGD	AMOUNT IN INR	AMOUNT IN SGD	AMOUNT IN INR
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1	34	1	29
Accounts Receivable	-	-	-	-
Other Current Assets	-	-	-	-
<b>Total Current Assets</b>	<b>1</b>	<b>34</b>	<b>1</b>	<b>29</b>
Plant & Machinery, Other Plant & Machinery		-		
Furniture & Fixtures (net)		-		
Investments	2,117,513	72,673,046	2,117,513	61,217,301
Other assets	-	-	-	-
<b>Total Assets</b>	<b>2,117,514</b>	<b>72,673,080</b>	<b>2,117,514</b>	<b>61,217,330</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Short-term and current portion of long-term debts	-	-	-	-
Accounts Payable	2,079,268	71,360,478	2,079,268	60,111,638
Accrued Expenses and other current liabilities	455	15,616	455	13,154
<b>Total Current Liabilities</b>	<b>2,079,723</b>	<b>71,376,093</b>	<b>2,079,723</b>	<b>60,124,792</b>
Long-term debt, excluding current portion	-	-	-	-
Other liabilities		-		-
<b>Total Liabilities</b>	<b>2,079,723</b>	<b>71,376,093</b>	<b>2,079,723</b>	<b>60,124,792</b>
<b>Shareholders' equity</b>				
Capital stock	1	34	1	28
Retained earnings	37,790	1,296,953	37,790	1,092,510
<b>Total shareholders' equity</b>	<b>37,791</b>	<b>1,296,987</b>	<b>37,791</b>	<b>1,092,538</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,117,514</b>	<b>72,673,080</b>	<b>2,117,514</b>	<b>61,217,330</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**T.M.Rao**  
Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

<b>ACCELFORCE PTE. LTD., SINGAPORE</b>				
<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009</b>				
<b>PARTICULARS</b>	<b>31<sup>ST</sup> MARCH, 2009</b>		<b>31<sup>ST</sup> MARCH, 2008</b>	
	<b>AMOUNT IN SGD</b>	<b>AMOUNT IN INR</b>	<b>AMOUNT IN MYR</b>	<b>AMOUNT IN SGD</b>
<b>REVENUES</b>				
Sales	-	-		-
Other Income	-	-	42,593	1,225,827
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>42,593</b>	<b>1,225,827</b>
Cost of Software Development				
<b>GROSS PROFIT</b>	<b>-</b>	<b>-</b>	<b>42,593</b>	<b>1,225,827</b>
Selling, General and Administrative expenses	-	-	1,195	34,417
Depreciation	-	-	-	-
<b>Total operating expenses</b>	<b>-</b>	<b>-</b>	<b>1,195</b>	<b>34,417</b>
<b>OPERATING PROFIT</b>	<b>-</b>	<b>-</b>	<b>41,398</b>	<b>1,191,409</b>
Bank Charges		-		-
Interest expense		-		-
Prior period adjustments	-	-	3,608	103,838
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS/(LOSSES) OF ASSOCIATED COMPANIES</b>	<b>-</b>	<b>-</b>	<b>37,790</b>	<b>1,191,409</b>
<b>PROFIT FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>37,790</b>	<b>1,191,409</b>
<b>PROFIT/(LOSS) BROUGHT FORWARD</b>	<b>37,790</b>	<b>1,191,409</b>	<b>-</b>	<b>-</b>
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>	<b>37,790</b>	<b>1,191,409</b>	<b>37,790</b>	<b>1,191,409</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**T.M.Rao**  
Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

ACCELFORCE PTE. LTD., SINGAPORE				
SCHEDULES TO BALANCE SHEET				
PARTICULARS	31 <sup>ST</sup> MARCH, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN SGD	AMOUNT IN INR	AMOUNT IN MYR	AMOUNT IN SGD
<b>CASH AND CASH EQUIVALENTS</b>				
Cash & Bank Accounts	1	34	1	28
	<b>1</b>	<b>34</b>	<b>1</b>	<b>28</b>
Accounts Receivable	-	-	-	-
	-	-	-	-
<b>OTHER CURRENT LIABILITY</b>				
Common Stock	1	34	1	28
	<b>1</b>	<b>34</b>	<b>1</b>	<b>28</b>
Accounts Payable	2,074,920	71,211,254	2,074,920	59,985,937
Amount due to Related Party	2,348	80,583	2,348	67,881
Amount due to Director	2,000	68,640	2,000	57,820
	<b>2,079,268</b>	<b>71,360,478</b>	<b>2,079,268</b>	<b>60,111,638</b>
<b>RETAINED EARNINGS</b>				
Opening Balance	37,790	1,191,409	-	-
Profit for the Year	-	-	37,790	1,191,409
Exchange Fluctuation		105,544		(98,899)
	<b>37,790</b>	<b>1,296,953</b>	<b>37,790</b>	<b>1,092,510</b>

