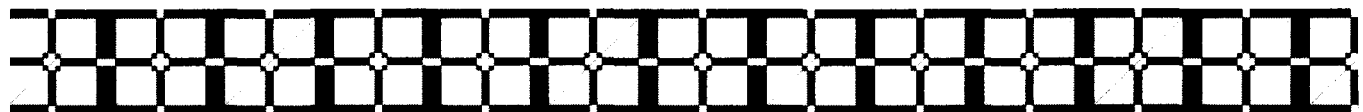


ASIA HR TECHNOLOGIES LIMITED

11th Annual Report 2010 - 2011





ASIA HR TECHNOLOGIES LIMITED

REGISTERED OFFICE

CVR COMPLEX, II FLOOR
NO.1, DR.SINGARAVELU STREET, T.NAGAR
CHENNAI – 600 017

ANNUAL GENERAL MEETING

Date : 30th September, 2011
Day : Friday
Time : 9.00 A.M.
Place : Hotel B.R.Mathsy
29/31, Thanikachalam Road
T.Nagar, Chennai -600 017

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BOARD OF DIRECTORS

Mr.R.MURALIDHARAN
Mr.UDAY SURESH KHEDKAR
Mr.S.MALAYANDI
Dr.KALAIMANI
Mr.SUNIL VERMA

AUDITORS

Mr.C.N.SRINIVASAN
Chartered Accountant
7A, Kalinga Colony ,P.T. Rajan Salai
K.K.Nagar, Chennai .

BANKERS

ICICI Bank Ltd
Alwarpet Branch – Chennai – 18
Canara Bank
Nungambakkam Branch – Chennai – 34

SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,
"Subramanian Building", V Floor,
1, Club House Road, Chennai-600 002.
Phone (044) 28460390 (5 lines)
Fax: (044) 28460129

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the Company will be held on Friday, the 30th September, 2011 at 09.00 A.M at Hotel B R Mathsya, 29/31, Thanikachalam Road, T.Nagar, Chennai - 600017 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2011 and the Profit and Loss Account for the year ended 31.3.2011 together with the schedules and notes attached thereto and the report of the Auditors and Directors thereon.
2. To appoint a director in place of **Mr. Sunil Verma**, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of **Mr. Uday Suresh Khedkar**, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

BY ORDER OF THE BOARD
For ASIA HR TECHNOLOGIES LIMITED

Date : 31.05.2011
Place : Chennai

R.Muralidharan
Director

Registered Office:

CVR Complex, II Floor,
No.1, Dr.Singaravelu Street,
T.Nagar, Chennai - 600017

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 the proxy need not be a member.**
2. The proxy form duly stamped and executed, should be deposited at the registered office of the company at least 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and the Share transfer books of the company will remain closed on 30th September 2011.
4. Members desirous of obtaining any information on the Annual Accounts that is to be considered at the meeting are requested to write to the company at an early date to facilitate compilation of information.
5. The Members' are requested to intimate change of their address, if any, to the Registrar and Transfer Agents, Cameo Corporate Services Limited Subramanian Building, #1, Club House Road, Anna Salai, Chennai-600 002, quoting their registered folio number/ DPID and Client ID number.

Details of Directors seeking reappointment

Name & Date of Birth	Expertise in Specific Function area	Qualification	List of outside directorship held excluding alternate directorship and Private Companies	Chairman/Member Of the Board of Directors of the Company	Chairman/ Member of the Committee of the Board of Directors of other Companies in which he is a Director
Mr. Sunil Verma 15.03.1963	Finance	C.A	Nil	Audit Committee Share transfer committee	Nil
Mr. Uday Suresh Khedkar 22.11.1966	Leadership Facilitating Developer	B.E	Yes	Audit Committee, Share transfer committee	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors are presenting the Eleventh Annual Report of the company with audited accounts for the year ended 31st March 2011.

1. FINANCIAL RESULTS	Year ended 31.03.2011	Year ended 31.03.2010
	Rupees in lakhs	
Sales and other Income	98.35	40.38
Profit (Loss) before Depreciation & Tax	(9.67)	9.65
Depreciation	1.23	1.55
Profit (Loss) before Tax	(10.90)	8.10
Provisions for Tax-Current & Deferred	0	0.37
Fringe Benefit Tax	0	0
Profit(Loss) after Tax	(10.90)	7.73

2. DIVIDEND

In view of the losses, your directors do not recommend any dividend during the year.

3. DIRECTORS

During the year **Mr. Sunil Verma** and **Mr. Uday Suresh Khedkar** retire by rotation and being eligible offer themselves for appointment.

4. DEPOSITS

The Company has not invited or accepted any deposits from the public.

5. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that

1. that in the preparation of the annual accounts, the applicable accounting Standards had been followed;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the loss of the Company for that year;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis.

6. CORPORATE GOVERNANCE

Pursuant to the provisions contained in the listing agreement, a management discussion and analysis report, a report on corporate governance together with the auditor's certificate on the compliance of conditions of corporate governance are furnished as annexure forming part of this Directors' Report.

7. AUDITORS

Mr. C.N.Srinivasan, Chartered Accountant, Chennai retires at the forthcoming Annual General Meeting and is eligible for reappointment.

8. LISTING

The Company's shares are listed in Chennai and Mumbai Stock Exchanges.

9. PARTICULARS OF EMPLOYEES

There are no employees during the year under review whose particulars are required to be given as per the provision of Section 217 (2A) of the Companies Act, 1956.

10. STATUTORY DISCLOSURE

Information required 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

I. Conservation of Energy, Technology Absorption & Research and Development

The Company has no activity relating to Conservation of energy but efforts are being made in technology absorption. The requirements of disclosure of R&D costs are as under.

A) SPECIFIC AREAS IN WHICH R&D ACTIVITIES ARE CARRIED OUT

Your company is primarily carrying out R&D on "Microsoft Technologies" under "Microsoft.net Platform". The company's core product will be e-HRD Campus. The company will build an array of products around e-HRD Campus to make it a compelling proposition for potential buyers.

The revolutionary Microsoft.net platform allows us to connect everything residing as Soft copy through XML Web services. It will provide greater user control over Personal Information and preferences, new user interface technologies, a new breed of smart internet devices, and the ability to harness multiple devices and services towards a common goal promoting our products and services.

B) BENEFITS TO BE DERIVED AND FUTURE PLANS

There is a huge potential for e-learning products as corporations are unable to release their people for classroom training and the need is urgent. Information is needed immediately and people cannot wait for a course. We believe the following emerging trends will have significant impact on the e-learning market.

In this context, the company has decided to amortize R&D related expenditure after commercialisation of the re-developed products. Until such time R&D related expenditure would not be charged to profit and loss account.

II. Foreign Exchange Earnings and Outgo.

a. Foreign exchange earnings	: Rs.	1,08,27,669-00
Reimbursement of expenses	: Rs.	Nil
b. Foreign exchange outgo	:	Nil

11. ACKNOWLEDGEMENTS

Your directors acknowledge the continued support and cooperation of the customers and employees of the company. Further your directors thank the shareholders for their continued confidence in the company.

