

24<sup>th</sup> Annual Report  
2011-12

***Infodrive*** \*  
CREATING VALUE

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# CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. K. Chandrasekaran	Director & Chief Executive Officer
	Mr. N. T. Shivkumar	Director
	Mr. V. N. Seshagiri Rao	Director
	Mr. K. Shivakumar	Joint Managing Director (Resigned as JMD w.e.f 1 <sup>st</sup> April 2012)
	Mr. A. T. Krishnakumar	Independent Director
	Mr. Singanallur Narayanan	Independent Director
	Mr. S. Sriraman	Independent Director
	Mr. Mohan Ranganathan	Independent Director (Alternate to Mr. Singanallur Narayanan)
	Mr. V. Gopal Rao	Director
<b>Company Secretary</b>	Mr. V. Gopal Rao	B.Sc., B.L., F.C.S.
<b>Chief Financial Officer</b>	Mr. ANL Madhavann	B.Sc., FCA, FCS, PGDBA, BGL
<b>Manager</b>	Mr. A. S. Giridhar	
<b>Auditors</b>	M/s. K. S. Reddy Associates	No.201 (Old No.75/2), First Floor Chartered Accountant Habibullah Road, T. Nagar Chennai - 600 017, India Mobile: +91 - 94444 04761
<b>Secretarial Auditors</b>	Mr. T. Balasubramanian Practising Company Secretary	BM & Associates New No.13 (Old No.7), South Boag Road, T.Nagar, Chennai - 600 017. India. Tel.: +91 - 44 - 42081581, 24340416
<b>Bankers</b>	Union Bank of India Axis Bank Ltd.	
<b>Depository Services Share Transfer Agents</b>	Cameo Corporate Services Limited	"Subramanian Building" No. 1, Club House Road Chennai - 600 002, India Tel.: +91 - 44 - 2846 0390 Fax: +91 - 44 - 2846 0129
<b>Registered Office</b>	Info-Drive Software Limited	Buhari Buildings, Second Floor No. 3, Moores Road Chennai - 600 006, India Tel.: +91 - 44 - 2821 2368 Fax: +91 - 44 - 2821 2609 Website:www.infodriveservices.com E-mail: info@infodriveservices.com

# NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Company will be held at the "Mini Hall", Narada Gana Sabha, TTK Road, Alwarpet, Chennai - 600018, India, at 10:15 a.m. on Friday, the September 28, 2012 to transact the following business:

## AGENDA

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended March 31, 2012 and the Balance Sheet as on that date together with the Directors' Report and the Auditor's Report thereon.
2. To appoint a Director in the place of Mr. Singanallur Narayanan, Director, who retires by rotation. Mr. Singanallur Narayanan is eligible for reappointment.
3. To appoint a Director in the place of Mr. V. Gopal Rao, Director, who retires by rotation. Mr. V. Gopal Rao is eligible for reappointment.
4. To appoint Auditors for the Company, to hold Office from the conclusion of this Annual General Meeting till the conclusion of the 25th Annual General Meeting and to fix their remuneration. M/s. K. S. Reddy Associates, Chartered Accountants (FRN. 009013S), Chennai, who are presently the Auditors are eligible for reappointment and have expressed their willingness to be appointed as the Auditors of the Company.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 314, and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to Mr. K. Chandrasekaran, Director of the company to hold an office or place of profit as a Director of M/s. Info-Drive Software Pte. Ltd, located in Singapore a wholly owned subsidiary of the company and to payment of an aggregate remuneration to him by the aforesaid wholly owned subsidiary of the company as fixed by the Board of Directors of said wholly owned subsidiary in his capacity as a Director of the wholly owned subsidiary, without the remuneration being repatriated to the holding company."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and is hereby authorised to appoint as Branch Auditor(s) of any Branch office(s) of the company, whether existing or may be opened hereafter, in India or abroad, any person(s) qualified to act as Branch Auditor (s) within the provisions of Section 228 and to fix their remuneration."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the appointment of Mr. A. S. Giridhar, as the Manager of the Company within the meaning of Section 2(24) of the said Act, for a period of one year commencing from April 1, 2012 to March 31, 2013 on a remuneration of Rs. 25,000 (Rupees Twenty Five Thousand only) per month on a "Cost to Company" basis as recommended by the Remuneration Committee be and is hereby ratified."

**"RESOLVED FURTHER THAT** Mr. A. S. Giridhar, appointment be ratified as made by the Board as Manager to carry out such duties & responsibilities as may be assigned to him by the Board, under the superintendence and control of the Board."

**"RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary of the Company be and are hereby severally authorized to file the necessary forms with the Registrar of Companies and to do all such acts, deeds and things in order to give effect to the above resolution and also to forward a certified copy of the aforesaid resolution wherever necessary."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. V. Gopal Rao as Director and Company Secretary, be and is hereby approved.

**"RESOLVED FURTHER THAT** the said appointment be made on such terms & conditions as may be determined by the Board of Directors of the company from time to time.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all necessary steps including filing of appropriate applications, forms, letters, etc., with the Government and other authorities to give effect to the above resolution.

By Order of the Board  
For **Info-Drive Software Limited**

Sd/-  
**V. GOPAL RAO**  
Director & Company Secretary

Chennai  
14.08.12

## NOTES

- **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- A proxy form duly completed, stamped and signed should reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
- The Register of Members and the Share Transfer Books of the Company will remain closed from September 12, 2012 to September 28, 2012 (both days inclusive).
- Members are requested to notify the Company at its Registered Office or to the Share Transfer Registrar of any change in address quoting their folio number.
- Members who have queries on the accounts of the Company are requested to send the same to the Company at least two days in advance, to enable gathering of data needed for the replies.
- Non-resident Indian shareholders are requested to inform about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
  - a) The change in the residential status on return to India for permanent settlement
  - b) The particulars of the NRE Account with a Bank in India, if not furnished earlier.
- The Statutory Registers under the Companies Act, 1956 (Register under Section 307 and Section 301 of the Companies Act, 1956) and all the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company during business hours between 11.00 am to 1.00 pm except on holidays and will be made available at the venue of the meeting.
- The Board of Directors of the Company has by resolution given consent for not attaching the balance sheet of the subsidiaries to the Annual Report of Info-Drive Software Limited. The accounts of the subsidiary companies, therefore, are not separately included in the Annual Report. However, the consolidated financial statements, duly audited by the Statutory Auditors, include accounts of subsidiary companies. The Accounts of subsidiary companies and other detailed information will be made available to the investors seeking information at the Company's Registered Office.
- Corporate members are requested to send a duly certified copy of the board resolution/power of attorney authorizing their representatives to attend and vote at the annual general meeting.
- Shareholders desiring any information with regard to accounts are requested to write to the company at least 10 days in advance so as to enable the company to keep the information ready at the meeting.
- No gifts or complimentary items will be distributed.
- The relevant explanatory statements pursuant to section 173 (2) of the companies Act, 1956 in respect of the business under special business under item no: 5, 6, 7 & 8, is annexed.

Chennai  
14.08.12

By Order of the Board  
For **Info-Drive Software Limited**

Sd/-  
**V. GOPAL RAO**  
Director & Company Secretary

## ANNEXURE A

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, THE FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED.

### Item No. 2

Mr. Singanallur Narayanan, Director, who retires by rotation and being eligible, offers himself for reappointment. A brief resume of Mr. Singanallur Narayanan is given below:

Mr. Singanallur Narayanan joined Info-Drive Software Limited in 2006. He is a Bachelor of Technology from IIT, Chennai, India and Masters of Business Administration from Columbia University School of Business, USA and M.S. in Computer Science from University of Texas. He is a partner of M/s. Kuberon Capital LLC, New York, a hedge fund with macro long / short equity strategy. He has around 19 years of experience in Equity Research and Derivative Strategies.

He is not holding any shares in the Company.

He is a member of Audit Committee of Info-Drive Software Limited.

Directorships held in other public companies (excluding Private Companies and Foreign Companies) - NIL

Relationships between directors inter-se - NIL

The Board considers it in the interest of the Company to appoint Mr. Singanallur Narayanan as a Director.

None of the Directors, except Mr. Singanallur Narayanan, is interested or concerned in this resolution.

### Item No. 3

Mr. V. Gopal Rao, Director, who retires by rotation and being eligible, offers himself for reappointment. A brief resume of Mr. V. Gopal Rao is given below:

Mr. V. Gopal Rao, Company Secretary since December 2006 was appointed as a 'Director' at the Annual General Meeting held on September 30, 2010. He is a fellow member of The Institute of Company Secretaries of India and a Law Graduate from Madras University. He has rich and varied experience of 47 years in the Blue Chip Corporate World of Indian business and has served on the board of Essar Group and Tamil Nadu Mercantile Bank. He was also associated with Kothari Group for a brief period. He has tremendous hands-on experience in Merger & Acquisition and Corporate Governance Compliance and is a reputed authority in this field.

Mr. V. Gopal Rao is also Director of M/s. Gulf Outsourcing Services Limited (excluding Private Companies and Foreign Companies).

He does not hold any share in the Company.

Relationships between directors inter-se - NIL

The Board considers it in the interest of the Company to appoint Mr. V. Gopal Rao as a Director.

None of the Directors, except Mr. V. Gopal Rao, is interested or concerned in this resolution.



## ANNEXURE B

### EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

#### Item No: 5

Mr. K. Chandrasekaran, Director of the Company, has been actively involved with the management of the affairs of Info-Drive Software Pte. Ltd. located in Singapore a wholly owned subsidiary (WOS) of the company and has been instrumental in spearheading the growth of the said WOS. The Board of the said WOS in recognition of his contribution towards the growth of the said WOS has appointed him as a member of its Board and remuneration to be fixed by them from time to time. The remuneration payable to Mr. K. Chandrasekaran by Info-Drive Software Pte. Ltd. would require the consent of members of the Company by special resolution pursuant to provisions of Section 314 of the Companies Act, 1956.

None of the directors of the company, other than Mr. K. Chandrasekaran is interested in the resolution.

Your directors recommend the said resolution for approval of the Members.

#### Item No: 6

The company has branches in India and abroad and may also open new branches in India and abroad. It may be necessary to appoint Branch Auditors for carrying out the audit of the accounts of such branches.

The members are requested to authorize the Board of Directors of the company to appoint Branch Auditors and to fix their remuneration.

No Director is in any way concerned or interested in the resolution.

Your directors recommend the said resolution for approval of the Members.

#### Item No: 7

Mr. A. S. Giridhar was appointed as Manager of the Company under Section 269 read with Schedule XIII of the Companies Act 1956 at a Board Meeting held on March 30, 2012 on a remuneration of Rs. 25,000 (Rupees Twenty Five Thousand only) per month on a "Cost to Company" basis. Subsequently, necessary returns were filed with the Registrar of Companies. The matter is being placed at this Annual General meeting for consideration of ratifying the appointment and approving the remuneration in terms of Schedule XIII and the Board of Directors recommend passing of the resolution as Mr. A. S. Giridhar has been rendering yeomen service.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956.

No Director is in any way concerned or interested in the resolution.

Your directors recommend the said resolution for approval of the Members.

#### Item No: 8

Mr. V. Gopal Rao, Director, who retires by rotation and being eligible, offers himself for reappointment. As he would be holding an office of place of profit, if appointed, as Director, a special resolution under the provisions of Section 314 is also in place for approval. Mr. V.Gopal Rao, Company Secretary since December 2006, was appointed as a 'Director' at the Annual General Meeting held on September 30, 2010. He is a fellow member of The Institute of Company Secretaries of India and a Law Graduate from Madras University. He has rich and varied experience of 46 years in the Blue Chip Corporate World of Indian business and has served on the board of Essar Group and Tamil Nadu Mercantile Bank. He was also associated with Kothari Group for a brief period. He has tremendous hands-on experience in Merger & Acquisition and Corporate Governance Compliance and is a reputed authority in this field.

None of the Directors except Mr. V. Gopal Rao is concerned or interested in the resolution.

Your directors recommend the said resolution for approval of the Members.

By Order of the Board

#### Registered Office

Buhari Buildings, Second Floor,  
No. 3, Moores Road,  
Chennai - 600 006

Chennai  
14.08.12

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary

# DIRECTORS' REPORT

## TO THE MEMBERS,

Your Directors are pleased to present the 24<sup>th</sup> Annual Report on the business & operations of Info-Drive Software Limited (hereafter referred to as 'InfoDrive') together with Audited Accounts for the financial year ended March 31, 2012.

## FINANCIAL RESULTS

The highlights of Consolidated Financial Results of your Company and its Subsidiaries are as follows:

	<i>Rs. Lacs</i>	
<b>Consolidated</b>	<b>2012</b>	<b>2011</b>
Turnover/Income from operations	11,540.72	12,819.54
Other Income	239.49	128.81
Exchange Fluctuation Gain/(Loss)	442.61	(107.06)
Interest and finance charges	311.01	454.73
Profit after Tax (after Minority Interest adjustment) carried to Balance Sheet	395.12	578.81

The highlights of Financial Results of your Company as a Standalone entity are as follows:

	<i>Rs. Lacs</i>	
<b>Stand Alone</b>	<b>2012</b>	<b>2011</b>
Turnover/Income from operations	2,294.61	2,062.93
Other Income	265.42	71.29
Exchange Fluctuation Gain/(Loss)	439.76	(100.26)
Interest and finance charges	199.90	113.03
Profit after Tax carried to Balance Sheet	72.14	195.86

## BUSINESS OVERVIEW

In the face of the volatility and uncertainty in the global macro-economic environment during these past 12-18 months, global outsourcing industry had to reinvent and recalibrate several business assumptions around growth targets, profitability and currency exchange variables, target industry verticals, service offerings and pricing models in order to preserve the current book of business and establish the 'new normal' for managing client and investor expectations.

Despite a plethora of moving variables and challenges afflicting providers of all scale and track-record, your company has acquitted itself remarkably well to realign the services portfolio in a seamless and phased manner in order to establish a sustainable, profitable and predictable stream of revenue and operational profits.

In the prior years, your company was predominantly focusing on traditional offerings around IT Services led by Hardware Sales & Maintenance and Systems Integration. The IT Hardware/Systems Integration industry has traditionally been characterized by strong correlation between business uptick through technology adoption and growing economic indicators across the corporate ecosystem. This business segment was most affected on the profitability front as contracting deal flow and downbeat volumes resulted in significant margin erosion across the landscape. Consequently, our business strategy was redefined with emphasis towards 'pure play services' as we took definitive steps to transition out of the hardware-driven business model into a solutions-driven product & services revenue model, thereby negatively impacting our top line but significantly improving the quality of revenues and profitability thereof. Our business strategy has been crafted now to realign our service offerings more closely to the emerging 'white space' opportunities in the market segments we have been operating, thereby resulting in the creation and development of niche practice lines in Enterprise Risk Analytics, Telecom CoE and Media CoE, to name a few. These initiatives have catalyzed significant momentum in terms of capabilities build-out, new client acquisitions, talent retention, IP asset creation, geographical footprint expansion, business model innovation and most importantly, customer delight and annuity revenue buildup that your company is very proud of.

## DIRECTORS' REPORT

During the year, our consolidated gross profit is Rs. 450.08 Lacs (3.68%) as against Rs. 700.24 Lacs (5.45%) in the previous year. The general and administrative expenses were 6.48% and 5.93% of our revenues during the current year and previous year. We along with our subsidiaries have added 14 new clients this year. Your Company continues to primarily engage in the business of providing IT Services to its customers in the Middle East, Singapore, and India and has recently expanded into African and Far East market.

## DIVIDEND

The company has rewarded its shareholders in the past by paying dividends. However this year we intend to retain any future earnings to fund ongoing operations and finance the growth and development of our business. Any future decision to declare or pay dividends will be dependent upon our financial conditions, results of operations, capital requirements, acquisitions and such other factors as the Board of Directors deems relevant.

The Directors have recommended that no dividend be paid for the year under review.

## GEOGRAPHICAL REACH

Your Company has established a strong client footprint across all the major emerging market segments in Far East, Middle East, North Africa and USA, with offices in six countries. All major support functions for Sales/Marketing & Service Delivery are consolidated through the hub offices in each geography and an optimal offshore-onsite mix enables client centricity alongside cost optimization on the SG&A front, given the high sensitivity to the prevailing economic environment.

## BRANCH

Info-Drive Software Limited (Singapore Branch) was incorporated in November 2007, to expand its business in Hardware Sales & support services business in Singapore.

## SUBSIDIARIES

The Company has 6 direct subsidiaries as mentioned below:

Subsidiary	Country of Incorporation
Info-Drive Software Inc.	United States of America
Info-Drive Systems Sdn.Bhd.	Malaysia
Info-Drive Software LLC	United Arab Emirates
Info-Drive Software Pte. Ltd.	Singapore
Info-Drive Software Limited	Canada
InfoDrive Mauritius Limited	Mauritius

## PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs (MCA) vide its circular No. 5/12/2007-CL-III dated February 8, 2011 had granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries in their annual reports subject to fulfillment of certain conditions prescribed. The Board of Directors of the Company at its meeting held on August 14, 2012 noted the provisions of the circular of the MCA and passed the necessary resolution granting the requisite approvals for not attaching the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Report of the Auditors of each of the Subsidiary Companies to the accounts of the Company. A statement of summarized financials of all subsidiaries of your Company, pursuant to Section 212(8) of the Companies Act, 1956 forms part of this report. Any further information in respect of the annual report and the financial statements of the subsidiary companies of your Company will be made available to the members on request and will also be available for inspection for any member at its Registered Office. In accordance with the Accounting Standard, AS-21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by your Company includes the financial information of all its subsidiaries.

**Material Non-Listed Subsidiary Company**

As per Clause 49 of the Listing Agreement, your Company has no material non-listed subsidiary company in India, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively of your Company and its subsidiaries in the immediately preceding accounting year.

**FIXED DEPOSIT**

Your Company has not accepted any deposits from the public or its employees during the year under review. The particulars of loans/ advances and investment in its own shares by listed Companies, their subsidiaries, associate, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

**DIRECTORS AND MANAGER**

1. Mr. V. N. Seshagiri Rao was reappointed as a Non-Executive Promoter Director at the Annual General Meeting held on September 23, 2008. Mr. V. N. Seshagiri Rao has an experience of over 37 years in the field of Management. He is a Chartered Accountant by qualification and has held several senior management positions involving Finance and Business management. He is an expert in the field of Finance, Company Law and related areas. He has held advisory positions for many senior businessmen and in large business houses. He has worked alongside reputed consultants and served many Companies' Boards. His knowledge and guidance will be an asset to the Company in its growth and expansion plans. He is a member of Audit Committee. He is not holding any shares in the Company. (He is not a promoter director as he does not hold any shares and has declared so).
2. Mr. A. T. Krishnakumar has been reappointed as a Director at the Annual General Meeting held on September 23, 2007. He is an MBA Professional, highly experienced in the field of Consultancy, Corporate Finance and Planning. He is not holding any shares in the Company.
3. Mr. Singanallur Narayanan has been reappointed as a Director at the Annual General Meeting held on September 23, 2009. He is a Bachelor of Technology from IIT, Chennai, India, M.B.A from Columbia University School of Business and M.S. in Computer Science from University of Texas. He is a partner of M/s. Kuberon Capital LLC, New York, a hedge fund with macro long / short equity strategy. He has around 19 years of experience in Equity Research and Derivative Strategies. He is not holding any shares in the Company.
4. Mr. K. Chandrasekaran is a promoter Director of the company (PAC) who had been appointed as Managing Director & Chief Executive Officer w.e.f. September 28, 2007 for a period of 3 years and further he has also been re-appointed as Managing Director & CEO of the Company for a further period of 5 years i.e. from September 28, 2010 to September 27, 2015, subsequently he had demitted his office as a Managing Director of the Company on July 21, 2011 and continues as Director & Chief Executive Officer of the Company. He is a qualified Chartered and Cost Accountant and has over twenty three years of experience in the Corporate Sector both in India & abroad. He has handled large Merger & Acquisition deals of IT Companies and also companies in other domains. He is spear-heading the Corporate think tank, governance, vision and business strategy. He is holding 15,38,098 shares in the Company as on June 30, 2012.
5. Mr. N. T. Shivkumar is a promoter Director of the Company (PAC), He is an alumnus of BITS Pilani (India) & Harvard Business School and has over two decades of experience in the IT/IT Outsourcing & BPO sector. He had an outstanding tenure as the head of global sales & marketing at Oakhill Capital's portfolio firm EXL Service after his 16 year association with HCL group where he had the distinction of successfully leading several pioneering initiatives to fuel the organic and inorganic growth of HCL America. He is holding 6,00,000 shares in the Company as on June 30, 2012.
6. Mr. S. Sriraman was appointed as a Director at the Annual General Meeting held on September 23, 2008. He is a qualified Banker with CAIIB from Indian Institute of Bankers. He is an MBA from Madurai Kamaraj University, with specialization in Finance and Marketing. In addition, he holds a Masters qualification in Economics from University of Madras and a Doctorate of Business Administration from University of South Australia, Adelaide, Australia. He has around 28 years of experience in Banking, Fund Management and in Corporate Sector. His stints include organizations like Canara Bank, Canbank Mutual Fund, Wipro Finance Ltd, IL&FS Venture Corporation Limited and Silk Route Indchem Limited. He has an impressive track record of mentoring start ups as part of venture capital initiatives till they are listed. At present he is involved in the operations of a fund management company in Chennai, with focus on venture capital, private equity, mergers and acquisitions. He is not holding any shares in the Company.

