



*Taking **IT** to the next level*

SoftSol India Limited

22nd Annual Report 2011-12

SoftSol India Limited

Board of Directors	Mr. Srinivasa Rao Madala Mr. Bhaskar Rao Madala Dr. T. Hanuman Chowdary Mr. B.S. Srinivasan Mr. P. Venkatramaiah	Chairman Whole time Director Director Director Director
Company Secretary	Mrs. Chavali Lalitha	
Statutory Auditors	M/s. Brahmayya & Co., Chartered Accountants, Hyderabad.	
Internal Auditors	M/s. Balarami & Nagarjuna, Chartered Accountants, Hyderabad.	
Bankers	Axis Bank Limited, Begumpet, Hyderabad. Axis Bank Limited, Madhapur, Hyderabad. Axis Bank Limited, Dwarakanagar, Visakhapatnam. State Bank of India, Madhapur, Hyderabad.	
Registered Office	Plot No. 4, Software Units Layout, Madhapur, Hyderabad - 500 081. Telephone: +91 (40) 30719500 Facsimile: + 91 (40) 30784306 E-mail: cs@softsol.net Website: www.softsolindia.com	
Registrars & Share Transfer Agent	Karvy Computershare Private Limited, Plot No. 17 - 24, Vithalrao Nagar, Madhapur, Hyderabad-500 081. Phone: 040 - 23420815-820, Fax: 040 - 23420814; Email: jayaramanvk@karvy.com.	

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Letter to Shareholders



Dear members

I take pleasure in presenting the Twenty Second Annual Report of your Company. I use this opportunity to present our accomplishments and what we hope to do in the future.

During the year under review, your Company recorded consolidated revenues of Rs.66.31crores and achieved net profit of Rs. 1.12 crores for the year.It was a tough year for us and the financial results are not as expected due to several reasons. We hope to correct this for the next fiscal year.

I assure you that the Management is working harder than before to get back to delivering predictable performance.We have appointed a new CEO for our subsidiary in the United States.I was elected to continue as Chairman but have brought the new executive management to bring positive changes in our organization. The team is tasked to increase top line, bottom line and create value for the organization. I am assisting the new team in exploring strategic partnerships and M&A opportunities to pursue inorganic growth.

Our strategy is to ensure that each of our resources generate positive returns, whether it be human resources, infrastructure or capital resources.Today, we have the right structure and leadership in place to achieve our strategic goals.Moving ahead, we remain intently focused on our customers and our other stakeholders so that we can continue to generate value for them while ensuring that we are well-positioned to take advantage of growth opportunities.We have instituted stock buyback option that was active for most the year to offer liquidity option for those shareholders who needed it.

We have made conscious efforts to differentiate your company as delivering tremendous value to customers by specialization, customer focus and product creation.

I am confident that SoftSol will do well in the coming years.

Sincerely Yours

Srinivasa Rao Madala
Chairman

Notice of the 22nd Annual General Meeting

Notice is hereby given that the Twenty Second Annual General Meeting of the members of SoftSol India Limited will be held on Saturday, the 29th day of September, 2012 at 10.00 a.m., at the registered office of the Company situated at Plot No. 4, Software Units Layout, Madhapur, Hyderabad - 500 081 to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2012 and the Profit & Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Srinivasa Rao Madala, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint a Director in place of Mr. P. Venkatramaiah, who retires by rotation and being eligible, offers him for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, if any the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 190, 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sarathy & Balu, Chartered Accountants, Hyderabad, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company in the place of M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, the retiring Auditors of the Company, who expressed their unwillingness to be re-appointed as Statutory Auditors of the Company, on their retirement at this Annual General Meeting.”

On behalf of the Board of Directors

Bhaskar Rao Madala
Whole time Director

Place: Hyderabad

Date: 14.08.2012

Notes:

- (a) A member of the Company entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books will remain closed from 24-09-2012 to 29-09-2012, both days inclusive.

- (c) Members / Proxies are requested to bring annual report along with the attendance slip filled in for attending the meeting.
- (d) M/s. Karvy Computershare Private Limited, Plot No. 17 - 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh is the Registrar and Share Transfer Agent (RTA) for the physical shares of the Company and also the depository interface of the Company with both NSDL and CDSL. Share Transfer documents and all correspondence relating thereto, should be addressed to the RTA.
- (e) Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
- (f) The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 2 and 3 above are also annexed.
- (g) Members/proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM. Copies of the Annual Report will not be provided at the AGM.
- (h) SEBI has made it mandatory for every participant in the securities/capital market to furnish details of Income Tax Permanent Account Number (PAN). Accordingly, all members holding shares in physical form are requested to submit their details of PAN, along with a photocopy of the PAN Card, to the R&T agents of the Company.
- (i) The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its members in the electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications.
- (j) The Explanatory Statement pursuant to Section 173(2) of the Act with regard to the item no. 4 is annexed hereto.

Explanatory Statement, as required under Section 173 of the Companies Act, 1956.

Item No. 4:

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad the present auditors who retire at this Annual General Meeting have informed the Company that they do not wish to seek re-appointment as Statutory Auditors of the Company for the financial year 2012-13 at the forthcoming Annual General Meeting.

The Company has received a special notice from few Members of the Company, in terms of the provisions of Section 190 read with Section 225 of the Companies Act 1956, signifying their intention to propose the appointment of M/s. Sarathy & Balu, Chartered Accountants, Hyderabad, as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting in the place of retiring auditors M/s. Brahmayya & Co., Chartered Accountants, Hyderabad.

M/s. Sarathy & Balu, Chartered Accountants, expressed their willingness to act as Auditors of the Company, if appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

In view of the above and based on the recommendations of the Audit Committee, the Board of Directors at its meeting held on August 14, 2012, proposed the appointment of M/s. Sarathy and Balu, Chartered Accountants, as the Statutory Auditors in the place of M/s. Brahmayya & Co., Chartered Accountants, Hyderabad for the financial year 2012-13.

The Members' approval is being sought to the appointment of M/s. Sarathy & Balu, Chartered Accountants, as the Statutory Auditors and to authorize the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to the Auditors.

The Board recommends this resolution for your approval. No director is concerned or interested in the passing of this resolution.

Annexure to the Notice to the Shareholders

Brief Profile of Directors seeking re-appointment at this Annual General Meeting:

Item No. 2: Re-appointment of Mr. Srinivasa Rao Madala as Director on the Board of the Company.

Name:	Mr. Srinivasa Rao Madala
Date of Birth:	01-06-1961
Date of Appointment:	27-12-1998

Mr. Madala is a B.E. (Mech.) from REC, Warangal, and P.G. Diploma in Industrial Engineering from NITIE, Mumbai. To his credit he has published a paper titled "A Search for optimal Frequency of Shutdown through Computer Simulation" in Maintenance Management International, Netherlands, 1987. Mr. Madala was employed by Tata Borroughs Limited (now called Tata Unisys Limited), Mumbai and was deputed to work in UNISYS, Atlanta in 1986. Prior to setting up his own ventures, Mr. Madala has provided his services as a consultant for Tata Burroughs Limited, Mumbai, UNISYS, Atlanta, Pasific Bell, San Ramon and Bellcore, New Jersey. He has experience in Application Development, Process Re-engineering, Systems Engineering and Project Management.

Mr. Madala is the driving force behind the SoftSol Group and has over 22 years of experience in system engineering, Application Development, Feasibility Studies, Project Management and Business Development. Mr. Madala is the Promoter and Chairman of SoftSol India Limited and SoftSol Resources Inc., U.S.A. He also co-founded SoftSol Technologies, Inc., U.S.A., the parent company, wherein he is a Director.

Mr. Rao is not holding any other directorships in Public Limited Companies in India.

Item No. 3: Re-appointment of Mr. P. Venkatramaiah as Director on the Board of the Company.

Name	:	Mr. Pamulapati Venkatramaiah
Date of Birth	:	15-03-1932
Date of Appointment	:	23-05-2011

Mr. Venkatramaiah aged about 75 Years, having qualification of B.E, retired as Chief Engineer in Central Water Commission and had an overall 50 years experience in handling Power & Infra Projects.

Mr. Rao is not holding any other directorships in Public Limited Companies in India.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 22nd Directors' Report on the business and operations of your Company, for the year ended March 31, 2012.

Financial Highlights

	<i>(Rs .in lakhs)</i>	
	2011-12	2010-11
Gross Revenue	317.13	1065.83
Total Expenditure	997.25	1019.83
Operating Profit	(693)	46.00
Other Income	1029.10	895.59
Interest	3.97	1.07
Depreciation	349.30	238.41
Profit before Tax	17.34	738.72
Provision for Taxation	3.5	150.50
Profit after Tax	13.84	588.22
Earning per Share (Rs.)	0.08	3.34

During the year under review, your Company recorded income of Rs. 317.13 Lakhs from export of software in comparison with previous year's income of Rs. 1065.83 Lakhs. Your company achieved net profit of Rs. 13.84 Lakhs for the year in comparison with the previous year's net profit of Rs. 588.22 Lakhs.

SoftSol Resources Inc., (SRI) a wholly owned subsidiary of your Company, recorded total revenue of US\$ 13.87 Millions in comparison with the previous year's revenue of US\$ 14.56 Millions. SRI recorded net profit of US\$ 94,749 for the year 2011 in comparison with the previous year's net profit of US\$ 71,988.

Management Discussions and Analysis Report

Management Discussions and Analysis Report, as required under the Listing Agreement with the Stock Exchanges is forms part of the Report.

Dividend

In view of the financial performance of your Company during the year 2011-12, your Directors have not recommended any dividend for this financial year.

Directors:

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr. Srinivasa Rao Madala and Mr. Pamulapati Venkatramaiah, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

Buy-back of Shares:

During the year under review your Company bought back 6,32,155 fully paid equity shares upto the date of 14th August 2012 in the open market mode on the Bombay Stock Exchange Limited pursuant to the resolution passed by the Board of Directors at their meeting held on 24th October 2011. The Company spent Rs. 4,05,07,356 for the shares bought back. The total number of shares of the Company was reduced from 17589296 to 16957141 with the buyback of shares. The last day of this scheme of buy back will be 30th September 2012.

Corporate Governance:

The Company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. A report on Corporate Governance pursuant to the provisions of Clause 49 of the Listing Agreement forms part of the Annual Report. As required under Clause 49 of the Listing Agreement, the Certificate regarding compliance of conditions of corporate governance is enclosed to the Report.

Whole time Director's Declaration:

Pursuant to the provisions of Clause 49(I)(D)(ii) of the Listing Agreement, a declaration by the Whole time Director of the Company declaring that all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, is included in the Report of Corporate Governance.

Listing at Stock Exchange:

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited and the annual listing fees for the year 2012-13 has been paid to the Exchange.

Auditors:

The present Auditors of the Company, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, have expressed their unwillingness to be re-appointed as Auditors on their retirement at the forthcoming Annual General Meeting.

The Company has received a special notice from few shareholders of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment M/s. Sarathy & Balu, Chartered Accountants, Hyderabad, as Statutory Auditors of the Company in the place of retiring auditors M/s. Brahmayya & Co., Chartered Accountants from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Sarathy & Balu, Chartered Accountants, Hyderabad have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

Board proposed a resolution to the notice of the Annual General Meeting for the appointment of M/s. Sarathy & Balu, Chartered Accountants, Hyderabad as Auditors of the Company.

Fixed Deposits

Your Company has not accepted/invited any deposits from the Public for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Information u/s. 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

Conservation of Energy, Technology Absorption, Foreign Exchange earnings and Outgo:

- a. Conservation of Energy: The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.
- b. Technology Absorption: Since business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company continues its focus on quality upgradation of product and services development.
- c. Foreign Exchange earnings and outgo: Total foreign exchange earnings during the year were Rs. 317.13 Lakhs (Previous year Rs. 1,065.83 Lakhs) and foreign exchange outgo was Rs. 1.70 Lakhs (previous year Rs. 0.30 Lakhs).

Particulars of Employees:

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not required as none of the employees falls under the category.

Directors' Responsibility Statement:

In terms of the provisions of section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm as under:

1. That, in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with the proper explanation relating to material departures;
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 at the end of the financial year and of the profit or loss of the Company for that period.
3. That, the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That, the Directors had prepared the annual accounts on a going concern basis.

Particulars pursuant to Section 212 of the Companies Act, 1956:

Your company has prepared the consolidated financial statements in accordance with the relevant accounting standards and the provisions of the Companies Act, 1956 (Act). Pursuant to the provisions of Section 212 of the Act, documents in respect of the subsidiary company M/s. SoftSol Resources Inc., USA viz., Directors' Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are attached the Annual Report.

Acknowledgements:

Your Directors take this opportunity to thank all investors, business partners, clients, banks, regulatory and governmental authorities, stock exchanges and employees for their continued support.

On behalf of the Board of Directors

Bhaskar Rao Madala
Whole time Director

Place: Hyderabad
Date: 14.08.2012

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. SoftSol has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchange as disclosed here in below:

SoftSol continues to follow procedures and practices in conformity with the Code of Corporate Governance as stipulated by the Securities & Exchange Board of India (SEBI).

2. Board of Directors

Composition of the Board:

The Company has an optimum combination of Executive and Non-Executive Directors. The Chairman is a Non-Executive Director. The number of Independent Non-Executive Directors is more than half of the Board's total strength. All Independent Non-Executive Directors comply with the legal requirements of being "Independent." Except the Whole time Director, all other directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board of Directors and their attendance at Board Meetings during year and at the last Annual General Meeting are given below:

Name of the Director	Director Identification Number	Category	Designation	Board Meetings held	Board Meetings attended	Last AGM
Mr. Srinivasa Rao Madala	01180342	Promoter Director	Chairman	5	Nil	No
Mr. Bhaskara Rao Madala	00474589	Promoter Director	Whole time Director	5	5	Yes
Dr. T. Hanuman Chowdary	00107006	Independent Non-Executive Director	Director	5	5	Yes
Mr. B.S. Srinivasan	00482513	Independent Non-Executive Director	Director	5	5	Yes
Mr. P. Venkatramaiah*	00030102	Independent Non-Executive Director	Director	5	5	Yes

* Mr. P. Venkatramaiah has been appointed as Director with effective from 23rd May 2011.