For and on behalf of the Board

Place : Chennai
Date : 31.05.2011

Dr.Kalaimani
Director

S.Malayandi
Chairman

Addendum to Directors' Report

para 4(a),4(b) and 4(c) of the Auditor's Report

With regard to comments of the auditors in para 4(a), 4(b) and 4(c) of the report the notes (j) , (h) & (o) of the notes to accounts are self explanatory. Efforts are being made to obtain confirmation of balances to the extent possible.

With regard to comments of the auditors' in para 9(a) of the annexure to auditors report there was some delay in remitting PF due within the stipulated period due to difficult cash flow at that time. However company had taken steps to avoid such delay in future.

With regard to para 9(b) The company had received order from Income tax authorities to remit the rent and amenities cheque payable to the landlord since 1st April, 2010. However the landlord had informed the company that they had filed an appeal against the department and had requested the company to retain the funds till the appeal is disposed. Since the company has not received any information regarding to extension of the appeal, company proposes to take steps to remit the amount to Income tax department.

ANNEXURE FORMING PART OF DIRECTORS' REPORT Management Discussion & Analysis Report

Last we continued our efforts to recover from the untimely economic downturn.

Despite the challenges we delivered a reasonably good performance. We continued to build up on the good work we did the previous year and position AHRT as one of the premium IT services Vendor. Your company's products and services are now being recognized locally as well as overseas.

We are optimistic and excited about the future of the company. Our expertise to develop software applications, support and implement them in a seamless manner has enabled us to grow and create value.

With our new e-Learning products we are changing the dimensions of people management by helping organizations move up the value chain and reduce training costs.

Last year we made changes and improvements in several areas:

1. We recognized that the ability to sell our software products and services are dependent on talent with in. In line with this , we hired young and dynamic executives at the executive and line management level to improve the performance of our company. These changes are in line with the strategy we laid out last year. Slowly but steadily it is paying results.
2. Our Software Consulting practice has become more matured and it contributes significantly to our revenue stream. We bagged independent software consulting assignments from overseas markets with a large concentration on the Asia Pacific & Middle East area.
3. We recognized the ability to sell our software products and services depend our value addition to the customer in terms of product differentiation and faster turnaround time. To address this issue, we built vanilla models that can be customized to specific industries quickly.
4. Our success as a software company would depend on the quality of the product and services we provide. To address this need we have taken steps to institutionalize software quality management principles within the company.
5. The need to remain on a growth path and profitable course would require us to sell in to high value markets. We see a lot of potential in the Asia Pacific, Middle East region. We have identified sales partners in these regions to expand our reach.

Over the past several months we dedicated resources to operationalize these measures and create value for all stakeholders of the company. We are confident that we will return to a high growth trajectory once the economy rebounds.

Financial Review

Our revenues fell since customers were not committing projects due to an uncertain economic situation. We earned Rs. 97.76 lakhs with a loss of Rs.10.90 lakhs. We take this loss in our stride, as we consciously added people to our bench to better position us to win large contracts. This resulted in higher payroll costs & lower margins in the short term.

Operations Review

Your company's products are in the area of Human Resources Management- more specifically in the area of e - Learning. Our e-Learning Platform: e-HRD Campus has equipped your company with learning consulting abilities and creation and customization of online courses and multimedia products, development of online campuses and lease of online courses to the education and business communities. Emphasis on research and development has enabled your company to address the clients' needs for delivering high quality instruction via the Internet.

From last year we started focusing on providing IT consulting services to our customers. This decision has served us well.

International Data Corporation (IDC) splits the IT services market into three segments:

1. Project-oriented
2. IT outsourcing
3. Support and training.

Currently we are operating in the project oriented segment, with a view to develop capabilities on IT outsourcing and support segments as well.

Improving business confidence, a robust economy growing stronger, improved availability & quality of infrastructure at

a lower cost, awareness about strategic benefits of IT deployment, government initiatives as a facilitator for IT deployment are some factors that drive our growth in this area.

To be successful in the Software Consulting business the company has aggressively positioned itself as Tier 3 IT services vendor with a unique customer value proposition.

Economic Review

The world is slowly getting out of the economic downturn.

There has been a significant and positive change in the way India has been managing its external sector with respect to changes in the global scenario. Appropriate exchange rate methods and good external debt management are some of the positive traits of the Indian economy. New policies and mature governance has helped India face numerous global crises and yet maintain an enviable growth rate.

But there is a silver lining in a growing economy, so that the demand for software services and for IT products is likely to increase. This will help your company since it is in the business of providing IT services.

Opportunities:

The opportunity analysis carried out by us reveals huge opportunities around the IT Consulting Services we provide. Technology is clearly going to drive business. Backed by the robust economic growth there is a new wave of evolving domestic IT service buyers who are of significant value to us. Increasing overheads and margins of Tier 1 and Tier 2 IT vendors have forced customers to start looking at smaller vendors who can deliver results. This will help us increase our IT Consulting Services revenue.

While US might have softened, emerging markets such as the Middle East & Africa are of great business significance to the company. The need for IT systems and IT enabled services in these target markets offer great opportunities to us. Your company is well positioned to realize these opportunities by its presence through a network of sales partners.

The talent pool within the company and a sustained focus to develop a new and young workforce is expected to augur well for your company.

Appreciation

Your board of directors would like to record their appreciation and gratitude to

- The various stake holders of the company – our shareholders, customers, business associates, bankers and relevant regulatory authorities for their ongoing support and co-operation.
- The esteemed shareholders for believing in what we do and supporting us in this endeavor.
- The hardworking employees of your company who have demonstrated excitement, sense of ownership, exceptional energy and unflinching commitment.

Conclusion:

We have a professional management team that is competent & well versed with Information Technology business practices. Despite economic challenges it is committed to take this company to greater heights.

Your board is also hopeful that the employees' commitment and optimism about the future is going to make a big difference. With strong team work we are going to leverage on the successes of the past year into even greater success for the company in the coming years to ensure we deliver value to the stake holders.

We assure you, our shareholders that the entire team at your organization is more committed than ever to growing the company successfully.

We sincerely thank for your support during the past year and in the promising years ahead.

Cautionary statement

Certain statements in the management discussion and analysis describing the company's views about the industry, expectations, and objectives may be forward looking within the applicable laws and regulations. However the actual results could differ materially from those expressed in the statement. Factors like supply and demand situation, international competition, changes in the government policies and other factors may influence the company's operations and performance.

STATEMENTS AND REPORTS ON CORPORATE GOVERNANCE:

A. MANDATORY REPORTS ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

The company believes in the philosophy of continuous improvement in all facets of its operations which depends on mutual faith, customer satisfaction, investors confidence and employee loyalty. It believes in maintaining high standards of integrity through excellence in service.

