

AA 31/10/10
31/10/11

of. 60
BS840/40

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

Statement of details of parent law and other information for an overseas company



SATURDAY



A1DNF117

A32 21/07/2012 #82
COMPANIES HOUSE
A34 13/07/2012 #100
COMPANIES HOUSE

What this form is for
You may use this form to accompany your accounts disclosed under parent law

What this form is NOT for
You cannot use this form to an alteration of manner of with accounting requirements

Part 1 Corporate company name *FC 23495*

Corporate name of overseas company ①	COLLABERA SOLUTIONS PRIVATE LIMITED
UK establishment number ②	B R 0 0 6 2 6 7

→ Filing in this form
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *
① This is the name of the company in its home state
② This should only be completed if the company has already been registered in the UK

Part 2 Statement of details of parent law and other information for an overseas company

A1	Legislation
Legislation ①	INDIAN COMPANIES ACT

① This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2	Accounting principles
Accounts	Have the accounts been prepared in accordance with a set of generally accepted accounting principles? Please tick the appropriate box <input type="checkbox"/> No Go to Section A3 <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3
Name of organisation or body ②	THE COMPANIES ACT 1956 of INDIA ACCOUNTING STANDARDS ISSUED by ICAI New Delhi

② Please insert the name of the appropriate accounting organisation or body

A3	Accounts
Accounts	Have the accounts been audited? Please tick the appropriate box <input type="checkbox"/> No Go to Section A5 <input checked="" type="checkbox"/> Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts	
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'
Name of organisation or body ^①	THE COMPANIES ACT 1956 OF INDIA ACCOUNTING STANDARDS issued by ICAI, New Delhi
A5 Unaudited accounts	
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
Part 3 Signature	
Signature	I am signing this form on behalf of the overseas company. Signature X <i>N. Lalit Narayan</i> X This form may be signed by Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- The company name and, if appropriate, the registered number, match the information held on the public Register
- You have completed all sections of the form, if appropriate
- You have signed the form

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland.

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

AUDITORS' REPORT

TO THE MEMBERS OF COLLABERA SOLUTIONS PRIVATE LIMITED

- 1 We have audited the attached Balance Sheet of Collabera Solutions Private Limited as at March 31, 2011, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4 Further to our comments in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act,
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act, 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, 2011,
 - (ii) in the case of the Profit and Loss Account, 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 Price Waterhouse & Co
Firm Registration Number 0075675
Chartered Accountants



Shivakumar Hegde
Partner
Membership Number: 204627

Place Bangalore
Date September 7, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Collabera Solutions Private Limited on the financial statements for the year ended March 31, 2011

Page 1 of 3

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) As the Company did not have any inventory, clauses (ii)(a), (ii)(b) and (ii)(c) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted an unsecured loan, to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 64,725,000 and Rs. 53,510,000 respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loan, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
- (d) In respect of the aforesaid loan, there is no overdue amount more than rupees one lakh.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firm or other parties covered in the register maintained under Section 301 of the Act and accordingly, sub clauses (f) and (g) of clause (iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year 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 within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.



Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Collabera Solutions Private Limited on the financial statements for the year ended March 31, 2011

Page 2 of 3

(b) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2011 which have not been deposited on account of a dispute, are as follows.

Name of the statute	Nature of Dues	Amounts (Rs)	Period to Which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	2,736,528 (*)	2001-02	High Court of Karnataka

(*) Entire amount has been paid under protest (refer Schedule 16 Note 3).

- (x) The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as may be applicable, as at the Balance Sheet date
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) 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 during the year
- (xix) The Company has not issued any debenture during the year
- (xx) The Company has not raised any money by public issues during the year



Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Collabera Solutions Private Limited on the financial statements for the year ended March 31, 2011
Page 3 of 3

- (xoi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Price Waterhouse & Co.
Firm Registration Number: 0075675
Chartered Accountants



Shivakumar Hegde
Partner
Membership Number: 204627

Place: Bangalore
Date: September 7, 2011

COLLABERA SOLUTIONS PRIVATE LIMITED


BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	2011 Rs	2010 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	250,000,000	250,000,000
Reserves and Surplus	2	170,355,657	152,481,955
		<u>420,355,657</u>	<u>402,481,955</u>
Loan Funds:			
Secured Loan	3	1,817,048	2,766,214
Unsecured Loans	4	163,315,694	198,841,925
		<u>165,132,742</u>	<u>201,608,139</u>
		<u>585,488,399</u>	<u>604,090,094</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	321,765,445	349,411,323
Less Depreciation		287,398,287	314,370,667
Net Block		<u>34,367,158</u>	<u>35,040,656</u>
Investments	6	23,465,103	38,913,422
Deferred Tax Asset [Schedule 16 Note 14 (ii)]		32,018,244	-
Current Assets, Loans and Advances:			
Sundry Debtors	7	420,434,962	305,803,798
Cash and Bank Balances	8	37,979,631	19,274,304
Other Current Assets	9	73,263,503	51,572,432
Loans and Advances	10	126,900,639	104,042,477
		<u>658,578,735</u>	<u>480,693,011</u>
Less: Current Liabilities and Provisions:			
Liabilities	11	118,926,903	75,627,271
Provisions		44,013,938	26,980,807
		<u>162,940,841</u>	<u>102,608,078</u>
Net Current Assets		495,637,894	378,084,933
Profit and Loss Account		-	152,051,083
		<u>585,488,399</u>	<u>604,090,094</u>
Notes on Accounts	16		