Details of number of Directorships and Committee Memberships held by Directors in other Companies:

Name of the Director	Board		Committee	
	Chairman	Member	Chairman	Member
Mr. Srinivasa Rao Madala	Nil	Nil	Nil	Nil
Mr. Bhaskara Rao Madala	Nil	Nil	Nil	Nil
Dr. T. Hanuman Chowdary	Nil	2	1	1
Mr. B. S. Srinivasan	Nil	Nil	Nil	Nil
Mr. P. Venkatramaiah	Nil	Nil	Nil	Nil

Board Procedure:

The calendar of meetings of the Board of Directors is determined well in advance and Notices of the Meetings of the Board are issued by the Company Secretary on the advice and guidance of the Whole time Director. The agenda and notes thereon are finalised by the Whole time Director and circulated sufficiently in advance by the Company Secretary.

During the financial year, Board of Directors of the Company met five times on 23-05-2011, 12-08-2011, 24-10-2011, 14-11-2011 and 25-01-2012.

Elaborate and meticulous deliberations take place at the meetings of the Board; all relevant information is put up to the Board and comprehensive presentations are made to it to facilitate considered and informed decision making. Heads of the business verticals also attend the meetings of the Board as invitees to provide a better perspective on the operations. The time gap between two meetings of the Board did not exceed four months.

Code of Conduct:

The Board has laid down a code of conduct for all Board members and senior management of the Company, which is available on the Company's web-site. All the Board members and senior management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended March 31, 2012. A declaration to this effect, duly signed by the Whole time Director is given hereto.

Declaration

I, Bhaskar Rao Madala, Whole time Director do hereby declare that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

Bhaskar Rao Madala
Whole-time Director

Place: Hyderabad
Date: 14.08.2012

3. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956. The terms of reference includes:

- a) Oversight of the company's financial reporting process.
- b) Recommending appointment and removal of external auditors and fixing of their fees.
- c) Reviewing with management the quarterly, half-yearly and annual financial results / statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.
- d) Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- e) Reviewing the adequacy of internal control systems and significant audit findings.
- f) Discussion with external auditors regarding nature and scope of audit.

Composition and Attendance:

Audit Committee consists of three independent Non-executive Directors and one Executive Director. Members are Dr. T.Hanuman Chowdary, Mr. B.S.Srinivasan, Mr. P. Venkatramaiah and Mr. Bhaskar Rao Madala. Dr. T.Hanuman Chowdary is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee. Members of the Committee are well versed in finance, accounts, company law and general business practices.

During the financial year 2011-12 Audit Committee of the Board of Directors met four times on 23-05-2011, 12-08-2011, 14-11-2011 and 25-01-2012. All the members of the Committee attended all the meetings.

4. Remuneration Committee

Remuneration Policy:

The Committee has the mandate to review and recommend compensation payable to the Whole-time Director and Senior Executives of the Company. No director other than Mr. Bhaskar Rao Madala is drawing remuneration from Company. Mr. Bhaskar Rao Madala is drawing remuneration for the services rendered in the capacity of Whole-time Director of the Company. A sitting fee of Rs. 5,000 (Rupees Five thousand only) is being paid to non-executive directors for attending each board meeting.

Terms of Reference: The terms of reference of the Remuneration Committee are:

- a) To review and approve / recommend the remuneration for the Corporate officers and Whole-time director of the Company
- b) To review and recommend to the Board the remuneration policy for the Company.
- c) To approve grant of stock options to the employees and / or directors of the Company and subsidiary.
- d) To discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time.

The Remuneration Committee comprises of three non-executive directors Dr. T.Hanuman Chowdary, Mr. B.S.Srinivasan and Mr. P. Venkatramaiah. Dr. T. Hanuman Chowdary is the Chairman of the Committee. The Committee was not met during the financial year.

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2011-12 are as follows:

(In Rs.)

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Mr. Srinivasa Rao Madala	Director	Nil	Nil	Nil	Nil
Mr. Bhaskara Rao Madala	Whole-time Director	14,37,600	Nil	Nil	14,37,600
Dr. T. Hanuman Chowdary	Director	Nil	Nil	25,000	25,000
Mr. B. S. Srinivasan	Director	Nil	Nil	25,000	25,000
Mr. P. Venkatramaiah	Director	Nil	Nil	25,000	25,000

No other benefits, bonuses, stock options, pensions or performance-linked incentives are paid to directors except as mentioned above and there are no pecuniary relationships or transactions by the non-executive directors during the financial year.

Shareholding of the Directors in the Company as on 31 March 2012:

Mr. Bhaskar Rao Madala, Whole time Director, holds 2,49,966 equity shares in the Company. No other director holds any shares, convertible instruments or stock options in the company.

5. Share Transfers and Shareholders Grievance Committee

The Share Transfers and Shareholders Grievance Committee comprises of three non-executive independent directors and one executive director. Mr. Bhaskar Rao Madala, Mr. B. S. Srinivasan, Mr. P. Venkatramaiah and Dr. T. Hanuman Chowdary (Chairman). Mrs. Chavali Lalitha, Company Secretary is the Compliance Officer.

Scope of the Committee

The scope of the Shareholders' Share Transfers and Shareholders Grievance Committee is to review and address the grievances of the shareholders in respect of share transfers, transmissions, dematerializations and rematerialisation of shares, dividend, change of address, and other miscellaneous matters.

During the year Company has not received any complaints from the shareholders and there are no pending shareholder complaints or share transfers as on date of this report.

Meetings and Attendance:

During the financial year, the Committee met five times on 23-05-2011, 12-08-2011, 24-10-2011, 14-11-2011 and 25-01-2012.

6. General Body Meetings

Details of the last three Annual General Meetings (AGM) are as follows:

Year/Period	Day, Date and Time	Location
2008-2009	Wednesday, 30th September 2009 at 10.30 A.M.	At the Registered office of the Company at Plot No.4, Software Units Layout, Madhapur, Hyderabad – 500 081.
2009-2010	Thursday, 30th September 2010 at 10.30 A.M.	At the Registered office of the Company at Plot No.4, Software Units Layout, Madhapur, Hyderabad – 500 081.
2010-2011	Friday, 30th September 2011 at 10.00 A.M.	At the Registered office of the Company at Plot No.4, Software Units Layout, Madhapur, Hyderabad – 500 081.

No special resolution was passed by the shareholders at the last three Annual General Meetings. No business was transacted through postal ballot at the last three Annual General Meetings. At the forthcoming Annual general Meeting no business is required to be transacted through postal ballot. No Extra-Ordinary General Meeting of the shareholders was held during the year.

7. Disclosures:

Details of Related Party Transactions:

SoftSol Technologies Inc., (STI) holds 52.11% of the total shareholding of SoftSol India Limited. SoftSol India Limited (SIL) holds 100% shareholding of SoftSol Resources Inc., (SRI) and hence SRI is a wholly owned subsidiary of SIL. The transactions details of the Company with the STI & SRI as of 31.03.2012 are:

Details	Party Name	31-03-2012 (in Rs.)	31-03-2011 (in Rs.)
Sales	SoftSol Technologies Inc.	Nil	8,59,18,440
	SoftSol Resources Inc.	3,17,13,980	2,03,74,875
Investment	SoftSol Resources Inc.	95,34,04,053	95,34,04,053

No Loans and Advances to Subsidiary Company have been made in the financial year 2011-12. There is no pecuniary relationship or transactions with non-executive director's vis-à-vis the Company, which has potential conflict with the interests of the Company at large.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or a stricture has been imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during last three years.

The Company has complied with all the applicable mandatory requirements of the Clause 49 (Corporate Governance) of the Listing Agreement.

Prohibition of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct for insider trading regulations which is applicable to all the directors, officers and such employee's of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company.

Compliance Report:

A Compliance report of all applicable Laws and Regulations as certified by the Whole time Director and the Company Secretary are placed at periodic intervals for review by the Board. The Board reviews the compliance of all the applicable Laws and gives appropriate directions wherever necessary. The Board considers materially important Show Cause/Demand Notices received from Statutory Authorities and the steps/action taken by the Company in this regard.

A status report of material legal cases pending before the various courts is also put up to the Board on a quarterly basis.

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

8. Means of Communication

The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges, immediately after these are taken on record by the Board. These financial results are normally published in Business Standard/Indian Express (English) and Andhra Bhumi/Andhra Prabha/Andhra Jyothi (Telugu) Newspapers and are displayed on the website of the Company www.softsolindia.com. The company also releases all price sensitive information simultaneously to BSE and the media.

The official news releases and the presentation made to the investors/ analysts are also displayed on the Company's website.

Management Discussion and Analysis Report forms part of the Report of the Directors.

9. CEO/CFO Certification:

The requisite certification from the Whole time Director required to be given under Clause-49 (V) was placed before the Board of Directors of the Company.

10. General Shareholders Information:**a) Registered Office & address for Correspondence**

Plot No. 4, Software Units Layout, Madhapur, Hyderabad – 500 081
Telephone: + 91 (40) 30719500, Facsimile: + 91 (40) 30784306
E-mail: cs@softsol.net, Website: www.softsol.net

b) Annual General Meeting: (Date, Time and Venue)

Saturday, the 29th day of September 2012 at 10.00 A.M. at the Registered Office of the Company.

c) Financial Calendar

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

d) Book Closure

From September 24, 2012 to September 29, 2012 (both days inclusive)

e) Listing of Shares

The Company shares are listed on The Bombay Stock Exchange Limited and the Company has paid listing fees for the financial year 2012-13 to the Stock Exchange.

f) Stock Code/Symbol

The Bombay Stock Exchange Limited - 532344

g) Share Transfer Agent

Karvy Computershare Private Limited, Plot No. 17 - 24, Vithalrao Nagar, Madhapur, Hyderabad-500 081, Andhra Pradesh.

Contact Person: Mr. V. K. Jayaraman, General Manager, Phone: 040 - 23420815-820,

Fax: 040 - 23420814. Email: jayaramanvk@karvy.com.

h) Share Transfer System

Equity Shares lodged for transfer in physical mode are normally registered within 15 days from the date of receipt. The Share Transfer Agent is handling all the Share Transfers and related transactions. As on March 31, 2012, no share transfer or complaints were pending.

Shares held in the dematerialised form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

i) Dematerialization of Shares

The Shares of the Company are in compulsory demat segment and are available for trading in the depository system of both NSDL and CDSL. As on March 31, 2012, 11613316 Equity Shares out of total 17030710 Equity Shares of the Company forming 68.19% of the Share Capital of the Company, stand dematerialized. International Securities Identification Number: INE002B01016.

j) **Category wise Shareholding as at March 31, 2012.**

Category	Number of Share holders	Number of Shares held	Percentage of Share holding (%)
Promoters	7	10817229	63.52
Mutual Funds and UTI	0	Nil	Nil
Banks, Financial Institutions, Insurance Companies	0	Nil	Nil
FII's	0	Nil	Nil
Private Corporate Bodies	45	28126	0.17
Indian Public	2003	733070	4.30
Non-Resident Indians	14	2715724	15.94
Overseas Body Corporates	2	2736061	16.06
Clearing Members	1	500	0.01
Total	2072	17030710	100

k) **Shareholders holding more than 1% of the Shares:**

Name of the Shareholder	Number of shares held	Percentage
<u>Promoters:</u>		
SoftSol Technologies Inc	8875444	52.11
Sambasiva Rao Madala	904715	5.31
Durga VLK Madala	681964	4.00
Bhaskar Rao Madala	249966	1.47
<u>Overseas Corporate Bodies</u>		
Adalat Corporation	2595370	15.24
<u>Non-Resident Indians</u>		
B. Prameela	2595369	15.24

l) **Market Price Data:**

The monthly high and low quotations of shares traded on The Bombay Stock Exchange Limited during each month in last financial year are as follows:

Month	BSE-High	BSE-Low	Month	BSE-High	BSE-Low
April 2011	40.90	35.00	October 2011	56.90	33.50
May 2011	36.95	26.90	November 2011	62.65	54.00
June 2011	48.80	31.90	December 2011	65.00	59.90
July 2010	44.50	35.00	January 2012	65.00	63.00
August 2011	36.85	26.70	February 2012	66.00	63.75
September 2011	35.25	27.00	March 2012	65.00	64.00

m) Distribution of Shareholding as at March 31, 2012.

Number of Equity Shareheld	Shareholders (Numbers)	Shareholders (Percentage)	Shares (Numbers)	Shares (Percentage)
1 – 5000	1817	87.65	3182660.00	1.87
5001 – 10000	166	8.01	1405510.00	0.83
10001 – 20000	41	1.98	605400.00	0.36
20001 – 30000	20	0.96	533630.00	0.31
30001 – 40000	2	0.10	80000.00	0.05
40001 – 50000	5	0.24	236600.00	0.14
50001 – 100000	3	0.14	192680.00	0.11
100001 & above	19	0.92	164070620.00	96.34
Total	2073	100.00	170307100.00	100.00

Declaration

To
The Board of Directors of
SoftSol India Limited.

I, Bhaskar Rao Madala, Whole time Director of SoftSol India Limited certifies that:

- a) I have reviewed financial statements and the cash flow statement for the year ended March 31, 2012 and that to the best of their knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit committee
 - i. There have not been any significant changes in internal control over financial reporting during the year under reference;
 - ii. There has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. There has not been any instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Bhaskar Rao Madala
Whole-time Director

Place: Hyderabad

Date: 14.08.2012

Certificate of Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

The members of
SoftSol India Limited

1. We have examined the compliance of conditions of Corporate Governance by SoftSol India Limited (the Company) the year ended March 31, 2012 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.
2. The compliance of 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Hyderabad
Date : 14.08.2012

M. Vijaya Bhaskara Rao
Company Secretary in Practice
Certificate of Practice No. 5237

Management's Discussion and Analysis

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

A. Industry structure and developments

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and are using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming them. There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time, corporations are reluctant to expand their internal IT departments and increase costs. Corporations are increasingly turning to offshore service providers for higher quality, cost competitive technology solutions. As a result, offshore service providers have become critical to the operations of many enterprises and they continue to grow in recognition and sophistication. In view of this, the addressable market for offshore technology services has expanded.