1. Board of Directors:

Name of the Director	No of Board Meetings attended during 2009-10	Whether attended the Last AGM	No of Directorships in public companies	No of other Board committees in which he is Member or Chairman	Remuneration Paid	No. of Shares held
Mr.Udhay Suresh Khedkar	5	No	Nil	Nil	Nil	Nil
Mr. Malayandi	Nil	No	Nil	Nil	Nil	Nil
Mr. Kalaimani	Nil	No	Nil	Nil	Nil	Nil
Mr.R.Muralidharan	5	Yes	Nil	Nil	Nil	5,000
Mr.Sunil Verma	5	No	Nil	Nil	Nil	Nil

* All the above directors are Independent and Non Executive

2. Board Meetings

Five Board Meetings were held on the following dates 31.05.2010, 30.07.2010, 29.10.2010, 31.01.2011 and 31.03.2011

None of the Directors is member in more than 10 committees or acting as Chairman of more than Five Committees.

3. Audit Committee

The audit committee reviews, the financial accounts/policies, adequacy of internal control system and interacts with the statutory auditors. The committee also reviews the audit plans, interim financial results, and observations of the auditors and follow-up reports of the management.

During the year 4 meetings were held on 31.05.2010, 30.07.2010, 29.10.2010, and 31.01.2011

Composition of the committee and attendance of the members are as follows:

Name of director	No. of meetings attended
1. Mr. Uday Suresh Khedkar	Member 4
2. Mr. R.Muralidharan	Member 4
3. Mr. Sunil Verma	Member 4

The Committee is chaired by Mr. R.Muralidharan

TERMS OF REFERENCE

The charter of the committee is prescribed under clause 49 of the Listing Agreement viz.,

1. Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval of any other services.

3. Reviewing with the management the annual financial statements before submission to the Board focusing primarily on:
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on exercise of judgment by Management.
 - iii) Qualification in draft audit report.
 - iv) Significant adjustments arising out of audit.
 - v) The 'Going Concern" assumption.
 - vi) Compliance with Accounting Standards.
 - vii) Any related party transaction ie., transaction of the company of material nature with promoters the management and their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large.
4. Reviewing with management, External and Internal audit function including the structure of internal control system.
5. Reviewing the adequacy of internal audit function including the structure of Internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussing with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud and irregularity or a failure of internal control systems of a material nature and reporting the matter of the Board.
8. Discussing with the external auditors before the audit commences, nature and scope of audit, as well as post audit discussion to ascertain any area of concern.
9. Reviewing the company's financial and risk management policies.
10. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

4. Share transfer and investors relation committee

During the year there was no share transfer or investor complaint and hence no meeting of the committee was held.

Constitution

The Committee consists of 3 (Three) Directors.

1. Mr. Uday Suresh Khedkar
2. Mr. R.Muralidharan
3. Mr. Sunil Verma

The Committee is headed by Mr. R.Muralidharan.

Name of the Compliance Officer : Mr. D.Hari Kumar

Designation of the Compliance officer : Asst. Manager - Accounts

Pending Share Transfers : There are no pending transfers.

5. General Body Meetings in last three financial years

Time and location of the last three Annual General Meetings:

Date	Venue	Time	Special Resolution Passed at Meeting
29.09.2008	Benz Park Tulip Hotel 62, Thirumalai Pillai Road, T.Nagar, Chennai - 600017	10.00 A.M	Nil
29.09.2009	B.R.Mathsyia 29/31, Thanikachalam Road, T.Nagar, Chennai – 600 017	12.30 P.M	Nil
29.09.2010	B.R.Mathsyia 29/31, Thanikachalam Road, T.Nagar, Chennai – 600 017	12.30 P.M	Nil

6. Disclosures

There were no materially significant transactions made by the company with related parties i.e. subsidiaries, promoters, Directors or the management, and their relatives conflicting with the company's interest.. The company presently has no specific whistle blower policy but no personnel has been denied access to the audit committee. The company has not followed any differential treatment relating to accounting policies. There is no pecuniary relationship or transactions with non-executive directors.

7. Means of Communication

Quarterly Results

The Company has published its quarterly Financial Results in the Following News papers:-

Quarter ended : 30.06.2010 : Trinity Mirror and Makkal Kural on 31.07.2010.

Quarter ended : 30.09.2010 : Trinity Mirror and Makkal Kural on 30.10.2010.

Quarter ended : 31.12.2010 : Trinity Mirror and Makkal Kural on 01.02.2011.

Quarter ended : 31.03.2011 : Trinity Mirror and Makkal Kural on 01.06.2011

Company Website address : www.asiahrtech.com

Management Discussion and Analysis Report:

The Management Discussion and Analysis Report is included in the Director's Report and Forms part of the annual Report. (Annexure – A to the Directors Report).

General Shareholder Information

Financial Year : April 2010 to March 2011.

Annual General Meeting

Date	Time	Venue
30.09.2011	09.00. A.M.	Hotel B R. Mathsya, 29/31, Thanikachalam Road, T.Nagar, Chennai – 600017

Book Closure on 30.09.2011.

Dividend Payment date: Not Applicable.

Listing on Stock Exchanges

The shares are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Ltd, Mumbai
 2. The Madras Stock Exchange Ltd, Chennai
- Listing Fee: Listing Fee paid up to 2011 – 2012.
 Mumbai Stock Code: Demat ISIN NO: IN9799C01015.
 Scrip Code: 532435
 Scrip Name: ASIA HR

Stock Market Data

The high and low prices of shares during the year in BSE

High Price: 07th January 2011 Rs.8.28.

Low Price: 21st April 2010 Rs.1.80.

MONTH	HIGH Rs.	LOW Rs.	MONTH	HIGH Rs.	LOW Rs.
April 2010	2.01	1.80	November 2010	3.38	2.50
May 2010	2.33	1.88	December 2010	7.17	3.17
June 2010	2.35	1.89	January 2011	8.28	6.11
July 2010	2.31	1.86	February 2011	6.89	4.61
August 2010	4.35	2.14	March 2011	7.17	5.18
September 2010	2.90	2.13			
October 2010	3.14	2.17			

Share transfers were processed and share certificates were dispatched within 15 days from the date of lodgment in accordance with the stock exchange listing agreement.

M/s Cameo Corporate Services Limited who have been appointed as Registrars and share transfer agents of the company for both physical and electronic segments have attended to the share transfer formalities regularly. The Registrars and share agents can be contacted by the investors at the following address:

Registrars & Share Transfer Agents: Cameo Corporate Services Limited,
 Subramanaiah Building,
 1, Club House Road, Anna Salai, Chennai-2.
 Ph: 04428460390 Fax: 044 2846 0129
 Email: cameo@cameoindia.com
 Contact person: Mr. R.D.Ramasamy, Vice President.

Distribution of Shareholding As On 31.03.2011

No of equity shares held	No of shareholders	%	No of shares	%
Up to 5000	799	57.07	20,21,280.	.02
5001-10000	263	18.79	24,31,080	2.43
10001-20000	125	8.93	20,91,210	2.09
20001-30000	44	3.14	11,41,130	1.14
30001-40000	25	1.79	9,10,210	0.91
40001-50000	31	2.21	15,28,500	1.53
50001-100000	53	3.78	39,20,130	3.92
100001-and above	60	4.29	8,59,56,460	85.96
	1400	100.00	1,00,00,000	100.00
No of shares in Demat mode:	9899263			
No of shares in Physical mode:	100737			
Outstanding GDRs/ADRs/Warrants:	NIL			

Share Transfer System

The share transfers are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, so long as the documents have been clear in all respects. The Company has, as per SEBI Guidelines offers the facility of transfer cum demats.