7. Mr. V. Gopal Rao, Company Secretary since December 2006 was appointed as a 'Director' at the Annual General Meeting held on September 30, 2010. He is a fellow member of The Institute of Company Secretaries of India and a Law Graduate from Madras University. He has rich and varied experience of 47 years in the Blue Chip Corporate World of Indian business and has served on the board of Essar Group and Tamil Nadu Mercantile Bank. He was also associated with Kothari Group for a brief period. He has tremendous hands-on experience in Merger & Acquisition and Corporate Governance Compliance and is a reputed authority in this field. He is not holding any shares in the Company.
8. The Board has appointed Mr. Mohan Ranganathan as an alternate to Mr. Singanallur Narayanan with effect from February 13, 2007. He is being reappointed from time to time as required by the Companies Act 1956. He is a Chartered Accountant by profession. With 26 years of experience in the field of management, his immense ability to understand the business environment quickly coupled with financial & accounting background is his core competence. He has vast experience of handling Audits, Company Law Matters, Corporate and Financial Restructuring, Valuations, Statutory Audit and Tax Audit of Corporate leaders especially in IT industry. He is not holding any shares in the Company.
9. The Board has appointed Mr. A. S. Giridhar as Manager in terms of Section 269 read with Schedule XIII to the Companies Act, 1956 with effect from April 01, 2012. He has over two and half decades of experience in Marketing & Sales. Has gained vast experience in Advertising and handled top groups and has been responsible for major campaigns. He is excellent in Client Relations Management and excels in inter personal skills. He is a Media Consultant and has been organizing Events. He has produced documentaries for television channels and individual clients. He is not holding any shares in the Company.

### **RETIREMENT, REAPPOINTMENT AND RESIGNATION OF DIRECTORS**

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Singanallur Narayanan, and Mr. V. Gopal Rao, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend re-appointment of Mr. Singanallur Narayanan, and Mr. V. Gopal Rao as Directors on the Board of the Company.

Mr. K. Shivakumar resigned as Joint Managing Director and Director of the Company with effect from April 01, 2012 and April 10, 2012 respectively. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by him to Info-Drive Software Limited.

The information on the particulars of Director eligible for appointment/re-appointment in terms of Clause 49 of the listing agreement has been provided in annexure to the notice convening the annual general meeting.

None of the Company's directors are disqualified from being appointed as a director as specified in Section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 ("Act") and based on the representations received from the operating management, the Directors hereby confirm that:

1. In the preparation of annual accounts for the year 2011-2012, the applicable Accounting Standards have been followed and there are no material departures;
2. They have selected such accounting policies in consultation with statutory authorities 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 of the Company for the financial year;
3. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the Annual Accounts on a going concern basis.

## AUDITORS

M/s. K. S. Reddy Associates, Chartered Accountant (FRN. 009013S), Chennai, India who is the Auditor of the Company, hold Office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment and they have expressed their willingness to be appointed as Statutory Auditor of the Company, at the said Annual General Meeting.

The Company has received a Certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, along with the confirmation that they have a valid certificate issued by the "Peer Review Board" of the Institute of Chartered Accountant of India (ICAI).

The Audit Committee has recommended their re-appointment as Statutory Auditors of the Company. The necessary resolution is being placed before the shareholders for approval.

The Board has duly reviewed the Statutory Auditors Report on the Accounts. The notes forming part of the Financial Statements referred to in the Auditors' Report of the Company are self explanatory and do not call for any further explanation.

## AUDIT COMMITTEE

The Company has constituted an Audit Committee as required under the provisions of Section 292A of the Companies Act, 1956.

### Members of Audit Committee:

Name	Category
Mr. K. Chandrasekaran	Director & CEO and PAC
Mr. V. N. Seshagiri Rao	Non-Executive Director
Mr. A. T. Krishnakumar	Non-Executive Independent Director
Mr. Singanallur Narayanan	Non-Executive Independent Director
Mr. Mohan Ranganathan (Alternate Director to Mr. Singanallur Narayanan)	Non-Executive Independent Director
Mr. S. Sriraman	Non-Executive Independent Director

## CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance forms a part of the Annual Report.

## CONSERVATION OF ENERGY OR TECHNOLOGY ABSORPTION

In view of the nature of activities that are being carried on by your Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively are not applicable to your Company. The Company's current operations do not require high energy consumption and the company continues its drive in taking up various measures to optimise energy usage, for example, a) Consolidation of operations through reduction in the number of Delivery centres. b) reduced number of network devices for multiple clients. c) replacement of flat monitors in the place of CRT monitors. d) Switching off the air conditioners on a budgeted hours basis.

Your Company being a software solution provider requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

*Rs. Lacs*

Particulars	2012	2011
Foreign Exchange earned	568.73	635.78
Foreign Exchange used	237.87	395.11

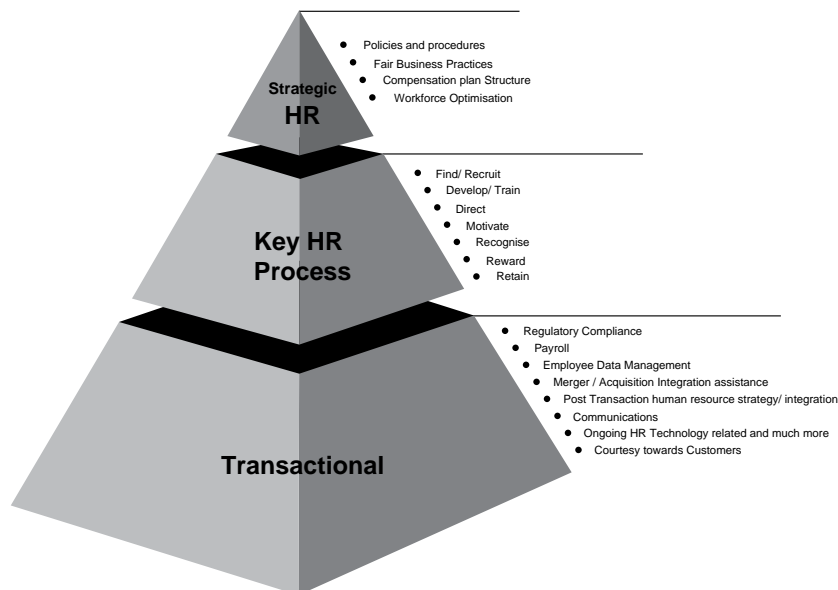
**PARTICULARS OF EMPLOYEES**

During the year under review, there is no employee employed throughout the financial year who was in receipt of remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with companies (Particulars of Employee) Rules, 1975 and amendments thereto.

**SIGNIFICANT MATERIAL DEVELOPMENT IN HUMAN RESOURCE MANAGEMENT**

Your Company believes that "Human Capital" is its asset. The human resource department and the various business and operational units work closely to ensure effective and timely recruitment to support growing business of the Company.

- Your Company's headcount was 206 as on June 30, 2012.
- Your Company encourages functional and geographical movements to promote employee development and growth thereby helping the Company in its pursuit of employee recognition and retention.
- The Company believes that a motivated, qualified and skilled employee base is the key to our competitive advantage. The Company through its participative work environment, skill development activities and values of commitment, integrity, passion, seamlessness and speed ensures a healthy relationship with its employees at all levels. Our consistent growth firmly establishes our remarkable team, their potential and capabilities to deliver.



- Our personnel policies are aimed towards recruiting talented employees, facilitating their integration into our organization and encouraging the development of their skills and expertise. We believe that the skills and diversity of our employees gives us the flexibility to adapt to the challenging needs of our diverse businesses.

- *Employee Connect & Relations:* Staying connected with employees was utmost requirement during the year as the panic scenarios loomed around due to global crisis. Based on the employee satisfaction index levels, attrition level and business performance; we are quite proud to express our success in staying connected. This has been accomplished by means of thorough and seamless communication amongst senior business management team, ear marking primary spokes person, time-time communications and quarterly business reports on market scenario, business growth opportunities, initiatives to optimize utilization, enablers to convert opportunities, collaborative team work and involvement of employees in each aspect.
- Further, in a knowledge based industry, your Company understands that employees are the main assets of a Company and it is necessary that they feel challenged to use their intellectual skills to the best of their abilities and add value to themselves even as they add value to the Company.
- It has restructured internally its organization levels with a view to maintain individual and organizational productivity at the optimum with minimum possible workforce.

## ACKNOWLEDGEMENT

The Board of Directors wishes to thank the employees of Info-Drive for their exemplary dedication and the excellence they have displayed in conducting the operations of Info-Drive. The Board also wishes to place on record it's sincere appreciation of the faith reposed in the professional integrity of Info-Drive by customers and investors who have patronized it's services. The Board acknowledges the splendid support provided by bankers, market intermediaries. The Board of Directors also wishes to place on record it's gratitude for the faith reposed in Info-Drive by the Securities and Exchange Board of India, the Reserve Bank of India, Ministry of Corporate Affairs, The Stock Exchanges and the Governments.

Chennai  
14.08.12

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary



# CORPORATE GOVERNANCE

The detailed report on Corporate Governance for the financial year from April 1, 2011 to March 31, 2012, as per the format prescribed by Securities and Exchange Board of India (SEBI) and incorporated in the revised Clause 49 of the Listing Agreement is set out below:

## COMPANY'S PHILOSOPHY

The Company's philosophy on corporate governance envisages adherence to the highest levels of transparency, accountability and equity in all areas of its operations and in all interactions with its stakeholders. Your Company is committed to achieving the highest standards of corporate governance in its pursuit of excellence, growth and value creation. It believes that all operations must be spearheaded by integrity, transparency and accountability for meeting its obligations towards enhancing shareholder value continuously.

At the core of its corporate governance practice is the Board, along with its committees which oversees how the management serves, protects & creates short term and long-term interests of shareholders and other stakeholders. The Company's corporate governance practices comply with the corporate governance requirements as per the Listing Agreement with Stock Exchange.

At InfoDrive, we strive towards excellence through adoption of best governance and disclosure practices.

## BOARD OF DIRECTORS

- As on March 31, 2012, the Company has eight Directors with a Non-Executive Chairman. Of the eight Directors, five (i.e. 62.5%) are Non-Executive Directors and three (i.e. 37.5%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.
- None of the Directors on the Board are Members of more than ten committees or Chairman of more than five committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 have been made by the Directors.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders/ Investor Grievance Committees.

Composition, Attendance at the Board Meetings and last Annual General Meeting, outside Directorships and other Board Committees as on March 31, 2012, as applicable is tabulated hereunder:

Director	No. of Board Meetings Totally Held	No. of Board Meetings Attended	Attendance at previous AGM held on Sept 30, 2011	No. of Outside Directorship held (excluding Alternate Directorships and Directorships in Pvt. Companies)	No. of Membership/ Chairmanship in other Board Committees	Executive/Non-Executive Independent
Mr. K. Chandrasekaran	5	4	Present	Nil	Nil	CEO and PAC
Mr. V. N. Seshagiri Rao	5	5	Present	1	Nil	Non-Executive
Mr. K. Shivakumar	5	4	Present	Nil	Nil	Executive
Mr. N. T. Shivkumar	5	2	-	Nil	Nil	Non-Executive
Mr. A. T. Krishnakumar	5	5	Present	Nil	Nil	Non-Executive Independent
Mr. Singanallur Narayanan	5	0	Present	Nil	Nil	Non-Executive Independent
Mr. S. Sriraman	5	5	Present	Nil	Nil	Non-Executive Independent
Mr. V. Gopal Rao	5	5	Present	1	Nil	Director & Company Secretary
Mr. Mohan Ranganathan (Alternate Director to Mr. Singanallur Narayanan)	5	5	Present	Nil	Nil	Non-Executive Independent

K. Shivakumar, since resigned with effect from April 1, 2012 as Jt. Managing Director and resigned as Director with effect from April 10, 2012.

None of the Directors on the Board hold the office of Director in more than 15 Companies, or Memberships of Committees of the Board in more than 10 Committees and Chairmanship of more than 5 Committees across all Companies.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

## BOARD MEETINGS HELD DURING THE YEAR 2011–12

Five board meetings were held during the financial year from April 1, 2011 to March 31, 2012. The dates on which the meetings were held as follows:

1. May 13, 2011	4. February 14, 2012
2. August 12, 2011	5. March 30, 2012
3. November 14, 2011	

The necessary quorum was present for all the meetings. The Board reviews periodically the compliance reports of all laws applicable to the Company.

## COMPOSITION OF COMMITTEES

The Board has set up the following committees as per the Code of Conduct for Corporate Governance.

### Audit Committee

The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The committee strength of five members comprise of three independent directors i.e., A. T. Krishnakumar, (Chairman), S. R. Narayanan, R Mohan (Alternate to S. R. Narayanan) & S. Sriraman. The Statutory Auditor attended all the meetings.

The constituted committee presently consists of:

- A. T. Krishnakumar, [Chairman of the Committee] (Non-Executive, Independent Director)
- K. Chandrasekaran (CEO and PAC)
- V. N. Seshagiri Rao (Non-Executive, Independent Director)
- S. Sriraman (Non-Executive, Independent Director)
- Singanallur Narayanan (Non-Executive, Independent Director)
- R. Mohan (Alternate to Singanallur Narayanan)

The terms of reference of the Committee are as provided in Clause 49 of the Equity Listing Agreements.

The Audit Committee, meets at least once in every three months, and reviews the performance of the company. The roles and responsibilities of the Audit Committee includes:

- Overseeing the financial reporting process and disclosure of financial information.
- Reviewing with management, quarterly, half-yearly and annual financial statements along with limited review report/draft audit report and ensuring that the financial statements reflect a true and fair position before submission to the Board of Directors.
- Reviewing with management adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of systems and their functions and discussing and reviewing periodic audit reports, including any findings of internal Investigations.
- Recommending the appointment of the internal and statutory auditors and fixing their Remuneration.
- Holding discussions with the statutory auditors.

## CORPORATE GOVERNANCE

The Chairman of the audit Committee is present at the Annual General Meeting. The detailed charter of the Committee is posted at our website.

All the members of our Audit Committee are independent non executive directors except CEO Mr. K. Chandrasekaran and all the members are financially literate. The Chairman of audit Committee has the accounting or related financial management expertise.

Statutory Auditor always has independent meetings with the Audit Committee and also participates in the Audit Committee meetings.

Our Chief Financial Officer and Executive Directors and other Corporate Officers make periodic presentations to the Audit Committee on various issues.

The Audit Committee is comprised of the following directors as given herein below:

Name	Category	Number of Committee Meetings	
		Held	Attended
Mr. K. Chandrasekaran	Director & CEO and PAC	4	4
Mr. V. N. Seshagiri Rao	Non-Executive	4	4
Mr. A. T. Krishnakumar	Non-Executive Independent	4	4
Mr. Singanallur Narayanan	Non-Executive Independent	4	0
Mr. Mohan Ranganathan (Alternate Director to Mr. Singanallur Narayanan)	Non-Executive Independent	4	4
Mr. S. Sriraman	Non-Executive Independent	4	4

Audit Committee Meetings held during the year 2011-12:

Four Audit Committee meetings were held during the financial year from April 1, 2011 to March 31, 2012. The dates on which the meetings were held as follows:

1. May 13, 2011	3. November 14, 2011
2. August 12, 2011	4. February 14, 2012

The necessary quorum was present for all the meetings.

### Shareholders' Grievance Committee

The Committee consists of the following members as on March 31, 2012:

- V. N. Seshagiri Rao – Chairman
- K. Shivakumar – Member\*
- V. Gopal Rao – Member
- R. Mohan – Member

The Shareholders Grievance Committee oversees all relevant matters pertaining to shareholders/investor related issues and generally reviews the number of investor queries received, redressed, and pending redressal, as also the time taken to redress these queries. The review is based on inputs provided by the Registrar & Transfer (R & T) Agents of the Company. The meeting of this committee is held when required. Other Investor related queries/complaints addressed to the company, the R&T Agents, BSE & SEBI, etc, have been suitably redressed well in time, and there are no cases pending redressal.

The Chairman of the Committee is a non-executive director.

\*Mr. K.Shivakumar resigned as a member of Shareholders' Grievance Committee with effect from April 10, 2012.

There was no meeting of Shareholders' Grievance Committee held during the financial year 2011-2012.

Mr. V. Gopal Rao, Company Secretary is our Compliance Officer for the Listing Agreement.

## Unclaimed Dividends

Under the Companies Act, 1956, Dividends that are unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund administered by the Central Government.

We give below a table providing the dated of declaration of Dividend since 2007-08 as on March 31, 2012 and the corresponding dated when unclaimed dividend are due to be transferred to the central government. Recently the Ministry of Corporate Affairs have intimated to file the list of unpaid dividend as on date of the Annual General Meeting.

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed Amount (Rs.) as on March 31, 2012	Due date for transfer to Investor Education and Protection Fund
2007-2008 (Final Dividend)	September 23, 2008	September 22, 2015	277,734	October 21, 2015
2008-2009 (Final Dividend)	September 23, 2009	September 22, 2016	236,194	October 21, 2016
2009-2010 (Final Dividend)	September 30, 2010	September 29, 2017	285,485	October 28, 2017

Separate letters will be sent to the shareholders who are yet to encash the Dividend indicating that Dividend yet to be encashed by the concerned shareholder and the amount remaining unpaid will be transferred as per the above dates. Members are requested to utilize the opportunity and get in touch with Compavny's Registrars and Share Transfer Agent M/s. Cameo Corporate Services Limited, Chennai for encashing the unclaimed Dividend standing to the credit of their account.

After completion of seven years as per the above table, no claims shall lie against the said fund or against the Company for the amounts of Dividend so transferred nor shall any payment be made in respect of such claims.

## Remuneration Committee

The members of the Committee are:

Name of the Members	Category	Number of Meetings during the year 2011-12	
		Held	Attended
A. T. Krishnakumar	Non-Executive Independent	1	-
K. Chandrasekaran	CEO and PAC	1	1
Singanallur Narayanan	Non-Executive Independent	1	-
R. Mohan (Alternate Director to Mr. Singanallur Narayanan)	Non-Executive Independent	1	1

The broad terms of reference of the Remuneration Committee are as under:

- (i) To approve the annual remuneration plan of the company.
  - To approve the remuneration and commission/incentive remuneration payable to the Executive Directors for each financial year.
  - To approve the remuneration payable to Chief Financial Officer and the Vice Presidents of the Company for each financial year.
  - Such other matters as the Board may from time to time request the remuneration committee to examine and recommend/ approve.
- (ii) Meeting of Remuneration Committee was held during the financial year ended March 31, 2012, on March 30, 2012.
- (iii) The Company does not have any Employee Stock Option Scheme.

(iv) Details of Remuneration for the year ended March 31, 2012:

**(a) Non Executive Directors**

- The Non Executive Directors are paid sitting fees for attending the meetings of Board, Committee and Annual General Meetings.
- During the financial year the Company has paid Rs. 95 Lakhs as Sitting Fees to the Non-Executive Directors of the Company.

**(b) Executive Directors**

- Mr. K. Shivakumar, Joint Managing Director has been paid Rs. 6 Lakhs per annum towards remuneration for the financial year ended March 31, 2012.

(v) Details of the shares of the Company held by the Directors:

Name of the Director	Number of Shares Held
Mr. K. Chandrasekaran	15,38,098
Mr. K. Shivakumar*	3,94,090
Mr. N. T. Shivkumar	6,00,000

The Company has not issued any Debentures.

Mr. K. Shivakumar resigned as Joint Managing Director with effect from April 01, 2012 and resigned as Director on April 10, 2012.

### Investment Committee

As required under Section 292 of the Companies Act 1956, an Investment Committee has been constituted by the Directors at their meeting held on July 24, 2007, to assist the Board in reviewing investment opportunities in subsidiaries and other companies within the limits prescribed under Section 372 [A] of the Companies Act 1956.

Pursuant to the powers delegated and limits fixed by the Board, this committee takes decisions on making investments and granting loans in conformity with the provisions of FEMA & the Companies Act.

This committee consists of the following members:

Name	Category
A. T. Krishnakumar	Non-Executive Independent
V. N. Seshagiri Rao	Non-Executive
K. Chandrasekaran	Director & CEO and PAC
K. Shivakumar*	Executive

This committee meets whenever decisions regarding Investments and loans to the various subsidiaries are to be considered.

\*Mr. K. Shivakumar resigned as a member of the Investment Committee with effect from April 10, 2012.

During the financial year ended March 31, 2012, one meeting of this Committee was held on June 13, 2011.

### Share Allotment Committee

The members of the Committee are:

- \*K. Shivakumar
- V. N. Seshagiri Rao
- V. Gopal Rao

This Committee meets whenever there is a requirement of allotment of shares to be made and the basis of allotment is finalized by the members of this committee in consultation with the stock exchanges.

\*Mr. K. Shivakumar resigned as a member of the Share Allotment Committee with effect from April 10, 2012.

During the financial year ended March 31, 2012, no meeting of this Committee was held.

### **Committee of Directors u/s 292 of the Companies Act.**

The members of the Committee are:

- K. Shivakumar\*
- V. N. Seshagiri Rao
- K. Chandrasekaran

The Committee of Directors has been constituted by the Board under Section 292 of the Companies Act, 1956. The committee functions based on the powers delegated by the Board, for overseeing and taking decisions on borrowings, from financial institutions/ other corporate and or other entities, etc. The limits fixed are in line with the approval obtained by the company from the members under section 293 [1] [d] of the Companies Act, at the Annual General Meeting held on September 19, 2007 wherein the upper limit is up to and including Rs. 500 Crores. The borrowing limits of the committee of directors are fixed by the Board.

Meetings of this committee are held whenever decisions regarding borrowings/availing of loans/guarantee or any facilities from corporate/banks/financial institutions are needed.

During the financial year, one meeting of this Committee was held on April 27, 2011. The necessary quorum was present for all the meetings.

\*Mr. K. Shivakumar resigned as a member of this Committee with effect from April 10, 2012.