India is widely recognized as the premier destination for offshore technology services. According to the NASSCOM Strategic Review 2012, IT services exports (excluding exports relating to business process outsourcing (BPO), hardware, engineering design and product development) from India are estimated to grow by 16.3% in fiscal 2012 to record revenues of US \$40 billion. According to the NASSCOM Strategic Review 2012, BPO exports from India are estimated to record revenues of US \$16 billion, which is a growth of over 12% compared to fiscal 2011. There are several key factors contributing to the growth of IT and IT-enabled services (ITES) in India and by Indian companies. Some of these factors are high-quality delivery, significant cost benefits and abundant skilled resources.

B. Opportunities and threats of Global IT services and Products

These are challenging times for the Indian IT Industry given the current global financial crisis. All companies are under threat given the uncertainties in the market today. India is no longer decoupled from the global economy and all sectors, whether it is IT or BPO which are directly linked to the fortunes of global business or retail, manufacturing and real estate which depend on the prosperity of the citizens to succeed will need to prepare themselves for a period of uncertainty and start building strategies and new capabilities for success in the future.

Every crisis creates new opportunities and there are new possibilities emerging in every segment. Service firms have the opportunity to build wider and deeper relationships with their clients, challenging the assumptions on what work can be done in near shore and offshore locations and identifying new areas to partner to meet the customer's need to preserve profits in difficult times.

Companies in the knowledge services business will need to be watchful and avoid excessive cost or capacity build up at a time when demand will be weak at least for the next few quarters. Product and IP creating firms can identify niche areas that emerge through the periods of instability and education and training firms can address the task of re-skilling both the existing workforce and job seekers to make them more suitable for the new challenges.

The main risks causing concern to the IT Industry and your Company as well are Economic crisis in USA as well in EUROPE, ability to attract and retain talent, withdrawal of Tax benefits, Currency Exchange risks, High Customer concentration, etc.

Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share Price to decline. We may not be able to sustain our previous profit margins or levels of profitability. The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues and operating results.

Your Company has a Risk Assessment and minimization process, which is monitored on a periodic basis. Various risks that are closely monitored are Business risks i.e. Client concentration risk, geographical risk, competition risk and financial risk mainly in the area of foreign currency fluctuations.

We manage mission critical IT infrastructure/applications and therefore maintaining stable communication links with our clients is imperative. Breakdown in telecommunication links, geo-political disturbances or natural disaster could temporarily impact our ability to service customers. This could adversely affect the customer decision to procure IT services from India or increase the nature and scope of services sourced from India.

We have a well-defined business contingency plan and disaster recovery plan to address these unforeseen events and minimize the impact on services delivered from our development centre

With solid management practices driven by a stable leadership team, a well diversified service portfolio aligned to market needs, a wide geographic presence, increased levels of productivity through efficiency frameworks and a proven track record through its Innovation, the Company is confident of increased success in the years to come.

C. Outlook

We have made very good progress in deepening the relationship with existing customers. As we are entering in to the domestic business, we expect to achieve higher growth rates in income and profits during the coming year.

With the economic uncertainties, we are exploring the domestic market as well as Asia Pacific region for driving the growth and mitigating risk in the developed world. This growth is largely driven by increased acceptance of IT within the country as a major growth enabler and a competitive tool for Indian corporations to compete in an increasingly globalized environment.

D. Internal Control Systems and their adequacies

The company strictly adheres to the internal control systems proven to be effective over the years. The internal audit team carries out extensive audit on all operations at regular intervals. The company implements the policies and procedures so as to safeguard the assets and interests of the company.

The internal control systems are implemented with a view to achieve good ethical culture within the organization. The internal control systems would ensure that any vulnerability in the achievement of company's objectives caused by risk factors whether internal or external, existing or emerging, is detected and reported in a timely manner and is meted out with appropriate corrective action. Strong internal controls minimize the risk of frauds by introducing effective checks and balances into the financial system.

The company has quarterly internal audit, an independent appraisal function, to evaluate the effectiveness of the company's internal control system. The findings of internal audit are periodically placed before the Audit committee and the Board of Directors of the company.

E. Financial Performance of the company

Your company had recorded consolidated revenues of Rs. 66.31 crores and achieved net profit of Rs. 1.12 crores in the current year. We expect to achieve significant growth in revenue and net income in the coming year.

F. Human Resources

Our focus is to develop individual and team competencies and capabilities for driving operational excellence and building a high performance organization. Hence our Talent Management program is focused on Talent Acquisition, Development and Retention.

We have our employees undergo certification programs each year to develop the skills relevant for their roles. We have also adopted a performance-linked compensation program that links compensation to individual performance, as well as meeting organisational goals.

We have initiated various measures from time to time to maintain a competitive, healthy and harmonious work environment at all levels.

Auditor's Report

To
The Members of
SoftSol India Limited, Hyderabad(AP)

We have audited the attached balance sheet of SoftSol India Limited, Hyderabad(AP) as at 31st March, 2012, statement of Profit and Loss for the year ended on that date annexed thereto, and its Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, statement of Profit and Loss and the Cash-flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, statement of Profit and Loss and the Cash- flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (b) in the case of statement of Profit and Loss of the PROFIT of the company for the year ended on that date; and
 - (c) in the case of the Cash-flow Statement, of the cash flows of the company for the year ended on that date.

For M/s. Brahmayya & Co.,
Firms' Registration Number: 000513S
Chartered Accountants

Place : Hyderabad
Date : 28.05.2012

D.Seetharamaiah
Partner
Membership No : 2907

Annexure to Auditor's Report

The Annexure referred to in paragraph 3 of our report of even date

- 1.1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2. As explained to us, the management has physically verified most of the fixed assets 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 the assets. No material discrepancies were noticed during the year on such verification.
- 1.3. During the year the assests disposed off is not substantial so as to affect the going concern nature of the company.
- 2.1. No inventories are held, since the company is engaged in developing software and providing I.T. Solutions. Accordingly clause 4(ii) is not applicable to the company for the year under report.
- 3.1.1 The company has neither granted nor taken any loans secured or unsecured to /from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- 3.1.2 In view of the comment in paragraph 3.1.1 above, the clause 4(iii) (b), (c), (d), (e), (f) and (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business. Further during the course of audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction but have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions which have been entered into, pursuant to contracts that have been entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from public and consequently, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under are not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the activities of the Company.
- 9.1 According to the information furnished to us, the company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company.
- 9.2 According to the records of the Company and the information and explanations given to us, there are no undisputed dues of Income Tax, Sales Tax, Service tax, Customs Duty and Cess which are not paid for a period of more than six months.
- 9.3 According to the records of the Company and the information and explanations given to us, the following are the disputed demand in respect of Income Tax, which has not been deposited.

Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax	1,24,93,756	2006-2007	C.I.T. Appeals, Hyderabad
	1,42,98,638	2007-2008	C.I.T. Appeals, Hyderabad

10. The company has no accumulated losses as at the end of the financial year 31-03-2012 and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, the company has not taken any loans from financial institutions and banks. Hence defaulted in repayment does not arise. Default in repayment of debentures does not arise, since the company has not issued any debentures.
12. According to the information and explanation given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is neither a chit fund nor a nidhi/ mutual benefit fund /society. Hence the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanation given to us, the company has not obtained any term loans during the year.
17. The company has not raised any funds on short term basis.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act, or to any others.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.
20. The company has not raised any money through public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
21. According to the information and explanations given to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

For M/s. Brahmayya & Co.,
Firms' Registration Number: 000513S
Chartered Accountants

Place : Hyderabad
Date : 28.05.2012

D.Seetharamaiah
Partner
Membership No:2907

BALANCE SHEET AS AT 31st MARCH 2012

Particulars	Note No''	As at 31-03-2012		As at 31-03-2011	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	03	174,447,210		180,033,070	
(b) Reserves and surplus	04	<u>1,613,657,675</u>		<u>1,642,473,889</u>	
			1,788,104,885		1,822,506,959
(3) Non-current liabilities					
(a) Other Long term liabilities	05	51,091,688		56,489,242	
(b) Long-term provisions	06	<u>2,968,141</u>		<u>4,260,570</u>	
			54,059,829		60,749,812
(4) Current liabilities					
(a) Other current liabilities	07	5,028,570		1,799,628	
(b) Short-term provisions	08	<u>519,555</u>		<u>-</u>	
			5,548,125		1,799,628
Total			<u>1,847,712,839</u>		<u>1,885,056,399</u>
ASSETS					
(1) Non-current assets					
(a) Fixed assets	09				
(i)Tangible assets		375,391,331		382,106,342	
(ii)Intangible assets		713,185		317,602	
(iii)Capital work-in-progress		125,846		13,631,399	
(b) Non-current investments	10	953,404,053		953,404,053	
(c) Long-term loans and advances	11	<u>82,505,984</u>		<u>72,206,518</u>	
			1,412,140,399		1,421,665,914
(2) Current assets					
(a) Trade receivables	12	9,508,785		22,883,124	
(b) Cash and cash equivalents	13	392,590,185		420,750,980	
(c) Short-term loans and advances	14	7,652,799		8,181,014	
(d) Other current assets	15	<u>25,820,671</u>		<u>11,575,367</u>	
			435,572,440		463,390,485
Total			<u>1,847,712,839</u>		<u>1,885,056,399</u>

Notes to accounts form an integral part of Balancesheet

As per our report of even date

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

Particulars	Note No	Current Year ₹	Previous Year ₹
Revenue from operations	16	31,713,980	106,582,835
Other income	17	105,071,660	90,756,337
Total Revenue		136,785,640	197,339,172
Expenses			
Employee benefits expense	18	67,209,155	66,621,754
Other expenses	19	32,515,644	32,897,339
Finance costs	20	396,913	107,194
Depreciation and amortization expense	09	34,929,689	23,840,871
Total expenses		135,051,401	123,467,158
Profit before exceptional and extraordinary items and tax		1,734,239	73,872,014
Exceptional items		-	-
Profit before extraordinary items and tax		1,734,239	73,872,014
Extraordinary Items		-	-
Profit before tax		1,734,239	73,872,014
Tax expense:			
(1) Current tax		350,000	15,050,000
(2) Deferred tax			
Profit / (Loss) after tax for the year		1,384,239	58,822,014
Earnings per equity share			
(1) Basic		0.08	3.34
(2) Diluted		0.08	3.34

Notes to accounts form an integral part of Profit & Loss

As per our report of even date
for BRAHMAYYA & CO.

Firms' Registration Number: 000513S
Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. In Lakhs)

	Year ended 31-03-2012	Year ended 31-03-2011
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extraordinary Items	17.34	738.72
Adjustments for :		
Depreciation	349.30	238.41
Interest (Net)	(337.94)	(226.56)
Provision for Leave Encashment	0.17	(5.09)
Provision for Gratuity	0.68	0.31
Loss on sale of Investments	-	1.50
Profit on sale of assets	(1.83)	
Excess Provision/Credit Balnces Written back	(8.58)	(9.58)
Operating Profit before Working Capital changes	19.14	737.71
Adjustments for Working Capital:		
Trade and other payables	(21.69)	87.29
Trade and other receivables	20.39	839.89
Net Cash generated from operations	17.85	1,664.89
Direct Taxes Paid	-	(316.19)
Net Cash from operating activities(A)	17.85	1,348.70
B CASH FLOW FROM INVESTING ACTIVITIES :		
Interest received	211.59	167.80
Dividend Paid	-	(0.73)
Purchase of Fixed Assets	(152.18)	(672.66)
Sale of Fixed assets	2.97	-
Sale of investments	-	0.30
Net Cash flow from Investing Activities(B)	62.38	(505.30)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Extraordinary Items : Buy Back of Equity Shares	(357.86)	(28.79)
Interest Paid	(3.97)	(1.07)
Net Cash flow from Financing Activities(C)	(361.83)	(29.86)
Net Increase in Cash and Cash Equivalentents (A+B+C)	(281.61)	813.55
Cash and cash Equivalentants as at beginning of the year	4,207.51	3,415.76
Cash and cash Equivalentants as at end of the year	3,925.90	4,229.32

As per our report of even date

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah

Partner

Membership No:2907

Bhaskara Rao Madala

Wholetime Director

Dr. T. Hanuman Chowdary

Director

Place: Hyderabad

Date: 28.05.2012

B.S.Srinivasan

Director

C.Lalitha

Company Secretary

Note No:03**Share Capital**

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number of shares	₹	Number of shares	₹
Authorised:				
Equity Shares of Rs 10/- each.	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and paid up:				
Equity Shares of Rs 10/- each fully paid up	17,589,296	175,892,960	17,641,900	176,419,000
Add: Fresh Issue during the year	-	-	-	-
Partly paid shares	28,200	141,000	28,200	141,000
Forfeited shares (amount originally paidup)	799,822	3,999,110	799,822	3,999,110
	18,417,318	180,033,070	18,469,922	180,559,110
Less: Bought Back	558,586	5,585,860	52,604	526,040
	17,858,732	174,447,210	18,417,318	180,033,070

1. Details of share holders holding morethan 5% of total number of shares

Name of the Share Holder	As at 31-03-2012		As at 31-03-2011	
	Number of Shares held	%	Number of Shares held	%
Softsol Technologies Inc.	8,875,444	52.11%	8,875,444	52.11%
Sambasiva Rao Madala	904,715	5.31%	904,715	5.31%
Adalat Corporation	259,370	15.24%	259,370	15.24%
B.Prameela	259,369	15.24%	259,369	15.24%
Total	10,298,898	87.90%	10,298,898	87.90%

2. Reconciliation of Number of Shares:

Particulars	Equity Shares	
	As at 31-03-2012	As at 31-03-2011
Shares outstanding at the beginning of the year	17,589,296	17,641,900
Add: Shares Issued during the year	-	-
	17,589,296	17,641,900
Less: Shares bought back during the year	558,586	52,604
Shares outstanding at the end of the year	17,030,710	17,589,296

3. Calls unpaid:

Particulars	Equity Shares	
	As at 31-03-2012	As at 31-03-2011
Equity Share Capital:		
By Others	28,200	28,200
Total	28,200	28,200