Distribution of Shareholding as on 31st March 2011

Category	No. of shares held	Percentage of shareholding
1. Promoters	4056225	40.56
2. Private Corporate Bodies	1892952	18.93
3. Indian Public	2921341	29.21
4. NRI	1077730	10.78
5. Any other (please specify) Clearing Member	51752	0.52
GRAND TOTAL	1,00,00,000	100.00

CEO/CFO Certification

A Certificate from the CEO of the company in terms of clause 49(v) of the listing agreement was placed before the board meeting held on 31st May 2011 to approve the audited annual accounts for the year ended 31st March 2011. The company has adopted mandatory requirements of clause 49 of the listing agreement and complied with the same.

Certificate of Compliance with the code of conduct policy

As provided under clause 49 of the listing agreement with the stock exchange the board members and senior management personnel have confirmed with the code of conduct for the period ended 31st March 2011.

Non-mandatory requirements ; NIL

**AUDITOR'S CERTIFICATE REGARDING COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER
CLAUSE 49 OF THE LISTING AGREEMENT:-**Registration No. of the Company : **18 – 044664.**Nominal Capital : **Rs.10,00,00,000.00.**

The Members of the Asia HR Technologies Ltd, Chennai.

I have examined all the relevant records of M/s.Asia HR Technologies Ltd, Chennai for the purpose of certifying compliance of the conditions of Corporate Governance under clause 49 of the Listing Agreement with BSE for the financial year ended 31.3.2011. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanation and information furnished , I certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement .

C.N. Srinivasan

Chartered Accountant

Membership No. 18216

Place : Chennai.

Date : 31.05.2011.

AUDITOR'S REPORT TO THE MEMBERS

1. I have audited the attached Balance Sheet of M/s. Asia HR Technologies Ltd, as at 31st March 2011 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4.
 - a) *Attention is drawn to the item (j) in Notes to accounts in Schedule N forming part of the financial statements in respect of and not charging of depreciation of Rs.5,66,483/(PYF Rs.9,44,138) (Arrears of depreciation not provided upto 31-3-2011 Rs.1,00,77,801 (PYF Rs.95,11,318) for the year ending 31-3-2011 in the profit and loss account and if it is charged to the profit and loss account the loss will be higher into a loss of Rs.16,56,854.24 (PYF Rs.1,71,261.25) and the total losses in the profit and loss account shown under Miscellaneous Expenditure Account would be Rs.8,32,96,572.36 and correspondingly the fixed assets (Net Block are over stated by Rs.1,00,77,801).*
 - b) *Like-wise, Attention is drawn to the item (h) in Notes on accounts in Schedule N forming part of the financial statements in respect of non confirmation of balances of sundry creditors, loans and advances and this would have a bearing if there are any changes in the balances and the value of the total revenue , assets would vary accordingly.*
 - c) *Attention is drawn to item (o) in Notes to accounts in Schedule N regarding non-compliance of AS15*
5. Further to my comments in Paragraph 4 (a) and (b) as stated above, I report that:
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books;
 - iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - iv) In my opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March 2011 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 my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a **TRUE AND FAIR** view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011; and
 - in the case of the Profit and Loss Account, of the **LOSS** for the year ended on that date.
 - I have also examined the attached Cash Flow Statement of the Company for the year ended 31st March 2011. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of the listing agreements entered into with the Stock Exchange.

Place : Chennai.
Date : 31.05.2011.

C.N. Srinivasan
Chartered Accountant
Membership No. 18216

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in Para 3 of the Auditors' Report to the members of M/s. Asia HR Technologies Limited for the year ended 31st March 2011.

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - All the assets are physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- Clauses (a) and (b) are not applicable as the company is not carrying any inventory during the year under review..
- The Company has not taken or granted any loans to any party listed in the register maintained under Section 301 of the Companies Act, 1956. Hence clause (iii) of the said order is not applicable.
- In my opinion and according to the information and explanations given to me there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal controls.
- The company has not entered into any contracts or arrangements attracting the provision of section 301 of the Companies Act, 1956 and hence the Clause (v) of the said order is not applicable.
- The company has not accepted any deposit from the public and hence provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 are not applicable. Hence the Clause (vi) of the said order is not applicable.
- In my opinion, the company is not carrying on its business to profits and incurring losses that had accumulated substantially. The Board had confirmed that the internal audit function that are required are duly complied with.
- I am informed the company has not been required by the Central Government to maintain cost records under section 209(1)(d) of the Companies Act, 1956. and hence the Clause (viii) of the said order is not applicable.
- The company is depositing with appropriate authorities undisputed statutory dues of Income tax and other material statutory dues applicable to it. However there was some delay in PF Remittance. Refer note No.p Schedule N to notes on accounts
 - According to the information and explanations given to me, no undisputed amounts payable in respect of income tax as at 31st March 2011 was outstanding for a period of more than six months from the date they became payable. However attention is drawn to note no.q in Schedule N to notes on accounts in respect of non payment of rent to the landlord.

10. The company has accumulated losses. The company has made **cash loss** during the financial year covered by my audit as against the **cash profit** made in the immediate preceding financial year. If depreciation on R&D Assets are provided then the net worth will be eroded by more than 50 %
11. The company has neither taken any loan from financial institutions, bank nor issued any debentures. Accordingly clause 4(xi) of the Order is not applicable.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause (xii) is not applicable.
13. The company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. The company is not dealing or trading in shares and other investment. The investments in shares were held in the name of the company.
15. According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly clause (xv) of the Order is not applicable.
16. The company has not taken any term loan during the year covered by this audit. Accordingly clause 4 (xvi) is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, the company has not raised any funds on short-term basis for long terms Investment and the vice-versa. Accordingly clause (xvii) of the order is not applicable. All assets have been funded by the shareholder's funds.
18. The company has not made any preferential allotment of shares to any parties or companies. Accordingly Clause 4 (xviii) of the order is not applicable.
19. The company has not issued any debenture during the period covered by our audit. Accordingly Clause 4 (xix) of the Order is not applicable.
20. The company has not raised any money by public issue during the year. Accordingly clause 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place : Chennai.
Date : 31.05.2011.