### **Share Transfer Committee**

This committee was constituted by the Board at their meeting held on June 27, 2007. The members of the committee are:

- Mr. K. Shivakumar\*
- Mr. V. N.S eshagiri Rao
- Mr. K. Chandrasekaran
- Mr. V. Gopal Rao

The Registrar & Transfer Agent [RTA] of the Company who maintain the members database process the transfer/transmission/requests, on a fortnightly basis. A report containing the following information is submitted by the R&T Agent to the company on a fortnightly basis.

- a. Cases of Transfers effected.
- b. Cases of Transmissions effected.
- c. Cases rejected & the reasons for rejection.
- d. Cases of duplicate share certificates issued.
- e. Details regarding requests received for dematerialization of shares.

This committee peruses this report, and takes note of the information contained therein. Any specific case of transfer referred to by the RTA is examined by the committee and an appropriate decision communicated to the RTA for due processing.

\*Mr. K. Shivakumar resigned as a member of the Share Transfer Committee with effect from April 10, 2012.

The necessary quorum was present for all the meetings.

### Allotment & Issue of Share Certificate Committee

This committee was constituted by the Board at their meeting held on June 27, 2007. This committee presently consist of the following members:

- Mr. K. Shivakumar\*
- Mr. V. N. Seshagiri Rao
- Mr. V. Gopal Rao

This committee also peruses the reports issued by the R&T Agent regarding information pertaining to transfers and requests for issuance of duplicate share certificates in lieu of the original. This committee takes suitable decisions for issuance of duplicate share certificates based on specific requests from the shareholders, after ensuring that all the necessary formalities have been completed by both the R&T Agent & the company. Whenever a new issue is made by the company, and share certificates in physical mode are to be issued, this committee takes suitable decisions pertaining to the same.

\*Mr. K. Shivakumar resigned as a member of the Allotment & Issue of Share Certificate Committee with effect from April 10, 2012.

### GENERAL MEETINGS OF THE COMPANY

Details of previous General Meetings.

Location, date and time where the Annual General Meetings were held:

Year	Annual General Meeting	Location	Date	Time
2011	23 <sup>rd</sup> Annual General Meeting	'Mini Hall', Narada Gana Sabha, T.T.K. Road, Chennai, India	September 30, 2011	10.15 A.M.
2010	22 <sup>nd</sup> Annual General Meeting	'Mini Hall', Narada Gana Sabha, T.T.K. Road, Chennai, India	September 30, 2010	10.30 A.M.
2009	21 <sup>st</sup> Annual General Meeting	The Music Academy, Kasthuri Srinivasan, Mini Hall, No.168, T.T.K. Road, Chennai, India	September 23, 2009	10.30 A.M.

During the last three Annual General Meetings, the Shareholders of the Company have approved the Special Resolutions as provided in the notice of the respective Annual General Meetings. Brief details of such resolutions are as under:

Year	Annual General Meeting	Sr. No	Particulars of Special Resolution Passed
2011	23 <sup>rd</sup> AGM	1	Inserted the new Article 29A in the Articles of Association.
2010	22 <sup>nd</sup> AGM	1	Appointment of Mr. V. Gopal Rao, as Director and Company Secretary of the Company in terms of provisions of Section 314 of the Companies Act, 1956.
2009	21 <sup>st</sup> AGM	-	* None*

Location, date and time where last three Extra-Ordinary General Meetings were held:

Year	General Meeting	Location	Date	Time
2010	Extra-Ordinary General Meeting	'Mini Hall', Narada Gana Sabha, T.T.K. Road, Chennai, India	August 10, 2010	10.30 A.M.
	Extra-Ordinary General Meeting	'Mini Hall', Narada Gana Sabha, T.T.K. Road, Chennai, India	February 1, 2010	10.30 A.M.
2008	Extra-Ordinary General Meeting	'Mini Hall', Narada Gana Sabha, T.T.K. Road, Chennai, India	August 14, 2008	10.30 A.M.

Brief of Special Resolutions passed in the above mentioned Extra Ordinary General Meetings:

Year	Extra-Ordinary General Meeting	Sr.No	Particulars of Special Resolution Passed
2010	EGM dated August 10, 2010	1	Approval for the increase in the limit for the investment by FII in the Company within the applicable sectoral cap of the revised paid up equity capital.
	EGM dated February 1, 2010	1	Amended the Capital Clause of Memorandum of Association of the Company.
		2	Altered the Articles of Association by substituting New Article "3", in place of the existing Article "3".
		3	Approval obtained under Sections 81, 81(1A) of the Companies Act, 1956 for raising additional capital to the tune of USD 20 Million or its rupee equivalent by issuing several class(es) of instruments.
2008	EGM dated August 14, 2008	1	Approval obtained under sections 81, 81(1A) for issuing of several classes of instruments to raise additional capital upto USD 100 Million.

## POSTAL BALLOT

No Postal Ballot was conducted during the year.

## THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report forms part of this Annual Report.

## MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement.

## CEO/CFO CERTIFICATION

As required under clause 49 of the Listing Agreement, the Certificate from K. Chandrasekaran, Director and CEO and Mr. ANL Madhavann, Chief Financial Officer was obtained and placed before the Board of Directors at its meeting held on August 14, 2012.

## AUDITORS REPORT ON CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement, the auditors' certificate is given as annexure.

## SUBSIDIARIES

As per clause 49 of the Listing Agreement, your Company does not have any material non-listed subsidiary Company whose turnover or networth exceed 20% of the consolidated turnover or networth respectively of the Company and it's subsidiaries in the immediately preceding accounting financial year.

## COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

The Company is complying with all the mandatory requirements of Clause 49 of the Listing Agreement and with regard to the non-mandatory requirements, the Company has constituted a Remuneration Committee and also adopted the Whistle Blower Mechanism as referred in Clause 49 of the Listing Agreement. The Company also follows the guidelines laid down in the "Secretarial Standards", issued by the Institute of Company Secretaries of India. The following are the Non- Mandatory Requirements which are complied with by the company.



## REMUNERATION COMMITTEE

The Board of Directors constituted a Remuneration Committee, which is entirely composed of independent directors. The committee also discharges the duties and responsibilities as described under non-mandatory requirements of clause 49. The details of the Remuneration Committee and its powers have been discussed in this section of the Annual Report.

## SHAREHOLDERS RIGHTS

We display our quarterly and half yearly results on our website, [www.infodrivservices.com](http://www.infodrivservices.com) and also publish our results in widely circulated newspapers.

## AUDIT QUALIFICATIONS

The Auditors have not qualified the financial statements of the Company.

## WHISTLE BLOWER POLICY

The Company has evolved a Whistle Blower Policy to provide appropriate avenues to the Employees to bring to the attention of the Management any issue which is perceived to be in violation or in conflict with the fundamental business principles of the Company. No employee has been denied access to the Audit Committee.

## DISCLOSURES

- **Instances of Non-Compliance**

There were no instances of any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

- **Materially significant related party transactions**

Related Party Transactions are defined as transactions of the Company of material nature, with Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. Details on materially significant related party transactions are shown in the "Notes to accounts" to the Balance Sheet and Profit & Loss Account.

- **Code for prevention of Insider Trading**

We have comprehensive guidelines on preventing insider trading. Our guidelines on preventing insider trading are in compliance with the SEBI guidelines on prevention of Insider Trading.

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

All Directors and senior management personnel of the Company have affirmed compliance with Info-Drive's Code of Business Conduct and Ethics for the financial year ended March 31, 2012.

- **Management**

The Management Discussion and Analysis Report is appended to this report.

- **Shareholders**

Disclosures regarding appointment or re-appointment of Directors.

As per the Companies Act, 1956, at least two thirds of the Board should consist of retiring Directors, of these at least one third are required to retire every year.

During the year, Mr. Singanallur Narayanan and Mr. V. Gopal Rao will retire and are eligible for re-appointment at the ensuing Annual General Meeting.

The detailed resumes of all these directors are provided as part of the Notice of the Annual General Meeting.

## COMMUNICATION TO SHAREHOLDERS

The unaudited quarterly/half yearly financial statements are announced within forty five days from the end of the quarter. The aforesaid financial statements are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the Stock Exchanges have been intimated, these results are published within 48 hours in two leading daily newspapers - one in English and one in Tamil.

The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders.

The quarterly/half yearly and the annual results of the company are put on the Company's website [www.infodrivservices.com](http://www.infodrivservices.com).

## MEANS OF COMMUNICATION

The Annual/Quarterly results are published in "News Today" and "Malai Sudar". The Company updates its results on the, BSE, MSE and posted on our website - [www.infodrivservices.com](http://www.infodrivservices.com).

## GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Date : Friday, September 28, 2012

Time : 10:15 A.M.

Venue : Mini Hall, 'Narada Gana Shaba, T.T.K. Road, Chennai - 600 014, India.

## FINANCIAL CALENDAR OF THE COMPANY

The financial year covers the period from April 1, 2011 to March 31, 2012.

### Financial Reporting for 2011-2012

Quarter ending	Release of results
Results for the quarter ending June 30, 2011	By August 12, 2011
Results for the quarter ending September 30, 2011	By November 14, 2011
Results for the quarter ending December 31, 2011	By February 14, 2012
Results for the quarter ending March 31, 2012	By May 14, 2012

### Financial Reporting for 2012-2013 (Tentative)

Our tentative calendar for declaration of results for the financial year 2012-2013 is as given below:

Quarter ending	Release of results
Results for the quarter ending June 30, 2012	August 14, 2012
Results for the quarter ending September 30, 2012	Second Week of November, 2012
Results for the quarter ending December 31, 2012	Second Week of February, 2013
Results for the quarter ending March 31, 2013	Second Week of May, 2013

## DATE OF BOOK CLOSURE

The period of book closure is fixed from September 12, 2012 to September 28, 2012 (both days inclusive).

## OUTSTANDING ADRs/GDRs/WARRANTS

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable.

**LISTING ON STOCK EXCHANGES AND STOCK CODE**

The Shares of the Company are listed at the Madras Stock Exchange and Bombay Stock Exchange [Scrip Code: 530703, Scrip ID: INFDS]

The trading of the company's scrip commenced on the National Stock Exchange [through Madras Stock Exchange] with effect from January 8, 2010 [Symbol: INFODRIVE].

Market Price Data: i.e. High-Low for each month during the financial year:

**Bombay Stock Exchange**

Month	High (Rs.)	Low (Rs.)
April 2011	22.50	17.00
May 2011	19.90	12.20
June 2011	17.00	11.61
July 2011	16.50	12.60
August 2011	14.99	10.40
September 2011	12.30	9.56

Month	High (Rs.)	Low (Rs.)
October 2011	10.85	8.51
November 2011	10.00	6.76
December 2011	8.40	6.36
January 2012	8.41	5.18
February 2012	15.12	8.65
March 2012	19.70	12.85

**National Stock Exchange**

Month	High (Rs.)	Low (Rs.)
April 2011	21.00	18.10
May 2011	15.4	13.55
June 2011	13.90	13.10
July 2011	14.00	13.50
August 2011	11.25	10.30
September 2011	10.05	9.40

Month	High (Rs.)	Low (Rs.)
October 2011	9.30	8.95
November 2011	7.40	6.60
December 2011	7.40	7.00
January 2012	8.40	8.00
February 2012	15.00	14.10
March 2012	19.35	18.50

**DISTRIBUTION SCHEDULE AS ON MARCH 31, 2012 AND JUNE 30, 2012**

No. of Equity Shares Held	March 31, 2012			June 30, 2012		
	No. of Shareholders	No. of Shares	% of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
1 - 500	5510	1000837	2.22	5440	982613	2.18
501 - 1000	603	514677	1.14	604	516930	1.15
1001 - 2000	315	491947	1.09	300	471228	1.05
2001 - 3000	106	278832	0.62	117	304630	0.68
3001 - 4000	49	175719	0.39	55	197566	0.44
4001 - 5000	60	282950	0.63	69	326927	0.73
5001 - 10000	91	657743	1.46	92	675474	1.50
10001 and above	216	41687515	92.45	241	41614852	92.30
<b>Total</b>	<b>6950</b>	<b>45090220</b>	<b>100.00</b>	<b>6918</b>	<b>45090220</b>	<b>100.00</b>

## SHAREHOLDING PATTERN

As on March 31, 2012

Sl. No.	Category	No. of Holders	No. of Shares	% of Shares
1.	Resident Indian	6641	17036433	37.78
2.	Corporate Body	166	6322321	14.02
3.	NRIs	104	2628286	5.83
4.	FIs	7	15028122	33.33
5.	Promoters	3	1882826	4.18
6.	Mutual Funds	1	800	0.00
7.	Bank	1	7600	0.02
8.	Clearing Member	23	16234	0.04
9.	Person Acting in Concert	3	2167098	4.81
10.	Trust	1	500	0.00
	<b>TOTAL</b>	<b>6950</b>	<b>45090220</b>	<b>100.00</b>

As on June 30, 2012

Sl. No.	Category	No. of Holders	No. of Shares	% of Shares
1.	Resident Indian	6589	19347918	42.91
2.	Corporate Body	178	6029962	13.37
3.	NRIs	103	2308145	5.12
4.	FIs	6	13203122	29.28
5.	Promoters	3	1882826	4.18
6.	Mutual Funds	1	800	0.00
7.	Bank	1	7600	0.00
8.	Clearing Member	33	142249	0.32
9.	Person Acting in Concert	3	2167098	4.81
10.	Trusts	1	500	0.00
	<b>TOTAL</b>	<b>6918</b>	<b>45090220</b>	<b>100</b>

## DEMATERIALIZATION OF SHARES AND LIQUIDITY

Demat ISIN No. INE 804D01011

As on March 31, 2012, 4,41,87,860 Shares, that is, 97.98% were held in dematerialized form and the balance of 2.02% of shares, that is, 9,02,360 shares were held in Physical form.

As on June 30, 2012, 4,41,90,160 Shares, that is, 98.00% were held in dematerialized form and the balance of 2.00% of shares, that is, 9,00,060 shares were held in Physical form.

**PROMOTERS AND PROMOTERS GROUP**

Given below are the Shareholdings of "Promoters and Promoters Group" as on June 30, 2012.

Sl. No.	Name of the Shareholder	No. of Shares	% of Shares
1.	Mr. Arif Buhary Rahman	1488736	3.30
2.	M/s. EH Building Consultancy Pvt. Ltd.,	941900	2.09
3.	Mr. K. Shivakumar	394090	0.87
4.	Mr. K. Chandrasekaran	1538098	3.42
5.	Mr. N. T. Shivkumar	600000	1.33
6.	Mr. S. K. Vidyasagar	25500	0.06
	<b>Total</b>	<b>4988324</b>	<b>11.07</b>

**CAPITAL STRUCTURE**

Given below are the details of the periodic increase in the Issued and Paid-Up Capital of the Company since Inception.

Sl. No.	Date	No. of Equity Shares	Value (in Rs.)	Cumulative increase in Share Capital (In Rs.)
1.	16.03.1988	200	2,000	2,000
2.	01.12.1989	7,500	75,000	77,000
3.	26.04.1991	2,300	23,000	1,00,000
4.	29.07.1991	20,000	2,00,000	3,00,000
5.	27.03.1992	50,000	5,00,000	8,00,000
6.	29.05.1992	3,20,000	32,00,000	40,00,000
7.	04.06.1993	6,00,000	60,00,000	1,00,00,000
8.	04.11.1994	500	5,000	1,00,05,000
9.	31.01.1995	3,50,000	35,00,000	1,35,05,000
10.	03.06.1995	26,49,500	2,64,95,000	4,00,00,000
11.	14.02.2000	10,00,000	1,00,00,000	5,00,00,000
12.	18.07.2007	2,00,00,000	20,00,00,000	25,00,00,000
13.	10.12.2007	42,38,890	4,23,88,900	29,23,88,900
14.	11.11.2010	15,851,330	15,85,13,300	45,09,02,200

**Company's Registered Office****M/s. Info-Drive Software Limited**

Buhari Buildings, Second Floor  
No. 3, Moores Road  
Chennai - 600 006, India

Tel: +91 - 44 - 28212368

Fax: +91 - 44 - 2821260 9

Website : [www.infodriveservices.com](http://www.infodriveservices.com)

E-mail: [info@infodriveservices.com](mailto:info@infodriveservices.com)

**Company's Registrar and Transfer Agent****M/s. Cameo Corporate Services Limited**

Subramanian Building  
No. 1, Club House Road  
Chennai - 600 002, India

Tel: +91 - 44 - 28460390

Fax: +91 - 44 - 28460129

E-mail: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

**Corporate Communications****Ms. Smitha Iyer**

Associate Vice President - Corporate Affairs

M/s. Info-Drive Software Limited  
No. 3, Moores Road  
'Buhari Buildings', Second Floor  
Chennai - 600 006, India

Tel: +91 - 44 - 28212368

Fax: +91 - 44 - 28212609

E-mail: [smitha@infodriveservices.com](mailto:smitha@infodriveservices.com)

**Designated Email ID for Investor Services**

[investorcell@infodriveservices.com](mailto:investorcell@infodriveservices.com)

**ACKNOWLEDGMENT**

We take this opportunity to thank our customers, shareholders, suppliers, business partners/associates, vendors, bankers and financial institutions and Central and State Governments for their continued support and encouragement during the financial year. We place on record our appreciation of the contribution made by our employees across all levels for their hard work and commitment. Their dedication and competence has ensured that the Company continues to be a significant and leading player in IT industry.

We thank the governments of various countries where we have operations and look forward to their continued support at all times.

Chennai  
14.08.12

For and Behalf of the Board

Sd/-  
**K. Chandrasekaran**  
Director & CEO

# COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Info-Drive Software Limited

I have examined the compliance of conditions of Corporate Governance by M/s. Info-Drive Software Limited for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

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

In my opinion and to the best of our information and explanations given to me and the representations made by the directors and the management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Chennai  
14.08.12

For **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Sd/-  
**K. Subba Reddy (Proprietor)**  
M. No. 208754

# CEO & CFO CERTIFICATION

## To the Board of Directors of Info-Drive Software Limited

We, K. Chandrasekaran, Director & Chief Executive Officer and ANL. Madhavann, Chief Financial Officer of Info-Drive Software Ltd., ("Company") hereby certify that:-

- a) We have reviewed financial statements and the cash flow statement of the company for the financial year ended March 31, 2012 and that to the best of our 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 our 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) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the audit committee of:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we 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.

Chennai  
14.08.12

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**ANL Madhavann**  
Chief Financial Officer



# MANAGEMENT DISCUSSION AND ANALYSIS

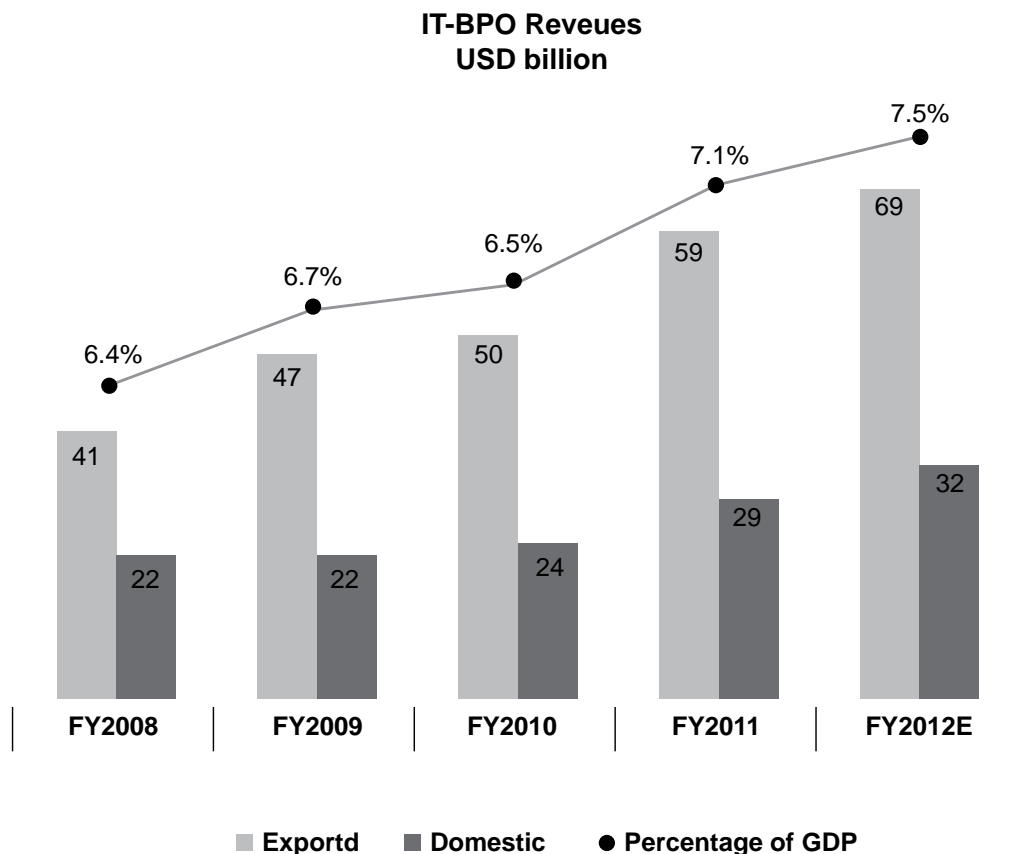
## INDUSTRY

### Industry Overview

FY2011-2012 witnessed several dynamics around geo-political factors affecting the demand, timing and execution of large IT & BPO deals throughout the year – while the Indian IT-BPO industry reasonably weathered the uncertainties in the global business environment, this was also the year when the industry was set to reach a significant milestone – aggregate revenue for FY2012 to cross USD 100 billion milestone.