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse & Co.
Firm Registration Number: 0075675
Chartered Accountants


Shivakumar Hegde
Partner
Membership Number: 204627
Place Bangalore
Date September 7, 2011


Mohan Sekhar
Director


Sham Patel
Director

Place Morristown, NJ
Date September 7, 2011


Santhosh Raja
Company Secretary

COLLABERA SOLUTIONS PRIVATE LIMITED

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

	Schedule	2011 Rs.	2010 Rs
INCOME			
Services	12	1,519,349,232	1,077,345,077
Other Income	13	5,009,610	9,281,357
		<u>1,524,358,842</u>	<u>1,086,626,434</u>
EXPENDITURE			
Operating and Other Expenses	14	1,327,106,752	1,051,863,604
Depreciation		18,941,588	35,312,102
Interest	15	5,606,890	15,546,186
		<u>1,351,655,230</u>	<u>1,102,721,892</u>
Profit/ (Loss) for the year before Taxation		172,703,612	(16,095,458)
Add/ (Less) Provision for Taxation (Schedule 16 Note 14):			
Current Tax		(44,000,000)	(9,800,000)
MAT Credit Entitlement		9,202,929	-
Deferred Tax (Charge)/ Credit		32,018,244	-
		<u>169,924,785</u>	<u>(25,895,458)</u>
Profit after Taxation		169,924,785	(25,895,458)
(Loss) brought forward from previous year		<u>(152,051,083)</u>	<u>(126,155,625)</u>
Profit/ (Loss) carried to the Balance Sheet		<u>17,873,702</u>	<u>(152,051,083)</u>
Earnings Per Share (Nominal Value of Equity share - Re 1 each) (Schedule 16 Note 17).			
- Basic		0 78	(0 12)
- Diluted		0 67	(0 12)

Notes on Accounts

16

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

For Price Waterhouse & Co.

Firm Registration Number: 0075675

Chartered Accountants



Shivakumar Hegde

Partner

Membership Number 204627

Place Bangalore

Date September 7, 2011



Mohan Sekhar
Director



Sham Patel

Director

Place Morristown, NJ

Date September 7, 2011



Santhosh Raja
Company Secretary

COLLABERA SOLUTIONS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2011 Rs	2010 Rs
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before Taxation	172,703,612	(16,095,458)
Adjustments for:		
Depreciation	18,941,588	35,312,102
Interest Expenses	5,606,890	15,546,186
(Profit)/ Loss on Sale/ Scrapping of Fixed Assets (Net)	(777,130)	(181,990)
Investment written-off	27	-
Interest Income	(4,154,557)	(6,384,130)
Provision for diminution in value of Investment	15,448,292	126,153,943
Unrealised Foreign Exchange Loss/ (Gain)	2,288,455	(1,349,070)
Operating profit before working capital changes	210,057,177	153,001,583
Adjustments for:		
Trade and Other Receivables	(155,452,393)	(100,215,928)
Current Liabilities and Provisions	60,987,075	5,853,535
Adjustment for Unrealised Foreign Exchange Loss/ (Gain)	(3,427,402)	(2,793,172)
Cash used in operations	112,164,457	55,846,018
Income tax paid, net of refunds	(47,117,651)	(2,090,897)
Fringe benefit tax paid	-	(177,400)
Net Cash from/ (used in) Operating Activities	65,046,806	53,577,721
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(19,129,410)	(10,143,355)
Sale of Fixed Assets	1,365,431	512,066
Purchase of Investments	-	(42,800,598)
Loans repaid by Subsidiary Company	11,215,000	23,275,000
Interest received	1,532,136	8,312,149
Finance Lease payment	(1,311,662)	(1,219,288)
Net Cash from/ (used in) Investing Activities	(6,328,505)	(22,064,026)

Contd.



Jo *SR*

COLLABERA SOLUTIONS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 - Contd

	2011 Rs	2010 Rs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	736,922,047	865,884,100
Adjustment for Unrealised Foreign Exchange (Loss)/ Gain	<u>1,164,123</u>	4,239,954
Repayment of Borrowings	(772,448,278)	(901,985,670)
Interest paid (including on finance lease)	(5,625,690)	(16,705,162)
Net Cash from/ (used in) Financing Activities	(39,987,798)	(48,566,778)
Adjustment for unrealised foreign exchange loss/ (gain) on cash and cash equivalents	(25,176)	(97,712)
Net increase/(decrease) in cash and cash equivalents during the year	18,705,327	(17,150,795)
Cash and cash equivalents as at March 31, 2010		
Cash and Bank Balances*	19,274,304	36,425,099
Cash and cash equivalents as at March 31, 2011		
Cash and Bank Balances*	37,979,631	19,274,304


* Refer Schedule 8


Notes:


- 1 The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2011 and the relative Profit and Loss Account for the year ended on that date
- 2 The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements and the reallocations required for the purpose are as made by the Company
- 3 Previous year's figures have been regrouped/ reclassified wherever necessary to conform with current year's classification


This is the Cash Flow statement referred to in our report of even date.