Note No:04**Reserves and Surplus**

Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹
Capital Redemption Reserve		
Figures as at the end of the previous reporting period	10,383,120	9,857,080
Additions: Transfer from Statement of Profit and Loss	5,585,860	526,040
Deductions	-	-
Figures as at the end of current reporting period	15,968,980	10,383,120
Securities Premium Reserve		
Figures as at the end of the previous reporting period	711,593,613	713,946,427
Additions	-	-
Deductions	30,200,455	2,352,814
Figures as at the end of current reporting period	681,393,158	711,593,613
General Reserve		
Figures as at the end of the previous reporting period	69,690,129	69,690,129
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	69,690,129	69,690,129
Surplus in statement of Profit and Loss		
Figures as at the end of the previous reporting period	850,807,029	792,511,053
Add: Profit for the year	1,384,239	58,822,014
Less: Proposed dividend	-	-
: Tax on Proposed dividend	-	-
: Transfer to Reserves	5,585,860	526,040
Figures as at the end of current reporting period	846,605,408	850,807,027
Total of Reserves and Surplus	1,613,657,675	1,642,473,889

Note No:05**Other Long Term Liabilities**

Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹
Deposits Payable	49,097,660	51,044,402
Liabilities for Capital Goods	1,994,028	5,444,840
Total	5,10,91,688	56,489,242

Note No:06**Long-term provisions**

Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹
Provisions for :		
Employee retirement benefits:		
Gratuity	2,649,526	3,732,755
Leave Encashment	318,615	527,815
Total	2,968,141	4,260,570

Note No:07	Other current liabilities	
Particulars	As at 31-03-2012	As at 31-03-2011
	₹	₹
Liabilities for : Expenses	3,182,429	904,073
: Other Finance	1,846,141	895,555
Total	5,028,570	1,799,628

Note No:08	Short-term provisions	
Particulars	As at 31-03-2012	As at 31-03-2011
	₹	₹
Provision for employee retirement benefits:		
Gratuity	487,500	-
Leave Encashment	32,055	-
Total	519,555	-

Note No: 10	Non-current investments	
Particulars	As at 31-03-2012	As at 31-03-2011
	₹	₹
Others - Non trade - Unquoted		
Wholly owned Subsidiary		
13,120 Common Stock in SoftSol Resources Inc USA of \$ 100 each fully paid up	953,404,053	953,404,053
Less: provision for diminution in value of investments	-	-
Total	953,404,053	953,404,053
Aggregate amount of unquoted investments	953,404,053	953,404,053
Aggregate provision for diminution in value of investments	-	-

Note No: 11	Long-term loans and advances	
Particulars	As at 31-03-2012	As at 31-03-2011
	₹	₹
(a) Secured, Considered Good		
Bank deposits with more than 12 months maturity	2,511,332	2,180,872
(b) Unsecured, Considered Good		
Capital Advances	33,054,127	32,588,058
Rental Advances	10,000	-
MAT Credit	8,050,000	8,050,000
Security Deposits	3,210,470	3,326,462
Intercompany Loans	2,153,537	2,153,537
Advance Income Tax(net of provisions)	33,516,518	23,907,589
	82,505,984	72,206,518
Less: Allowance for bad and doubtful loans and advances	-	-
Total	82,505,984	72,206,518
Doubtful	-	-
Less: Allowance for bad and doubtful loans and advances	-	-
Total	-	-
Total	82,505,984	72,206,518

FIXED ASSETS

Note No:09

S. No.	PARTICULARS	GROSS BLOCK					DEPRECIATION			NET BLOCK	
		AS ON 01.04.2011	ADDITIONS DURING PERIOD	DELETIONS DURING YEAR	AS AT 31.03.2012	AS AT 31.03.2011	DURING THE YEAR	DEDUCTIONS DURING YEAR	TOTAL AS AT 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
	TANGIBLE ASSETS:										
1	Land :										
	Own	13,918,307 (13,918,307)	-		13,918,307 (13,918,307)	-				13,918,307 (13,918,307)	13,918,307 (13,918,307)
	Leasehold	5,540,142 (5,540,142)	-		5,540,142 (5,540,142)	167,883 (111,922)	55,961 (55,961)	223,844 (167,883)	5,316,298 (5,708,025)	5,372,259 (5,428,220)	
2	Building	291,017,459 (213,928,222)	12,578,244 (77,089,237)		303,595,703 (291,017,459)	48,188,990 (35,948,676)	12,344,692 (9,240,314)	57,533,682 (45,188,990)	246,062,021 (245,828,469)	245,828,469 (177,979,546)	
3	Computers	8,275,360 (8,203,360)	389,900 (72,000)		8,665,260 (8,275,360)	7,597,179 (7,170,714)	346,780 (426,465)	7,943,959 (7,597,179)	721,301 (678,181)	678,181 (1,032,646)	
4	Computers - Imported	21,802,444 (21,802,444)	-		21,802,444 (21,802,444)	20,208,485 (19,145,845)	637,584 (1,062,640)	20,846,069 (20,208,485)	956,375 (1,593,959)	1,593,959 (2,656,599)	
5	Air Condition System	51,024,116 (33,378,609)	481,230 (17,645,507)		51,505,346 (51,024,116)	16,496,635 (13,498,212)	4,859,012 (2,998,423)	21,355,647 (16,496,635)	30,149,699 (34,527,481)	34,527,481 (19,880,397)	
6	Generator	13,993,474 (11,062,734)	-		13,993,474 (13,993,474)	5,521,675 (4,584,862)	1,178,427 (936,813)	6,700,102 (5,521,675)	7,293,372 (8,471,799)	8,471,799 (6,477,872)	
7	Lift	7,213,985 (5,872,985)	-		7,213,985 (7,213,985)	2,959,859 (2,470,174)	591,749 (489,685)	3,551,608 (2,959,859)	3,662,377 (4,254,126)	4,254,126 (3,402,811)	
8	UPS	3,954,053 (2,659,053)	-		3,954,053 (3,954,053)	1,632,938 (1,448,800)	322,867 (184,138)	1,955,805 (1,632,938)	1,998,248 (2,321,115)	2,321,115 (1,210,253)	
9	Furniture & Fixtures	47,741,971 (34,432,072)	7,942,654 (13,309,899)		55,684,625 (47,741,971)	22,600,956 (19,398,979)	6,533,145 (3,201,977)	29,134,101 (22,600,956)	26,550,524 (25,141,015)	25,141,015 (15,033,093)	
10	Electrical Installation	38,948,258 (26,487,952)	5,047,344 (12,460,306)		43,995,602 (38,948,258)	16,342,279 (13,858,649)	4,708,597 (2,483,630)	21,050,876 (16,342,279)	22,944,726 (22,605,979)	22,605,979 (12,629,303)	
11	Office Equipment	10,548,250 (10,225,968)	573,581 (322,282)		11,121,831 (10,548,250)	4,874,878 (4,000,404)	844,903 (874,474)	5,719,781 (4,874,878)	5,402,550 (5,673,372)	5,673,372 (6,225,564)	
12	Office Equipment - Imp	463,645 (463,645)	-		463,645 (463,645)	342,279 (322,669)	16,882 (19,610)	359,161 (342,279)	104,484 (121,366)	121,366 (140,976)	
13	Net Working Equipment	5,032,728 (3,172,771)	-		5,032,728 (5,032,728)	1,403,938 (1,056,845)	504,764 (347,093)	1,908,702 (1,403,938)	3,124,026 (3,628,790)	3,628,790 (2,115,926)	
14	Fire Fighting Equipment	4,898,439 (1,270,134)	-		4,898,439 (4,898,439)	527,887 (356,562)	607,943 (171,325)	1,135,830 (527,887)	3,762,609 (4,370,552)	3,762,609 (913,572)	
15	Sewage Treatment Plant	645,000 (645,000)	-		645,000 (645,000)	7,866 (7,866)	88,625 (7,866)	96,491 (7,866)	548,509 (637,134)	637,134 (-)	
16	Canteen Equipment	91,746 (91,746)	-		91,746 (91,746)	80,533 (78,723)	1,560 (1,812)	82,093 (80,535)	9,653 (11,211)	11,213 (13,023)	
17	Motor & Borewell	99,794 (99,794)	-		99,794 (99,794)	85,054 (82,673)	2,050 (2,381)	87,104 (85,054)	12,690 (14,740)	14,740 (17,121)	
18	Vehicles	9,625,044 (9,625,044)	940,500	1,747,361	8,818,183 (9,625,044)	6,727,610 (5,715,404)	903,756 (1,012,206)	1,633,729 (6,727,610)	2,820,546 (2,897,434)	2,897,434 (3,909,640)	
19	Xerox Machine - Imp	195,685 (195,685)	-		195,685 (195,685)	159,127 (153,220)	5,085 (5,907)	164,212 (159,127)	31,473 (36,558)	36,558 (42,465)	
20	Library	18,592 (18,592)	-		18,592 (18,592)	16,097 (15,546)	452 (551)	16,549 (16,097)	2,043 (2,495)	2,495 (3,046)	
	TOTAL-A	535,048,492 (402,449,259)	27,953,453 (132,599,233)	1,747,361	561,254,584 (535,048,492)	152,942,148 (129,418,879)	34,554,834 (23,523,271)	1,633,729 (152,942,150)	375,391,331 (382,106,342)	382,106,344 (273,030,380)	
	INTANGIBLE ASSETS:										
1	Software	2,101,477 (2,101,477)	770,440		2,871,917 (2,101,477)	1,783,877 (1,466,275)	374,855 (317,600)	2,158,732 (1,783,875)	713,185 (317,602)	317,600 (635,202)	
	TOTAL-B	2,101,477 (2,101,477)	770,440 -	- -	2,871,917 (2,101,477)	1,783,877 (1,466,275)	374,855 (317,600)	2,158,732 (1,783,875)	713,185 (317,602)	317,600 (635,202)	

Note No:12		Trade Receivables	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
Unsecured, Considered Good			
Outstanding for a period exceeding six months	-	-	
Others	9,508,785	22,883,124	
	9,508,785	22,883,124	
Less: Provision for bad and doubtful debts	-	-	
Total	9,508,785	22,883,124	
Doubtful			
	-	-	
	-	-	
Less: Provision for bad and doubtful debts	-	-	
Total	-	-	
Total	9,508,785	22,883,124	

Note No:13		Cash and cash equivalents	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
1. Cash on hand	42,861	130,485	
2. Cash Equivalents			
i. In Current Accounts	2,906,076	67,747,782	
3. Other Bank Balances			
a. Fixed Deposits(Maturing with in one year)	389,641,248	352,872,713	
Total	392,590,185	420,750,980	

Note No:14 **Short-term loans and advances**

Particulars	As at	As at
	31-03-2012	31-03-2011
	₹	₹
Unsecured, Considered Good		
Rent Receivable	6,680,761	7,163,045
Staff Advances	1,000	-
Prepaid Expenses	965,610	972,969
Advance for Expenses	5,428	45,000
	7,652,799	8,181,014
Less: Provision for bad and doubtful loans and advances	-	-
Total	7,652,799	8,181,014
Doubtful	-	-
	-	-
Less: Provision for bad and doubtful loans and advances	-	-
Total	-	-
Total	7,652,799	8,181,014

Note No:15 **Other current assets**

Particulars	As at	As at
	31-03-2012	31-03-2011
	₹	₹
Interest Accrued	24,606,986	11,575,367
Advance paid for buy back of shares	1,213,685	-
Total	25,820,671	11,575,367

Note No:16 **Revenue from operations**

Particulars	Current Year	Previous Year
	₹	₹
Software Exports	31,713,980	106,582,835
	31,713,980	106,582,835
Less: Excise duty	-	-
Total	31,713,980	106,582,835

Note No:17 **Other Income**

Particulars	Current Year	Previous Year
	₹	₹
Interest Income	34,190,863	22,762,841
Rental Income	68,718,826	66,796,462
Profit on sale of assets	183,368	-
Excess Provisions written back	858,299	-
Foreign exchange gain(net)	1,108,304	239,026
Miscellaneous receipts	12,000	958,008
Total	105,071,660	90,756,337

Note No:18		Employee Benefits	
Particulars	Current Year	Previous Year	
	₹	₹	
Salaries and Wages	62,579,697	61,829,095	
Contribution to provident and other funds	2,353,417	2,394,170	
Staff welfare expenses	2,276,041	2,398,489	
Total	67,209,155	66,621,754	

Note No:19		Other Expenses	
Particulars	Current Year	Previous Year	
	₹	₹	
Power and fuel	4,337,366	3,672,421	
Rent	52,000	159,333	
Repairs to : Buildings	1,589,978	3,312,004	
: Machinery	5,583,223	488,675	
: Others	744,463	5,176,067	
Insurance	353,382	268,873	
Rates and taxes	2,582,925	1,948,909	
Managerial Remuneration	1,344,000	1,344,000	
Payments to Auditor for : Statutory audit	84,270	82,725	
: tax matters	49,635	49,635	
: other services	-	27,575	
Miscellaneous expenses	2,415,445	2,052,671	
Legal and Professional Charges	1,928,986	2,522,446	
Sitting Fee	75,000	40,000	
Softlink Charges	2,418,119	2,191,624	
Communication Charges	695,247	671,647	
Fees and Subscriptions	112,800	174,770	
Travelling Expenses	3,002,393	2,320,428	
Staff training & Recruitment Charges	564,422	625,764	
Advertisement Charges	63,531	127,317	
Buy Back Expenses	979,633	14,339	
Commission	745,980	2,877,417	
Printing & Stationary	255,950	246,929	
Loss on sale of Investments	-	149,849	
Security Service Charges	2,536,896	2,008,171	
STPI Service Charges	-	343,750	
Total	32,515,644	32,897,339	

Note No:20		Finance Costs	
Particulars	Current Year	Previous Year	
	₹	₹	
Interest expense	396,913	107,194	
Total	396,913	107,194	

NOTES TO ACCOUNTS**1. General Information:**

SoftSol India Limited is engaged in development and export of software solution.

2. Summary of Significant Accounting Policies:**A. Basis of Preparation:**

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) and the provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the services rendered and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

B. Use of Estimates:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

C. Revenue recognition:

- a) Revenue from software services is recognised under proportionate completion method for the services rendered and delivered as per the contracts entered.
- b) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- c) Rental income is recognised on accrual basis.
- d) Insurance Claims are recognised as and when they are settled/admitted.