### Key Highlights of the overall industry during the past year

- Milestone year for Indian IT-BPO industry-aggregate revenues cross the USD 100 billion mark, exports at USD 69 billion.
- Within the global sourcing industry, India was able to increase its market share from 51 per cent in 2009, to 58 per cent in 2011, highlighting India's continued competitiveness and the effectiveness of India-based providers delivering transformational benefits.
- Export revenues (including Hardware) estimated to reach USD 69.1 billion in FY2012 growing by over 16 per cent; Domestic revenues (including Hardware) at about USD 31.7 billion, growing by over 9 per cent.
- Software and services revenues (excluding Hardware), comprising nearly 87 per cent of the total industry revenues, expected to post USD 87.6 billion in FY2012; estimated growth of about 14.9 per cent over FY2011. Within Software and services exports, IT services accounts for 58 per cent, BPO is nearly 23 per cent and ER&D and Software Products account for 19 per cent.
- The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people.



Source: NASSCOM

- As a proportion of national GDP, the sector revenues have grown from 1.2 per cent in FY1998 to an estimated 7.5 per cent in FY2012.
- The industry's share of total Indian exports (merchandise plus services) increased from less than 4 per cent in FY1998 to about 25 per cent in FY2012.
- While the global macroeconomic scenario remained uncertain, the industry exhibited resilience and adaptability in continually reinventing itself to retain its appeal to clients.
- Embracing emerging technologies, increased customer-centricity, deepening focus on new markets, adopting new business models are some successful growth strategies followed by the industry.

### Impact of IT & BPO Industry on India's Growth

According to NASSCOM, IT-BPO sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living and diversity among others. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

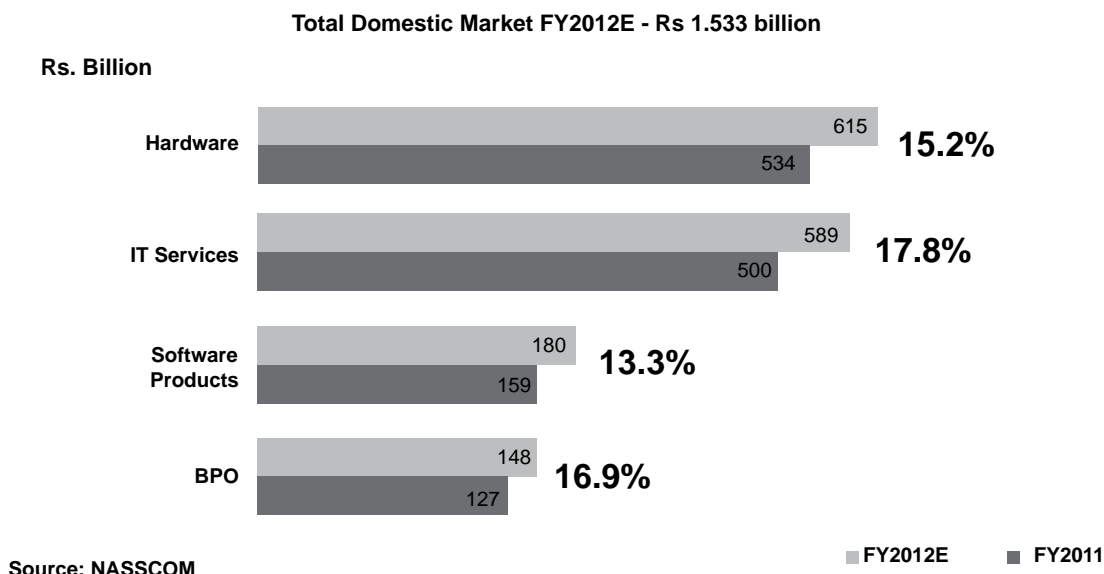
### Key Highlights during FY2011

- India – A trillion dollar economy.
- Fast emerging as a growth story driven by a growing middle class, consumer spending, and technology innovation.
- Increasing adoption of technology and Telecom by consumers and focused Government initiatives – leading to increased ICT (Information & Communication Technology) adoption, thereby fuelling the growth of the domestic IT demand/market.

### Domestic IT-BPO

As per NASSCOM report, Domestic IT-BPO revenue (excluding hardware) grew at almost 17 per cent to reach Rs. 918 billion in FY2012. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are key drivers for increased technology adoption in India.

In line with the above theme, your company put a substantial focus on the Banks, Financial institutions and other corporates in India for executing several turnkey projects in the Risk Management, Social Media solutions for Retail banking & BPO domains.



**Key Highlights during 2011–2012**

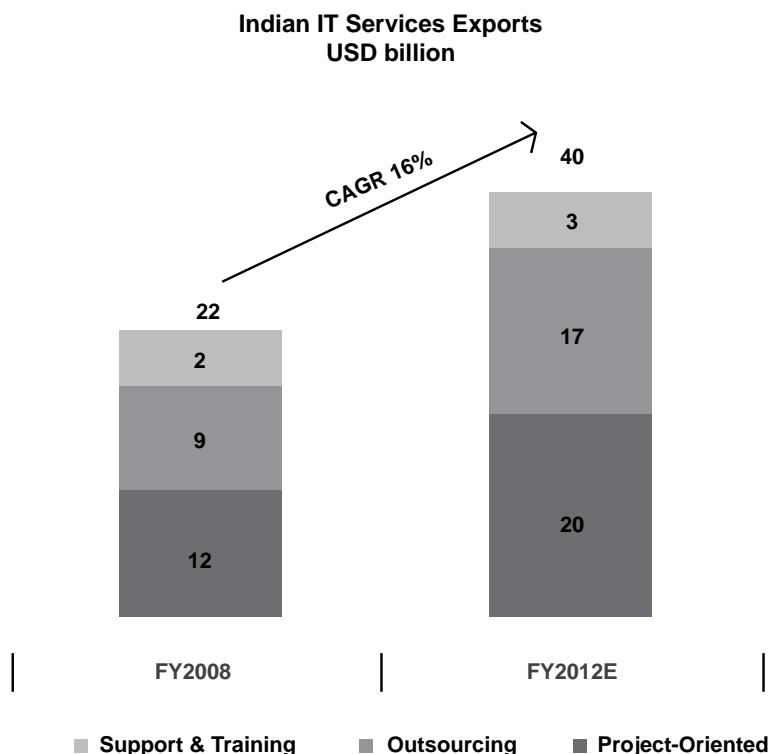
- Uptake of IT-BPO in India is steadily increasing, with demand coming from both consumers and enterprises, government's technology infrastructure initiatives, unified communications and availability of world class telecom infrastructure and services.
- IT services is the fastest growing segment in the Indian domestic market, growing by 18 per cent to reach Rs. 589 billion, driven by increasing adoption from all customer segments – government, enterprise, consumers and SMBs.
- Domestic BPO segment is expected to grow by 17 per cent in FY2012, to reach Rs. 149 billion, driven by demand from voice-based (incl. local language) services and increasing adoption by both traditional and emerging verticals, including the government.

**IT Services**

Over the last few years, Indian IT service offerings have evolved from application development and maintenance, testing services, infrastructure services, consulting to high value-add knowledge services led by analytics, predictive modeling and platform based customized implementation of functional modules across the enterprise. The coming of a new decade heralds a strategic shift for IT services organizations, from a 'one factory, one customer' model to a 'one factory, all customers' model. Central to this strategy is the growing customer acceptance of Platform-based & Cloud-based solutions which offer best in class services at reduced capital expenditure levels. A case in point is your company's successful growth in the Risk Analytics practice around Statistical Analysis Systems (SAS Institute Inc.) solutions, who are the world Leaders in this category.

**Key Highlights during FY2012**

- IT services exports is the fastest growing segment, growing by 19 per cent in FY2012, to account for exports of USD 40 billion.
- Considerable traction in traditional segments – custom application development, application management, IS outsourcing and software testing.
- Increased acceptance from mature segments such as BFSI, US, and large corporations, and emerging segments such as retail, healthcare, utilities, SMBs, Asia Pacific and RoW.
- Industry re-tooling itself to adjust to rapid change in customer priorities – from SLAs to increased time-to-market.



Source: NASSCOM

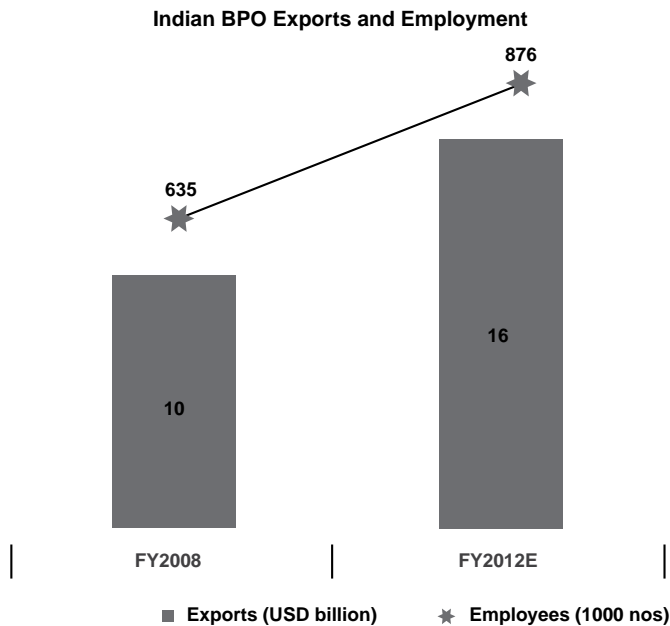
- *Emerging technologies* – cloud computing, mobility, social media and big data/analytics unleashing new opportunities for the industry.
- IT services is the fastest growing segment in the Indian domestic market, growing by 18 per cent to reach Rs. 589 billion, driven by increasing focus by service providers.

**BPO**

In the last couple of years, the BPO segment has been re-focusing itself in order to deliver transformational impact to customers thru a 'micro-Verticalised' approach which has been a key differentiation strategy – developing in depth capabilities across the specific aspects of the value chain in the target micro verticals. BPO firms are also increasing their onshore and near shore footprint to enable blended shore delivery; firms have also been actively implementing non-linear growth initiatives that ensure higher realizations for service providers, while controlling costs, facilitating faster time-to-market and improving satisfaction at the clients' end. Your Company has adopted some of these industry best practices in establishing unique business models like 'Virtual Captive TPA' model for some its Benefits Administration clients.

**Key Highlights during 2012**

- BPO exports expected to reach USD 16 billion in FY2012, growing by over 12 per cent over FY2011.
- BPO firms move from efficiency to effectiveness – focusing on re-engineering themselves in order to deliver transformational impact to customers – follow a 'Verticalised' approach by developing in-depth capabilities across verticals; increase onshore footprint and implement non-linear growth initiatives.
- Indian BPO firms are developing future-ready solutions – platform + cloud and creating customer impact through service delivery excellence.



Source: NASSCOM

- Knowledge services segment growing in significance; fastest growing among BPO segments at over 15 per cent; has pioneered outsourcing in areas such as data analytics, data management and legal services.
- **Data analytics** is expected to grow 19 per cent, much faster than BPO industry average; key drivers include emergence of analytic tools, rising volumes of data, increased data-driven decision making and emergence of on-demand models.
- **Domestic BPO** segment is expected to grow by 17 per cent in FY2012, to reach Rs. 149 billion, driven by demand from voice-based (including local language) services and increasing adoption by both traditional and emerging verticals, including the government. Your Company has already taken steps in this direction by way of establishing CoE (Center of Excellence) for managing Revenue Cycle Management processes for the fast growing Media/Entertainment segment.

## BUSINESS OVERVIEW

Info-Drive Software Limited ("InfoDrive" or "the Company") is a multi-dimensional Information Technology and Business Process Outsourcing services Company, headquartered in Chennai, India. The Company's full services portfolio consists of Application Implementation and Maintenance, Business Intelligence, Enterprise Solutions, Business Process Outsourcing and Business Consulting. The Company has built strong domain capabilities in a range of industry verticals, positioning itself as a strategic partner capable of reliably delivering technology-led solutions to business problems. InfoDrive has service delivery centers in India – Chennai & Bangalore, Dubai (UAE) supporting the business development centers in India, USA (New York), and Singapore. Some of the key industry verticals serviced by the Company are Banking & Financial Services, Telecom, Pension Industry and Healthcare. The Company has now expanded its market for its services – Africa.

### Current Global Footprint



## OUR SERVICES

Your Company has reorganized its business model to focus on the selected geography:

- Middle East and North Africa
- Asia ( India and SriLanka)
- Far East ( Singapore and Thailand)
- North America

Our practice areas are:

- Telecom
- Banking, Financial Services and Insurance (BFSI)
- Pension Industry
- Healthcare

Our Service offerings are:

- **IT Consulting and IT Infrastructure Services**
  - *Mobile Enterprise Application Development*  
We help enterprises to quickly build applications that extend various enterprise applications to mobile work force on any device, at any time.
  - *Managed Infrastructure Services*
    - ▲ On-Site Infrastructure Management Services
    - ▲ Remote Infrastructure Support Services
    - ▲ Governance & Regulatory Compliance Management Services
    - ▲ Vulnerability Assessment & Penetration Testing
  - *Infrastructure Consulting Services*
    - ▲ IT Infrastructure Solution Engineering
    - ▲ Data Center, DR & BCP Consulting
    - ▲ IT Service Management (ITIL)
    - ▲ (ISMS) Information Security Management System
    - ▲ ISO 27000 Certification Consulting
    - ▲ Server & Storage Virtualization Consulting (VM Ware)
- **Enterprise Solutions**  
*Business Intelligence & Business Analytics:* Your Company's successful launch of Enterprise Risk Management practice encompasses end to end offerings in this segment. The spectrum of offerings under this include Operational, Credit and Market risk solutions, Asset Liability management, Basel compliance, Anti Money Laundering solutions and analytics there by expanding your Company's highly specialized service offerings in BFSI space. During the year under review, your company has won several deals to implement and support of enterprise applications, package evaluation and implementation, data warehousing, business intelligence, analytics, data management and integration. Our Practice focuses on deployment and implementation of solutions from SAS Institute Inc.
  - Business Process Outsourcing
  - Benefit Administration KPO (for Third Party Administrators in US)
  - Plan Design
  - Plan Documents & 5500 Filings to IRS
  - Plan Administration
    - ▲ Contribution Processing & Compliance Testing
    - ▲ Valuation & Trust Accounting
  - Loan Administration
  - Plan Mergers / Plan Amendments
  - Plan Termination
  - IRS Forms
- **Healthcare BPO for Medical Service Providers**
  - Medical Data Capture & Data Management
  - Medical Coding & Billing
  - Medical Insurance Claims Processing

### STRENGTHS & OPPORTUNITIES

**Enhanced Niche Areas:** Your Company differentiates itself by focusing on niche service offerings, emerging technologies, new industry trends, and pervasive business issues that confront its Clients. Recently, your Company has added new service offerings, such as Enterprise risk management services and strengthened its domain intensive services in the BFSI.

**Right Sized Company:** Being a right-sized Company, your Company has the ability to demonstrate agility and flexibility in its operations to suit the dynamic needs of its customers. Your Company has demonstrated capability in meeting human and financial capital, physical infrastructure requirements for large projects, at the same time establish its customer relationship comfort.

**Highly-Skilled Professionals:** We have a highly qualified management team with a broad range of experience in the global IT industry. Our technical professionals provide in-depth knowledge on product, domain and project management expertise to customers. To maintain this level of expertise, we have placed significant emphasis on recruiting and training our workforce of highly skilled professionals

**Geography Spread:** Your Company operates globally with a wide array of specialized services with an ROI-centric value proposition. The geographic dimension is critical to how we execute our strategy and operate in a way that is both globally efficient and locally responsive to our clients and our people. We market and sell our services from over five countries that enable your company address various opportunities in key market segments such as Banking, Financial & Pension Funds Institutions, Hospitality, Real Estate, Telecom and Utilities.

**Focus on New Regions:** While your Company has established footprint across several countries, the focus for the year 2012-13 will be on MENA and India. There are initial indicative signs of higher IT spends and the amount of traction with prospective clients has made that choice simpler.

While your Company has business plans for all the geographies, the management team will focus the investments more on these regions to deliver higher growth while establishing a solid foundation for your Company for the years to come.

**Continue to Enhance our Solution Set:** Your Company seeks to continually enhance its portfolio of solutions as a means of developing and growing its business. To differentiate our services, your company focus on emerging trends, new technologies and pervasive business issues that confront our clients. In recent year, your company has added new service offerings such as Business Process & Technology Consulting which have been significant contributors to our growth. Your company is an Industry leader in establishing a truly unique 'e-Living' Practice that provides automation, digital life-style, community networking & unified integration of media, telecom and internet for homes & community.

**Successful Client Relationship:** Our client centric approach is built on in-depth understanding of our customers' needs in order to provide high value, cutting edge technology solutions. Your Company is leveraging its capability as an integrated solutions provider, with appropriate technology expertise and domain knowledge, to deepen its relationships with its clients.

### THREATS, RISK AND RISK MITIGATION

The current global macroeconomic challenge is both multi-faceted & multi-dimensional. It is a looming threat for an early recovery as it involves a longer recovery cycle.

Our future depends on a number of factors, including:

- the size, complexity, timing, pricing terms and profitability of significant projects;
- unanticipated cancellations, contract terminations or deferral of projects, or those occurring as a result of our clients reorganizing their operations;
- the duration of tax holidays or exemptions and the availability of Government of India incentives;
- the effect of seasonal hiring patterns and the time required to train and productively utilize our new employees;
- unanticipated variations in the duration, size and scope of our projects, as well as changes in the corporate decision making process of our clients;
- volatile movements in currencies; and
- other economic and political factors in the geographies where your company is present.

The risk management function enables continuous monitoring and management of the organization's risks. The Audit Committee of the Board monitors the risk framework to provide direction to the management from time to time. The framework is designed to provide an integrated approach for managing the risks in various aspects of the business to cover all primary risk categories, which are Strategy; Industry; Market; Resources; Operations – IT Security and Project Execution; Internal Audit; Treasury; Legal; Business Continuity Planning. The mitigation plan is designed based on management's response to the assessed risks.

The policies with respect to risk assessment & management as adopted by the Company are presented to the Board for review, from time to time. This provides an integrated approach for managing the perceived risks in various aspects of the business. The top management is well acquainted with the risks inherent to the IT business and the risks emerging from its strategic decisions.

Your company too faces several business risks, of which some prominent ones are discussed hereunder.

## **Macro Economic Risk**

### **Market Risk**

Your Company operates in 5 countries and in different economies. The economic crisis has impacted these geographies in varying measures. Future revenue and profitability are dependent on growth in the IT spend in these economies. In order to combat the risk in different economies, we have fine tuned our business model by increased offshore leverage, higher utilization levels and increased number of fixed-price contracts that will help us drive cost-optimization and margin improvement.

### **Business Risk**

Your Company faces risks of competition in its BPO and Information Technology business. Inspired by the Indian IT-ITES success story, several other nations have started showcasing alternate destinations for offshore based outsourcing. However, India still remains a preferred offshore destination; the main challenge is from countries like China, Malaysia, Philippines and East European Countries. Potential threat for the Company comes from the leading Indian IT vendors, Global IT Services companies having bases in India. Increased competition could result in pressure on pricing and commoditization of some services. Your Company is addressing same by increasing its service offerings, proven, systematic, sustainable and scalable tools that effectively provide value proposition to its customers.

Your Company is providing services to the clients across the globe and in that process the laws of the respective countries need to be complied with. At the time of entering into any business with any Client, the agreement/contract is thoroughly reviewed and analyzed by the legal team and the risk involved pertaining to that particular agreement/contract is escalated to the Senior Management. The operational teams spread across the globe are made aware of the compliance related issues to adhere to all contractual commitments.

### **Credit Risk**

The crisis in the financial sector led to a lower confidence in financial markets resulting in a global credit crunch. As a result of the global recession, market related business and credit risks with clients are expected to rise. This is likely to affect the Group's profitability.

Our strategy involves effectively leveraging customer relationships built over many years and work closely to monitor the credit duration and exposure with each specific customer and by pro-actively planning the receivables cycle.

## **Financial Risk**

### **Volatility in Rupee-Dollar Exchange**

Your Company's revenues are denominated in foreign currency apart from the Indian rupee revenues derived from domestic market. Predominantly the foreign currency revenues are United States Dollars, United Arab Emirates Dirham and Malaysian Ringgit. Any strengthening of the Indian rupee against the US dollar or other foreign currencies could adversely affect our profitability. Also if any of the currencies that we deal in are pegged to US dollar the impact is felt. Further the weakening of rupee against currencies not pegged to US dollar impacts the revenues/profitability of your company. The prevailing uncertainty in US dollar has made currency movements volatile and unpredictable. This could impact your company till the situation stabilizes. During the year under review, large proportion of the revenues and costs are denominated in Indian Rupees (INR) and consequently exchange risk for the year under review has been minimal. However to mitigate risk, your Company would follow a proactive hedging policy.



## BUSINESS OUTLOOK

The past 12-18 months has been a period of volatility and uncertainty leading to an economic contraction that impacted the Indian IT-BPO industry more than expected. Even as the tight leash on discretionary IT budgets has compelled organizations to reduce their outsourcing initiatives, the advantages of global sourcing are seen as an opportunity to leverage unique services & technology led business process management in order to maintain global competitiveness.

Global industry analysts report that as discerning organizations understand the value of business-outcome focused outsourcing as against low-cost oriented outsourcing, the current economic landscape could create additional opportunities for the highly specialized service providers. In line with this analyst premise, we at Info-Drive have continued to invest and focus on white-space & uncontested services domains that we believe will enable us to emerge stronger when the global economy begins to see uptick on IT spending.