C.N. Srinivasan
Chartered Accountant
Membership No. 18216

BALANCE SHEET AS AT 31ST MARCH 2011

Particulars	Sch	As at		As at	
		31.03.2011		31.03.2010	
		Rs.	P.	Rs.	P.
I SOURCES OF FUNDS					
1) SHARE HOLDER'S FUNDS					
a) Share Capital	A	99,238,000.00		99,238,000.00	
b) Reserves & Surplus	B	55,000,000.00		55,000,000.00	
2) LOAN FUNDS					
a) Secured loans	C		0.00		376,200.00
b) UnSecured loans			0.00		0.00
3) DEFERRED TAX LIABILITY			6,287,093.00		6,287,093.00
TOTAL		160,525,093.00		160,901,293.00	
II: APPLICATION OF FUNDS					
1) FIXED ASSETS(Net Block)	D	72,201,665.03		72,621,477.25	
2) INVESTMENTS			0.00		0.00
3) CURRENT ASSETS, LOANS AND ADVANCES					
a) Sundry Debtors	E	43,750.00		1,572,410.23	
b) Cash and Bank Balances	F	302,789.43		16,757.69	
c) Loans & Advances	G	960,781.75		156,911.75	
			1,307,321.18		1,746,079.67
Less: CURRENT LIABILITIES & PROVISIONS	H	894,866.00		710,639.00	
NET CURRENT ASSETS		412,455.18		1,035,440.67	
4) (a) MISCELLANEOUS EXPENDITURE	I	14,692,201.43		15,052,201.43	
(To the extent not written off or adjusted)					
Deffered Interest			0.00		63773.53
Profit&Loss Account		73,218,771.36		72,128,400.12	
TOTAL		160,525,093.00		160,901,293.00	
Notes on Accounts	N				

Schedule A to I and N form part of the Balance sheet

As per my report of even date

For and on behalf of the board

Date : 31.05.2011
Place : Chennai

C.N.Srinivasan
Chartered Accountant

S. Malayandi
Dr. Kalaimani
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Sch	Year ended		Year ended	
		31.03.2011		31.03.2010	
		Rs.	P.	Rs.	P.
INCOME					
Sales		9,776,429.77		4,038,430.86	
Other Income		58,264.86		0.00	
TOTAL		<u>9,834,694.63</u>		<u>4,038,430.86</u>	
EXPENDITURE					
Cost of Software & Operation Expenses	J	55,083.00		68,695.00	
Administrative Expenses	K	3,414,042.11		1,553,381.75	
Employees Remuneration and Benefits	L	6,917,888.75		1,024,132.50	
Financial Charges	M	55,174.93		67,097.06	
Depreciation	D	122,877.08		155,202.80	
Preliminary Expenses written off	I	360,000.00		360,000.00	
TOTAL		<u>10,925,065.87</u>		<u>3,228,509.11</u>	
Profit /Loss For the Year		-1,090,371.24		809,921.75	
Less: Provision For Taxation-Current		0		0	
Fringe Benefit Tax		0.00		0.00	
-Deferred Tax Liability		0.00		37,045.00	
Profit After Tax		-1,090,371.24		772,876.75	
Add: Profit/Loss Brought Forward		-72,128,400.12		-72,901,276.87	
Total		-73,218,771.36		-72,128,400.12	
Dividend		0.00		0.00	
Balance carried forward to Balance sheet		-73,218,771.36		-72,128,400.12	
Earning Per Share		-0.11		0.08	

Notes on Accounts

N

Schedule J to N form part of the Profit and Loss Account

As per my report of even date

For and on behalf of the board

Date : 31.05.2011

C.N.Srinivasan

Place : Chennai

Chartered Accountant

S. Malayandi

Dr. Kalaimani

Directors

Schedules A to N forming part of the Annual Accounts for the year ended 31-3-2011

Particulars	As at		As at	
	31.03.2011		31-03-2010	
	Rs.	P.	Rs.	P.
SCHEDULE - A				
SHARE CAPITAL				
Authorised Capital				
1,10,00,000(1,10,00,000) Equity Shares of Rs.10/- each	110,000,000.00		110,000,000.00	
Issued ,Subscribed & paid Up Capital				
10000000 Equity shares of Rs.10/- each	100,000,000.00		100,000,000.00	
(out of this offered to Public 45,00,000 equity shares of Rs.10/- each)				
Less:Call In Arrears (101600 shares at Rs.7.50)		762,000.00		762,000.00
TOTAL	99,238,000.00		99,238,000.00	
SCHEDULE - B: RESERVES & SURPLUS				
Share Premium	55,000,000.00		55,000,000.00	
	55,000,000.00		55,000,000.00	
SCHEDULE - C: SECURED LOANS				
ICICI Bank Loan - Car		0.00		376,200.00
(Car Hypothecated to Magma Finance and Loan repayable in 60 Months and expiring on 20th February of 2011)		0.00		376,200.00
(including future deferred interest on car loan for Rs.172996.40)				

SCHEDULE - D : FIXED ASSETS

(Amount in Rs.)

PARTICULARS	Rate %	GROSS BLOCK			DEPRECIATION					NET BLOCK	
		As at 01.4.2010	Addition	deletion	As at 31.03.2011	Upto 31.03.2010	For the year	Deletions	Upto 31.03.2011	As on 31.03.2010	As on 31.03.2011
R & D Assets (Computers & Peripherals & Software)	40.00%	22,723,330.00	0.00	0.00	22,723,330.00	11,768,632.00	10869.20	0.00	11,779,501.20	10,954,696.00	10,943,828.80
R&D under Process		61,183,460.35	0.00	0.00	61,183,460.35	0.00	0.00	0.00	0.00	61,183,460.35	61,183,460.35
Office Equipments	13.91%	58,550.00	0.00	26,626.59	31,923.41	27,621.25	4302.16	0.00	31,923.41	30,928.75	0.00
Furnitures & Fixtures	18.10%	351,937.00	0.00	0.00	351,937.00	261,124.00	16437.12	0.00	277,561.12	90,813.00	74,375.88
Electrical Fittings	13.91%	75,510.00	0.00	16,838.10	58,671.90	55,951.30	2720.60	0.00	58,671.90	19,558.70	0.00
Wagon/Car	25.89%	715,817.00	0.00	253,470.45	462,346.55	373,798.55	88548.00	0.00	462,346.55	342,018.45	0.00
TOTAL		85,108,604.35	0.00	296,935.14	84,811,669.21	12,487,127.10	122877.08	0.00	12,610,004.18	72,621,477.25	72,201,665.03

ASIA HR TECHNOLOGIES LIMITED

Particulars	As at 31.03.2011		As at 31-03-2010	
	Rs.	P.	Rs.	P.
<u>SCHEDULE - E: SUNDRY DEBTORS</u>				
Considered good (Less than 6 months old)	43,750.00		1,572,410.23	
Others		0		0
	<u>43,750.00</u>		<u>1,572,410.23</u>	
<u>SCHEDULE - F : CASH AND BANK BALANCES</u>				
Cash in hand	24,487.00		5,663.70	
ICICI Bank - Nandanam Branch	278,302.43		11,093.99	
	<u>302,789.43</u>		<u>16,757.69</u>	
<u>SCHEDULE - G : LOANS & ADVANCES</u>				
Unsecured Considered good Advances recoverable in cash or in kind for value to be received		0.00		0.00
Deposits	879,490.00		77,620.00	
Tax Deducted at Source	81,291.75		79,291.75	
	<u>960,781.75</u>		<u>156,911.75</u>	
<u>SCHEDULE H : CURRENT LIABILITIES & PROVISIONS</u>				
Sundry Creditors		0.00		0.00
Creditors for Expenses & Other Liabilities	894,866.00		560,639.00	
Advance from customer		0.00		150,000.00
	<u>894,866.00</u>		<u>710,639.00</u>	
<u>SCHEDULE - I: MISCELLANEOUS EXPENDITURE</u>				
Preliminary Expenses				
Opening Balance	360,000.00		720,000.00	
Less : Written off during the year	360,000.00		360,000.00	
		0.00		360,000.00
R & D Deferred Expenditure(refer item t in schedule N- notes to accounts)	14,692,201.43		14,692,201.43	
	<u>14,692,201.43</u>		<u>15,052,201.43</u>	