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**T.M.Rao**  
Director

Place: Secunderabad  
Date: 30<sup>th</sup> June 2009

**AccelForce Pte Ltd, Singapore**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS**

**1. NATURE OF BUSINESS**

Accelforce Pte Limited, Singapore, provides business software solutions and services in enterprise applications and is 100% owned by Solix Technologies Limited, India.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies consistently applied by Management in the preparation of the accompanying financial statements.

**ACCOUNTING CONVENTION**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act. 50 and are prepared under the historical cost convention.

**USE OF ESTIMATES**

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

**3. INVESTMENT IN SUBSIDIARY**

Transactions in currencies other than in Singapore dollars (S\$) are recorded at the rate of exchange prevailing on the date of transaction. At each balance sheet date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

All exchange differences are included in the profit and loss account statement for the year.

**4. FOREIGN CURRENCY TRANSACTIONS**

The following are the related party transactions

NAME	NATURE OF TRANSACTION	2008-09		2007-08	
		AMOUNT IN INR	NATURE OF O/S	AMOUNT IN INR	NATURE OF O/S
Solix Technologies ,Inc	Investment in Equity	-	-	61,217,301	-

**Note:** Indian Rupee equivalent of figures have been arrived at by applying the year end exchange rate of Sing \$ 1.00 = Rs. 28.91

## DIRECTORS REPORT

To,  
**The Members,**  
**Solix Technologies Europe Limited, UK.**

Your Directors state that the Company was dissolved during the year viz. 10<sup>th</sup> February, 2009. Our business direction is to engage local and international partners and alliances for sales in UK, Europe and other parts of the world. The Company was dissolved in light of this direction.

Your Directors present this report on **Solix Technologies Europe Limited, UK** for the financial year ended 10<sup>th</sup> February, 2009 for the last time. The company has prepared Audited financial statements covering the period from 01<sup>st</sup> April, 2008 through 10<sup>th</sup> February, 2009.

## FINANCIAL HIGHLIGHTS

Amount in GBP

<b>PARTICULARS</b>	<b>10<sup>TH</sup> FEBRUARY, 2009</b>	<b>31<sup>ST</sup> MARCH, 2008</b>
Revenue	NIL	NIL
Gross profit /( Loss)	NIL	NIL
Operating profit / (Loss)	NIL	(70)
<b>NET PROFIT</b>	<b>NIL</b>	<b>(70)</b>

## APPRECIATION

The Board places on record its thanks to all the associates, vendors and other service providers for their continuous support.

For and on behalf of the Board,

Sai Gundavelli  
President & CEO

To

**The Members,  
SOLIX TECHNOLOGIES EUROPE LTD., UK.**

We have audited the accompanying Balance Sheet of **Solix Technologies Europe Limited, UK** as of 10<sup>th</sup> February, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto which we signed in reference to this report. These financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its holding Company i.e. Solix Technologies Limited, as prescribed by Section 212 of the Indian Companies Act, 1956. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

1) The Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Company.

2) We report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- In our opinion, and to the best of our information and according to the explanations given to us, clause (g) of sub-section (1) to section 274 of the Companies Act, 1956 is not applicable to the Company.
- In our opinion and to the best of information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

3. In so far as relates to the Balance Sheet, of the state of affairs of the Company as at 10<sup>th</sup> February, 2009, and

4. In so far as it relates to Profit and Loss Account, of the profit of the Company for the year ended on that date.

**KVR Murthy**

Partner

**For and on behalf of Ramu & Ravi,**

Chartered Accountants

Membership No. 200021

Place: Hyderabad.

Date: 10<sup>th</sup> February 2009

814, 8<sup>th</sup> Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.