Info-Drive's future outlook is driven by a concise business strategy underpinned on 4 major themes that dominate all the activities pertaining to management efforts on maximizing shareholder value on a sustained and predictable basis:

### 1. Scale up emerging Product-driven Services offerings

- In line with our last year's strategy to further augment our niche services portfolio, we have rapidly grown the Analytics & Risk Management (ARM) practice that entails business intelligence/data warehousing projects and Risk management components like Operations Risk, Credit Risk, Market Risk & Anti Money Laundering (AML) for the banking & telecom industry worldwide. The solutions framework is driven by the world renowned SAS suite of products and our practice is being incubated with SAS certified professionals who have executed several projects successfully for global clients. The practice is being established with a clear plan of executing projects on hand in the India/Middle East/North Africa/Asia Pacific region while in parallel developing the go-to-market plans for US opportunities. Our vision is to create a CoE (Center of Excellence) for SAS in the areas of Operations & Credit Risk where there is a significant shortage of qualified SAS professionals. We expect to scale this practice to 40-60 professionals in the next 12 months timeframe and become a global hub for SAS to access our pool for Operations & Credit Risk professionals for projects worldwide. We also anticipate several other banking related Analytics projects emerging from the SAS engagements to add to the revenue & profit stream of the practice.
- Develop IP assets & Frameworks in the Risk Management domain that can be reused for deriving higher margins from similar engagements – several such frameworks have been developed by our team during this past year.
- Establish strategic partnership with the Principal Product Vendors – Your Company has a privileged partnership status as the Implementation Partner for SAS for all of Middle East/North Africa footprint and has been able to consistently exceed the expectations of the partners in all the implementation projects undertaken in this past year.

### 2. Focus on growth-oriented market opportunities

- Business Model Innovation for BPO clients in US
  - Further grow and mature the early success your company has achieved in forging a 'Virtual TPA Captive' relationship from one of the top 5 TPA firms in US, for managing the entire suite of benefits administration processing thru a platform based BPO approach.
- ICT (Information Communication Technology) Market in Middle East
  - Fastest growing market in the world for next 3-5 years.
  - Leverage the presence to further grow the formidable practice for full range of networking technologies covering communications and networking infrastructure, software solutions, systems integration projects as well as security solutions.
  - Address & Deliver the Shared Services opportunities across the enterprise from one of the largest telecom providers with whom your company has a multi year annuity relationship.
  - Established early success in this practice through annuity relationships with several large enterprises in Dubai.

### 3. Invest & Grow the CoE's (Centers of Excellence)

- Business Drivers
  - Create nimble, self-contained yet business-connected groups to service business needs on a real-time basis.
  - Drive micro-innovations and internally collate to create entrepreneurial possibilities for the business around multiple functions.
  - Enable Program, Project and Process Management Models for operational excellence.

- CoE locations
  - Pension/ Benefit Administration Services at Chennai through the 'Virtual TPA Captive' model with a large TPA (Third Party Administrator) firm from US.
  - SAS Risk Management Product Lab with SAS Middle East, Dubai.
  - BPO & Technology enablement for Revenue Life Cycle management of Entertainment/Media vertical enterprises.

Despite the challenges posed by post-recessionary recovery forces that are posing numerous uncertainties in achieving visibility in business growth and profitability for most of the players in the industry, we are extremely confident that Info-Drive's specialized service offerings and its transformational initiatives, executed by an experienced and energized global management team, will continue to surpass stakeholder expectations in both short-term and long-term horizons.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### INFO-DRIVE SOFTWARE LIMITED (CONSOLIDATED)

The Management Discussion and Analysis below relates to the consolidated financial statements of Info-Drive Software Limited and includes the results of its subsidiaries. The Discussion should be read in conjunction with the financial statements and related 'Notes to the Consolidated Accounts' of Info-Drive Software Limited for the year ended March 31, 2012.

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

### RESULTS OF OPERATIONS (CONSOLIDATED)

#### Revenue

In fiscal 2012, the total income aggregated to Rs. 12,222.82 lacs (Rs. 12,841.29 lacs in fiscal 2011). The company's revenues consist mainly of income from Technology Consulting, Hardware Sales & Services, Systems Integration, Banking Solutions and Business Process Outsourcing. The company recognizes contracts priced on a time and materials basis when services are rendered and related costs incurred. The classification of revenues by geography and industry practice is more relevant when reviewed as consolidated results of the company.

#### Revenue by Geography

Geography	2012	2011
Malaysia	298.31	564.45
United States of America	130.90	76.77
United Arab Emirates	6958.30	4,795.22
Singapore	1666.50	0.60
India	2811.00	7,404.25
Mauritius	357.81	-
Total	12,222.82	12,841.29

*Rs. Lacs*

## Expenditure

### Employee benefit expenses

The Consolidated 'Total Employee Costs' for fiscal 2012 was Rs. 803.55 lacs (Rs.1,332.75 lacs) Total employee cost as a percentage of total income was 6.57% (10.39% in fiscal 2011). This reduction of 3.82% was primarily due to decrease in headcount, marginal reduction for recession. The total employee strength is 206 in fiscal 2012 (220 in fiscal 2011).

### Administration and Other expenses

The nature of administrative expenses (other than employee costs) includes rent, rates, taxes, advertisement, repairs and maintenance, postage, telephone etc., amounting to Rs. 792.54 lacs in fiscal 2012 (Rs. 760.92 lacs in fiscal 2011). As a percentage of revenue, these expenses had a marginal increase from 5.92% in fiscal 2011 to 6.48% in fiscal 2012.

## Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA)

The earnings before interest, depreciation taxes and amortisation (EBIDTA) in fiscal 2012 were Rs. 809.04 lacs (Rs. 1,249.16 lacs in fiscal 2011). EBIDTA as a percentage of total income was 6.62% in fiscal 2012 (9.73% in fiscal 2011). The reason for this decrease is due to decreased earnings, increased overall costs.

## Interest Costs & Depreciation

Interest expense was Rs. 311.01 lacs in fiscal 2012 (Rs. 454.73 lacs in fiscal 2011) and Depreciation charge was Rs. 47.60 lacs in fiscal 2012 (Rs. 94.19 lacs in fiscal 2011). The finance charges decreased due to retirement of certain loans and interest charges and decrease in depreciation is due to sale of vehicles.

## Profit before Taxes

The Profit before taxes in fiscal 2012 was Rs. 450.08 lacs (Rs. 700.24 lacs in fiscal 2011). As a percentage of revenue, the profit decreased to 3.68% in fiscal 2012 from 5.45% in fiscal 2011. The profit before tax decreased primarily due to reduction in overall earnings and increased costs.

## Net Profit before Minority Interest and Dividend including Tax

The company's net profit before minority interest in fiscal 2012 was Rs. 406.46 lacs. Net profit as a percentage of total income was 3.32%. The corresponding figures during the previous year in fiscal 2011 were Rs. 690.10 lacs and at 5.37% of total income. The net margin has decreased due to overall increase in costs and pressures on selling prices.

## Net Profit (after Minority Interest)

The Company's net profit (consolidated) was Rs. 395.12 lacs in fiscal 2012 (Rs. 578.81 lacs in fiscal 2011). Net profit as a percentage of total income is 3.23 % in fiscal 2012 (4.51% in fiscal 2011).

## FINANCIAL POSITION (CONSOLIDATED)

### Share Capital

At present, we have only one class of shares viz., equity shares of par value of Rs. 10/- each.

Rs. Lacs

Geography	31.03.2012	31.03.2011
Authorised Share Capital	7000.00	7000.00
Issued, Subscribed and Paid-up Capital	4509.02	4509.02

### Reserves and Surplus

Share Premium account stood at Rs. 3866.57 lacs in fiscal 2012 (Rs. 3866.57 lacs in fiscal 2011).

The opening balance of reserves as at March 31, 2012 was Rs. 2,517.67 lacs and the corresponding opening balance of reserves as at March 31, 2011 was Rs. 1,707.51 lacs.

Profit and Loss Statement stood at Rs. 2,912.79 lacs for the fiscal year ended March 31, 2012 (Rs. 2,286.32 lacs as at March 31, 2011).

Reserves and Surplus at the end of fiscal 2012 was Rs. 6,779.36 lacs, an increase of 10.18 % over Rs. 6,152.89 at the end of fiscal 2011.

### Deferred Tax Asset & Deferred Tax Liability

As stated in accounting policies in Notes on Accounts, company had deferred tax liability in fiscal 2012 of Rs. 9.93 lacs (Rs. 21.62 lacs in fiscal 2011) and deferred tax asset (MAT) in fiscal 2012 of Rs. 20.84 lacs (Rs. 20.84 lacs in fiscal 2011).

### Fixed Assets

Additions to Gross Block in fiscal 2012 amounted to Rs. 145.88 lacs. The significant items of additions in fiscal 2012 were office equipment Rs. 0.84 lacs, Furniture & Fittings Rs. 0.26 lacs, vehicles Rs. 27.83 lacs, computer systems Rs. 6.14 lacs, software package Rs. 0.20 lacs & advance for assets Rs. 110.61 lacs.

Deletions to Gross Block in fiscal 2012 amounted to Rs. 78.67 lacs. The significant items of deletions in fiscal 2012 were vehicles Rs. 23.48 lacs, furniture & fittings Rs. 9.48 lacs, software package Rs. 38.04 lacs, electrical installations Rs. 1.62 lacs, Systems Rs. 0.50 lacs and office equipment Rs. 5.55 lacs.

### Goodwill on Consolidation

Goodwill on consolidation as at March 31, 2012 was Rs. 2,128 lacs (Rs. 2,349.58 lacs as at March 31, 2011).

### Investments

Investments of Subsidiaries were Rs. 2,599.46 lacs as at March 31, 2012 (Rs. 2,268.85 lacs as at March 31, 2011).

### Current Assets

#### Inventories

Inventory in fiscal 2012 stood at Rs. Nil (Rs. 85.83 lacs in fiscal 2011).

#### Trade Receivables (Un-Secured)

Trade Receivables as at March 31, 2012 aggregated to Rs. 8,357.32 lacs (Rs. 7,613.69 lacs as at March 31, 2011). As a percentage of operating revenue, trade receivables were at 72.42% as at March 31, 2012 as compared to 59.39% as at March 31, 2011. There had been an increased focus on collections but due to clients facing economic difficulties, there had been delays in both domestic and international clients whose dues fell beyond stipulated credit period. The company continues to monitor closely the creditworthiness of its clients and is working closely with them to ensure that all dues are collected within reasonable time.

#### Cash and Cash Equivalents

The company had total cash and bank balances of Rs. 2,832.08 lacs as at March 31, 2012 (Rs. 2,721.88 lacs). Balances held in fixed deposits with banks were Rs. 2,660.62 lacs as at March 31, 2012 (Rs. 2,486.34 lacs as at March 31, 2011).

#### Loans and Advances and Others

Loans and advances as at March 31, 2012 were Rs. 2,443.28 lacs (Rs. 2,627.24 lacs as at March 31, 2011).

- a. Short-term loans and advances : Deposits, advances and others of Rs. 1,780.83 lacs as at March 31, 2012 (Rs. 1,166.21 lacs as at March 31, 2011).
- b. Long-term loans and advances: Inter corporate loans of Rs. 662.45 lacs as at March 31, 2012 (Rs. 1,461.03 lacs as at March 31, 2011).

#### Other Current Assets

Prepaid Expenses of Rs. 43.03 lacs as at March 31, 2012 (Rs. 45.52 lacs at March 31, 2011).

#### Miscellaneous Expenditure

Net Issue Expenses stood at Rs. 2.07 lacs in fiscal 2012 as compared to Rs. 2.16 lacs in fiscal 2011.

### Current Liabilities

#### Short Term Borrowings

Secured Loans at the end of fiscal 2012 were Rs. 2,205.35 lacs (Rs. 1,653.73 lacs in fiscal 2011).

Other Current Liabilities has decreased to Rs. 3,309.49 lacs as at March 31, 2012 as compared to Rs. 3,726.74 lacs as at March 31, 2011.

This is primarily due to the following changes:

- a. Decrease in trade payables to Rs. 2,787.69 lacs as at March 31, 2012 (Rs. 3,694.59 lacs as at March 31, 2011).
- b. Unclaimed dividend of Rs. 7.99 lacs as at March 31, 2012 (Rs. 8.00 lacs as at March 31, 2011).
- c. Increase in other outstanding liabilities to Rs. 513.81 lacs as at March 31, 2012 (Rs. 24.15 lacs as at March 31, 2011).

### **Short-Term Provisions**

Provisions made towards taxes and tax on dividend aggregated to Rs. 173.48 lacs as at March 31, 2012 as against Rs. 244.77 lacs as at March 31, 2011.

## **Non Current Liabilities**

### **Long Term Borrowings**

Unsecured loans at the end of fiscal 2012 were Rs. 1273.85 lacs (Rs. 1660.84 lacs in fiscal 2011).

### **Long Term Provisions**

Provision for Employee Benefits at the end of fiscal 2012 were Rs. 21.76 lacs (Rs. 15.22 lacs in fiscal 2011).

### **Other Long Term Liabilities**

Other Long Term Liabilities has increased to Rs. 1,793.15 lacs as at March 31, 2012 as compared to Rs. 1,627.75 lacs as at March 31, 2011.

## **CASH FLOW (CONSOLIDATED)**

### **Cash Flow from Operations**

In fiscal 2012, net cash generated was Rs. 604.06 lacs (Rs. 2084.46 lacs) from operating activities. Apart from net profit before taxes of Rs. 425.60 lacs (Rs. 700.25 lacs) the net cash generated includes non cash items like depreciation of Rs. 47.60 lacs (Rs. 94.19 lacs).

### **Cash Flow from Investing Activities**

In fiscal 2012, the company used Rs. 353.14 lacs on investing activities (Rs. 274.95 lacs in fiscal 2011). Significant amount of cash used in investment activities in fiscal 2012 was for purchase of fixed assets Rs. 145.88 lacs.

### **Cash Flow from Financing activities**

In fiscal 2012, the significant item of cash used in financing activities includes proceeds of further issue of equity shares amounting to Rs. Nil (Rs. 3,962.83 lacs), long term borrowings (net) Rs. 393.83 lacs (Rs. 511.59 lacs), short-term borrowings (net) Rs. 573.48 lacs (Rs. 851.51 lacs). In fiscal 2012, significant item of cash used in financing activities were due to payment of interest Rs. 311.01 lacs (Rs. 454.73 lacs).

### **Cash Position**

Cash and cash equivalents as at March 31, 2012 amounted to Rs. 2,832.08 lacs (Rs. 2,721.88 lacs as at March 31, 2011).

## **INFO-DRIVE SOFTWARE LIMITED (UNCONSOLIDATED)**

The Management's Discussion and Analysis given below relates to the financial statements of Info-Drive Software Limited (Unconsolidated). The discussion should be read in conjunction with the financial statements and related notes for the year ended March 31, 2012.

### **Overview**

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

## Revenue from Operations

The company derives its revenues from Systems Integration, Customized Software Development, Implementation of third party application packages. Infrastructure Outsourcing including technical support services. The company recognizes contracts priced on a time and material (T&M) basis when services are rendered and related costs incurred or on a fixed price basis. The company's (unconsolidated) revenues increased to Rs. 2,294.61 lacs in fiscal 2012 from Rs. 2,062.92 lacs in the fiscal 2011, a growth of more than 1.11 times (1.26 times). Revenues increased due to SaS & SCB Projects executed during the year. Revenues also included for technical support services in Telcos & Pension Plan Administration Practices (BPO).

## Other Income Net

Other income comprises interest on fixed deposits and ICDs. Other income in fiscal 2012 was Rs. 705.18 lacs (Rs. 71.29 lacs & Exchange Loss Rs. (100.26) lacs in fiscal 2011).

## Expenditure

### Employee benefit Expenses

Employee Cost in fiscal 2012 was Rs. 407.65 lacs (Rs. 363.28 lacs in fiscal 2011). Employee cost as a percentage of revenue was 13.59% in fiscal 2012 as compared to 17.86% in fiscal 2011. This decrease is due to reduction in man power resources and better realizations with fresh recruitments for executing newer SaS projects and Telecom practices.

### Administration and Other expenses

The nature of administrative expenses (other than employees cost) includes rent, rates, taxes, advertisement, repairs and maintenance, postage, telephone etc., which decreased to Rs. 255.19 lacs in fiscal 2012 from Rs. 267.24 lacs in fiscal 2011.

## Earnings before Interest, Depreciation, Taxes and Amortization (EBIDTA)

The EBIDTA in fiscal 2012 was Rs. 333.30 lacs compared to Rs. 334.49 lacs in fiscal 2011.

## Interest Costs & Depreciation

Interest expenses increased from Rs. 113.03 lacs in fiscal 2011 to Rs. 199.90 lacs in fiscal 2012 an increase to 1.77 times due to interest charges on working capital facilities & SBLC charges from Axis Bank, IOB and on ICDs. Depreciation charge increased from Rs. 25.56 lacs in fiscal 2011 to Rs. 29.95 lacs in fiscal 2012 an increase of 1.17 times due to additional assets.

## Profit before Taxes

The Profit before taxes (PBT) in fiscal 2012 was Rs.103.45 lacs compared to Rs. 195.90 lacs in fiscal 2011.

## Dividend

The Board has not recommended any Dividend for the year under review (in fiscal 2011 - Nil).

## Profit After Tax (PAT)

The company has achieved a PAT of Rs. 72.14 lacs in fiscal 2012 as compared to Rs. 195.86 lacs in fiscal 2011 decrease of 2.71 times.

## FINANCIAL POSITION (UNCONSOLIDATED)

### Share Capital

At present, we have only one class of shares viz., equity shares of par value of Rs. 10/- each.

	31.03.2012	31.03.2011
Authorised Share Capital	7000.00	7000.00
Issued, Subscribed and Paid-up Capital	4509.02	4509.02

*Rs. Lacs*

### Reserves and Surplus

Share Premium account stood at Rs. 3866.57 lacs in fiscal 2012 (Rs. 3866.57 lacs in fiscal 2011).

Foreign Currency Translation Reserve was Rs. 361.42 lacs in fiscal 2012 as against Rs. 69.65 lacs in fiscal 2011.

Profit & Loss statement stood at Rs. 642.85 lacs for the fiscal year ended March 31, 2012 (fiscal year ended March 31, 2011 Rs. 570.71 lacs).

Total Reserves and Surplus at the end of fiscal 2012 was Rs. 4,870.84 lacs as compared to Rs. 4,506.93 lacs in fiscal 2011.

### Deferred Tax Asset & Deferred Tax Liability

As stated in accounting policies of fiscal 2012, company had deferred tax liability of Rs. 9.93 lacs (Rs. 21.62 lacs) and deferred tax asset in fiscal 2012 was Rs. 20.84 lacs (Rs. 20.84 lacs in fiscal 2011) under MAT.

### Fixed Assets

Additions to Gross Block in fiscal 2012 amounted to Rs. 115.20 lacs. The significant items of additions in fiscal 2012 were office equipment Rs. 0.25 lacs, computer systems Rs. 4.15 lacs, software package Rs. 0.19 lacs & Advance for assets Rs. 110.61 lacs.

Deletions to Gross Block in fiscal 2012 amounted to Rs. 36.00 lacs. The significant items of deletions in fiscal 2012 were furniture & fittings Rs. 9.48 lacs, office equipment Rs. 1.43 lacs, electrical installations Rs. 1.62 lacs, vehicles Rs. 23.47 lacs.

### Investments

Investments in wholly owned subsidiaries and other subsidiaries aggregated Rs. 3,197.71 lacs in fiscal 2012 as compared to Rs. 2,768.05 lacs in fiscal 2011.

### Current Assets

#### Inventories

Inventory in fiscal 2012 stood at Rs Nil (fiscal 2011 Rs. 85.83 lacs).

#### Trade Receivables (Un-Secured)

Trade Receivables for the fiscal 2012 aggregated to Rs. 1,980.90 lacs (Rs. 1,575.51 lacs for fiscal 2011). As a percentage of revenue, trade receivables were 86.33% in fiscal 2012 as compared to 76.37% in fiscal 2011. There had been an increased focus on collections, still there had been delays from certain clients whose dues fell beyond stipulated credit period. The company continues to monitor and is working closely with clients to ensure that all dues are collected within a reasonable time.

#### Cash and Cash Equivalents

The company had cash and bank balances of Rs. 2,367.31 lacs as at March 31, 2012 ie., in fiscal 2012 compared to Rs. 2,495.44 lacs as at March 31, 2011 ie., fiscal 2011.

#### Loans and Advances

Loans and advances were Rs. 2,546.71 lacs in fiscal 2012 as compared to Rs. 1,864.44 lacs in fiscal 2011. This increase is primarily attributable to:

- a) *Long Term Loans and Advances*: Corporate advances of Rs. 2,310.66 lacs in fiscal 2012 as compared to Rs. 1,462.96 lacs in fiscal 2011.
- b) *Short Term Loans & Advances*: Deposits, advances and others were Rs. 236.05 lacs in fiscal 2012 as compared to Rs. 401.48 lacs in fiscal 2011.

#### Other Non Current Assets

Other Non Current Assets were Rs. Nil lacs in fiscal 2012 (Rs. 463.30 in fiscal 2011).

#### Other Current Assets

Prepaid Expenses were Rs. 32.97 lacs in fiscal 2012 (Rs. 45.52 in fiscal 2011).

## Current Liabilities

### Short-Term Borrowings

Secured Loans as at the end of fiscal 2012 was Rs. 344.58 lacs against Rs. 346.33 lacs in fiscal 2011.

Other Current Liabilities decreased to Rs. 282.41 lacs in fiscal 2012 as compared to Rs. 292.21 lacs in fiscal 2011. The decrease is primarily due to:

- a) Decrease in trade payables Rs. 242.61 lacs as at March 31, 2012 compared to Rs. 269.42 lacs as at March 31, 2011.
- b) Unclaimed dividend of Rs. 7.99 lacs as at March 31, 2012 (Rs. 8.00 lacs as at March 31, 2011).
- c) Other liabilities Rs. 31.81 lacs in fiscal 2012 as compared to Rs. 14.79 lacs in fiscal 2011.