For Price Waterhouse & Co.
Firm Registration Number 0075675
Chartered Accountants


Shivakumar Hegde
Partner
Membership Number 204627
Place Bangalore
Date September 7, 2011


Mohan Sekhar
Director


Sham Patel
Director
Place Morristown, NJ
Date September 7, 2011



Santhosh Raja
Company Secretary

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULES TO ACCOUNTS

	2011 Rs	2010 Rs
1. CAPITAL		
Authorised:		.
327,500 (2010 327,500) Participatory Convertible Preference Shares of Rs 100 each (Schedule 16 Note 16)	32,750,000	32,750,000
217,250,000 (2010 217,250,000) Equity Shares of Re 1 each	217,250,000	217,250,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up.		
327,500 (2010 327,500) Participatory Convertible Preference Shares of Rs 100 each fully paid in cash [Refer Note (i) below]	32,750,000	32,750,000
217,250,000 (2010 217,250,000) Equity Shares of Re 1 each fully paid in cash [Refer Note (ii) and (iii) below]	217,250,000	217,250,000
	<u>250,000,000</u>	<u>250,000,000</u>
Notes		
(i) The above preference shares are held by GCI Global Ventures, Mauritius, the holding company.		
(ii) Of the above equity shares, 204,898,128 (2010 200,987,068) shares are held by GCI Global Ventures, Mauritius, the holding company		
(iii) During the year an ex-employee has transferred 3,911,060 (2010 1,303,687) equity shares to the holding company		
2. RESERVES AND SURPLUS		
Share Premium Account:		
As per last Balance Sheet date	152,481,955	152,481,955
Profit and Loss Account balance	17,873,702	-
	<u>170,355,657</u>	<u>152,481,955</u>
3. SECURED LOAN		
From a company (Note)	1,817,048	2,766,214
	<u>1,817,048</u>	<u>2,766,214</u>
Note Represents principal portion of minimum lease payments payable for assets acquired on finance lease [Schedule 16 Note 13(ii)]		
4. UNSECURED LOANS		
From Bank		
Cash Credit Account	163,315,694	198,841,925
	<u>163,315,694</u>	<u>198,841,925</u>




COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

5. FIXED ASSETS [Schedule 16 Note 1 (ii)]

Rs.

	Gross Block (at cost)		Depreciation		Net Block	
	2010	2011	2010	2011	2010	2011
Goodwill	50,000,000	50,000,000	-	-	50,000,000	-
Leasehold Improvements	40,281,202	26,437,448	23,764,142	5,341,034	15,227,827	11,209,621
Electrical Equipment	19,893,176	11,059,178	18,695,077	718,993	10,798,562	260,616
Computer Systems	105,021,696	119,337,893	101,241,943	5,346,165	106,588,109	12,749,784
Computer Software	78,070,805	3,474,549	75,012,537	3,519,081	78,531,618	3,013,736
Office Equipment	21,358,391	905,375	20,229,819	1,248,300	18,628,206	785,646
Furniture and Fixtures	29,562,307	347,514	23,587,341	1,841,833	6,425,140	4,069,064
Vehicles	885,465	-	140,462	177,093	317,555	567,910
Assets acquired on Finance Lease.	4,338,281	1,009,101	1,699,346	749,089	881,270	1,710,781
Vehicles	885,465	-	140,462	177,093	317,555	567,910
	349,411,323	20,138,511	47,784,389	321,765,445	287,398,287	34,367,158
	360,815,946	13,745,002	302,912,470	35,312,102	314,370,667	314,370,667



[Handwritten signature]

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULES TO ACCOUNTS

	2011 Rs.	2010 Rs.
6 INVESTMENTS [Schedule 16 Note 1(iv)]		
(At Cost, Long Term, Unquoted)		
Trade Investments:		
CPA2Biz Inc, USA		
663 (2010 663) Equity shares of US\$ 0 01 each fully paid up	213,012	213,012
Subsidiary Companies.		
Collabera Enterprise Software Solutions Private Limited		
9,999 (2010. 9999) Equity shares of Rs.10 each fully paid up (Schedule 16 Note 18)	165,067,338	165,067,338
IVL India Private Limited (Note)		
Nil (2010: 1) Equity share of Rs.10 each fully paid up	-	27
	<u>165,280,350</u>	<u>165,280,377</u>
(Less) Provision for diminution in value of Investments	(141,815,247)	(126,366,955)
	<u>23,465,103</u>	<u>38,913,422</u>

Note. Pursuant to the order of the High Court of Kerala dated November 10, 2010, IVL India Private Limited has been amalgamated with Collabera Enterprise Software Solutions Private Limited with effect from August 1, 2009 (being the "appointed date")

7. SUNDRY DEBTORS

(Unsecured, considered good, unless otherwise stated)

Exceeding Six Months		
Considered Doubtful	5,927,439	5,404,399
Considered Good	1,182,582	1,359,196
Others		
Considered Good (Note)	419,252,380	304,444,602
	<u>426,362,401</u>	<u>311,208,197</u>
(Less) Provision for Doubtful Debts	(5,927,439)	(5,404,399)
	<u>420,434,962</u>	<u>305,803,798</u>

Note Includes unbilled receivables Rs 38,165,057 (2010 Rs 46,461,702)



Handwritten signatures and initials.