Particulars	Year ended 31.03.2011		Year ended 31-03-2010	
	Rs.	P.	Rs.	P.
Schedules forming part of Profit and Loss Account				
<u>SCHEDULE - J : COST OF SOFTWARE & OPERATION EXPENSES</u>				
Out sourcing development	26,083.00		52,895.00	
Advertisement Expenses	29,000.00		15,800.00	
	<u>55,083.00</u>		<u>68,695.00</u>	
<u>SCHEDULE - K: ADMINISTRATIVE EXPENSES</u>				
Rent	114,000.00		79,800.00	
Electricity	147,857.00		96,781.00	
Postage ,Telegram & Courier	5,984.00		8,952.00	
Printing & Stationery,Xerox	48,113.00		109,258.00	
Consultation/Professional charges	764,232.91		218,682.00	
Rates & Taxes	5,086.00		9,936.00	
Telephone Charges	99,190.00		68,705.00	
Insurances	9,732.00		18,960.00	
Repairs & Mainteneace for Computers/Internet	260,286.00		361,466.75	
Travelling & Conveyances	1,263,395.20		54,449.00	
Audit Fees	38,605.00		48,605.00	
AGM Expenses	13,464.00		27,457.00	
Office Maintenance	644,097.00		450,330.00	
	<u>3,414,042.11</u>		<u>1,553,381.75</u>	
<u>SCHEDULE - L: EMPLOYEES REMUNERATION & BENEFITS</u>				
Salaries	6,569,905.00		871,913.00	
Staff Welfare	347,983.75		152,219.50	
	<u>6,917,888.75</u>		<u>1,024,132.50</u>	
<u>SCHEDULE - M: FINANCIAL CHARGES</u>				
Interest Paid	47,779.53		49,214.92	
Bank Charges	7,395.40		17,882.14	
	<u>55,174.93</u>		<u>67,097.06</u>	

SCHEDULE – N**SIGNIFICANT ACCOUNTING POLICY.****a. Basis For preparation of Financial Statements:**

The Financial Statements are presented on going concern basis under the historical cost convention adopting accrual method of accounting and in accordance with the generally accepted Accounting principles and the Companies Act, 1956.

b. Fixed Assets:

Fixed Assets are stated at the historical cost less accumulated depreciation.

c. License Fees: - Intangible Assets

License Fees represent amount paid for acquiring rights for publishing books. It has to be written off over 10 years starting from financial year 2001-2002

d. Depreciation:

Depreciation on Fixed Assets is provided on written down value basis at the rates prescribed in schedule XIV to the Companies Act 1956. Asset Purchased during the year after 30th September are depreciated based on the number of days the asset was put to use. The asset purchased before 30th September are depreciated at 100% of the normal eligible depreciation. Asset costing less than Rs.5000/- are fully depreciated.

Depreciation on R&D Assets to the extent not absorbed for the unfinished activities are deferred for future absorption as and when the jobs are completed and sales commences.

e. Investment:

Long-term investments are stated at cost and provision if any for decline in value other than temporary are made wherever necessary. Current Investments are stated at lower of cost or market value.

f. Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Current assets and Liabilities denominated in foreign currency are translated at the rate of exchange as at the balance-sheet date. All resulting gains or losses are recognized in the profit and loss account.

(i) RESEARCH AND DEVELOPMENT

a) Fixed assets acquired for R&D is valued at cost.

b) Expenses attributable to R&D are absorbed to the extent of sale realization.

c) Expenses on unfinished R&D jobs are deferred and treated as deferred R&D Expenditure and the same will be absorbed proportionately as and when sales realization takes place.

g. Deferred Tax

Deferred Tax resulting from timing differences between book and tax profit is accounted for at the current rate of tax to the extent that the timing differences are expected to crystallize.

h. Deferred Revenue Expenditure

Deferred interest payable on HP Loan, representing unexpired instalments and same will be adjusted to the interest account as and when the instalments are paid in each year.

i. Impairment:

At each Balance sheet date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment of loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a Pre- tax discount rate that reflects the current market assessment of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

j Income Recognition:

As and when the sales invoices are made on the customer and risks and rewards are transferred to the buyer and no effective control is retained by the company.

k. Income & Expenditure:

Income & Expenditure: All items of Income and Expenditure shown in the statement having material bearing on the accounts are accounted on accrual basis.

l. Provident Fund:

Eligible employees receive benefit from Provident Fund which is a defined contribution plan. Both the employee and the company make monthly contributions to the Regional Provident Fund Commissioner to a specified percentage of the employees salary.

m. Gratuity:

In the opinion of the management the payment of Gratuity Act 1972 is not attracted since none of the employees has completed the eligible period of service prescribed under the payment of Gratuity Act 1972. The company is working out a Gratuity Plan for the future.

NOTES TO ACCOUNTS:

- a. The Company undertook development of 3 different software products from 2006-07 onwards which is still under development stage in their in house R&D Department and these products are in the development stage for future use. Hence the R&D costs incurred for the development of these Softwares are deferred and treated as Deferred R&D expenditure..

- b. The company is engaged in development of software, which as per Accounting Standard-17 is considered the only one reportable segment.

c. AS – 1 Disclosure of accounting policies

The accounts are maintained on accrual basis. The revenue and expenditure are accounted on a going concern basis.

The following Accounting Standards are not applicable to your company:

AS 2 (R) Valuation of Inventory

AS 4 Contingencies and Events

after Balance Sheet date

There are no such events

AS 5 (R) Prior period items

There are no such items

AS 7 (R) Construction Contracts

There are no such business

AS 11 (R) Foreign Exchange rates

There are no such transactions

AS 12 Government Grants

Not Applicable

AS 13 Investments

There are no Investments

AS 14 Amalgamations

No Amalgamation

AS 16 Borrowing cost

Not Applicable

AS 19 Leases

There are no lease transactions

AS 21 Consolidated Financial statements

Not Applicable

AS 23, AS 24, AS 25, AS 27, AS 30, AS 31, AS 32 are not applicable to your company.

AS – 3 Cash flow statements

The cash flow statement is prepared under " Indirect method" and the same is annexed.

AS - 18 Related party transactions:

Accounting Standard 18 is not recognized since there are no related party transactions to report

AS – 6 Depreciation accounting

Depreciation has been provided under the Written Down Value method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with the applicable shift allowance.