### Short-Term Provisions

Provisions made towards taxes and tax on dividend aggregated to Rs. 45.05 lacs as at March 31, 2012 as against Rs. 46.54 lacs as at March 31, 2011.

## Non Current Liabilities

### Long-Term Borrowings

Secured Loans as at the end of fiscal 2012 was Rs. 1.32 lacs against Rs. 24.28 lacs in fiscal 2011.

Unsecured Loans in corporate borrowings as at the end of fiscal 2012 was Rs. 607.78 lacs against Rs. 45.83 lacs in fiscal 2011.

### Long Term Provisions

Provision for Employee Benefits at the end of fiscal 2012 were Rs. 21.76 lacs (Rs. 15.22 lacs in fiscal 2011).

### Short-Term Provisions

Provisions made towards taxes and tax on dividend (2011) aggregates to Rs. 45.05 lacs as at March 31, 2012 as against Rs. 46.54 lacs as at March 31, 2011.

## CASH FLOW (UNCONSOLIDATED)

### Cash Flow from Operations

In fiscal 2012, net cash generated was Rs. 525.46 lacs (Rs. 2212.23 lacs in fiscal 2011). Apart from net profit before taxes of Rs. 103.45 lacs in fiscal 2012 (Rs. 195.90 lacs) the net cash generated includes non cash items like depreciation of Rs. 29.95 lacs (Rs. 25.56 lacs in fiscal 2011).

### Cash Flow from Investing Activities

In fiscal 2012 the company used Rs.143.93 lacs (Rs. 304.18 lacs in fiscal 2011); on investing in subsidiaries Rs. 235.52 lacs in fiscal 2012 (Rs. 44.40 lacs), purchase of fixed assets Rs. 115.20 lacs in fiscal 2012 (Rs. 116.67 lacs in fiscal 2011).

### Cash Flow from Financing activities

In fiscal 2012, the significant item of cash used in financing activities includes, long term borrowings (net) Rs. 539.01 lacs (Rs. 12.29 lacs in fiscal 2011), short-term borrowings (net) Rs. 0.95 lacs (Rs. 429.66 lacs in fiscal 2011).

### Cash Position

Cash and cash equivalents as at March 31, 2012 was Rs. 2367.31 lacs as compared to Rs. 2495.44 lacs as at March 31, 2011.



### **CAUTIONARY STATEMENT**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

# AUDITORS' REPORT

## To the members of INFO-DRIVE SOFTWARE LIMITED

1. I have audited the attached Balance Sheet of INFO-DRIVE SOFTWARE LIMITED, as at March 31, 2012 and the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. I have not audited the Balance Sheet and related statement of Profit and Loss of the Branch office situated in Singapore and the same has been included in the above financial statements as certified by the management. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004 issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying my opinion, I draw attention to Note e of Notes forming part of financial statements for the year ended March 31, 2012 in connection with the value of investments:
  - i) in Info-Drive Software Inc, USA (wholly owned subsidiary) though diminished as on the date of balance sheet, management is confident of augmenting resources against firm orders to mitigate any further erosion and hence carried at cost.

### Further to my comments in the Annexure referred to above, I report that:

- a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
- b) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books and I have not visited the Singapore Branch but the financial statements certified by the management have been considered.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In my opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, I report that none of the directors is disqualified as on March 31, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - iii) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

Chennai  
14.08.12

# ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF INFO-DRIVE SOFTWARE LIMITED

- i) a) The company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets.
- b) As explained to me, during the year all the fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to me, no material discrepancies were noticed on such verification.
- c) The fixed assets disposed off during the year, in my opinion; do not constitute a substantial part of fixed assets of the company.
- ii) a) As explained to me, the inventory have been physically verified by the management at reasonable intervals .
- b) In my opinion and according to the information and explanations given to me, the procedure for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In my opinion and according to the information and explanations given to me, the company has maintained proper records of inventory and the discrepancies between the physical stocks and the book stocks on such verification has been properly dealt with in the books of account.
- iii) The company has not granted/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. Therefore, the sub-clauses (a) to (g) under this clause are not applicable to the company.
- iv) In my opinion and according to the information and explanations given to me there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services.
- v) a) According to the information and explanations given to me, I am of the opinion that the particulars of contracts or arrangements need to be entered into the register maintained under section 301 of the Act have been so entered.
- b) In my opinion and according to the information and explanations given to me, there are no transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public as per section 58A, 58AA or any other relevant provisions of the Act.
- vii) The company has an internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the companies Act, 1956 for the company.
- ix) a) According to the records, information and explanations provided to me, the company is generally regular in depositing with appropriate authorities undisputed amount of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax and any other statutory dues applicable to it and no undisputed amounts payable were outstanding as at March 31, 2012 for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to me, there are no dues of sales-tax, income-tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute except the following.

Name of Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income-tax	Income-tax	0/-	AY 2004-05	Commissioner of Income-tax, Appeals III
Income-tax	TDS	33,44,226/-	AY 2010-11	Commissioner of Income-tax, Appeals IV
Income-tax	TDS	1,65,15,087/-	AY 2011-12	Commissioner of Income-tax, Appeals IV

- x) In my opinion and according to the information and explanations given to me, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses in the immediately preceding financial year.
- xi) Based on my audit procedures and on the information and explanations given by the management, the company has not defaulted in repayment of dues to any financial institution or bank.
- xii) Based on my examination and according to the information and explanations given to me, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit/nidhi/mutual benefit fund/society and clause xiii of the Order is not applicable.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- xv) The company has given corporate guarantees for loans taken from banks by the wholly owned subsidiary company in Singapore. The terms and conditions whereof are not prejudicial to the interests of the company.
- xvi) In my opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short term have been used for long term investment. No long term funds have been used to finance short term assets.
- xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.
- xix) The company did not have any outstanding debentures during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) Based on the audit procedures performed and information and explanations given to me by the management, I report that no fraud on or by the company has been noticed or reported during the course of my audit.

for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M.No.208754

Chennai  
14.08.12

# BALANCE SHEET AS AT MARCH 31, 2012

Rs. Lacs

Particulars	Note No.	As at March 31,2012	As at March 31,2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
(a) Share Capital	3	4,509.02	4,509.02
(b) Reserves and Surplus	4	4,870.84	4,506.93
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	5 (a)	609.10	70.11
(b) Long-term provisions	5 (b)	21.76	15.22
(c) Deferred tax liabilities (Net)	6 (a)	9.93	21.62
<b>Current Liabilities</b>			
(a) Short-term borrowings	7	344.58	346.33
(b) Trade payables	8	242.61	269.42
(c) Other current liabilities	9	39.80	22.79
(d) Short-term provisions	10	45.05	46.54
		<b>10,692.69</b>	<b>9,807.98</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	546.25	489.05
(b) Non-current investments	12	3,197.71	2,768.05
(c) Deferred tax assets (net)	6 (b)	20.84	20.84
(d) Long term loans and advances	13	2,310.66	1,462.96
(e) Other non-current assets	14	-	463.30
<b>Current Assets</b>			
(a) Inventories	15	-	85.83
(b) Trade receivables	16	1,980.90	1,575.51
(c) Cash and cash equivalents	17	2,367.31	2,495.44
(d) Short-term loans and advances	18	236.05	401.48
(e) Other current assets	19	32.97	45.52
		<b>10,692.69</b>	<b>9,807.98</b>
<b>III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-30		

For and on behalf of Board

Sd/-

**K. Chandrasekaran**  
Director & CEO

Sd/-

**V. Gopal Rao**  
Director & Company Secretary

Sd/-

**A. S. Giridhar**  
Manager

Sd/-

**ANL Madhavann**  
Chief Financial Officer

As per my report of even date  
for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Sd/-

**K. SUBBA REDDY (Proprietor)**

M. No. 208754

Chennai  
14.08.12

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Rs. Lacs

Particulars	Note No.	2012	2011
<b>I. REVENUE FROM OPERATIONS</b>	<b>20</b>	2,294.61	2,062.92
<b>II. OTHER INCOME</b>	<b>21</b>	705.18	(28.97)
Total Revenue (I +II)		<b>2,999.79</b>	<b>2,033.95</b>
<b>III. EXPENSES</b>			
a) Cost of materials/services consumed	<b>22</b>	2,003.65	1,068.94
b) Employee benefit expenses	<b>23</b>	407.65	363.28
c) Financial costs	<b>24</b>	199.90	113.03
d) Depreciation and amortization expenses	<b>25</b>	29.95	25.56
e) Other expenses	<b>26</b>	255.19	267.24
Total Expenses		2,896.34	1,838.05
<b>IV. PROFIT BEFORE TAX (I+II-III)</b>		103.45	195.90
<b>V. TAX EXPENSE</b>			
(1) Current tax		43.00	20.88
(2) Deferred tax/Adjustment for MAT		(11.69)	(20.84)
<b>VI. PROFIT CARRIED TO BALANCE SHEET</b>		72.14	195.86
<b>VII. EARNING PER EQUITY SHARE</b>			
(1) Basic	<b>27</b>	0.16	0.43
(2) Diluted		0.16	0.43
<b>VIII. NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	<b>1-30</b>		

For and on behalf of Board

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary

Sd/-  
**A. S. Giridhar**  
Manager

Sd/-  
**ANL Madhavann**  
Chief Financial Officer

As per my report of even date  
for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Chennai  
14.08.12

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

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

Rs. Lacs

Particulars	2012	2011
<b>Cash flow from operating activities</b>		
Net Profit before taxes	103.45	195.90
<b>Adjustments for</b>		
Depreciation	29.95	25.56
Interest Income	(217.43)	(71.29)
Loss on sale of assets	9.35	2.07
Interest paid	136.30	63.94
Exchange Fluctuation	(439.76)	100.26
<b>Operating profit before working capital changes</b>	<b>(378.14)</b>	<b>316.44</b>
Adjustments for increase/ (-) decrease in		
Trade receivables	(405.39)	(597.34)
Loans, advances and other current assets	(218.97)	(1,244.10)
Inventories	85.83	(69.68)
Current Liabilities & Provisions	(17.24)	(493.76)
Cash generated from/(used in) operations	(933.91)	(2,088.44)
Exchange Fluctuation	439.76	(100.26)
Taxes paid	(31.31)	(23.53)
<b>Net cash from operating activities</b>	<b>(525.46)</b>	<b>(2,212.23)</b>
<b>B. Cash flow from investing activities:</b>		
Investment in Subsidiary Companies	(235.52)	(44.40)
Proceeds from sale of Investments	-	450.00
Purchase/advance for fixed assets	(115.20)	(116.67)
Proceeds from sale/withdrawn of fixed assets	35.99	8.90
Withdrawal of depreciation	(7.96)	(1.00)
Interest Income	217.43	71.29
Interest paid	(136.30)	(63.94)
Foreign currency translation	97.63	-
<b>Net cash flow from/(used in) investing activities</b>	<b>(143.93)</b>	<b>304.18</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from Long term borrowings (Net)	539.01	(12.29)
Proceeds from Short term borrowings (Net)	(0.95)	(429.66)
QIB issue proceeds	-	3,962.83
Issue related expenses	-	(23.55)
Loss on sale of assets	(9.35)	(2.07)
<b>Net cash from financing activities</b>	<b>528.71</b>	<b>3,495.26</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(140.68)</b>	<b>1,587.21</b>
Cash & Cash equivalents (Opening Balance)	2,495.44	908.24
Cash & Cash equivalents (Closing Balance)	2,367.31	2,495.44
<b>Component of Cash and Cash equivalents</b>		
Cash on hand	2.60	8.76
Balance with Banks		
i. Available with the company for day to day operations	21.66	28.34
ii. Amount available in unclaimed dividend accounts	7.99	8.00
iii. Earmarked bank deposits	2,335.06	2,450.34

For and on behalf of Board

Sd/-

**K. Chandrasekaran**

Director & CEO

Sd/-

**V. Gopal Rao**

Director & Company Secretary

Sd/-

**A.S.Giridhar**

Manager

Sd/-

**ANL Madhavann**

Chief Financial Officer

## Auditor's Certificate:

The above cash flow statement has been prepared on the basis of audited accounts by the Board of Directors and is in agreement with the Statement of Profit and Loss and Balance Sheet.

for **K. S. REDDY ASSOCIATES**  
Chartered Accountants

FRN 0090135

Sd/-

**K. SUBBA REDDY (Proprietor)**

M. No. 208754

Chennai

14.08.12

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes attached to and forming part of the Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss for the year ended March 31, 2012.

## GENERAL INFORMATION

Info-Drive Software Limited (the Company) is a juristic person incorporated under the Companies Act, 1956. The address of its Registered Office and principal place of business is Buhari Buildings, No. 3, Moores Road, Chennai – 600 006. The principal activities of the Company are development of computer software, business process outsourcing (BPO), hardware and software consultancy services. The Company is a software exporter registered under Software Technology Parks of India (STPI).

## SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation

The financial statements are prepared under the historical cost convention under accrual method of accounting and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and the mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and according to the provisions of the Companies Act, 1956.

### b. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts. Revenues from contracts priced on time and material basis are recognised when services are rendered and related costs are incurred.

*Software Services:* Where the outcome of a turnkey contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the Balance Sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

### c. Fixed Assets

Fixed assets are stated at historical cost of acquisition and improvements thereon less accumulated depreciation.

### d. Depreciation

Depreciation on fixed assets have been provided on Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956 and on pro-rata basis of the assets acquired during the year.

### e. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on 'Accounting for Investments'.

- Long term investments are stated at cost to the company. The company provides for diminution in the value of long term investments other than those temporary in nature.

The value of investments in Info-Drive Software Inc. USA though diminished as on the date of balance sheet, management is confident of augmenting resources against firm orders to mitigate any further erosion and hence carried at cost.

- *Current Investments:*

Infodrive Mauritius Limited, Mauritius: Nil (Previous year Rs. 44,40,000/-)

Info-Drive Software Pte Limited, Singapore: Rs. 2,59,25,239/- (Previous year Rs. Nil)

In case of foreign investments:

- the cost is the rupee value of the foreign currency on date of balance sheet.
- the face value of the foreign investments is shown at the face value reflected in the foreign currency of that country.

### f. Employee Benefits

Short term employee benefits are measured at cost. Long term employee benefits and post employment benefits such as gratuity are reviewed and provided at each balance sheet date.



**g. Taxation**

*Income Tax:* Provision for Income Tax is made as per the applicable rules under the Income-tax Act, 1961. Income tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or exempt in earlier years and it further excludes items that are never taxable or exempt. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

*Deferred Tax:* Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred Tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty. However in case of deferred tax assets (representing minimum alternate tax) are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax is recognised on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

**h. Secured Loans**

- a. Secured loans include Term Loan and Vehicle Hire-Purchase loan from Union Bank of India which are secured by hypothecation to the bank by way of first charge on all computers, un-interrupted power supply equipments, vehicles and the term loan is further secured by a third party guarantee.
- b. Secured loan from Kotak Mahindra Prime Limited is secured by hypothecation of Volkswagen car.
- c. Secured loans include Working Capital (Cash Credit facility) from Axis Bank Ltd against bills receivable.
- d. Secured loans include Overdraft from Indian Overseas Bank against fixed deposits.

**i. Inventories and WIP: Nil**

**j. Preliminary and Issue Expenses: Nil**

**k. Segment Reporting**

The company operates only in one segment viz. Information Technology.

**l. Related Party Disclosures**

List of related parties where control exists and other related parties with whom the company had transactions and their relationship is as below:

Sl. No.	Name of the Related Party	Nature of Relationship
1.	Info-Drive Software Inc. USA	Subsidiary Companies
2.	Info-Drive Software LLC, Dubai	
3.	Info-Drive Software Pte. Ltd., Singapore	
4.	Info-Drive Systems Sdn Bhd, Malaysia	
5.	Info-Drive Software Limited, Canada	
6.	Infodrive Mauritius Limited, Mauritius	
7.	Technoprism LLC, USA	Fellow Subsidiary Company (Subsidiary of Info-Drive Software Inc, USA)

Sl. No.	Name of the Related Party	Nature of Relationship
8.	Info Drive Technologies Co., Ltd, Thailand	Associate Company (Associate company of Info-Drive Software Pte. Ltd. Singapore)
9.	K. Chandrasekaran	Key Management Personnel
10.	K. Shivakumar	

Sl.No.	Nature of Transaction	Name of the Related Party	31.03.2012 (in Rs.)	31.03.2011 (in Rs.)
1.	Investment in Equity	Info-Drive Software Inc.,	62,31,575/-	54,39,000/-
		Info-Drive Software LLC.,	4,70,90,000/-	4,11,03,960/-
		Info-Drive Software Pte Ltd.,	3,31,36,999/-	72,43,761/-
		Info-Drive Systems Sdn Bhd.,	22,81,92,388/-	21,85,78,028/-
		Info-Drive Software Ltd., Canada	51/-	46/-
		Infodrive Mauritius Limited, Mauritius	50,87,000/-	44,40,000/-
2.	Advance Given	Info-Drive Software Inc.,	5,22,68,925/-	4,51,77,000/-
		Info-Drive Software LLC.,	6,65,83,635/-	4,58,02,662/-
		Info-Drive Software Ltd., Canada	70,782/-	63,513/-
		Infodrive Mauritius Limited, Mauritius.	3,87,01,896/-	3,37,79,520/-
		Info-Drive Software Pte Ltd, Singapore	5,16,36,965/-	Nil
3.	Advance Taken	Info-Drive Software Pte Ltd.,	Nil	18,48,720/-
4.	Sales & Others	Info-Drive Software Inc.,	84,07,520/-	56,40,226/-
		Info-Drive Software LLC.,	61,00,918/-	2,84,49,700/-
5.	Interest Received	Precision Infomatic (M) Pvt. Ltd.,	Nil	7,37,964/-
6.	Guarantees Given (SBLC/CG)	Info-Drive Software Pte. Ltd.	15,70,00,000/-	12,73,22,485/-
			USD 3.00 Mio	USD 3.00 Mio
			23,96,66,250/-	
			SGD 5.925 Mio	
7.	Commission Paid	Info-Drive Software LLC.,	Nil	24,597/-
8.	Dividend Paid	K. Chandrasekaran	Nil	7,53,177/-
		N.T. Shivkumar	Nil	3,00,000/-
		K. Shivakumar	Nil	2,97,045/-
9.	Remuneration	K. Shivakumar	6,00,000/-	14,50,000/-

#### m. Foreign Currency Translation Reserve

Exchange differences on account of fluctuations in foreign currency rates are treated as under:

- Exchange difference gain/(loss) recognised in the Statement of Profit and Loss relating to exports/services during the year.
- Exchange difference gain/(loss) recognised in the Balance Sheet relating to investments as Foreign Currency Translation Reserve.
- As per Accounting Standard 11 (Integral foreign operations) issued by the Institute of Chartered Accountants of India the impact of exchange difference gain or loss has not been considered in respect of branch operations in Singapore.

**n. Managerial Remuneration**

	2012	2011
Remuneration	6,00,000	14,50,000/-

**o. Auditors Remuneration**

	2012	2011
As auditors	6,00,000/-	3,00,000/-
As tax auditors	2,00,000/-	75,000/-
For other services	50,000/-	25,000/-

**p. Contingent Liabilities**

- Stand By Letter of Credit (SBLC)/Bank Guarantee (BG) is issued by Axis Bank favouring EFG Bank AG, Singapore, in favour of the beneficiary being Info-Drive Software Pte. Ltd., wholly owned subsidiary in Singapore amounting to Rs. 1570 lakhs (USD 3 Mio) against fully secured cash margin deposits with Axis Bank Rs. 1570 lakhs for a period of one year ending 22.02.2013 (Previous year – Rs. 1370 Lakhs).
- Stand By Letter of Credit (SBLC)/Corporate Guarantee (CG) is issued favouring Indian Overseas Bank, Singapore, in favour of the beneficiary being Info-Drive Software Pte Ltd., wholly owned subsidiary in Singapore amounting up to Rs. 2397 lakhs (SGD 5.925 Mio) against secured cash margin deposits with Indian Overseas Bank up to Rs. 748 lakhs (SGD 1.85 Mio) for a period of one year ending 10.11.2012 and 28.11.2012 respectively.
- The appeal filed by the company with the Commissioner of Income-tax, Appeals III in respect of the disallowance of claim under section 35D (issue expenses) of Rs. 4,50,296/- for the assessment year 2004-2005 has not been disposed off as yet; However, there is no demand of tax.
- The company has filed appeal with the Commissioner of Income-tax, Appeals IV in respect of the demand on account of TDS on international transactions raised by the department for the assessment year 2010-11 of Rs. 33,44,226/- and for the assessment year 2011-12 of Rs. 1,65,15,087/- respectively. No provision has been made for this contingency due to the Hon'ble High Court of Madras granting an interim injunction in favour of the company restraining the department with further proceedings on the demands and the company is confident of winning the appeals.

**q. Due to SSI's**

As at March 31, 2012 the company has no outstanding dues to Micro Enterprises, Small Enterprises and Small Scale Industrial Undertakings.

**r. Foreign Currency Transactions**

Monetary current assets and current liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the exchange rates prevailing at the date of balance sheet.

	2012	2011
Earnings in Foreign Currency	568.73	635.78
Expenditure in Foreign Currency	237.87	395.11
Investment in Foreign Currency	259.25	45.76
Remittance in Foreign Currency (Purchase of shares payable)	Nil	Nil
Remittance in Foreign Currency for Dividend	Nil	6.50

**s. Unclaimed Dividend**

For the past three financial years the total unclaimed dividends amounted to Rs. 7,99,413/- comprising of Rs. 277,734/- (2007-2008), Rs. 236,194/- (2008-2009) and Rs. 2,85,485/- (2009-2010) respectively.