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULES TO ACCOUNTS

	2011 Rs	2010 Rs.
8 CASH AND BANK BALANCES		
Cash on hand	28,767	7,820
Balances with Scheduled Banks		
- Current Accounts [Including Exchange Earners Foreign Currency (EEFC) Account Rs 5,500,752 (2010: Rs 1,311,589)]	7,966,843	4,240,727
- Term Deposits	136,413	1,180,265
Balances with Non-Scheduled Banks		
- CitiBank N A, San Jose, USA Current and Collection Accounts [Maximum amount outstanding at any time during the year Rs 67,921,412 (2010 Rs 46,907,458)]	28,911,966	12,972,875
- HSBC Bank Plc., London, UK Current and Collection Accounts [Maximum amount outstanding at any time during the year Rs 2,493,232 (2010 Rs 4,666,659)]	935,642	872,617
	<u>37,979,631</u>	<u>19,274,304</u>
9. OTHER CURRENT ASSETS (Unsecured, considered good, unless otherwise stated)		
Other Deposits [Including considered doubtful Rs.900,000 (2010 Rs 900,000)]	66,008,678	46,940,028
Interest Accrued on Loans to Subsidiary Company	8,154,825	5,532,404
	<u>74,163,503</u>	<u>52,472,432</u>
(Less) Provision for Doubtful Deposits	(900,000)	(900,000)
	<u>73,263,503</u>	<u>51,572,432</u>
10. LOANS AND ADVANCES (Unsecured, considered good)		
Loans to Subsidiary Company	53,510,000	64,725,000
Loans to Employees	2,816,003	1,089,804
Prepaid Expenses	10,196,298	7,608,486
Minimum Alternative Tax (MAT) Credit Entitlement [Schedule 16 Note 14(iii)]	-	-
Income Tax [Net of provision Rs.44,597,071 (2010 Rs 9,800,000)]	13,364,416	1,043,836
Fringe Benefit Tax [Net of provision Rs 2,929,120 (2010 Rs.2,929,120)]	370,880	370,880
Advances recoverable in cash or in kind or for value to be received (Note)	46,643,042	29,204,471
	<u>126,900,639</u>	<u>104,042,477</u>

Note Includes Rs 4,953,656 (2010 Nil) recoverable from the Wholetime Director [maximum amount outstanding at time during the year Rs 4,953,656 (2010 Nil)]




[Handwritten signatures]

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULES TO ACCOUNTS

	2011 Rs.	2010 Rs.
11 CURRENT LIABILITIES AND PROVISIONS		
A LIABILITIES		
Sundry Creditors		
Due to Micro Enterprises and Small Enterprises (Schedule 16 Note 9)	-	-
Others	31,489,538	22,519,705
Other Liabilities	87,437,365	53,088,766
Interest accrued but not due on loans	-	18,800
	<u>118,926,903</u>	<u>75,627,271</u>
B. PROVISIONS		
Gratuity	26,760,605	14,393,589
Compensated Absences	17,253,333	12,587,218
	<u>44,013,938</u>	<u>26,980,807</u>
12. SERVICES [Schedule 16 Note 1(v)]		
Software Services		
Exports	1,309,079,312	1,003,698,857
Domestic	210,269,920	73,646,220
	<u>1,519,349,232</u>	<u>1,077,345,077</u>
13. OTHER INCOME		
Interest from Banks (Gross) [Tax deducted at source Rs 2,205 (2010 Rs 10,479)]	32,298	116,825
Interest - Others (Gross) [Tax deducted at source Rs 392,658 (2010 Nil)]	4,122,259	6,267,305
Profit on Sale of Fixed Assets (Net)	777,130	181,990
Miscellaneous	77,923	2,715,237
	<u>5,009,610</u>	<u>9,281,357</u>



COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULES TO ACCOUNTS

	2011 Rs	2010 Rs
14. OPERATING AND OTHER EXPENSES		
Employees Cost		•
Salaries, Bonus, etc	956,756,527	656,788,289
Contribution to Provident and Other Funds	50,175,122	29,407,362
Staff Welfare	53,078,381	38,388,952
	<u>1,060,010,030</u>	<u>724,584,603</u>
Rent	53,788,676	52,875,506
Rates and Taxes	1,771,781	518,774
Power and Fuel	16,285,294	13,418,826
Insurance	18,907,724	11,604,804
Repairs and Maintenance - Others	7,469,873	7,321,147
Legal and Professional	33,288,056	26,780,293
Professional - Others	13,038,882	21,059,079
Communication	9,703,624	12,167,142
Travelling and Conveyance	77,803,505	38,432,605
Advertisement and Promotion	2,957,477	2,586,740
Provision for Diminution in value of Investments (Schedule 16 Note 18)	15,448,292	126,153,943
Provision for Doubtful Debts	523,040	1,182,424
Investment written-off	27	-
Exchange Loss (Net)	2,828,136	2,101,371
Miscellaneous	13,282,335	11,076,347
	<u>1,327,106,752</u>	<u>1,051,863,604</u>
15. INTEREST		
On Fixed Loans	244,138	382,633
Others	5,362,752	15,163,553
	<u>5,606,890</u>	<u>15,546,186</u>



(Handwritten signature)

(Handwritten signature)

(Handwritten signature)

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS

Rs

1 Significant Accounting Policies

(i) Basis of preparation of financial statements:

The financial statements are prepared to comply in all material respects with applicable accounting principles in India, the applicable Accounting Standards (AS) notified under Section 211(3C) of the Companies Act, 1956 of India (the Act), and the relevant provisions of the Act

(ii) Fixed Assets and Depreciation:

Fixed assets are capitalised at their original cost of acquisition and subsequent improvements thereto including taxes, duties and other incidental expenses related to acquisition and installation of assets concerned

Operating software is capitalised along with the related fixed assets while application software are depreciated fully in the year of purchase, except for major application software, which are amortised over its useful life as determined by the management

Depreciation is provided on a straight line method (SLM) at rates based on estimated useful life of assets as given below

	<u>Rate of Depreciation</u>
Computer Systems, Computer Software and Office Equipment	50%
Electrical Equipment and Furniture and Fixtures	20%
Vehicles	20%

Leasehold Improvements are amortised over the period of lease or five years, whichever is lower

Assets acquired on finance lease are amortised over the lease period or above estimated useful life, whichever is lower

Assets individually costing up to rupees five thousand are fully depreciated in the year of purchase

(iii) Leases:

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

(iv) Investments:

Long term Investments are valued at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of Investments. Current Investments are stated at lower of cost and fair value



[Handwritten signatures]

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16 NOTES ON ACCOUNTS - Contd.

Rs.

(v) Foreign Currency Transactions:

Transactions in foreign currencies are recognised at rate of exchange ruling on the date of the transaction

All monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising thereon are adjusted to the Profit and Loss Account

Premium or discount arising at the inception of forward contract is amortised as expense or income over the life of the contract Exchange differences on forward contracts and profit or loss arising on cancellation or renewal of forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.

(vi) Revenue Recognition:

- (a) Revenue from fixed price long-term contracts is recognised over the contract term based on the percentage of services that are provided during the period compared with the total estimated services to be provided over the entire contract. The cumulative impact of any revision in estimates of the percent complete is reflected in the period in which the change becomes known.
- (b) Revenue from software development in case of time basis contracts and other revenue are recognised as the services are provided
- (c) Revenue from software development services with related parties are recognised based on services rendered on a cost plus basis and billed as per the terms of agreement.
- (d) Other revenues are recognised rateably over the contractual period or as the services are rendered.
- (e) Revenue in excess of billings on service contracts is recorded as unbilled receivables and is included in trade accounts receivables. Advance payments/ billed in advance of services performed are recorded as current liabilities/ deferred income

(vii) Employee Benefits:

a) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, short term compensated absences, performance incentives, etc and are recognised as expense in the period in which the employee renders the related service

b) Defined-contribution plans

The Company's contribution towards defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits, namely, Provident Fund, Employee Pension Scheme, etc are charged to Profit and Loss Account as expense during the period in which the employees perform the service

c) Defined-benefit plans:

The Company has a defined benefit plan for employees in form of Gratuity, the liability in respect of which is determined on the basis of valuation carried out by an independent actuary (using the projected unit credit method) at the Balance Sheet date

d) Other long term employee benefits

Other long term employee benefits that are not expected to occur within twelve months after the end of the period in which the employee renders related services are recognised as a liability at the present value of the defined benefit obligation based on actuarial valuation (under projected unit credit method) carried out at the balance sheet date

e) Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions, and are recognised immediately in the Profit and Loss Account as income or expense



Handwritten signatures and initials.

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd.

Rs.

(viii) **Taxes on Income:**

Current tax is determined in accordance with the provisions of the Income Tax Act, 1961

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax asset can be realised.

(ix) **Earnings per Share:**

Earnings/ (loss) per equity share (basic and diluted) is arrived at based on net profit/ (loss) after taxation to the weighted average number of equity shares

(x) **Provisions and Contingent Liabilities.**

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

Provisions for onerous contracts (i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation or a present obligation that may (but probably will not) require an outflow of resources

(xi) **Impairment of Assets:**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account to the extent the carrying amount exceeds the recoverable amount.