In respect of assets added/ assets sold during the year, pro-rata depreciation has been provided at the rates prescribed under Schedule XIV.

AS – 20 :Earnings Per Share	2010- 2011	2009-2010
There are no changes in the Capital Structure and hence Basic and Diluted EPS are the same .		
Profit/ (Loss) (Rs. In Lakhs)	-10,90,370	7,72,877
No of Shares	1,00,00,000	1,00,00,000
Earning Per Share	-0.11	0.08

AS – 22 The Deferred tax Asset on account of timing differences due to unabsorbed loss is not recognized in the accounts. because of uncertainty of future income.

The Components of Deferred Tax Liability/ Asset as on 31.03.2011 is as under

	2010-2011	2009-2010
	Rs. in Lakhs	
Deferred Tax Liability		
Op. Balance of Deferred Tax Liability	62,87,093	62,50,048
Deferred Tax Asset	Nil	Nil
Deferred Tax Liability	Nil	37,045
Closing Bal Deferred Tax Liability	62,87,093	62,87,093

AS – 26 Accounting for Intangible Assets

I Currently we are carrying out R&D activities on 3 product families:

1. eHRDCampus
2. Asia Payroll
3. Document Management System (DMS)

We have three heads in balance sheet

- 1) R & D – Asia Payroll for Rs. 1,09,27,525 under Software Development in Balance Sheet.
- 2) R & D – eHRDCampus & DMS for Rs. 6,11,83,460.35 in Fixed Assets
- 3) R & D – Deferred Expenditure for Rs. 1,46,92,201.43 in Miscellaneous Expenditure.

R & D – Asia Payroll: This is a payroll software. Considering the financial rules that have changes over a period of time, potential customers have returned this product requesting rule updates & technology updates that are current. Given that these changes are extensive in nature a dedicated team of professionals is working to make this product commercially viable again. Based on the current project plan this product is currently in “Alpha” stage, we anticipate that the product goes to beta testing by 3 quarter, 2012 and goes live by 1st quarter, 2013.

This product cannot be sold as it is until further development processes are completed. We plan to use a straight line amortization method for a period of 5 years after the product goes live by 1st Quarter, 2013.

R & D – eHRDCampus & DMS: These products are currently updated to be compatible with Microsoft.net Framework 4.0. The current status of development is at a coding stage. As per the current project plan this product will go to beta testing by 1st Quarter 2013 and go live by 2nd Quarter 2013.

This product is not yet for sale, it will be commercialized by the 2nd Quarter of 2013. We plan to use a straight line amortization method for a period of 6 years after the product goes live.

R & D – Deferred Expenditure: The amount under this head indicate the expenditure incurred on R&D activities for the following three products:

1. eHRDCampus
2. Asia Payroll
3. Document Management System.

When these products go live they will be amortized with a straight line method of amortization at the time of commercialization.

In this financial year 2010-2011, the management has given priority to other projects that are of commercial value than these three projects. No R&D activity was authorized under these projects in this year. Hence no expenditure has been booked under these projects in the current financial year.

I R&D Assets Rs.1,09,27,525

- Estimated useful of life 5 years
- Amortisation rates used 20%

Gross carrying amount at the beginning

Opening balance (Gross) 1,09,27,525

Additions during the year NIL

Total 1,09,27,525

Amortised as depreciation NIL

Closing written down value 1,09,27,525

II R&D Assets Rs. 6,11,83,406.35

- Estimated useful of life 6 years
- Amortisation rates used 16.66%

- Gross carrying amount at the beginning

Opening balance (Gross) 6,11,83,460.35

Additions during the year NIL

Total 6,11,83,460.35

Amortised as depreciation NIL

Closing written down value 6,11,83,460.35

III R&D Deferred Expenditure Rs. 1.46,92,201-43

R & D – Deferred Expenditure: The amount under this head indicate the expenditure incurred on R&D activities for the following three products:

1. eHRDCampus
2. Asia Payroll
3. Document Management System.

When these products go live they will be amortized with a straight line method of amortization at the time of commercialization.

In this financial year 2010-2011, the management has given priority to other projects that are of commercial value than these three projects. No R&D activity was authorized under these projects in this year. Hence no expenditure has been booked under these projects in the current financial year.

AS – 28 Impairment of Loss:

In accordance with AS28, as reported by the company whatever Fixed Assets and Current Assets stated in the Balance Sheet there is no impairment of loss to make provision in the book as on that date.

AS-29 Provisions, Contingent Liabilities and Contingent Assets

1. Contingent Liability	NIL	NIL		
2. Provisions	As at	Additions	Reversal	As at
	1/4/2010			31/3/2011
	5,60,639	8,39,517	5,05,290	8,94,866
Provident Fund	16,863	38,159	16,863	38,159
Expenses	5,43,776	8,01,358	4,88,427	8,56,707
3. Tax deducted at source		31-03-2011		31-03-2010
TDS		81,291-75		79,291-75
4. Contingent Asset		NIL		NIL

ASIA HR TECHNOLOGIES LIMITED



d. Earning in foreign exchange on export	2010-11	2009-10
of goods(F.O.B Basis)	Rs. 1,08,27,669-00	Rs.49,75,597-99
Reimbursement of expenses	Rs. 0	Rs. 0
e. Expenditure in Foreign Currency	Nil	Nil
f. AUDIT FEES:	2010-11	2009-10
(Including service tax)		
Statutory Audit Fees	Rs. 38,605/-	Rs.38,605/-
Tax Audit	Rs. 10,000/-	Rs.10,000/-
g. There are no Micro and Small Enterprises to whom the companies owes dues, which are outstanding for more than 45 days as at 31st March, 2011.		
h. Balances of Sundry Creditors, Loan & Advances are subject to confirmation, adjustments and reconciliation if any.		
i. Deferred revenue expenditure:		
This includes deferred interest of Rs.NIL (P.Y.F Rs.63,773.53) payable on HP Loan ,representing unexpired instalments interest and same will be adjusted to the interest account as and when the instalment are paid each year.		
Amount O/s as on 31.03.2011 Rs.NIL		
	No of future Instalment due as on 31-03-2011	No of future Instalment due as on 31-03-2010
No of Instalments due from 1.4.2009		
Upto 31. 12.2012 included under secured loan	0	33
a) Principal	Rs. 0	Rs.3,12, 426.47
b) Interest	Rs. 0	Rs. 63,773.53
	Rs. 0	Rs.3,76,200.00
j. The company was providing depreciation on its software assets in all the earlier years upto 31-3-2006. The company subsequently had not charged further depreciation since the asset is not put to use for different softwares which are in the process stage. On account of this, no depreciation on software asset amounting to Rs.5,66,483 (PYF-9,44,138) is charged to the profit and loss account during this current year. The total arrears of depreciation not provided in the books Rs.1,00,77,801/-(PYF Rs.95,11,318). Therefore, had the arrears of depreciation so far not provided if considered, the WDV of R & D Asset would show a closing balance of Rs.8,49,724 as against the figure shown Rs.1,09,27,525 thereby the R&D Assets are net stated in the books of Accounts to this extent.		
If these figures are condensed, the accumulated losses in accounts of non provision of Depreciation of Rs.1,00,77,801 (PYF 95,11,318), the net worth will be eroded by more than 50% and will become a potential sick unit.		
k. The company is engaged in the development of computer software. The production and sale of such software cannot be expressed by any generic unit. Hence it is not possible to give the quantitative details of sale and information as required under Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act 1956.		