**t. Confirmations from Sundry Debtors, Creditors, Loans and Advances**

Confirmation of balances from Sundry Debtors, Creditors and loans and advances are yet to be received in some cases though the company has sent letters for confirmation by them. The balances adopted are as appearing in the books of accounts of the Company.

<i>Rs. Lacs</i>		
Particulars	As at March 31, 2012	As at March 31, 2011
<b>3. Share Capital</b>		
Authorised capital		
7,00,00,000 equity shares of Rs. 10/- each	7,000.00	7,000.00
Issued, subscribed and paid up capital		
4,50,90,220 equity shares of Rs. 10/- each	4,509.02	4,509.02
	<b>4,509.02</b>	<b>4,509.02</b>
<b>a) Reconciliation of Number of Shares</b>		
Equity Shares		
Opening balance 4,50,90,220	4,509.02	4,509.02
Changes during the year - Nil	-	-
Closing balance 4,50,90,220	<b>4,509.02</b>	<b>4,509.02</b>
<b>b) Rights and Restrictions attached to Shares</b>		
<b>Equity Shares</b>		
The company has one class of equity shares having a par value of Rs. 10/- each. Each share holder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential payments, in proportion to their shareholding.		
<b>c) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>		
The Indiaman Fund (Mauritius) Ltd.	4,000,000	4,000,000
	8.87%	8.87%
India Max Investment Fund Ltd.	3,079,033	3,079,033
	6.83%	6.83%
Credo India Thematic Fund Ltd.	2,719,330	2,719,330
	6.03%	6.03%
<b>d) Aggregate number and class of shares allotted as fully paid up by way of preferential allotment (during 5 years preceding March 31, 2012)</b>		
The company allotted 42,38,890 equity shares as fully paid up shares at a premium of Rs. 26/- per share for consideration other than cash in exchange of 7,40,000/- equity shares of RM 1 each pursuant to the Board resolution passed on August 23, 2007.		

NOTES ON FINANCIAL STATEMENTS

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>4. Reserves &amp; Surplus</b>		
a) Share premium account	3,866.57	3,866.57
b) Foreign currency translation reserve		
Opening balance	69.65	80.50
Additions during the year (Net)	291.77	(10.85)
	361.42	69.65
c) Surplus in Statement of Profit and loss		
Opening balance	570.71	374.85
Add: Profit for the year	72.14	195.86
	642.85	570.71
	<b>4,870.84</b>	<b>4,506.93</b>
<b>Non Current Liabilities</b>		
<b>5. (a) Long Term Borrowings</b>		
Secured Loans		
From Banks	1.32	24.28
Un-Secured Loans		
Corporate borrowings	607.78	45.83
	<b>609.10</b>	<b>70.11</b>
Secured loans from banks are secured against fixed assets obtained under hypothication of vehicles		
<b>(b) Long Term Provisions</b>		
Provision for employee benefits	21.76	15.22
	<b>21.76</b>	<b>15.22</b>
Provision for employee benefits is provision for gratuity		
<b>6. (a) Deferred Tax Liabilities (Net)</b>		
Depreciation and amortisation	9.93	21.62
	<b>9.93</b>	<b>21.62</b>
<b>(b) Deferred Tax Assets (Net)</b>		
Minimum alternate tax (MAT)	20.84	20.84
	<b>20.84</b>	<b>20.84</b>
<b>Current Liabilities</b>		
<b>7. Short-Term Borrowings</b>		
From banks Cash Credit-Secured on book debts	339.13	346.33
From banks Overdraft-Secured on Fixed Deposits	5.45	-
	<b>344.58</b>	<b>346.33</b>

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>8. Trade Payables</b>		
Trade payables	242.61	269.42
	<b>242.61</b>	<b>269.42</b>
<b>9. Other Current Liabilities</b>		
Current maturities of hire purchase obligations	5.23	4.43
Unclaimed Dividend	7.99	8.00
Outstanding liabilities	26.58	10.36
	<b>39.80</b>	<b>22.79</b>
Outstanding liabilities comprise:		
- Statutory liabilities	6.00	3.36
- Others	20.58	7.00
<b>10. Short-Term Provisions</b>		
Provision for taxation	45.05	46.54
	<b>45.05</b>	<b>46.54</b>
<b>Non-Current Assets</b>		
<b>11. Fixed Assets</b>		
Tangible assets	546.25	489.05
	<b>546.25</b>	<b>489.05</b>

**Fixed Assets**

Rs. Lacs

Net Block as at March 31, 2011	Description	Gross Block as at April 1, 2011	Additions	Deletion	Gross Block as at March 31, 2012	Accumulated Depreciation as at April 1, 2011	Depreciation for the year	Deletions	Accumulated Depreciation as at March 31, 2012	Net Block as at March 31, 2012
	Tangible assets									
1.69	Plant & Machinery	17.57	-	-	17.57	15.88	0.83	-	16.71	0.86
69.15	Furniture & Fittings	88.01	-	9.48	78.53	18.87	4.65	-	23.52	55.01
28.44	Office Equipments	31.42	0.25	1.43	30.24	2.98	1.39	-	4.37	25.87
16.98	Electrical Installations	17.41	-	1.62	15.79	0.43	0.71	-	1.14	14.65
47.72	Vehicles	60.77	-	23.47	37.30	13.05	4.54	7.96	9.63	27.67
39.51	Computers	119.29	4.15	-	123.44	79.78	12.17	-	91.95	31.49
15.74	Software Package	34.85	0.19	-	35.04	19.11	5.66	-	24.77	10.27
269.82	Advance for assets	269.82	110.61	-	380.43	-	-	-	-	380.43
<b>489.05</b>	<b>Total</b>	<b>639.14</b>	<b>115.20</b>	<b>36.00</b>	<b>718.34</b>	<b>150.10</b>	<b>29.95</b>	<b>7.96</b>	<b>172.09</b>	<b>546.25</b>

NOTES ON FINANCIAL STATEMENTS

Rs. Laacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>12. Non Current Investments</b>		
Info-Drive Software Inc., USA (122,500 shares of US\$ 1 each fully paid up)	62.32	54.39
Info-Drive Systems Sdn Bhd., Malaysia (10,00,000 shares of RM 1 each fully paid up)	2,281.92	2,185.78
Info-Drive Software LLC., Dubai (240 shares of Dirhams 1000 each fully paid up)	470.90	411.03
Info-Drive Software Pte Ltd., Singapore (820,000 shares of SGD 1 each fully paid up)	331.69	72.44
Infodrive Mauritius Limited -Mauritius (1,00,000 shares of US \$ 1 each fully paid up)	50.87	44.40
Info-Drive Software Limited, Canada (100 shares of CAD 1 each fully paid up)	0.01	0.01
	<b>3,197.71</b>	<b>2,768.05</b>
<b>13. Long Term Loans and Advances</b>		
Considered good		
Corporate advances	2,310.66	1,462.96
	<b>2,310.66</b>	<b>1,462.96</b>
Corporate advances comprise:		
- Related parties		
Info-Drive Software Inc., USA	522.69	451.77
Info-Drive Software LLC., Dubai	665.84	458.03
Info-Drive Software Limited, Canada	0.71	0.46
Infodrive Mauritius Limited, Mauritius	387.02	337.80
Info-Drive Software Pte Ltd, Singapore	516.37	-
- Others	218.03	214.90
<b>14. Other Non-Current Assets</b>		
Nogya Management Inc	-	450.00
Net Eng. Tel. Co., Ltd	-	13.30
	<b>-</b>	<b>463.30</b>
<b>Current Assets</b>		
<b>15. Inventories</b>		
Raw materials, sub-assemblies and components	-	<b>85.83</b>
	<b>-</b>	<b>85.83</b>
Inventories are carried at lower of cost or net realisable value		

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>16. Trade receivables (Un-Secured)</b>		
Debtors due for > 6 Months (Considered good)	1,517.34	1,241.66
Other debtors (Considered good)	463.56	333.85
	<b>1,980.90</b>	<b>1,575.51</b>
<b>17. (a) Cash and cash equivalents</b>		
Cash in hand	2.60	8.76
Cheques on hand	8.83	-
Balance in banks		
In current accounts	12.83	28.34
	24.26	37.10
<b>(b) Other bank balances</b>		
Earmarked balances with banks-unclaimed dividend	7.99	8.00
Earmarked term deposits with banks-Guarantees	2,335.06	2,450.34
	<b>2,367.31</b>	<b>2,495.44</b>
<b>18. Short-Term Loans and Advances (Considered Good)</b>		
Staff advances	1.10	0.26
Deposits	16.22	16.92
Tax deducted at source	38.76	28.85
Other advances	179.97	355.45
	<b>236.05</b>	<b>401.48</b>
<b>19. Other Current Assets</b>		
Prepaid expenses	32.97	45.52
	<b>32.97</b>	<b>45.52</b>
<b>20. Revenue from Operations</b>		
Sale of goods and services	2,294.61	2,062.92
	<b>2,294.61</b>	<b>2,062.92</b>
<b>21. Other Income</b>		
Interest income	217.43	71.29
Exchange fluctuation gain/(loss)	439.76	(100.26)
Guarantee commission	47.99	-
	<b>705.18</b>	<b>(28.97)</b>



Particulars	As at March 31, 2012	As at March 31, 2011
<b>Expenses</b>		
<b>22. Cost of Material/Services Consumed</b>		
Opening stock	85.83	16.15
Add: Material/services	1,917.82	1,138.62
Less: Closing stock	-	85.83
	<b>2,003.65</b>	<b>1,068.94</b>
<b>23. Employee Benefit Expenses</b>		
Salary & allowances	370.84	329.41
EPF & ESI Payments	3.40	2.86
Gratuity	6.54	6.31
Leave Salary	7.36	-
Staff welfare	13.51	10.20
JMD Remuneration	6.00	14.50
	<b>407.65</b>	<b>363.28</b>
<b>24. Financial Costs</b>		
Bank Charges	63.60	49.09
Interest paid	136.30	63.94
	<b>199.90</b>	<b>113.03</b>
<b>25. Depreciation and Amortisation Expenses</b>		
Depreciation	29.95	25.56
	<b>29.95</b>	<b>25.56</b>
<b>26. Other Expenses</b>		
Rent & Amenities	60.38	64.33
Printing & Stationery	7.02	9.32
Postage Expenses	1.87	9.77
Telephone Expenses	11.22	13.57
Compensation Paid	4.46	26.51
Travelling & Conveyance	49.33	59.03
Rates & Taxes	0.68	6.51
Electricity Expenses	13.88	10.24
Insurance	1.49	1.60
Audit Fees	8.50	4.00
Repairs & Maintenance		
- Vehicle Maintenance	4.01	3.20
- Computer Maintenance	0.85	3.21
- Office Maintenance	11.26	8.06
- Others	2.17	7.46

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Commission	2.21	-
Filing charges & Listing Fees	2.46	1.10
Security Charges	4.29	3.24
Meeting Expenses	2.28	2.76
Car Hire Charges	-	2.59
Professional & Legal Expenses	18.01	19.98
Loss on sale of assets	9.35	2.07
General expenses	1.02	5.77
Bad Debts written off	38.45	2.92
	<b>255.19</b>	<b>267.24</b>

## 27. Earnings Per Share

In determining the earnings per share, the company considers the net profit after tax and extraordinary items.

Particulars	31.03.2012	31.03.2011
Profit after tax and extraordinary items	Rs. 72,14,435/-	Rs. 1,95,86,226/-
No. of equity shares outstanding during the year	4,50,90,220	4,50,90,220
Basic & Diluted Earnings Per Share	Re. 0.16	Re. 0.43

## 28. Quantitative Information

The quantitative information as required to be disclosed under paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956, have not been given pursuant to the exemption given under the notification dated February 8, 2011 issued by the Ministry of Corporate affairs, Government of India.

29. The figures for the current year and previous year have been rounded off to the nearest lac.

30. Previous year figures have been rearranged or regrouped wherever necessary to conform to current year's classification.

For and on behalf of Board

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary

Sd/-  
**A. S. Giridhar**  
Manager

Sd/-  
**ANL Madhavann**  
Chief Financial Officer

As per my report of even date  
for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 0090135

Chennai  
14.08.12

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

# CONSOLIDATED FINANCIAL STATEMENTS

## AUDITORS' REPORT

To the Board of Directors of INFO-DRIVE SOFTWARE LIMITED

1. I have audited the attached Consolidated Balance Sheet of INFO-DRIVE SOFTWARE LIMITED, and its subsidiaries as at March 31, 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the group for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and financial informations of other companies in the Group. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. I did not audit the financial statements of 1 subsidiary whose financial statements reflect total assets Rs. 2,203.35 lakhs as at March 31, 2012, total revenues of Rs. 298.31 lakhs and cash inflows amounting to Rs. 42.94 lakhs for the year ended on that date. These financial statements and other financial information have been audited by another auditor whose reports have been furnished to me, and my opinion is based solely on the report of other auditor. I did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets Rs. 14,037.88 lakhs as at March 31, 2012, total revenues of Rs. 9,506.88 lacs and cash inflows amounting to Rs. 421.82 lakhs for the year ended on that date and I have not audited the Branch at Singapore. These financial statements and other financial informations have been incorporated in the consolidated financial statements of the group based on un-audited financial statements as certified by the management of the Company as audited financial statements of these entities as at March 31, 2012 were not available.
4. *As certified by the management of Info-Drive Software Inc., USA the financial statements of Technoprism LLC being the subsidiary company of the afore stated company are not made available and hence not included in the consolidated financial statements. In the absence of any financial information non provision for diminution in value of investments if any, I am unable to quantify the effect of such non provision on the value of investments and the net worth of Info-Drive Software Inc, USA.*
5. Without qualifying my opinion, I draw attention to Note aa of Notes forming part of the consolidated financial statements for the year ended March 31, 2012 in connection with carrying value of net assets as regards investment in Info-Drive Software Inc, USA. Though the entity have been incurring losses since the commencement of commercial operations based on management's internal assessment, the management is of the view that the carrying value of the net assets as regards to investments in Info-Drive Software Inc. are appropriate.
6. I report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
7. Based on my audit and on consideration of reports of another auditor on separate financial statements and on the financial information of other companies in the Group, and to the best of my information and according to the explanations given to me, I am of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2012;
  - ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and
  - iii) in the case of Consolidated Cash Flow Statement of the cash flows of the group for the year ended on that date.

for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

Chennai  
14.08.12

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

Rs. Lacs

Particulars	Note No	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
(a) Share Capital	3	4,509.02	4,509.02
(b) Reserves and Surplus	4	6,779.36	6,152.89
(c) Minority Interest	5	385.39	326.26
<b>Non-Current Liabilities</b>			
(a) Long-term borrowings	6 (a)	1,475.29	1,879.08
(b) Long-term provisions	6 (b)	21.76	15.22
(c) Deferred tax liabilities (Net)	7(a)	9.93	21.62
(d) Other Long term liabilities	8	1,793.15	1,627.75
<b>Current Liabilities</b>			
(a) Short-term borrowings	9	2,205.35	1,653.73
(b) Trade payables	10	2,787.69	3,694.59
(c) Other current liabilities	11	521.80	32.15
(d) Short-term provisions	12	173.48	244.77
<b>Total</b>		<b>20,662.22</b>	<b>20,157.08</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed assets	13		
(i) Tangible assets		814.32	717.00
(ii) Intangible assets		2,128.00	2,349.58
(b) Non-current investments	14	2,599.46	2,268.85
(c) Deferred tax assets (net)	7(b)	20.84	20.84
(d) Long term loans and advances	15	662.45	1,461.03
(e) Other non-current assets	16	1,421.82	1,704.49
<b>Current Assets</b>			
(a) Inventories	17	-	85.83
(b) Trade receivables	18	8,357.32	7,613.69
(c) Cash and cash equivalents	19	2,832.08	2,721.88
(d) Short-term loans and advances	20	1,780.83	1,166.21
(e) Other current assets	21	45.10	47.68
<b>Total</b>		<b>20,662.22</b>	<b>20,157.08</b>
<b>III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-38		

For and on behalf of Board

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary

Sd/-  
**A. S. Giridhar**  
Manager

Sd/-  
**ANL Madhavann**  
Chief Financial Officer

As per my report of even date  
for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 0090135

Chennai  
14.08.12

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Rs. Lacs

Particulars	Note No	2012	2011
I. REVENUE FROM OPERATIONS	22	11,540.72	12,819.54
II. OTHER INCOME	23	682.10	21.75
<b>Total Revenue (I +II)</b>		<b>12,222.82</b>	<b>12,841.29</b>
III. EXPENSES			
a) Cost of materials/services consumed	24	9,817.69	9,498.46
b) Employee benefit expenses	25	803.55	1,332.75
c) Financial costs	26	311.01	454.73
d) Depreciation and amortization expense	27	47.95	94.19
e) Other expenses	28	792.54	760.92
<b>Total Expenses</b>		<b>11,772.74</b>	<b>12,141.05</b>
IV. PROFIT BEFORE TAX (I+II-III)		450.08	700.24
V. TAX EXPENSE			
(1) Current tax		55.31	30.95
(2) Deferred tax		(11.69)	(20.81)
VI. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (IV-V)		406.46	690.10
VII. MINORITY INTEREST		11.34	111.29
VIII. PROFIT CARRIED TO BALANCE SHEET		<b>395.12</b>	<b>578.81</b>
IX. EARNING PER EQUITY SHARE	31		
(1) Basic		0.88	1.28
(2) Diluted		0.88	1.28
X. NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-38		

For and on behalf of Board

Sd/-

**K. Chandrasekaran**

Director & CEO

Sd/-

**V. Gopal Rao**

Director & Company Secretary

Sd/-

**A. S. Giridhar**

Manager

Sd/-

**ANL Madhavann**

Chief Financial Officer

As per my report of even date  
for **K. S. REDDY ASSOCIATES**

Chartered Accountants  
FRN 009013S

Sd/-

**K. SUBBA REDDY (Proprietor)**

M. No. 208754

Chennai

14.08.12

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Rs. Lacs

Particulars	2012	2011
<b>Cash flow from operating activities</b>		
Net Profit before taxes	425.60	700.25
Adjustments for		
Depreciation	47.60	94.19
Misc. Expenses written off	0.35	0.88
Interest Income	235.21	(90.30)
Other Income	4.28	(38.52)
Loss on sale of assets	9.35	2.07
Interest paid	311.01	454.73
Exchange Fluctuation	(442.61)	107.06
Operating profit before working capital changes	590.79	1,230.36
Adjustments for increase/ (-) decrease in		
Trade receivables	(719.15)	(344.34)
Loans, advances and other current assets	1,081.27	(1,017.02)
Short Term Loans & advances	(612.13)	(1,211.73)
Inventories	85.84	284.99
Current Liabilities & Provisions	(350.16)	(778.93)
Cash generated from/(used in) operations	76.46	(1,836.67)
Adjustment for misc. exp. Written off	(0.35)	(0.88)
Exchange Fluctuation	442.61	(107.06)
Taxes paid	(43.62)	(30.98)
Interest Income	(235.21)	90.30
Other Income	(4.28)	38.52
Exchange difference on Foreign currency translation cash and cash equivalents	368.45	(237.69)
<b>Net cash from operating activities</b>	<b>604.06</b>	<b>(2,084.46)</b>
<b>B. Cash flow from investing activities:</b>		
Investment in Subsidiary Companies	(235.52)	(48.85)
Proceeds from sale of Investments	-	450.00
Purchase/advance for fixed assets	(145.88)	(134.10)
Proceeds from sale/withdrawn of fixed assets	78.67	8.90
Withdrawal of depreciation	(50.41)	(1.00)
<b>Net cash flow from/(used in) investing activities</b>	<b>(353.14)</b>	<b>274.95</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from Long term borrowings (Net)	(393.83)	(511.59)
Proceeds from Short term borrowings (Net)	573.48	(851.51)
Share issue proceeds	-	3,962.83
Issue related expenses	-	(23.55)
Interest paid	(311.01)	(454.73)
Loss on sale of assets	(9.36)	(2.07)
<b>Net cash from financing activities</b>	<b>(140.72)</b>	<b>2,119.38</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>110.20</b>	<b>309.87</b>
Cash & Cash equivalents (Opening Balance)	2,721.88	2,412.01
Cash & Cash equivalents (Closing Balance)	2,832.08	2,721.88
<b>Component of Cash and Cash equivalents</b>		
Cash on hand	9.65	10.84
Balance with Banks		
i. Available with the company for day to day operations	195.23	252.70
ii. Amount available in unclaimed dividend accounts	7.99	8.00
iii. Earmarked bank deposits	2,619.21	2,450.34

For and on behalf of Board

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary

Sd/-  
**A.S. Giridhar**  
Manager

Sd/-  
**ANL Madhavann**  
Chief Financial Officer

## Auditor's Certificate:

The above cash flow statement has been prepared on the basis of audited accounts by the Board of Directors and is in agreement with the Statement of Profit and Loss and Balance Sheet.

for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

Chennai  
14.08.12

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## GENERAL INFORMATION

Info-Drive Software Limited (the Company) is a juristic person under the Companies Act, 1956. The address of its Registered Office and principal place of business is Buhari Buildings, No. 3, Moores Road, Chennai-600006. The principal activities of the Company and its subsidiaries (the Group) are computer software, business process outsourcing (BPO), hardware and software consultancy services.

## SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) in India and the provisions of the Companies Act, 1956 and on the going-concern basis.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standard on Consolidated Financial Statements issued by the ICAI.

### a. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the holding company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets on consolidation are disclosed separately in the Balance Sheet.

### b. Business Combinations

The acquisition of subsidiaries have been based on the cost that are measured at the aggregate of the fair values on the date of exchange of assets given, liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

### c. Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries and is recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The exchange translations and fluctuations arising on consolidation are adjusted against Goodwill.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating divisions expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

### d. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Revenues from contracts priced on time and material basis are recognised when services are rendered and related costs are incurred.