D. Fixed Assets:

- a) Tangible Fixed assets are stated at cost, net of credit availed in respect of any taxes, duties less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the construction cost to the extent such expenditure is related to construction or is incidental thereto.

Direct expenditure during construction period attributable to the cost of assets under construction / erection is considered as capital work in progress.

- b) Computer software is classified under "Intangible Assets".

E. Depreciation and Amortisation:

- a) Depreciation on tangible assets is provided under Written Down Value Method at the rates and the manner prescribed under schedule XIV to the Companies Act, 1956.
- b) Intangible asset is amortized over their estimated useful life.
- c) Leasehold land is amortised equally over the lease period. The lease rentals are charged to revenue.

F. Foreign Currency Transactions:

- a) Initial Recognition: Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.
- b) Conversion: Foreign currency monetary items are reported at the closing exchange rates on Balance Sheet date.
- c) Exchange Difference:
 - i. Exchange differences, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of assets and are depreciated over the balance life of the assets.
 - ii. Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

G. Retirement benefits:

- a) Defined Contribution Plan: Company's contribution paid/payable during the year to Provident Fund and Employees State Insurance Corporation are recognized in the Statement of Profit and Loss.
- b) Defined Benefit Plan: At each reporting date, company's liability towards gratuity and leave encashment is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation which is measured at the present value of estimated future cash flows using a discount rate. Actuarial gain/ losses are recognized in the Statement of Profit and Loss as income or expense.

H. Earnings per share:

- a) Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by weighted average number of equity shares outstanding during the year.
- b) Diluted earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

I. Taxes on Income:

Tax expense comprising of current and deferred tax, are considered in the determination of the net profit or loss for the year.

a) Current Tax:

Provision is made for income tax liability estimated to arise on profit for the year at the current rate of tax in accordance with the Income tax Act, 1961.

b) Deferred Tax:

In accordance with the Accounting Standard – 22 (AS 22) “Accounting for Taxes on income, the company recognizes the deferred tax liability in the accounts, Deferred tax resulting from timing difference between book and tax profits is accounted for at the current rate of tax. Deferred tax asset is recognized only when there is virtual certainty, supported by convincing evidence, that such assets will be realised.

c) Minimum alternate tax (MAT) credit:

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal tax within the specified period and the MAT credit available can be utilised. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down if considered not recoverable within the specified period.

J. Impairment of Assets:

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

K. Provisions and Contingent Liabilities:

- a) A provision is recognised when the Company has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- b) Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.

21. Contingent Liabilities not provided for:

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,20,00,000	1,20,00,000
b) Guarantees given by the bankers	25,11,332	20,75,000
c) Disputed demands of Income-tax.	2,67,92,384	2,67,92,384

22. Earnings per equity share:

Basic Earnings per equity share	Current Year ₹	Previous Year ₹
Net profit after tax	13,84,239	5,88,22,014
Weighted average number of equity shares of ₹ 10/- each fully paid up	1,75,34,944	1,76,03,396
Basic Earnings per equity share	0.08	3.34

23. Value of Imports calculated on CIF basis by the company during the financial year

Particulars	Current Year ₹	Previous Year ₹
	NIL	NIL

24. Transactions in Foreign Currency on account of:

Particulars	Current Year ₹	Previous Year ₹
a. Earnings – Software	3,17,13,980	10,65,82,835
b. Expenditure		
Foreign Travel	1,70,109	29,965

25. Employee benefits:

The following tables summarize the components of net benefit recognized in the Profit and Loss account and amounts recognized in the Balance Sheet for the respective employee benefit plans.

a. Profit and Loss

Particulars	Gratuity		Leave Encashment	
	Current Year ₹	Previous Year ₹	Current Year ₹	Previous Year ₹
Current Service Cost	613,381	14,79,612	22,628	(34,907)
Interest Cost on benefit obligation	261,014	2,91,698	39,234	64,943
Net Actuarial (Gain)/				
Loss Recognized in the year	(332,199)	(16,29,441)	(134,492)	(89,282)
Past Service Cost		-		-
Expenses recognized in				
Profit & Loss Account	542,196	1,41,869	(72,630)	(59,246)

b. Balance Sheet

Particulars	Gratuity		Leave Encashment	
	As at Mar 31, 2012 ₹	As at Mar 31, 2011 ₹	As at Mar 31, 2012 ₹	As at Mar 31, 2011 ₹
Opening defined benefit obligation	3,732,755	37,01,562	527,815	10,36,334
Interest Cost	261,014	2,91,698	39,234	64,943
Current service cost	613,381	14,79,612	22,628	(34,907)
Benefits paid	(1,137,925)	(16,29,441)	(104,515)	(89,282)
Actuarial (Gain)/Loss on obligation	(332,199)	(1,10,676)	(134,492)	(4,48,278)
Closing defined benefit obligation	3,137,026	37,32,755	350,670	5,27,816

The principal assumptions used in determining gratuity and leave benefit obligation in the above plans are as under:

Particulars	Current Year	Previous Year
Discount Rate	8.60 %	8.00 %
Employee turnover	5.00 %	5.00 %
Further salary rise	7.00 %	7.00 %
Mortality	LIC (1994 – 96) Ultimate	LIC (1994 – 96) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26. The Company is engaged in the business of Software solutions. Accordingly, disclosure of segment information as prescribed in the Accounting Standard 17 “Segment Reporting” is not applicable.
27. In terms of Accounting Standard 22 “Accounting for Taxes on Income” (AS 22) issued by The Institute of Chartered Accountants of India, the Company has accounted for the deferred taxes. The following are the components of deferred tax Assets.

Particulars	Amount ₹	
	Current Year	Previous Year
Deferred Tax Asset:		
On account of depreciation	200,87,621	1,46,72,524
Provision for gratuity	10,17,808	12,39,928
Provision for Leave encashment	1,13,775	1,75,327
Net Deferred Tax Asset	212,19,204	1,48,62,982

In view of lack of certainty of reversal, no deferred Tax Asset is recognised.

28. The Land of one acre purchased by the company during the financial year 2005-06 was covered under Special Economic Zone vide notification No.S.O.565(E) Dt.11.04.2007 by Government of Andhra Pradesh. The company entered into lease agreement with Andhra Pradesh Industrial Infrastructure Corporation Limited for a period of 99 years on payment of ₹1,000/- per annum towards lease rentals. As per the deed the company is given an option to reconvert the leasehold land to freehold land after a period of 10 year subject to the provisions of SEZ Act, 2005 and SEZ rules without any further payment. Accordingly the Land, which is treated as freehold during earlier years has been shown as Leasehold Land.
29. As per the information available with the company none of the suppliers informed the company regarding their status as defined under the “Micro, Small and Medium Enterprises Development Act, 2006”. Accordingly the information regarding the dues to such suppliers could not be furnished.
30. Fixed Deposit for ₹25,11,332/- (Previous year ₹20,75,000/-) are in lien with Bankers towards margin against guarantees issued by them.
31. As required by Accounting Standard (AS 28) “Impairment of Assets” issued by the Institute of Chartered Accountants of India, the management has carried out the assessment of impairment of assets and no impairment loss exists during the year.

32. a) In the opinion of the management, the Current Assets, Loans and Advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business.
- b) Sundry Debtors includes an amount of ₹95,08,785/- (Previous year ₹50,23,125/-) due from a wholly owned foreign subsidiary Company viz., SoftSol Resources Inc.
33. The Board of Directors of the company vide resolution dated 24th October, 2011 approved buyback of 12,90,000 equity shares of ₹10/- each at a price not exceeding ₹65/- per share and total cost of buyback is restricted to ₹ 7,00,00,000/-. During the year the company bought back 5,58,586 (Previous Year 52,604) equity shares at ₹3,57,86,315/- (Previous Year ₹28,78,854/-) inclusive of premium of ₹3,02,00,455/-(Previous Year ₹23,52,814/-). The premium of ₹3,02,00,455/- is adjusted against share premium account and redemption reserve of ₹55,85,860/- being the face value of shares bought back, created.
34. Related party disclosure:
The Company does not have any holding company or companies controlling the company, as defined under Accounting Standard 18. Transactions with companies related to the company, are disclosed hereunder:

Key Management Personnel	Sri. Madala Bhaskara Rao, Whole time Director
Subsidiary	M/s SoftSol Resources Inc USA

Nature of relation Transactions:	Remuneration		Sales	
	Current Year ₹	Previous Year ₹	Current Year ₹	Previous Year ₹
Key Management personnel	14,37,600	14,37,600	--	--
Subsidiary	--	--	3,17,13,980	2,03,74,875
Receivables as at:			31.03.2012	31.03.2011
Subsidiary			95,08,785	50,23,125

35. Previous year figures have been regrouped wherever necessary.

As per our report of even date
for BRAHMAYYA & CO.
Firms' Registration Number: 000513S
Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

SoftSol Resources Inc., USA

Statement Pursuant To Section 212(e) Of The Companies Act, 1956

Name of the Subsidiary Company	SoftSol Resources Inc., USA
1. Financial Year of the Subsidiary ended on	December 31, 2011
2. Shares of Subsidiary Company held on the above date and extent of holding	
i) Number of Shares	13,120 Ordinary Shares of USD 100 each
ii) Extent of holding	100%
3. Net Aggregate Amount of Profits / (Losses) of the Subsidiary for the above financial year so far as they concern Members of Soft Sol India Limited	
i) Dealt within the Accounts of SoftSol India Limited	Nil
ii) Not Dealt within the Accounts of SoftSol India Limited	USD 94,749
4. Net Aggregate Amount of Profits / (Losses) of the Subsidiary for the previous financial year so far as they concern Members of Soft Sol India Limited	
i) Dealt within the Accounts of SoftSol India Limited	Nil
ii) Not Dealt within the Accounts of Soft Sol India Limited	USD 71,988

For and on behalf of the Board
of SoftSol India Limited

Bhaskar Rao Madala
Whole - Time Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28-05-2012

B.S. Srinivasan
Director

C. Lalitha
Company Secretary

SoftSol Resources Inc., USA

Board of Directors

Mr. Srinivasa Rao Madala
Dr. Durga V.L.K. Madala

President & CEO
Director

Registered Office

48383, Fremont Blvd,
Suite No. 116, Fremont,
California - 94538.
Tel No. (510) 824-2000,
Web site: www.softsolusa.com

Auditors

The Chugh Firm, AAC
An Accountancy Corporation
California, USA.

Board of Director's Report 2011

Dear Members

Your Directors take pleasure in presenting their report for the financial year 2011

The Financial Highlights :

(USD in 000's)

Particulars	2011	2010
Total Revenue	13,873	14,569
Other Income	03	(15)
Total Operating Expense	13,731	14,461
Provision for Taxation	50	21
Net Profit	95	72

Appreciation:

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

Srinivasa Rao Madala
President and CEO
March 30, 2012

INDEPENDENT AUDITOR'S REPORT

**To the Stockholders and Board of Directors
Softsol Resources, Inc.
Fremont, CA**

We have audited the accompanying balance sheet of Softsol Resources, Inc. as of December 31, 2011, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes testing of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Softsol Resources, Inc as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Schedules of Cost of Sales, Selling Expenses and General and Administrative Expenses are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Chugh Firm, AAC
Cerritos, CA 90703
March 30, 2012

BALANCE SHEET AS OF DECEMBER 31,2011

	As of 31.12.2011 in USD	As of 31.12.2011 in Rs.	As of 31.12.2010 in USD
		1USD = 51.15	
Assets			
Current Assets			
Cash	1,210,951	61,940,144	682,573
Accounts Receivable	2,330,858	119,223,387	2,433,369
Less: Allowance for doubtful Accounts	(115,964)	(5,931,559)	(121,668)
Prepaid Federal Income Tax	-	-	14,160
Prepaid State Income Tax	-	-	4,703
Employee Advances	23,979	1,226,526	11,491
Prepaid Expenses	70,595	3,610,934	108,914
Deffered tax asset	59,106	3,023,272	61,897
Total Current Assets	3,579,525	183,092,704	3,195,439
Property & Equipment			
Property and Equipment	275,598	14,096,838	337,029
Less: Accumulated Depreciation	(216,495)	(11,073,719)	(248,433)
Total Property & Equipment	59,103	3,023,118	88,596
Other Assets			
Intangible assets	30,000	1,534,500	-
Less: Accumulated Amortisation	(500)	(25,575)	-
Deferred Tax Assets-Non Current	755	38,618	3,323
Refundable Deposits	11,613	594,005	11,613
Total Other Assets	41,868	2,141,548	14,936
Total Assets	3,680,496	188,257,370	3,298,971
Liabilities and Stock Holders equity			
Current Liabilities			
Account Payable	1,166,930	59,688,470	974,334
Deferred Revenue	123,240	6,303,726	-
Accrued Expenses and Other Liabilities	22,021	1,126,374	21,795
Total Current Liabilities	1,312,191	67,118,570	996,129
Total Liabilities	1,312,191	67,118,570	996,129
Stockholders Equity			
Common Stock, \$ 100 par, 1,000,000 shares authorised, 13,120 shares issued and outstanding	1,312,000	67,108,800	1,312,000
Retained Earnings	1,056,305	54,030,001	990,842
Total Stockholders Equity	2,368,305	121,138,801	2,302,842
Total Liabilities and Stockholders Equity	3,680,496	188,257,370	3,298,971

**STATEMENT OF INCOME FOR THE YEAR ENDED
DECEMBER 31,2011**

	As of 31.12.2011 in USD	As of 31.12.2011 in Rs.	As of 31.12.2010 in USD
		1USD = 47.80	
Revenue			
Consulting Income	13,873,815	663,168,357	14,569,495
Total Revenue	13,873,815	663,168,357	14,569,495
Cost of Sales			
See Schedule I-Analysis of Cost of Sales	(11,805,039)	(564,280,864)	(12,583,876)
Gross Profit	2,068,776	98,887,493	1,985,619
Operating Expenses			
Selling Expenses			
See Schedule II-Analysis of Selling expenses	947,119	45,272,288	897,266
General & Administrative Expenses			
See Schedule III-Analysis of G & A Expenses	978,984	46,795,435	979,706
Total operating expenses	1,926,103	92,067,723	1,876,972
Income from operations	142,673	6,819,769	108,647
Other Income (Other Expenses)			
Dividend Income	-	-	8,222
Other Income	1,014	48,469	41
Gain/(Loss) on disposal of equipment	1,589	75,954	(8,480)
Loss on sale of marketable securities	-	-	(14,083)
Fines and Penalties	-	-	(925)
Interest Income	-	-	(9)
Total Other Income	2,603	124,423	(15,234)
Income from Operations before Income Taxes	145,276	6,944,193	93,413
Provision for Income Taxes			
Federal Income Tax-Current	31,014	1,482,469	27,642
State Income Tax-Current	14,154	676,561	14,300
Federal Income Tax-Deferred	3,483	166,487	(16,916)
State Income Tax-Deferred	1,876	89,673	(3,601)
Total Provision for Income Tax	50,527	2,415,191	21,425
Net Income	94,749	4,529,002	71,988