	2011	2010
2. Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	2,517,309	-
3 Contingent Liabilities:		
Bank guarantees	1,000,000	1,000,000
Customs and Excise duty (Note)	2,736,528	2,736,528

Note: The Customs department has demanded duty on certain imported/ indigenously procured duty free goods, which the Company has disputed and filed an appeal with the Central Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore. CESTAT has passed an order in favour of the Company on February 10, 2009, by setting aside the order of the Department. The Department has subsequently preferred an appeal before the High Court of Karnataka. The High Court of Karnataka vide its order dated April 20, 2011 has rejected the appeal of the Customs department. However, the entire amount has been paid under protest and included under Loans and Advances (Schedule 10)



(Handwritten signatures)

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16 NOTES ON ACCOUNTS - Contd.

	2011	2010	Rs.
4 CIF value of Imports:			
Capital Goods	11,482,668	2,756,985	
5 Expenditure in Foreign Currency:			
Salaries, Bonus, etc.	272,274,591	194,703,990	
Legal and Professional	17,677,766	23,974,240	
Travelling and Conveyance	49,499,923	33,172,633	
Others	18,515,983	17,226,778	
6 Earnings in Foreign Currency:			
Income from Services (including unbilled revenue)	1,309,079,312	1,003,698,857	
7. Auditors' Remuneration (included under Legal and Professional charges in Schedule 14*)			
Statutory Audit	1,200,000	1,000,000	
Tax Audit	200,000	200,000	
Other reporting engagement	-	250,000	
Out of pocket expenses	42,961	19,450	
* Excluding service tax.			
8 Managerial Remuneration [Note(ii)]:			
Salaries, Bonus, etc.	15,182,469	12,437,080	
Contribution to Provident and Other Funds	384,000	384,000	
Perquisites (valued in accordance with Income Tax Rules) [Note (i)]	-	3,404	
	<u>15,566,469</u>	<u>12,824,484</u>	

Notes:

- (i) Perquisites exclude Rs 16,031,250 (2010 Nil) being the value of employee stock options of the ultimate holding company issued to the Wholetime Director, the cost of which has not been recharged by the ultimate holding company to the Company
- (ii) Provision for employee benefits, which are based on actual valuation carried out on an overall Company basis, is excluded



COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd.

		Rs	
9	Disclosures of dues/ payments to micro and small enterprises to the extent such enterprises are identified by the Company	2011	2010
	a) (i) The principal amount remaining unpaid as at March 31, 2011	-	-
	(ii) Interest due thereon remaining unpaid on March 31, 2011	-	-
	b) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year		
	(i) Delayed payments of principal amount paid beyond the appointed date during the entire accounting year	-	-
	(ii) Interest actually paid under Section 16 of the Act, during the entire accounting year	-	-
	c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
	d) The amount of interest accrued and remaining unpaid on March 31, 2011		
	(i) Total interest accrued during the year	-	-
	ii) Total interest remaining unpaid, out of the above, as at March 31, 2011	-	-
	e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act	-	-

Note The Company has a process of identifying enterprises that have provided services to the Company and which may qualify under the definition of micro or small enterprises, as defined under MSMED Act and accordingly, circularised letters of confirmation to selected vendors this year. However, no replies have been received from vendors confirming their registration as micro or small enterprises under the MSMED Act. The management does not envisage interest obligation, if any, to have any material impact on the financial statements in this regard, which has been relied upon by the auditors.

10. Employee Benefits.

Disclosure envisaged under AS 15 - Employee Benefits, are given below:

(a) Defined Contribution Plans

The Company has recognised Rs 36,182,230 (2010: Rs 24,572,388) as expense in the Profit and Loss Account in respect of defined contribution plans (viz, Provident Fund and Employees Pension Scheme), which is disclosed under 'Contribution to Provident and Other Funds (Schedule 14)



[Handwritten signatures]

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd.

Rs.

10. Employee Benefits - Contd :

(b) Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan (the gratuity plan) to its employees. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Company

	2011	2010
A. Changes in the defined benefit obligation during the period		
Obligation at the beginning of the year	16,130,521	12,902,487
Current service cost	11,604,357	4,150,437
Interest cost	1,205,817	966,330
Actuarial (gain)/loss on obligation	614,657	(242,015)
(Less) Benefit paid during the year	(2,115,624)	(1,646,718)
Obligation at the end of the year	<u>27,439,728</u>	<u>16,130,521</u>
B. Reconciliation of opening and closing balances of the fair value of plan assets		
Plan assets at the beginning of the year	1,736,932	644,393
Add Contributions by the Company	1,500,000	3,000,000
(Less) Risk premium and Service Tax	(483,154)	(355,162)
Add Expected return on plan assets	61,109	91,476
Add Actuarial gains/ (losses)	(20,140)	2943
(Less) Benefits paid	(2,115,624)	(1,646,718)
Plan assets at the end of the year	<u>679,123</u>	<u>1,736,932</u>
C. Net asset/ (liability) recognised in the Balance Sheet		
Present value of obligation at the end of the year	(27,439,728)	(16,130,521)
Fair value of plan assets at the end of the year	679,123	1,736,932
Amount recognised in the Balance Sheet	<u>(26,760,605)</u>	<u>(14,393,589)</u>
D. Expenses recognised in the Profit and Loss Account		
Current service cost	11,604,357	4,150,437
Interest cost	1,205,817	966,330
Expected return on plan assets	(61,109)	(91,476)
Actuarial (gains)/ losses due to change in assumptions	634,797	(244,958)
Total expenses recognised in the Profit and Loss Account	<u>13,383,862</u>	<u>4,780,333</u>
E. Investment details of plan assets		
Fund balance with Insurance companies	100%	100%
F. Actual return on plan assets		