**e. Software Services**

Where the outcome of a turnkey contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

**f. Foreign Currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (it's functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Currency Units, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising if any on the retranslation of non-monetary items when carried at fair value would be included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Currency Units using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the closing exchange rates for the year.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**g. Retirement Benefits**

Short term employee benefits are measured at cost.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**h. Taxation***Income Tax*

Income tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

*Deferred Tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**i. Property, Plant and Equipment**

Plant and Machinery, Fixtures and equipment are stated at carrying amounts less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**j. Patents and Trademarks**

There are no patents and trademarks owned by the company.

**k. Impairment of Tangible and Intangible Assets excluding Goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**l. Inventories and WIP: Nil**

**m. Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

**n. Trade Receivables**

Trade receivables are measured at initial recognition cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. No interest is charged on trade receivables till the date of recovery. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

**o. Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**p. Financial Liabilities and Equity**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

**q. Trade Payables**

Trade payables are initially measured at fair value.

**r. Equity Instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**s. Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

**t. Share-Based Payments**

The Group has not issued any equity-settled and cash-settled share-based payments to any employee.

**u. Impairment of Goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was Rs. 21.28 crores (Rs. 23.50 crores). No impairment has been recognised in view of estimated future cash flows from the activities to which the goodwill has been allocated.

**v. Reconciliation of Balances Between Subsidiaries**

Reconciliation of balances between subsidiaries is under final stages of completion.

**w. Debtors, Loans & Advances**

Confirmation of balances from Debtors, Creditors and for Loans and Advances are yet to be received in some cases though the company has sent letter of confirmation to them. The balances adopted are as appearing in the books of accounts of the company.

**x. Bank Balances and Cash**

Bank balances and cash comprise cash held by the Group and bank deposits. The carrying amount of these assets approximates their fair value.

**y. Credit Risk**

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss or event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**z. Minority Interest**

Minority interest is that part of the net profit attributable to third party ownership interests in the company's subsidiaries. The step subsidiaries' minority interest has been reclassified/adjusted against other subsidiaries' minority interest wherever necessary.

**aa. Investments**

The value of investments in Info-Drive Software Inc. USA though diminished as on the date of balance sheet, management is confident of augmenting resources against firm orders to mitigate any further erosion and hence carried at cost.

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Shareholders Funds</b>		
<b>3. Share Capital</b>		
Authorised capital		
7,00,00,000 equity shares of Rs. 10/- each	7,000.00	7,000.00
Issued, subscribed and paid up capital	-	-
4,50,90,220 equity shares of Rs. 10/- each	4,509.02	4,509.02
	<b>4,509.02</b>	<b>4,509.02</b>
<b>a) Reconciliation of Number of Shares</b>		
Equity Shares		
Opening balance 4,50,90,220	4,509.02	4,509.02
Changes during the year - Nil	-	-
Closing balance 4,50,90,220	<b>4,509.02</b>	<b>4,509.02</b>
<b>b) Rights and Restrictions attached to Shares</b>		
<b>Equity Shares</b>		
The company has one class of equity shares having a par value of Rs. 10/- each. Each share holder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential payments, in proportion to their shareholding.		
<b>c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>		
The Indiaman Fund (Mauritius) Ltd.	4,000,000 8.87%	4,000,000 8.87%
India Max Investment Fund Ltd.	3,079,033 6.83%	3,079,033 6.83%
Credo India Thematic Fund Ltd.	2,719,330 6.03%	2,719,330 6.03%
<b>d) Aggregate number and class of shares allotted as fully paid up by way of preferential allotment (during 5 years preceding March 31, 2012)</b>		
The company allotted 42,38,890 equity shares as fully paid up shares at a premium of Rs. 26/- per share for consideration other than cash in exchange of 7,40,000/- equity shares of RM 1 each pursuant to the Board resolution passed on August 23, 2007.		

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>4. Reserves &amp; Surplus</b>		
a) Share premium account	3,866.57	3,866.57
b) Surplus in Statement of Profit and Loss		
Opening balance	2,517.67	1,707.51
Add: Profit for the year	395.12	578.81
	2,912.79	2,286.32
	<b>6,779.36</b>	<b>6,152.89</b>
<b>5. Minority Interest</b>		
Info-Drive Software LLC, Dubai	385.39	326.26
	<b>385.39</b>	<b>326.26</b>
<b>Non Current Liabilities</b>		
<b>6. (a) Long Term Borrowings</b>		
Secured Loans		
From Banks	201.44	218.24
Un-Secured Loans		
Corporate borrowings	1,273.85	1,660.84
	<b>1,475.29</b>	<b>1,879.08</b>
Secured loans from banks are secured against fixed assets obtained under hypothecation of vehicles and on mortgage of buildings.		
<b>(b) Long Term Provisions</b>		
Provision for employee benefits	21.76	15.22
	<b>21.76</b>	<b>15.22</b>
Provision for employee benefits is provision for gratuity		
<b>7. (a) Deferred Tax Liabilities (Net)</b>		
Depreciation and amortisation	9.93	21.62
	<b>9.93</b>	<b>21.62</b>
<b>(b). Deferred Tax Assets (Net)</b>		
Minimum alternate tax (MAT)	20.84	20.84
	<b>20.84</b>	<b>20.84</b>
<b>8. Other Long Term Liabilities</b>		
Deferred Credits	1,793.15	1,565.08
Loans from Directors	-	62.67
	<b>1,793.15</b>	<b>1,627.75</b>

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Current Liabilities</b>		
<b>9. Short-Term Borrowings</b>		
From Banks Overdraft-Secured on book debts	2,199.90	1,653.73
From Banks Overdraft-Secured on Fixed Deposits	5.45	-
	<b>2,205.35</b>	<b>1,653.73</b>
<b>10. Trade Payables</b>		
Trade payables	2,787.69	3,694.59
	<b>2,787.69</b>	<b>3,694.59</b>
<b>11. Other Current Liabilities</b>		
Current maturities of hire purchase obligations	25.79	3.94
Unclaimed Dividend	7.99	8.00
Outstanding liabilities	488.02	20.21
	<b>521.80</b>	<b>32.15</b>
<b>Outstanding liabilities comprise:</b>		
- Statutory liabilities	6.00	3.66
- Others	482.02	16.55
<b>12. Short-Term Provisions</b>		
Provision for taxation	173.48	221.03
Provision for dividend tax	-	23.74
	<b>173.48</b>	<b>244.77</b>
<b>Non Current Assets</b>		
<b>13. Fixed Assets</b>		
i) Tangible assets	814.32	717.00
	814.32	717.00
ii) Intangible assets - goodwill	2,128.00	2,349.58
	<b>2,128.00</b>	<b>2,349.58</b>

**Fixed Assets**
*Rs. Lacs*

Fixed assets consist of the following:

Net Block as at March 31, 2011	Description	Gross Block as at April 1, 2011	Additions	Deletion	Translation Exchange Difference	Gross Block as at March 31, 2012	Accumulated Depreciation as at April 1, 2011	Depreciation for the year	Deletions	Translation Exchange Difference	Accumulated Depreciation as at March 31, 2012	Net Block as at March 31, 2012
<b>i) Tangible assets</b>												
1.69	Plant & Machinery	17.57	-	-	-	17.57	15.88	0.83	-	-	16.71	0.86
69.45	Furniture & Fittings	151.06	0.26	9.48	0.07	141.91	81.61	4.70	-	0.02	86.33	55.58
29.56	Office Equipments	65.96	0.84	5.55	0.76	62.01	36.40	2.56	4.01	0.59	35.54	26.47
16.98	Electrical Installations	17.41	-	1.62	-	15.79	0.43	0.71	-	-	1.14	14.65
207.85	Buildings	229.20	-	-	26.99	256.19	21.34	5.05	-	2.51	28.90	227.29
64.12	Vehicles	123.39	27.83	23.48	2.42	130.16	59.27	13.80	7.99	0.02	65.10	65.06
40.63	Systems	125.42	6.14	0.50	0.70	131.76	84.79	13.68	0.37	0.64	98.74	33.02
16.90	Software Package	75.03	0.20	38.04	0.25	37.44	58.13	6.27	38.04	0.12	26.48	10.96
269.82	Advance for Assets	269.82	110.61	-	-	380.43	-	-	-	-	-	380.43
<b>717.00</b>		<b>1,074.86</b>	<b>145.88</b>	<b>78.67</b>	<b>31.19</b>	<b>1,173.26</b>	<b>357.85</b>	<b>47.60</b>	<b>50.41</b>	<b>3.90</b>	<b>358.94</b>	<b>814.32</b>

*Rs. Lacs*

Particulars	As at March 31, 2012	As at March 31, 2011
<b>14. Non Current Investments</b>		
Held by subsidiary companies		
Technoprism LLC, USA	2,594.37	2,264.40
Info-Drive Technologies Co., Ltd, Bangkok	5.09	4.45
	<b>2,599.46</b>	<b>2,268.85</b>
<b>15. Long Term Loans and Advances</b>		
Corporate Advances	662.45	1,461.03
	<b>662.45</b>	<b>1,461.03</b>
<b>16. Other Non-Current Assets</b>		
Advance for Investment	1,421.82	1,241.19
Nogya Management Inc.,	-	450.00
Net Eng. Tel Co., Ltd	-	13.30
	<b>1,421.82</b>	<b>1,704.49</b>
<b>Current Assets</b>		
<b>17. Inventories</b>		
Closing Stock	-	85.83
	<b>-</b>	<b>85.83</b>
Inventories are carried at lower of cost or net realisable value		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>18. Trade receivables (Un-Secured)</b>		
Debtors due for > 6 Months (Considered Good)	3,472.16	3,419.34
Other debtors (Considered Good)	4,885.16	4,194.35
	<b>8,357.32</b>	<b>7,613.69</b>
<b>19. (a) Cash and Cash Equivalents</b>		
Cash in hand	9.65	10.84
Balance in banks in current accounts		
In current accounts	144.99	216.70
In fixed deposits	41.41	36.00
Cheques on hand	8.83	-
<b>(b) Other Bank Balances</b>		
Earmarked balances with banks-unclaimed dividend	7.99	8.00
Earmarked term deposits with banks-Guarantees	2,619.21	2,450.34
	<b>2,832.08</b>	<b>2,721.88</b>
<b>20. Short-Term Loans and Advances</b>		
Staff advances	4.01	1.76
Deposits	21.53	21.53
Amount owing by Directors	355.79	-
Other advances	1,360.74	1,114.07
Tax deducted at source	38.76	28.85
	<b>1,780.83</b>	<b>1,166.21</b>
<b>21. Other Current Assets</b>		
Prepaid expenses	43.03	45.52
Preliminary expenses (to the extent neither written off nor adjusted)	2.07	2.16
	<b>45.10</b>	<b>47.68</b>
<b>22. Revenue from Operations</b>		
Sale of goods and services	11,540.72	12,819.54
	<b>11,540.72</b>	<b>12,819.54</b>
<b>23. Other Income</b>		
Interest income	235.21	90.29
Exchange fluctuation gain/(loss)	442.61	(107.06)
Other Income	4.28	38.52
	<b>682.10</b>	<b>21.75</b>

Rs. Lacs

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Expenses</b>		
<b>24. Cost of Material/Services Consumed</b>		
Opening stock	85.84	320.75
Add: Material/services	9,731.85	9,685.90
Less: Closing stock	-	508.19
	<b>9,817.69</b>	<b>9,498.46</b>
<b>25. Employee Benefit Expenses</b>		
Salary & allowances	671.87	1,216.76
Employees contribution to PF, ESI, Gratuity	20.97	22.56
Staff welfare	14.10	23.81
Managerial remuneration	96.61	69.62
	<b>803.55</b>	<b>1,332.75</b>
<b>26. Financial Costs</b>		
Interest & Bank Charges	311.01	454.73
	<b>311.01</b>	<b>454.73</b>
<b>27. Depreciation and Amortization Expenses</b>		
Depreciation	47.60	94.19
Preliminary expenses written off	0.35	0.31
	<b>47.95</b>	<b>94.50</b>
<b>28. Other Expenses</b>		
Books & Periodicals	1.04	1.14
Business Promotion	3.86	18.16
Rent & Amenities	148.99	144.11
Printing & Stationery	53.01	11.26
Postage Expenses	37.93	10.23
Telephone Expenses	73.04	60.95
Compensation Paid	6.66	26.51
Rates & Taxes	4.34	10.93
Electricity Expenses	15.09	26.69
Insurance	4.57	26.33
Audit Fees	16.13	7.98
Repairs & Maintenance	6.86	16.99
Vehicle Maintenance	34.66	5.94
Other Maintenance	1.75	6.98
Sitting Fees	0.95	0.95
Filing charges & Listing Fees	2.46	1.66
Security Charges	4.29	3.55



Particulars	As at March 31, 2012	As at March 31, 2011
Subscription	0.25	0.74
Car hire charges	-	3.66
Meeting Expenses	1.33	1.81
Consultancy Expenses	92.43	17.16
Professional & Legal Expenses	52.32	66.29
Travelling Expenses	91.92	158.29
Loss on sale of assets	9.35	2.07
General expenses	1.22	14.27
Office Maintenance	56.72	15.24
Bad debts written off	38.79	75.55
Visa Expenses	3.92	0.48
Marketing rights written off	28.66	25.00
	<b>792.54</b>	<b>760.92</b>

**29. Business Segment**

The Company operates in only one segment viz Information Technology.

**30. Income Tax Expenses**

Domestic Income tax is to be calculated at the effective rate applicable on the assessable profit for the year. Provision for tax has been adequately made for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

**31. Earnings Per Share**

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data.

Earnings figures are calculated as follows:

	Year ended 31.03.2012	Year ended 31.03.2011
Profit for the year attributable to equity holders of the parent	Rs. 395.12 Lacs	Rs. 578.82 Lacs
Number of shares	4,50,90,220	4,50,90,220
Earnings per share before extraordinary item	Rs. 0.88	Rs. 1.28
Earnings per share after extraordinary items	Rs. 0.88	Rs. 1.28

**32. Subsidiaries and Associates**

Details of the Company's subsidiaries as at March 31, 2012 are as follows:

Name of the Subsidiary	Place of Incorporation & Operation	Proportion of ownership & interest	Type of Business
Infodrive Mauritius Limited, Mauritius	Mauritius	100%	IT Consulting, Software Development, hardware and System Integration
Info-Drive Systems Sdn Bhd.	Malaysia	100%	IT Consulting, Software Development, hardware and System Integration
Info-Drive Software Inc.	USA	100%	IT Consulting, Software Development, Hardware, System Integration and BPO Services
Info -Drive Software Pte Ltd.	Singapore	100%	IT Consulting, Software Development, hardware and System Integration
Info-Drive Software LLC	Dubai	80%	IT Consulting, Software Development, hardware and System Integration
Info-Drive Software Limited	Canada	100%	IT Consulting, Software Development, Hardware, System Integration and BPO Services
Technoprism LLC, USA (Subsidiary Company of Info-Drive Software Inc, USA)	USA	51%	IT Consulting, Software Development, Hardware, System Integration and BPO Services
Info Drive Technologies Co., Ltd, Bangkok, Thailand (Associate company of Info-Drive Software Pte. Ltd. Singapore)	Bangkok	30%	IT Consulting, Software Development, Hardware, System Integration and BPO Services

As at March 31, 2012 Info-Drive Software Pte. Ltd., Singapore has invested up to 30% equity in ordinary shares Info-Drive Technologies Co., Limited, Bangkok, Thailand (Associate Company). As the associate company has not commenced its commercial operations, no financial statements are incorporated in the consolidated financials for the year under review.

**33. Trade and Other Payables**

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value.

**34. Contingent Liabilities**

- Stand By Letter of Credit (SBLC)/Bank Guarantee (BG) is issued by Axis Bank favouring EFG Bank AG, Singapore, in favour of the beneficiary being Info-Drive Software Pte. Ltd., wholly owned subsidiary in Singapore amounting to Rs. 1570 lakhs (USD 3 Mio) against fully secured cash margin deposits with Axis Bank Rs. 1570 lakhs for a period of one year ending 22.02.2013. (Previous year – Rs. 1370 Lakhs)
- Stand By Letter of Credit (SBLC)/Corporate Guarantee (CG) is issued favouring Indian Overseas Bank, Singapore, in favour of the beneficiary being Info-Drive Software Pte. Ltd., wholly owned subsidiary in Singapore amounting up to Rs. 2397 lakhs (SGD 5.925 Mio) against secured cash margin deposits with Indian Overseas Bank up to Rs. 748 lakhs (SGD 1.85 Mio) for a period of one year ending 10.11.2012 and 28.11.2012 respectively.
- The appeal filed by the company with the Commissioner of Income-tax, Appeals III in respect of the disallowance of claim under section 35D (issue expenses) of Rs. 4,50,296/- for the assessment year 2004-2005 has not yet been disposed off; however, there is no demand of tax.

- d) The company has filed an appeal with the Commissioner of Income-tax, Appeals IV in respect of the demand on account of TDS on international transactions raised by the department for the assessment year 2010-11 of Rs. 33,44,226/- and for the assessment year 2011-12 of Rs. 1,65,15,087/- respectively. No provision has been made for this contingency due to the Hon'ble High Court of Madras granting an interim injunction in favour of the company restraining the department with further proceedings on the demands and the company is confident of winning the appeals.

### 35. Share-Based Payments

Equity-settled share option scheme.

The Company does not have a share option scheme for any employees of the Group.

### 36. Related Party Transactions

The transactions between the company and its subsidiaries which are related parties of the company have been eliminated on consolidation.

### 37. Reclassification and Regrouping of Accounts

Certain accounts in the financial statements for the year ended March 31, 2011 have been reclassified and regrouped to conform to the presentation in the financial statements for the year ended March 31, 2012.

### 38. Approval of Financial Statements

The present financial statements drawn in accordance with Generally Accepted Accounting Principles in India were approved by the Board of Directors and authorised for issue on August 14, 2012.

For and on behalf of Board

Sd/-  
**K. Chandrasekaran**  
Director & CEO

Sd/-  
**V. Gopal Rao**  
Director & Company Secretary

Sd/-  
**A. S. Giridhar**  
Manager

Sd/-  
**ANL Madhavann**  
Chief Financial Officer

As per my report of even date  
for **K. S. REDDY ASSOCIATES**  
Chartered Accountants  
FRN 009013S

Chennai  
14.08.12

Sd/-  
**K. SUBBA REDDY (Proprietor)**  
M. No. 208754

## Statement pursuant to Ministry of Corporate Affairs exemption approval under section 212(8) of the Companies Act, 1956 relating to subsidiary companies

Sl.No.	Name of the Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	Country
1	Infodrive Mauritius Limited	USD	50.87	50.87	283.52	2,255.03	1,920.64	-	357.81	284.92	-	284.92	-	Mauritius
2	Info Drive Systems Sdn Bhd	RM	16.61	166.10	791.67	2,203.35	1,245.58	-	298.31	1.83	0.29	1.54	-	Malaysia
3	Info Drive Software LLC	AED	13.85	41.55	1,526.61	5,706.63	4,138.47	-	7,316.11	56.68	-	56.68	-	Dubai
4	Info Drive Software Inc.	USD	50.87	62.32	(369.38)	3,214.73	3,521.79	-	130.90	(111.95)	-	(111.95)	-	USA
5	Info Drive Software Pte Ltd	USD	50.87	331.69	104.45	2,859.42	2,423.28	-	1,702.06	115.74	12.02	103.72	-	Singapore
6	Info-Drive Software Limited	CAD	50.93	0.01	(2.86)	2.07	4.92	-	-	(0.60)	-	(0.60)	-	Canada

Note: Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2012

## INFO-DRIVE SOFTWARE LIMITED

Regd. Office: No.3, Moores Road, 'Buhari Building', II Floor,  
Chennai - 600 006, India

**Infodrive\***  
CREATING VALUE

### ATTENDANCE SLIP Twenty-Fourth Annual General Meeting

Regd Folio :  DP ID\* :

No. of Shares Held :  Client ID :

Mr./Ms.: .....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the **Twenty Fourth Annual General Meeting** of the Company held at the **Mini Hall', Narada Gana Sabha, New No 314, [Old No 254] TTK Road, Alwarpet, Chennai - 600 018. India, at 10.15 a.m. on Friday, the September 28, 2012.**

Member's/Proxy's Name (In BLOCK letters)

Member's/Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the Entrance of the Meeting Hall.



## INFO-DRIVE SOFTWARE LIMITED

Regd. Office: No.3, Moores Road, 'Buhari Building', II Floor,  
Chennai - 600 006, India

**Infodrive\***  
CREATING VALUE

### PROXY FORM Twenty Fourth Annual General Meeting

Regd Folio :  DP ID\* :

No. of Shares Held :  Client ID :

I/We: .....

Of ..... being a member(s) of Info-Drive Software Limited hereby appoint ..... Mr./Ms. or failing him/her ..... of ..... as my/our proxy to vote for me/us and on my/our behalf at the **Twenty Fourth Annual General Meeting** of the Company on **Friday the September 28, 2012** and at any adjournment thereof.

Signed this ..... day of day of ..... 2012.

Signature of the Member .....

Affix  
1 Rupee  
Revenue  
Stamp

Signature  
(Please sign across the Stamp)

- Note:
- 1 The Proxy need not be a member.
  - 2 The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
  - 3 \* Applicable for investors holding shares in electronic form.

**Registered Office**

Info-Drive Software Limited, Buhari Buildings, Second Floor,  
No. 3, Moores Road, Chennai - 600 006, India

[www.infodriveservices.com](http://www.infodriveservices.com)  
[info@infodriveservices.com](mailto:info@infodriveservices.com)