Statement of Retained Earnings

	Common Stock	Retained Earnings	Total USD	Amount Rs.
Retained Earnings, January 1, 2011	1,312,000	961,556	2,273,556	116,292,389
Net Income		94,749	94,749	4,529,002
Retained Earnings, December 31, 2011	1,312,000	1,056,305	2,368,305	120,821,392

Schedule-I

Analysis of Cost of Sales

	As of 31.12.2011 in USD	As of 31.12.2011 in Rs.	As of 31.12.2010 in USD
Consulting Outsourced	6,120,024	292,537,147	7,038,092
Consulting Bonus	436,682	20,873,400	355,743
Holiday and Vacation pay-Consultants	97,849	4,677,182	100,209
Salaries & Wages -Consultants	4,231,972	202,288,262	4,308,130
Taxes-Payroll-Consultants	405,274	19,372,097	377,141
Per Diem - consultant	119,317	5,703,353	64,043
Insurance Medical & Dental	281,319	13,447,048	247,195
Legal & Immigration-Consultants	84,757	4,051,385	85,326
Relocation Expenses	850	40,630	-
Others	15,840	757,152	-
Travel-Consultancy	11,155	533,209	7,997
Total Cost of Sales	11,805,039	564,280,864	12,583,876

Schedule-II

Analysis of Selling Expenses

	As of 31.12.2011 in USD	As of 31.12.2011 in Rs.	As of 31.12.2010 in USD
Salaries & Wages	554,335	26,497,213	561,179
Taxes-Payroll	37,074	1,772,137	50,365
Employees Bonus	253,436	12,114,241	180,423
Holiday and Vacation pay	38,482	1,839,440	49,098
Insurance Medical & Dental	62,123	2,969,479	56,201
Business Development	1,669	79,778	-
Total Selling Expenses	947,119	45,272,288	897,266

Schedule-III

General & Administrative Expenses

	As of 31.12.2011 in USD	As of 31.12.2011 in Rs.	As of 31.12.2010 in USD
Auto Expenses	31,997	1,529,457	8,791
Advertisement Expenses	9,030	431,634	-
Bad debt Expenses	295	14,101	19,265
Bank Charges	3,185	152,243	5,677
Charitable Contribution	500	23,900	-
Depreciation	31,301	1,496,188	24,340
Dues & Publication	4,478	214,048	1,450
Employee Benefits	-	-	21,805
Freight & Postage	2,665	127,387	6,845
Internet Access & Web Hosting	233	11,137	-
Insurance	45,928	2,195,358	46,186
Janitorial	6,977	333,501	8,246
Meals & Entertainment	12,997	621,257	13,496
Miscellaneous Expenses	97	4,637	-
Office Expenses	1,195	57,121	4,389
Officers Salaries & Wages	184,060	8,798,068	177,632
Outside Services	30,271	1,446,954	23,432
Professional Fees	36,812	1,759,614	96,188
Professional Development	23,100	1,104,180	3,346
Promotional	-	-	9,307
Recruiting	31,625	1,511,675	30,899
Relocation	1,550	74,090	-
Rent	124,997	5,974,857	90,467
Salaries & Wages	188,718	9,020,720	164,892
Repairs & Maintenance	2,180	104,204	6,314
Supplies	20,220	966,516	27,440
Taxes, Permits & Licenses	16,120	770,536	-
Taxes Payroll	17,431	833,202	22,728
Taxes-State Prior Year	409	19,550	16,816
Telephone	99,689	4,765,134	86,227
Travel	26,071	1,246,194	30,412
Utilities	24,853	1,187,973	33,116
Total General & Administrative Expenses	978,984	46,795,435	979,706

Statement of Cash Flow for the Year ended December 31, 2011

	Year Ended 31.12.2011 in USD	Year Ended 31.12.2011 in Rs.	Year Ended 31.12.2010 in USD
Cash Flows from Operating Activities			
Net Income	94,749	4,846,411	71,987
Adjustments to reconcile Net Income to Net Cash provided by Operations :			
Amortisation and Depreciation	31,301	1,601,046	24,340
Provision for Bad and Doubtful Accounts	295	15,089	19,265
Prior period adjustment	(29,286)	(1,497,979)	-
(Gain) /Loss on disposal of equipment	(1,589)	(81,277)	8,480
Changes in Operating Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	96,511	4,936,538	(331,260)
Decrease/(Increase) in deferred tax assets	5,359	274,113	(19,271)
Increase in Prepaid Expenses	38,319	1,960,017	(56,960)
Decrease in Prepaid Expenses	-	-	38,472
Increase IN Prepaid Income Taxes	18,863	964,842	-
(Increase)/Decrease in Employee Advances	(12,487)	(638,710)	(9,621)
Increase /(Decrease)in deferred tax liabilities	-	-	(1,247)
Increase/(Decrease) in Accounts Payable	192,595	9,851,234	(277,961)
Increase in deferred revenue	123,240	6,303,726	-
Decrease in Accrued Liabilities	226	11,560	(20,985)
Net Cash Provided by (used in) Operating Activities	558,096	28,546,610	(554,761)
Cash Flow from Investing Activities :			
Acquisition of equipment	(31,719)	(1,622,427)	(17,896)
Proceeds from Property disposal	2,000	102,300	4,175
Net Cash provided by(used in) Investing Activities	(29,719)	(1,520,127)	(13,721)
Net Decrease in Cash & Cash Equivalents	528,377	27,026,484	(568,482)
Cash at the Beginning of the Year	682,573	34,913,609	1,251,055
Cash & Cash Equivalents at the end of the Year	1,210,950	61,940,093	682,573
Supplementary Disclosure			
Income Tax paid during the Year	24,253	1,240,541	3,870

Notes to Financial Statements (Dec 31st, 2011)

Note - 1 - Nature of Business

SoftSol Resources, Inc. (the “Company” or “SRI”) was incorporated in the state of California on January 11, 1993. It is a provider of E- commerce, network technology, internet infrastructure and other special technology areas. Its IT services include application development, system integration, IT consulting and staffing, IT project management, domestic and offshore outsourcing. The Company has diverse client-based ranging from large customers to small high-tech start up companies. The Company’s vision is to create a global enterprise by taking a leading role in the revolution in Information Technology to provide highly competent and innovative software solutions.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Company uses the accrual method of accounting for both financial and income tax reporting.

Use of Estimates

The preparation of financial statements and related disclosures 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 revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates are used in accounting for, among other things, allowances for uncollectible receivables, depreciation, employee benefits, taxes, restructuring reserves and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the Financial Statements in the period they are determined to be necessary.

Cash

Cash consist of cash in Bank. Occasionally, the Company has cash deposited in a financial institutions in excess of federally insured limits.

Accounts Receivable

The company uses the Aging of the Accounts Receivable method for valuation of allowance for bad debts. Accordingly, accounts Receivable represents the net realizable value.

Property and Equipment

Property and Equipments are stated at cost. Depreciation is provided principally on a straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Furniture & Fixtures	7 years
Office Equipment	5 years
Automobile	5 years

The cost of significant additions and replacement of components is capitalized and depreciated while expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the books and the resulting gain or loss is reflected in the determination of net income or loss. Depreciation expense for the year ended December 31, 2011 was \$ 30,801.

Long-Lived Assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with FASB ASC No. 360 (formerly SFAS No. 144), Accounting for the Impairment or Disposal of Long-Lived Assets. ASC No. 360 requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable.

Intangible Assets

Intangible assets consist of the cost to acquire domain name SoftSol.com registered to a third party. It is being amortized on a straight-line basis over the estimated useful lives of 15 years. Amortization expense for the year 2011 is \$ 500.

Revenue Recognition

The Company derives revenues from consulting projects which are billed by actual time and expenses incurred. Revenues are recognized on the accrual basis as services are rendered.

For Fixed price projects, the Company recognizes revenue and cost of contracts on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract. Management considers total cost to be the best available measure of progress on the contracts.

The asset, costs and estimated earnings in excess of billings on uncompleted contracts, represents revenues recognized in excess of amounts billed. The liability, billings in excess of cost and estimated earnings on uncompleted contracts, represents billings in excess of revenues recognized.

Deferred Revenue

Advance payment received for services to be provided under contract agreements are deferred until the requisite service is provided and accepted, at which time revenue is considered earned and recognized.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC No. 740 (formerly SFAS No. 109)", which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Financial Accounting Standards Boards issued FIN 48 now known as ASC No. 740-10 " Accounting for Uncertainty in Income Taxes" recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2008-2010. In evaluating the Company's tax provisions and accruals, future taxable income, and

SoftSol Resources Inc., USA

the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances

Advertising Costs

The cost of advertising is charged to expense as incurred.

Note 3 - Concentration of Risk

Cash

Cash is maintained with one major financial institutions in the United States. Deposits with this banks exceed the amount of the \$250,000 Federal Deposit Insurance Corporation insurance provided on such deposits.

Accounts Receivable and Sales

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential uncollectible accounts as deemed necessary. The Company generally does not require collateral to secure its accounts receivable. It estimates credit losses based on management's evaluation of historical experience and current industry trends. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company's sales to its major customer, Cisco totaled \$7.9 million that accounted for 56% of the company's total revenue for the year. Accounts Receivable from Cisco as of December 31, 2011 is \$1.07 million which is 45% of total accounts receivable

Note 4 - Employee Advances

The advances given to employees are for travel related expenses to which the employees are required to present documentation and any amount not substantiated is refunded to the Company. As of December 31, 2011, the employee advances has balance of \$ 23,979.

Note 5 - Related Party Transactions

The Company is wholly owned by SoftSol India Limited (also known as SIL India), an Indian based company.

Softsol Technologies, Inc. (known as STI and formerly Medsoft, Inc.), a Nevada Corporation is owned by Mrs. Durga Madala, spouse of Mr. Srinivasa Rao Madala, the Company CEO. The Company has entered into professional services agreement with Softsol Technologies, Inc., and Softsol India Limited. The Company also subleases it office space to STI.

Related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions.

Details of transactions between the Company and its related parties for the year ended December 31, 2011 are follows:

Softsol Technologies Inc.	Amount
Consulting Income	\$1,037,837
Accounts Receivable	543,865
Rental and Administrative Income	761,286

Softsol India Limited	Amount
Consulting Outsourced	\$558,972
Accounts Payable	333,972

Note 6 - Commitments and Operating Lease

The Company had entered in agreement with Dollinger-Fremont Associates to lease 11,730 square feet office located at 48383 Fremont Boulevard, Fremont, California on December 1,2005. The lease had initial terms of 5 years, expired on April 30, 2008 and was renewed for another 5 years. New lease agreement will expires on April 30, 2013. The future minimum lease payments under this operating lease are as follows:

Year	Amount
2012	\$137,945
2013	46,451

Rent expense totaled \$ 122,874 for the year ended December 31, 2011.

Note 7 - Income Taxes

The company accounts for income taxes under the provisions of FA SB ASC 740, "Accounting for Income Taxes". Under ASC 740, deferred taxes are required to be classified based on the financial statement classification of the related assets and liabilities which give rise to temporary differences. Deferred taxes result from temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities.

All of the income before tax as shown in the Statement of Income for the year ended December 31,2011 is derived in the United States.

The components of income tax expense (benefit) relating to earning from operations for the year ended December 31, 2011 are as follows:

	Current	Deferred	Total
State	\$ 14,154	\$ 1,877	\$ 16,031
Federal	13,014	3,483	34,497
Total	<u>45,168</u>	<u>5,360</u>	<u>50,528</u>

The components of deffered tax assets as at December 31, 2010 are as follows:

Deferred tax assets - Current

Capital loss	\$ 5,492
Bad debt	45,226
State income tax - current	4,287
State income tax - deferred	4,101
	<u>59,106</u>

SoftSol Resources Inc., USA

Deferred tax assets - Noncurrent

Depreciation - Federal	1,212
Depreciation - State	(1,967)
	<u>(755)</u>
Valuation Allowance	-
Net deferred tax asset	\$ 59,861

Note 8 - Vacation Leave

Since year 2005, the employees are no longer entitled to paid vacation leave. All accrued vacation has been paid.

Note 9 - Employee Pension Plan

The Company had a 401 (K) plan known as the SoftSol Resources & MedSoft, Inc. 401 (K) plan (the "Plan") which was terminated on December 31, 2001.

A new 401 (k) plan known as Softsol Resources Inc. 401(k) Plan (Plan no. 7113353) was adapted effective October 1, 2005. The Plan is available to eligible employees through payroll deductions within statutory and plan limits. There is no matching contribution from the employer. Total accumulated contribution as of December 31, 2011 was \$1,896 and is payable to participants.

Note 10 - Flexible Spending

The Company has a voluntary flexible spending plan wherein a certain amount of money opted by the employee at the beginning of the plan year to be deducted from employee's payroll every month. Contributed amount will be used to reimburse the employees for their eligible medical expenses and childcare expenses. The Company has \$15,919 as accumulated contributions into this account as of December 31, 2011.

Note 11 - Stockholders' Equity

The Company is authorized to issue upto 1,000,000 shares of its common stock, of which 13,120 shares were issued and outstanding. Softsol India Limited owns all these 13,120 shares.

Note 12 - Contingencies

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities as IT consultants. Legal reserves will be established in accordance with FASB ASC 450 (formerly known as SFAS No. 5), "Accounting for Contingencies". Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. There are no legal reserves in the statement of financial condition as of December 31, 2011.