Phones: 23204877 / 23204498 - Fax: 23205653 - E-mail: contact@ramunravi.com

SOLIX TECHNOLOGIES EUROPE LIMITED				
BALANCE SHEET AS AT 10 <sup>TH</sup> FEBRUARY, 2009				
PARTICULARS	10 <sup>TH</sup> FEBRUARY, 2009		31 <sup>ST</sup> MARCH, 2008	
	AMOUNT IN GBP	AMOUNT IN INR	AMOUNT IN GBP	AMOUNT IN SGD
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents				
Accounts Receivable		-		
Other Current Assets	1	80	1	72
<b>Total Current Assets</b>	<b>1</b>	<b>80</b>	<b>1</b>	<b>72</b>
Plant & Machinery, Other Plant & Machinery		-		-
Furniture & Fixtures (net)		-		-
Investments		-		-
Other assets	-	-	-	-
Debit balance in P&L Account	70	5,618		
<b>Total Assets</b>	<b>71</b>	<b>5,698</b>	<b>1</b>	<b>72</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Short-term and current portion of long-term debts	-	-	-	-
Accounts Payable			-	-
Accrued Expenses and other current liabilities	70	5,618	-	-
<b>Total Current Liabilities</b>	<b>70</b>	<b>5,618</b>	<b>-</b>	<b>-</b>
Long-term debt, excluding current portion	-	-	-	-
Other liabilities				
<b>Total Liabilities</b>	<b>70</b>	<b>5,618</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>				
Capital stock	1	80	1	72
Retained earnings	-	-	-	-
<b>Total shareholders' equity</b>	<b>1</b>	<b>80</b>	<b>1</b>	<b>72</b>
<b>Total liabilities and shareholders' equity</b>	<b>71</b>	<b>5,698</b>	<b>1</b>	<b>72</b>

As per our report of even date attached

For and on behalf of the Board

K.V.R.Murthy  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

Sai Gundavelli  
President & CEO

Place: Secunderabad  
Date: 10<sup>th</sup> February 2009

<b>SOLIX TECHNOLOGIES EUROPE LIMITED</b>				
<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 10<sup>TH</sup> FEBRUARY, 2009</b>				
<b>PARTICULARS</b>	<b>10<sup>TH</sup> FEBRUARY, 2009</b>		<b>31<sup>ST</sup> MARCH, 2008</b>	
	<b>AMOUNT IN GBP</b>	<b>AMOUNT IN INR</b>	<b>AMOUNT IN GBP</b>	<b>AMOUNT IN SGD</b>
<b>REVENUES</b>				
Sales			-	
Other Income			-	
<b>Total Revenues</b>			-	-
Cost of Software Development				-
<b>GROSS PROFIT</b>				
Selling, General and Administrative expenses	70	5,618		
Depreciation			-	-
<b>Total operating expenses</b>	<b>70</b>	<b>5,618</b>	-	-
<b>OPERATING PROFIT</b>	<b>(70)</b>	<b>(5,618)</b>	-	-
Bank Charges				-
Interest expense				-
Prior period adjustments				
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS/(LOSSES) OF ASSOCIATED COMPANIES</b>	<b>(70)</b>	<b>(5,618)</b>	-	-
<b>PROFIT FOR THE YEAR</b>	<b>(70)</b>	<b>(5,618)</b>	-	-
<b>PROFIT/(LOSS) BROUGHT FORWARD</b>			-	-
<b>ACCUMULATED PROFIT CARRIED FORWARD</b>	<b>(70)</b>	<b>(5,618)</b>	-	-

As per our report of even date attached

For and on behalf of the Board

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
For and on behalf of Ramu & Ravi  
Chartered Accountants

**Sai Gundavelli**  
President & CEO

Place: Secunderabad  
Date: 10<sup>th</sup> February 2009



**SOLIX TECHNOLOGIES EUROPE LIMITED, UK**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES**

Solix Technologies Europe Limited, provides business software solutions and services in enterprise applications and is 100% owned by Solix Technologies Limited, India

**ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention.

**USE OF ESTIMATES**

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

**Note:** Indian Rupee equivalent of figures have been arrived at by applying the year end exchange rate of GBP 1.00 = Rs. 80/-

As per our report of even date attached

**K.V.R.Murthy**  
Partner  
Membership Number: 200021  
**For and on behalf of Ramu & Ravi**  
Chartered Accountants

Place: Secunderabad  
Date: 10<sup>th</sup> February 2009

**For and on behalf of the Board**

**Sai Gundavelli**  
President & CEO

**Solix Technologies Limited**

*Regd. Off: 1486 (12-13-522), Lane No. 13, Street No. 14, Tarnaka, Secunderabad - 500 017.*