(Handwritten signatures)

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16 NOTES ON ACCOUNTS - Contd.

Rs

10 Employee Benefits - Contd.

(b) Defined Benefit Plan - Contd

G. Assumptions

	2011	2010
Discount rate (per annum)	8.0%	8.0%
Expected rate of return on plan assets	8.0%	8.0%
Retirement age	60	60

H Current and previous periods disclosure of present value of defined benefit obligation, fair value of plan assets, surplus/ deficit in the plan and experience adjustment

	2011	2010	2009	2008
Present value of defined benefit obligation	27,439,728	16,130,521	12,902,487	8,876,002
Fair value of plan assets	679,123	1,736,932	644,393	(80,646)
Surplus/ (deficit)	(26,760,605)	(14,393,589)	(12,258,094)	(8,956,648)
Experience adjustments to plan liabilities	614,657	(242,015)	2,448,777	(83,515)
Experience adjustments to plan assets	(20,140)	2,943	(13,826)	(10,754)

Notes.

- (i) The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligation
- (ii) The long term estimate of expected rate of return on fund assets has been arrived at Based on the allocation and prevailing yields on these assets assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds
- (iii) The salary escalation rate is the estimate of future salary increase considered taking into account inflation, seniority, promotion and other relevant factors

11 Segment Reporting:

a) Primary Segment:

The Company's operations relate predominantly to software development and software support services, and accordingly, primary reporting disclosures for business segment, as envisaged in AS 17 on Segment Reporting, is not applicable

b) Secondary Segment:

The Company renders service in India and exports to the following regions - USA, Europe and other regions (i.e., Rest of World). Accordingly, secondary segment reporting has been made in accordance with those geographic segments

Assets used in the Company's business and liabilities contracted are no identifiable in line with the following reportable segments as the assets and liabilities contracted are used interchangeably between segments. Accordingly, no disclosures relating to other segment assets and liabilities have been made

	USA	Europe	India	Rest of World	Total
External Sales (Gross)	1,177,099,898 (824,287,783)	131,979,414 (179,012,746)	210,269,920 (73,646,220)	- (398,328)	1,519,349,232 (1,077,345,077)

Note Figures in brackets relate to prior year.



Handwritten signatures and initials.

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd.

Rs.

12. Related Party Disclosures:

A Names of related parties and description of relationship.

Ref	Description of relationship	Names of related parties
a.	Parties where control exists:	
(i)	Ultimate Holding Company	Collabera Inc , USA (CIU)
(ii)	Immediate Holding Company	GCI Global Ventures, Mauritius (GVM)
(iii)	Subsidiaries	Collabera Enterprise Software Solutions Private Limited, India (CESS) IVL India Private Limited, India (IVL) [Note (i) below]
b.	Parties under common control with whom transactions have taken place during the year:	
(i)	Fellow Subsidiaries	Collabera Technologies Private Limited, India (CTPL)
c.	Key management personnel:	
(i)	Wholetime Director	Mohan Sekhar



Handwritten signatures and initials. There are three distinct marks: a cursive signature on the left, a signature with a large 'S' on the right, and a signature with a large 'R' on the far right.

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd.

Rs.

12 Related Party Disclosures

B Summary of transactions with related parties is as follows

Nature of transaction	Holding Companies [Aa(i)] and [Aa(ii)]		Subsidiaries [Aa(iii)]		Fellow subsidiaries [Ab(i)]		Key management personnel [Ac(i)]	
	2011	2010	2011	2010	2011	2010	2011	2010
Income from Services - CIU	839,979,902	419,183,908	-	-	-	-	-	-
Interest on Loan - CESS	-	-	3,926,578	6,267,305	-	-	-	-
Expense reimbursements (credit) - CIU	1,893,772	21,355,338	-	-	-	-	-	-
Employees cost - Mohan Sekhar (refer Note 8 above)	-	-	-	-	-	-	15,566,469	12,824,484
Loan Received - CTPL	-	-	-	-	-	10,000,000	-	-
Loan repaid: CESS	-	-	11,215,000	23,275,000	-	-	-	-
CTPL	-	-	-	-	-	10,000,000	-	-
Advance given - Mohan Sekhar	-	-	-	-	-	-	4,953,656	-
Balance as at the year-end. Payable - CIU	6,212	3,861,808	-	-	-	-	-	-
Receivable: CIU*	273,990,487	173,858,181	-	-	-	-	-	-
CESS	-	-	8,154,825	5,532,404	-	-	-	-
Mohan Sekhar	-	-	-	-	-	-	4,953,656	-
Unsecured loan - CESS	-	-	53,510,000	64,725,000	-	-	-	-

* Includes unbilled receivables Nil (2010 Rs 23,906,054)

Notes.