Note 13 - Subsequent Events

Subsequent events have been evaluated through April 4, 2011, which is the date the financial statements were available to be issued.

Auditor's Report On Consolidated Financial Statements

To,
The Shareholders of
SOFTSOL INDIA LIMITED
Hyderabad

We have examined the attached consolidated Balance Sheet of M/s. SoftSol India Limited ("the Company") and its subsidiary as at 31st March, 2012 and also the Consolidated statement of Profit & Loss for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provided a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary i.e., SoftSol Resources Inc., USA. The financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the financial statements.

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

- a) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the company as at 31st March 2012.
- b) In the case of the Consolidated statement of Profit and Loss of the company and its subsidiary for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiary for the year then ended.

For M/s. Brahmayya & Co.,
Firms' Registration Number: 000513S
Chartered Accountants

Place : Hyderabad
Date : 28.05.2012

D.Seetharamaiah
Partner
Membership No:2907

CONSOLIDATED BALANCE SHEET AS AT 31.03.2012

Particulars	Note No"	As at 31-03-2012		As at 31-03-2011	
		₹	₹	₹	₹
Equity and Liabilities					
(1) Shareholders' funds					
(a) Share capital	03	174,447,210		180,033,070	
(b) Reserves and surplus	04	1,667,687,676		1,686,714,985	
			1,842,134,886		1,866,748,055
(2) Non-current liabilities					
(a) Other Long term liabilities	05	57,395,414		56,489,242	
(b) Long-term provisions	06	2,968,141		4,260,570	
			60,363,555		60,749,812
(3) Current liabilities					
(a) Trade payables		50,179,685		38,480,888	
(b) Other current liabilities	07	6,154,944		2,772,775	
(c) Short-term provisions	08	519,555		-	
			56,854,184		41,253,663
Total			1,959,352,625		1,968,751,530
Assets					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	09	378,414,450		386,062,154	
(ii) Intangible assets		888,517,363		895,140,855	
(iii) Capital work-in-progress		125,846		13,631,399	
(b) Deferred tax assets (net)		3,061,890		2,912,073	
(c) Long-term loans and advances	10	83,099,989		71,386,399	
			1,353,219,538		1,369,132,880
(2) Current assets					
(a) Trade receivables	11	113,291,828		121,077,449	
(b) Cash and cash equivalents	12	454,530,329		453,408,737	
(c) Short-term loans and advances	13	12,490,259		13,557,097	
(d) Other current assets	14	25,820,671		11,575,367	
			606,133,087		599,618,650
Total			1,959,352,625		1,968,751,530

Notes to accounts form an integral part of Balancesheet

As per our report of even date

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

Particulars	Note No	Current Year ₹	Previous Year ₹
Revenue from operations	15	663,168,357	740,378,286
Other income	16	110,455,986	93,591,412
Total Revenue		773,624,343	833,969,698
Expenses			
Employee benefits expense	17	403,010,464	373,923,012
Other expenses	18	319,852,755	356,939,093
Finance costs	19	396,913	107,598
Depreciation and amortization expense	09	36,425,877	24,933,737
Total expenses		759,686,009	755,903,440
Profit before exceptional and extraordinary items and tax		13,938,334	78,066,258
Exceptional items		-	-
Profit before extraordinary items and tax		13,938,334	78,066,258
Extraordinary Items		-	-
Profit before tax		13,938,334	78,066,258
Tax expense:			
(1) Current tax		2,765,190	16,933,196
(2) Deferred tax		-	(921,213)
Profit / (Loss) after tax for the year		11,173,144	62,054,275
Earnings per equity share			
(1) Basic		0.66	3.64
(2) Diluted		0.66	3.64

Notes to accounts form an integral part of Profit & Loss

As per our report of even date

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. In Lakhs)

	Year ended 31-03-2012	Year ended 31-03-2011
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extraordinary Items	65.81	770.86
Adjustments for :		
Depreciation	365.31	249.28
Prior Period Adjustment	(14.98)	-
Provision for bad and doubtful debts	0.15	8.60
Interest (Net)	(337.94)	(226.56)
Loss on sale of Investments	1.50	1.50
Provision for Leave Encashment	0.17	(5.09)
Provision for Gratuity	0.68	0.31
Excess Provision written back	(8.58)	(9.58)
(Profit) /Loss on sale of assets	(2.65)	3.79
Operating Profit before Working Capital changes	69.47	793.12
Adjustments for Working Capital:		
Trade and other receivables	106.67	(90.35)
Trade and other payables	119.02	706.41
Inventories	-	-
Net Cash generated from operations	295.16	1,409.18
Direct Taxes Paid	9.65	(308.17)
Net Cash flow from Operating Activities	304.81	1,101.01
B CASH FLOW FROM INVESTING ACTIVITIES :		
Interest Received	211.59	167.80
Dividend Paid	-	(0.73)
Purchase of Fixed Assets	(168.41)	(680.65)
Sale of Fixed Assets	3.99	1.86
Sale of Investments	-	0.30
Net Cash flow from Investing Activities	47.18	(511.42)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Extraordinary Items : Buy Back of Equity Shares	(357.86)	(28.79)
Interest Paid	(3.97)	(1.07)
Net Cash flow from Financing Activities	(361.83)	(29.86)
Net Increase in Cash and Cash Equivalents	(11.34)	559.73
Cash and cash Equivalents as at beginning of the year	4,556.65	3,974.36
Closing Cash and Cash Equivalents	4,545.30	4,534.09

for BRAHMAYYA & CO.

Firms' Registration Number: 000513S

Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

Note No:03

Share Capital

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number of shares	₹	Number of shares	₹
Authorised:				
Equity Shares of Rs 10/- each.	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and paid up:				
Equity Shares of Rs 10/- each fully paid up	17,589,296	175,892,960	17,641,900	176,419,000
Add: Fresh Issue during the year	-	-	-	-
Partly paid shares	28,200	141,000	28,200	141,000
Forfeited shares (amount originally paidup)	799,822	3,999,110	799,822	3,999,110
	18,417,318	180,033,070	18,469,922	180,559,110
Less: Bought Back	558,586	5,585,860	52,604	526,040
	17,858,732	174,447,210	18,417,318	180,033,070

1. Details of share holders holding morethan 5% of total number of shares

Name of the Share Holder	As at 31-03-2012		As at 31-03-2011	
	Number of Shares held	%	Number of Shares held	%
Softsol Technologies Inc.	8,875,444	52.11%	8,875,444	52.11%
Sambasiva Rao Madala	904,715	5.31%	904,715	5.31%
Adalat Corporation	259,370	15.24%	259,370	15.24%
B.Prameela	259,369	15.24%	259,369	15.24%
Total	10,298,898	87.90%	10,298,898	87.90%

2. Reconciliation of Number of Shares:

Particulars	Equity Shares	
	As at 31-03-2012	As at 31-03-2011
Shares outstanding at the beginning of the year	17,589,296	17,641,900
Add: Shares Issued during the year	-	-
	17,589,296	17,641,900
Less: Shares bought back during the year	558,586	52,604
Shares outstanding at the end of the year	17,030,710	17,589,296

3. Calls unpaid:

Particulars	Equity Shares	
	As at 31-03-2012	As at 31-03-2011
Equity Share Capital:		
By Others	28,200	28,200
Total	28,200	28,200

Note No:04**Reserves and Surplus**

Particulars	As at	As at
	31-03-2012	31-03-2011
	₹	₹
Capital Redemption Reserve		
Figures as at the end of the previous reporting period	10,383,120	9,857,080
Additions: Transfer from Statement of Profit and Loss	5,585,860	526,040
Deductions	-	-
Figures as at the end of current reporting period	15,968,980	10,383,120
Securities Premium Reserve		
Figures as at the end of the previous reporting period	711,593,613	713,946,427
Additions	-	-
Deductions	30,200,455	2,352,814
Figures as at the end of current reporting period	681,393,158	711,593,613
General Reserve		
Figures as at the end of the previous reporting period	69,690,129	72,810,498
Additions	-	-
Deductions	-	-
Figures as at the end of current reporting period	69,690,129	72,810,498
Surplus in Profit and Loss Account		
Figures as at the end of the previous reporting period	895,048,125	836,662,039
Add: Profit for the year	11,173,144	62,054,275
Less: Proposed dividend	-	-
: Foreign Currency Translation reserve arising on consolidation	-	6,262,520
: Tax on Proposed dividend	-	-
: Transfer to Reserves	5,585,860	526,040
Figures as at the end of current reporting period	900,635,409	891,927,754
Total of Reserves and Surplus	1,667,687,676	1,686,714,985

Note No:05**Other Long Term Liabilities**

Particulars	As at	As at
	31-03-2012	31-03-2011
	₹	₹
Deposits Payable	49,097,660	51,044,402
Deferred Revenue	6,303,726	6,303,726
Liabilities for Capital Goods	1,994,028	5,444,840
Total	57,395,414	56,489,242

Note No:06**Long-term provisions**

Particulars	As at	As at
	31-03-2012	31-03-2011
	₹	₹
Provisions for :		
Employee retirement benefits:		
Gratuity	2,649,526	3,732,755
Leave Encashment	318,615	527,815
Total	2,968,141	4,260,570

Note No:07		Other current liabilities	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
Liabilities for : Expenses	4,308,803	1,877,220	
: Other Finance	1,846,141	895,555	
Total	6,154,944	2,772,775	

Note No:08		Short-term provisions	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
Provision for employee retirement benefits			
Gratuity	487,500	-	
Leave Encashment	32,055	-	
Total	519,555	-	

Note No:09		FIXED ASSETS		
NAME OF THE ASSETS	GROSS BLOCK AS AT 31.03.2012 ₹	ACCUMULATED DEPRECIATION ₹	NET BLOCK AS AT 31.03.2012 ₹	
Tangible fixed assets				
Land	13,918,307	-	13,918,307	
Leasehold Land	5,540,142	223,844	5,316,298	
Building	303,595,703	57,533,682	246,062,021	
Computers	8,665,260	7,943,959	721,301	
Computers - Imported	21,802,444	20,846,069	956,375	
Air Condition System	51,505,346	21,355,647	30,149,699	
Generator	13,993,474	6,700,102	7,293,372	
Lift	7,213,985	3,551,608	3,662,377	
UPS	3,954,053	1,955,805	1,998,248	
Furniture & Fixtures	55,684,625	29,134,101	26,550,524	
Electrical Installation	43,995,602	21,050,876	22,944,726	
Office Equipment	11,121,831	5,719,781	5,402,050	
Office Equipment - Imp	463,645	359,161	104,484	
Net working equipment	5,032,728	1,908,702	3,124,026	
Fire Fighting Equipment	4,898,439	1,135,830	3,762,609	
Sewage Treatment Plant	645,000	96,491	548,509	
Canteen Equipment	91,746	82,093	9,653	
Motor & Borewell	99,794	87,104	12,690	
Vehicles	8,818,183	5,997,637	2,820,546	
Xerox Machine - Imp	195,685	164,212	31,473	
Library	18,592	16,549	2,043	
subsidiary's assets	14,096,838	11,073,719	3,023,119	
TOTAL	575,351,422	196,936,972	378,414,450	
Intangible fixed assets				
Good Will	886,295,253	-	886,295,253	
Software	2,871,917	2,158,732	713,185	
subsidiary's assets	1,534,500	255,755	1,508,925	
TOTAL	890,701,670	2,184,307	888,517,363	

Note No: 10	Long-term loans and advances	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹
(a) Secured, Considered Good		
Bank deposits with more than 12 months maturity	2,511,332	-
Unsecured, Considered Good		
Capital Advances	33,054,127	32,588,058
Rental Advances	10,000	-
MAT Credit	8,050,000	8,050,000
Security Deposits	3,804,475	3,844,982
Intercompany Loans	2,153,537	2,153,537
Advance Income Tax	33,516,518	24,749,822
	<u>83,099,989</u>	<u>71,386,399</u>
Less: Allowance for bad and doubtful loans and advances	-	-
Total	<u>83,099,989</u>	<u>71,386,399</u>
Doubtful	-	-
	-	-
Less: Allowance for bad and doubtful loans and advances	-	-
Total	<u>-</u>	<u>-</u>
Total	<u>83,099,989</u>	<u>71,386,399</u>

Note No:11	Trade Receivables	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹
Unsecured, Considered Good		
Outstanding for a period exceeding six months	-	-
Others	128,732,172	121,077,449
	<u>128,732,172</u>	<u>121,077,449</u>
Less: Allowance for bad and doubtful debts	5,931,559	-
Total	<u>122,800,613</u>	<u>121,077,449</u>
Doubtful	-	-
	-	-
Less: Allowance for bad and doubtful debts	-	-
Total	<u>-</u>	<u>-</u>
Total	<u>122,800,613</u>	<u>121,077,449</u>

Note No:12		Cash and cash equivalents	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
1. Cash on hand	61,983,005	130,485	
2. Cash Equivalents			
i. In Current Accounts	2,906,076	98,224,667	
3. Other Bank Balances			
a. Fixed Deposits(Measuring with in one year)	389,641,248	355,053,585	
Total	454,530,329	453,408,737	

Note No:13		Short-term loans and advances	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
Unsecured, Considered Good			
Rent Receivable	6,680,761	7,163,045	
Staff Advances	1,227,526	513,073	
Prepaid Expenses	4,576,544	5,835,979	
Advance for Expenses	5,428	45,000	
	12,490,259	13,557,097	
Less: Allowance for bad and doubtful loans and advances	-	-	
Total	12,490,259	13,557,097	
Doubtful	-	-	
	-	-	
Less: Allowance for bad and doubtful loans and advances	-	-	
Total	-	-	
Total	12,490,259	13,557,097	

Note No:14		Other current assets	
Particulars	As at 31-03-2012 ₹	As at 31-03-2011 ₹	
Interest Accrued	24,606,986	11,575,367	
Advance paid for buy back of shares	1,213,685	-	
Total	25,820,671	11,575,367	

Note No:15		Revenue from operations	
Particulars	Current Year ₹	Previous Year ₹	
Software Exports	663,168,357	740,378,286	
Total	663,168,357	740,378,286	