**PROXY FORM**

Regd. Folio No.-----

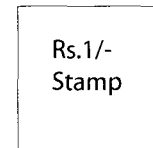
\* Demat A/c No.-----

DP ID. No.-----

I/We-----of----- in the District of-----being a member/members of the Company hereby appoint Mr./Mrs.----- of-----as my / our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of **Solix Technologies Limited** to be held on Wednesday, 30<sup>th</sup> September 2009 at 3.00 PM at 'West Minister Hall', Hotel Central Court, Lakdi-Ka-Pul, Hyderabad - 500 004.

Signed this-----day of-----2009

Signature-----



- Note:**
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
  2. Proxy form duly stamped and executed should reach the Corporate Office of the Company atleast 48 hours before the time fixed for the commencement of the meeting.
  3. The member/proxy should bring the attendance slip sent herewith duly filled for attending the meeting and hand it over at the entrance duly signed by them.

**Solix Technologies Limited**

*Regd. Off: 1486 (12-13-522), Lane No. 13, Street No. 14, Tarnaka, Secunderabad - 500 017*

**ATTENDANCE SLIP**

Annual General Meeting, on Wednesday, 30<sup>th</sup> September 2009 at 3.00 PM

Regd. Folio No.-----

Demat A/c No.-----

DP ID. No.-----

No. of Shares held-----

I certify that I am a Member/Proxy for the Member of the Company.

I hereby record my presence at the Annual General Meeting of Solix Technologies Limited to be held on Wednesday, the 30<sup>th</sup> September, 2009 at 3.00 PM at 'West Minister Hall', Hotel Central Court, Lakdi-Ka-Pul, Hyderabad - 500 004.

-----  
Signature of Member/Proxy



## Empowering Talent Management

Expand Your Possibilities with, On Demand RPO™

### Enterprise Talent Management

Siti Corporation specializes in On-demand and Enterprise Talent Management product - RecruitSharp, Corporate career portal solution - SourceSharp, Staffing exchange solution - Hotlist.net and others.

SITI delivers wide range of services from sourcing, screening, back ground checking to full-cycle recruiting as Recruitment Process Outsourcing. The services are focused on providing outsourced recruiting functions in part / full to increase recruiters and /or recruiting department's bandwidth. The services are offered in an On Demand model. Companies can gain the agility to increase or decrease their recruiting bandwidth by subscribing to SITI OnDemand services as and when they need.

#### RPO SERVICES:

Sourcing, Screening, Background Checking and Full Cycle Recruitment

#### RPO MARKET OUTLOOK

Sourcing, Screening, Background Checking and Full Cycle Recruitment

- ▶ Recruitment Process Outsourcing is the fastest growing segment of HR Outsourcing
- ▶ Offshoring Sourcing and Recruiting activities for cost reduction, efficiency gains and flexible cost business model are gaining momentum
- ▶ India is the largest destination for outsourcing RPO/HRO services

### Products

SITI RecruitSharp™, SITI SourceSharp™, SITI Hotlist.net™ – Talent Management Products

### Customer Quotes

I rely on my SITI team everyday i am now able to **fill more jobs, with better candidates and very cost effectively than before**

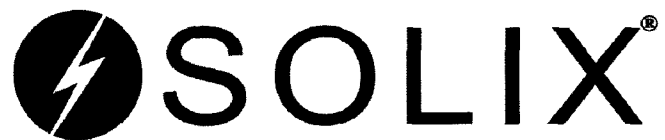
Worldwide RPO market will reach **\$30 billion by 2008**

**SITI SourceSharp** has created the first and only job board in the market exclusively catering to emerging companies and entrepreneurs. With **TiE Job Board**, now our members get **faster targeted results**

*Vice President of Recruiting  
Leading Staffing Company*

*Yankee Group*

*Shankar Munippa  
Director Technology,  
TiE*



Registered & Corporate Office

**Solix Technologies Ltd.,**

1486, 12-13-522, Lane No. 13, Street No. 14,  
Tarnaka, Secunderabad - 500072

Phone: 91-40-27170822 / 7591 / 5157

Fax: 91-40-27173240

Email: [info@solix.in](mailto:info@solix.in)

URL: <http://www.solix.in>