- i. As stated in Paragraph (a) the expenditure attributable to the development of new software and that are expected to result in gains in future are classified under Deferred

RESEARCH AND DEVELOPMENT expenditure and the details are as under.

	2010-2011 Rs	2009-2010 Rs.
Opening balance	1,46,92,201-43	95,34,462-00
Rent	0	34,200-00
Telephone Expense	0	29,445-00
Printing and stationery	0	1,571-00
Electricity charges	0	41,477-00
Staff welfare	0	5,700-00
Office maintenance	0	1,92,999-00
Leased line charges	0	1,09,765-00
Salaries	0	40,05,284-00
Provident Fund	0	2,61,531-00
Computer Repairs & Maintenance	0	59,770-00
Traveling R&D	0	3,22,712-43
Insurance	0	48,810-00
Fees – R&D	0	44,475-00
	<u>1,46,92,201-43</u>	<u>1,46,92,201-43</u>

- m. In view of losses incurred during the year no tax provision is made.
- n. Previous year figures have been regrouped wherever necessary to make them comparable.
- o. **AS- 15** Employee Benefits as per AS15.
The PF act applies only in cases where the number of employees exceeds 20 in your company said limit is within 20 and still PF is made although it is not mandatory in this case. Also the number of employees are less than 20 and rom LIC towards actuarial valuation, The company intrdduced PF Scheme then it was not mandatory to have PF scheme at the time of introduction.
- p. There were some delays ranging between 1 to 7 days in certain months in PF remittance to authorities beyond the due date.
- q. Garnishee order from IT department towards not releasing the payment to the Landlord towards his income tax dues which is more than 13 months dues as on 31/3/2011. The said rent and maintenance amount due to him has been kept in Fixed Deposit with HDFC Bank.

As per my report of even date

For and on behalf of the board

Date : 31.05.2011
Place : Chennai

C.N.Srinivasan
Chartered Accountant

S. Malayandi
Dr. Kalaimani
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	(Amount in Rs.)	
	2010-2011	2009-2010
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/Loss before tax and extra ordinary items	-10,90,371.24	8,09,921.75
Adjustment for:		
-Depreciation	1,22,877.08	1,55,202.80
-Miscellaneous expenses written off	3,60,000.00	3,60,000.00
-Profit on sale of Fixed Assets	-58,264.86	0.00
-Interest	47,779.53	49,214.92
-Operating Profit before working capital changes	-6,17,979.49	13,74,339.55
Adjustment for:		
-Trade receivables & other assets	15,28,660.23	33,55,071.77
- Inventory	—	—
- Loan & Advances	-8,03,870.00	-46,263.00
-Current liabilities & Provisions	1,84,227.00	22,584.00
-Income tax /Fringe benefit tax	0.00	0.00
Net Cash from operating activities A	2,91,037.74	47,05,732.24
B: CASH FLOW FROM INVESTING ACTIVITIES:		
- Purchase of Fixed assets	0.00	-28,559.00
- Proceeds from sale of Fixed assets	1,31,794.00	0.00
- Miscellaneous expenditure	0.00	-51,57,890.43
- Purchase/Sale of investments	—	—
Net Cash used in investing activities B	1,31,794.00	-51,86,449.43
C: CASH FLOW FROM FINANCING ACTIVITIES:		
-Proceed from issue of share capital	—	—
-Proceed from long term borrowings	0.00	0.00
-Repayment of long term borrowings	-1,36,800.00	-1,36,800.00
Net Cash from financing activities C	-1,36,800.00	-1,36,800.00
D: NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	2,86,031.74	6,17,517.19
E. Cash and Cash equivalents at the beginning of the year	16,757.69	6,34,274.88
F. Cash and Cash equivalents at the end of the year	3,02,789.43	16,757.69

For and on behalf of the board

Date : 31.05.2011
Place : Chennai

S. Malayandi
Dr. Kalaimani
Directors

AUDITORS CERTIFICATE

I have examined the above cash flow statement of 2011 of Asia HR Technologies Ltd for the year ended 31st March 2011. The statement has been prepared by the company in accordance with the requirements of Listing Agreement and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by my report of even date to the members of the company

Place : Chennai
Date : 31-05-2011

C.N.SRINIVASAN
Chartered Accountant
Membership No. 18216

INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No. State Code

Balance Sheet Date

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liabilit

IV. Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

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

Turn over & Other Income Total Expenditure

Profit/(Loss) Before Tax Profit/Loss After Tax
(+) / (-) (+) / (-)

Earning per share in Rs. Dividend Rate %

Generic Name of three principal products / services of company (as per Monetary Terms)

Item Code NO. (ITC Code)

Product Description

For and on behalf of the board

Date : 31.05.2011
Place : Chennai

S. Malayandi
Dr. Kalaimani
Directors

ASIA HR TECHNOLOGIES LIMITED

Regd. office : CVR Complex, II Floor No.1, Dr.Singaravelu Street,
T.Nagar, Chennai – 600 017.

PROXY FORM

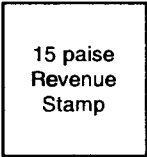
I/We.....
of.....
a member/members of Asia HR Technologies Limited hereby appoint.....
..... of
or failing him/her of
as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 9.00 A.M. at Hotel B.R.Mathsyia 29/31, Thanikachalam Road T.Nagar, Chennai -600 017 and any adjournment thereof.

signed thisday of2011.

Member's Folio

*DP ID : *Client's I.D. No.....

No. of shares held



Signature

NOTE : The proxy form must be deposited at the Registered office of the Company not less than 48 hours before the time for holding of the meeting.

ASIA HR TECHNOLOGIES LIMITED

Regd. office : CVR Complex, II Floor No.1, Dr.Singaravelu Street,
T.Nagar, Chennai – 600 017.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting place)

I hereby record my presence at the Annual General Meeting of the Company to be held at Hotel B.R.Mathsyia 29/31, Thanikachalam Road T.Nagar, Chennai -600 017 on Friday, the 30th September, 2011 at 9.00 A.M.

Name of the attending member (in block letters)

Name of the proxy (in block letters)

Member's Folio

*DP ID : *Client's I.D.

No. of shares held

Member's /Proxy's signature

* Applicable to investors holding shares in electronic form. (To be signed at the time of handing over this slip)

Book Post

If undelivered, Please return to :

ASIA HR TECHNOLOGIES LIMITED

CVR COMPLEX, II FLOOR

NO.1, DR.SINGARAVELU STREET,

T.NAGAR, CHENNAI – 600 017