Note No:16**Other Income**

Particulars	Current Year	Previous Year
	₹	₹
Interest Income	34,190,863	22,762,841
Dividend Income	-	369,168
Rental Income	68,718,826	66,796,462
Net gain on sale of assets	259,322	-
Excess Provision written back	858,299	958,008
Foreign exchange gain(net)	6,368,207	2,703,092
Miscellaneous receipts	60,469	1,841
Total	110,455,986	93,591,412

Note No:17**Employee Benefits**

Particulars	Current Year	Previous Year
	₹	₹
Salaries and Wages	397,414,490	366,919,253
Contribution to provident and other funds	2,353,417	2,394,170
Staff welfare expenses	3,242,557	4,609,589
Total	403,010,464	373,923,012

Note No:19**Finance Costs**

Particulars	Current Year	Previous Year
	₹	₹
Interest expense	396,913	107,598
Total	396,913	107,598

Note No:18

Other Expenses

Particulars	Current Year ₹	Previous Year ₹
Power and fuel	4,337,366	3,672,421
Rent	6,026,857	4,221,301
Repairs to: buildings	1,589,978	3,312,004
: machinery	7,216,884	488,675
: Others	744,463	5,854,282
Consulting Outsource	260,823,167	295,635,456
Insurance	2,548,740	2,342,624
Rates and taxes	4,206,213	3,724,434
Loss on foreign currency transaction	-	2,464,066
Net Loss on sale of Investments	-	632,327
Payments to Auditor as : auditor	84,270	82,725
: tax matters	49,635	49,635
: for other services	-	27,575
Miscellaneous expenses	5,060,315	4,978,905
Legal and Professional Charges	6,239,734	8,073,945
Softlink Charges	2,418,119	2,191,624
Communication Charges	5,598,905	4,850,580
Fees and Subscriptions	112,800	174,770
Travelling Expenses	4,248,587	3,685,927
Staff training & Recruitment Charges	2,076,097	2,013,129
Advertisement Charges	495,165	127,317
Buy Back Expenses	979,633	14,399
Commission	745,980	2,877,417
Printing & Stationary	255,950	312,034
Security Service Charges	2,536,896	2,008,171
Sitting Fee	75,000	40,000
Bad Debts	14,101	864,999
Donations	23,900	-
Investments Written off	-	149,849
Managerial Remuneration	1,344,000	1,344,000
Loss On sale of assets	-	380,752
STPI Service Charges	-	343,750
Total	<u>319,852,755</u>	<u>356,939,093</u>

NOTES TO ACCOUNTS

1. Consolidated Financial Statements have been prepared to meet the requirements of Clause 32 of the Listing Agreement with the Stock Exchange.

a) **Basis of Consolidation:**

The Consolidation of accounts is done in accordance with the requirements of the accounting standard (AS 21) "Consolidation of financial Statements" issued by the Institute of Chartered Accounts of India. Financial statements of subsidiaries were prepared for the year ended 31st December 2011 and the same have been adopted for consolidation.

b) **Companies included in Consolidation:**

The Consolidated Financial statement include the financial statement of softsol India limited and its subsidiary i.e. softsol Resources Inc. USA, A wholly owned subsidiary incorporated in United State of America.

C) **Principles of Consolidation:**

The Consolidated Financial statements have been prepared based on a line by line consolidation of profit and loss account and balance sheet. All inter company balance and transactions are eliminated on consolidation.

2. **General Information:**

SoftSol India Limited is engaged in development and export of software solution.

2A. **Summary of Significant Accounting Policies:**

A. **Basis of Preparation:**

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 211(3C), The Companies (Accounting Standards) Rules, 2006 (as amended)] and the provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the services rendered and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

B. **Use of Estimates:**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

C. **Revenue recognition:**

a) Revenue from software services is recognised under proportionate completion method for the services rendered and delivered as per the contracts entered.

b) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

c) Rental income is recognised on accrual basis.

d) Insurance Claims are recognised as and when they are settled/admitted.

D. Fixed Assets:

a) Tangible Fixed assets are stated at cost, net of credit availed in respect of any taxes, duties less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the construction cost to the extent such expenditure is related to construction or is incidental thereto.

Direct expenditure during construction period attributable to the cost of assets under construction / erection is considered as capital work in progress.

b) Computer software is classified under “Intangible Assets”.

E. Depreciation and Amortisation:

a) Depreciation on tangible assets is provided under Written Down Value Method at the rates and the manner prescribed under schedule XIV to the Companies Act, 1956.

b) Intangible asset is amortized over their estimated useful life.

c) Leasehold land is amortised equally over the lease period. The lease rentals are charged to revenue.

F. Foreign Currency Transactions:

a) Initial Recognition: Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.

b) Conversion: Foreign currency monetary items are reported at the closing exchange rates on Balance Sheet date.

c) Exchange Difference:

i. Exchange differences, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of assets and are depreciated over the balance life of the assets.

ii. Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

G. Retirement benefits:

a) Defined Contribution Plan: Company’s contribution paid/payable during the year to Provident Fund and Employees State Insurance Corporation are recognized in the Statement of Profit and Loss.

b) Defined Benefit Plan: At each reporting date, company’s liability towards gratuity and leave encashment is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation which is measured at the present value of estimated future cash flows using a discount rate. Actuarial gain/ losses are recognized in the Statement of Profit and Loss as income or expense.

H. Earnings per share:

- a) Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by weighted average number of equity shares outstanding during the year.
- b) Diluted earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

I. Taxes on Income:

Tax expense comprising of current and deferred tax, are considered in the determination of the net profit or loss for the year.

a) Current Tax:

Provision is made for income tax liability estimated to arise on profit for the year at the current rate of tax in accordance with the Income tax Act, 1961.

b) Deferred Tax:

In accordance with the Accounting Standard – 22 (AS 22) "Accounting for Taxes on income, the company recognizes the deferred tax liability in the accounts. Deferred tax resulting from timing difference between book and tax profits is accounted for at the current rate of tax. Deferred tax asset is recognized only when there is virtual certainty, supported by convincing evidence, that such assets will be realised.

c) Minimum alternate tax (MAT) credit:

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal tax within the specified period and the MAT credit available can be utilised. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down if considered not recoverable within the specified period.

J. Impairment of Assets:

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

K. Provisions and Contingent Liabilities:

- a) A provision is recognised when the Company has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- b) Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.

21. Contingent Liabilities not provided for:

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,20,00,000	1,20,00,000
b) Guarantees given by the bankers	25,11,332	20,75,000
c) Disputed demands of Income-tax.	2,67,92,384	2,67,92,384

22. Earnings per equity share:

Basic Earnings per equity share	Current Year ₹	Previous Year ₹
Net profit after tax	13,84,239	5,88,22,014
Weighted average number of equity shares of ₹ 10/- each fully paid up	1,75,34,944	1,76,03,396
Basic Earnings per equity share	0.08	3.34

23. Value of Imports calculated on CIF basis by the company during the financial year

Particulars	Current Year ₹	Previous Year ₹
	NIL	NIL

24. Transactions in Foreign Currency on account of:

Particulars	Current Year ₹	Previous Year ₹
a. Earnings – Software	3,17,13,980	10,65,82,835
b. Expenditure		
Foreign Travel	1,70,109	29,965

25. Employee benefits:

The following tables summarize the components of net benefit recognized in the Profit and Loss account and amounts recognized in the Balance Sheet for the respective employee benefit plans.

a. Profit and Loss

Particulars	Gratuity		Leave Encashment	
	Current Year ₹	Previous Year ₹	Current Year ₹	Previous Year ₹
Current Service Cost	613,381	14,79,612	22,628	(34,907)
Interest Cost on benefit obligation	261,014	2,91,698	39,234	64,943
Net Actuarial (Gain)/ Loss Recognized in the year	(332,199)	(16,29,441)	(134,492)	(89,282)
Past Service Cost		-		-
Expenses recognized in Profit & Loss Account	542,196	1,41,869	(72,630)	(59,246)

b. Balance Sheet

Particulars	Gratuity		Leave Encashment	
	As at Mar 31, 2012 ₹	As at Mar 31, 2011 ₹	As at Mar 31, 2012 ₹	As at Mar 31, 2011 ₹
Opening defined benefit obligation	3,732,755	37,01,562	527,815	10,36,334
Interest Cost	261,014	2,91,698	39,234	64,943
Current service cost	613,381	14,79,612	22,628	(34,907)
Benefits paid	(1,137,925)	(16,29,441)	(104,515)	(89,282)
Actuarial (Gain)/Loss on obligation	(332,199)	(1,10,676)	(134,492)	(4,48,278)
Closing defined benefit obligation	3,137,026	37,32,755	350,670	5,27,816

The principal assumptions used in determining gratuity and leave benefit obligation in the above plans are as under:

Particulars	Current Year	Previous Year
Discount Rate	8.60 %	8.00 %
Employee turnover	5.00 %	5.00 %
Further salary rise	7.00 %	7.00 %
Mortality	LIC (1994 – 96) Ultimate	LIC (1994 – 96) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26. The Company is engaged in the business of Software solutions. Accordingly, disclosure of segment information as prescribed in the Accounting Standard 17 “Segment Reporting” is not applicable.
27. In terms of Accounting Standard 22 “Accounting for Taxes on Income” (AS 22) issued by The Institute of Chartered Accountants of India, the Company has accounted for the deferred taxes. The following are the components of deferred tax Assets.

Particulars	Amount ₹	
	Current Year	Previous Year
Deferred Tax Asset:		
On account of depreciation	200,87,621	1,46,72,524
Provision for gratuity	10,17,808	12,39,928
Provision for Leave encashment	1,13,775	1,75,327
Net Deferred Tax Asset	212,19,204	1,48,62,982

In view of lack of certainty of reversal, no deferred Tax Asset is recognised.

28. The Land of one acre purchased by the company during the financial year 2005-06 was covered under Special Economic Zone vide notification No.S.O.565(E) Dt.11.04.2007 by Government of Andhra Pradesh. The company entered into lease agreement with Andhra Pradesh Industrial Infrastructure Corporation Limited for a period of 99 years on payment of ₹1,000/- per annum towards lease rentals. As per the deed the company is given an option to reconvert the leasehold land to freehold land after a period of 10 year subject to the provisions of SEZ Act, 2005 and SEZ rules without any further payment. Accordingly the Land, which is treated as freehold during earlier years has been shown as Leasehold Land.
29. As per the information available with the company none of the suppliers informed the company regarding their status as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Accordingly the information regarding the dues to such suppliers could not be furnished.
30. Fixed Deposit for ₹25,11,332/- (Previous year ₹20,75,000/-) are in lien with Bankers towards margin against guarantees issued by them.
31. As required by Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the management has carried out the assessment of impairment of assets and no impairment loss exists during the year.
32. a) In the opinion of the management, the Current Assets, Loans and Advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business.
- b) Sundry Debtors includes an amount of ₹95,08,785/- (Previous year ₹50,23,125/-) due from a wholly owned foreign subsidiary Company viz., SoftSol Resources Inc.
33. The Board of Directors of the company vide resolution dated 24th October, 2011 approved buyback of 12,90,000 equity shares of ₹ 10/- each at a price not exceeding ₹65/- per share and total cost of buyback is restricted to ₹ 7,00,00,000/-. During the year the company bought back 5,58,586 (Previous Year 52,604) equity shares at ₹3,57,86,315/- (Previous Year ₹28,78,854/-) inclusive of premium of ₹3,02,00,455/-(Previous Year ₹23,52,814/-). The premium of ₹3,02,00,455/- is adjusted against share premium account and redemption reserve of ₹55,85,860/- being the face value of shares bought back, created.
34. Related party disclosure:
The Company does not have any holding company or companies controlling the company, as defined under Accounting Standard 18. Transactions with companies related to the company, are disclosed hereunder:

Key Management Personnel	Sri. Madala Bhaskara Rao, Whole time Director
Subsidiary	M/s SoftSol Resources Inc USA

Nature of relation	Remuneration		Sales	
	Current Year ₹	Previous Year ₹	Current Year ₹	Previous Year ₹
Key Management personnel	14,37,600	14,37,600	--	--
Subsidiary	--	--	3,17,13,980	2,03,74,875
Receivables as at:			31.03.2012	31.03.2011
Subsidiary			95,08,785	50,23,125

35. Previous year figures have been regrouped wherever necessary.

As per our report of even date
for BRAHMAYYA & CO.
Firms' Registration Number: 000513S
Chartered Accountants

For and on behalf of Board of Directors

D.Seetharamaiah
Partner
Membership No:2907

Bhaskara Rao Madala
Wholetime Director

Dr. T. Hanuman Chowdary
Director

Place: Hyderabad
Date: 28.05.2012

B.S.Srinivasan
Director

C.Lalitha
Company Secretary

SOFTSOL INDIA LIMITED

**Regd. Off.: Plot No. 4, Software Units Layout, Madhapur, Hyderabad – 500 081.
Telephone: +91 (40) 30719500, Facsimile: + 91 (40) 30784306
E-mail: cs@softsol.net, Website: www.softsolindia.com**

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING VENUE:

DP ID: Regd. Folio No.....

Client ID

Name and address of the Shareholder / Proxy:

Number of Shares held

I hereby record my presence at the the 22nd Annual General Meeting of the company held on Saturday the 29th Day of September 2012 at the registered office of the company situated at Plot No. 4, Software Units Layout, Madhapur, Hyderabad - 500 081 at 10.00 a.m

(Signature of Shareholder / proxy)

SOFTSOL INDIA LIMITED

**Regd. Off.: Plot No. 4, Software Units Layout, Madhapur, Hyderabad – 500 081.
Telephone: +91 (40) 30719500, Facsimile: + 91 (40) 30784306
E-mail: cs@softsol.net, Website: www.softsolindia.com**

PROXY FROM

DP ID: Regd. Folio No.

Client ID

I/Weof being a member(s) of SoftSol India Limited hereby
appoint of
.....or failing him

of as my / our proxy to vote for me / us and on my / our behalf at the 22nd Annual General Meeting of the company held on Saturday the 29th Day of September 2012 at the registered office of the company situated at Plot No. 4, Software Units Layout, Madhapur, Hyderabad - 500 081 at 10.00 a.m or any adjournment thereof.

Signed this Day of Spetember, 2012.

Note: The duly stamped, completed and signed proxy, in order to be effective, must be received by the Company, not less than 48 hours before the commencement of the meeting.

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