- (i) Pursuant to the order of the High Court of Kerala dated November 10, 2010, IVL has been amalgamated with CESS with effect from August 1, 2009 (being the "appointed date")
- (ii) The information under (A) and (B) has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors



COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd

Rs.

13 (i) Operating Leases

	2011	2010
Rent [including minimum lease payments Rs.36,495,767 (2010. Rs 18,460,335)]	53,788,676	52,875,506

Operating leases for office premises and other facilities are generally for a period of 60 months and renewable on a periodic basis by mutual consent of both parties. Most of the operating leases provide for a percentage increase in rent, at the end of the original lease term (except in some cases where the escalation is after 12 or 36 months), for future renewed periods. The operating leases are cancellable by the lessor and the lessee, with a notice of 1 to 3 months. However, some of the operating leases have lock-in period ranging from 36 months to 60 months.

Future minimum lease rentals payable under non-cancellable leases:		
- not later than one year	47,692,842	52,218,764
- later than one year and not later than five years	130,413,509	184,417,333
- later than five years	-	-
	<u>178,106,351</u>	<u>236,636,097</u>

(ii) Finance Lease:

The Company has acquired motor vehicles on four year lease term, which is classified as finance lease as envisaged under AS 19 - Leases and disclosed as follows:

Minimum lease payments		
Not later than one year	919,220	1,420,560
Later than one year and not later than five years	1,263,575	1,855,905
	<u>2,182,795</u>	<u>3,276,465</u>
(Less): Interest not due		
Not later than one year	(195,980)	(280,161)
Later than one year and not later than five years	(169,767)	(230,090)
	<u>(365,747)</u>	<u>(510,251)</u>
Present value of minimum lease payments		
Of the above		
Not later than one year	723,240	1,140,399
Later than one year and not later than five years	1,093,808	1,625,815
	<u>1,817,048</u>	<u>2,766,214</u>

14 Taxation:

(i) Transfer Pricing

The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the date of filing the return of income.

For the fiscal year ended March 31, 2010, the Company had undertaken a study to comply with the said transfer pricing regulations for which the prescribed certificate of the Accountant has been obtained and this did not envisage any tax liability.

For the fiscal year ended March 31, 2011, the Company will carry out the study to comply with the said regulations.



(Handwritten signatures)

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16 NOTES ON ACCOUNTS - Contd.

Rs.

14 Taxation - Contd

(ii) Deferred tax.

The net Deferred Tax Asset/ (Liability) as on March 31, 2011 amounting to Rs 32,018,244 (2010 Nil) has been arrived at as follows

	<u>2011</u>	<u>2010</u>
Deferred Tax Asset arising from:		
(a) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961-		
- Provision for employee benefits	14,620,330	-
- Provision for doubtful debts/ deposits	2,267,905	-
- Rent Equalisation Reserve	3,492,013	-
(b) Difference between carrying amount of fixed assets in the financial statements and the Income Tax return (Net)	<u>11,637,997</u>	-
	<u>32,018,244</u>	-
Deferred Tax (Liability) arising from		-
Net Deferred Tax Asset/ (Liability) as at the year end	<u>32,018,244</u>	-
Net Deferred Tax credit for the year accounted for as Credit in Profit and Loss Account under 'Provision for Taxation'	<u>32,018,244</u>	-

Notes.

- (i) As the Company had loss carry forward (i.e., unabsorbed depreciation) in the prior years, no deferred tax asset was created owing to absence of "virtual certainty supported by convincing evidence" that sufficient future taxable income will be available for set-off. The position has been reassessed at the year-end and considering that the Company has completely utilised the loss carry forward in its return of income, the above deferred tax asset on timing differences has been recognised.
- (ii) The tax impact for the above purpose has been arrived at by applying a tax rate of 33.2175% (2010: 33.99%) being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961.
- (iii) **Minimum Alternative Tax:**

In accordance with the Guidance Note on "Accounting for Credit available in respect of Minimum Alternative tax (MAT) under the provisions of Section 115JB of the Income Tax Act, 1961", issued by Institute of Chartered Accountants of India, the Company can recognise MAT credit entitlement as an asset only when and to an extent there is convincing evidence that it will pay normal income tax during the specified period.

During the year, as the Company has earned taxable income against which MAT Credit Entitlement can be utilised, the Company has reinstated MAT Credit Entitlement asset with a credit to the Profit and Loss Account amounting to Rs 9,202,929, which is based on the return of income filed by the Company for the year ended March 31, 2010.



(Handwritten signatures)

COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS

16. NOTES ON ACCOUNTS - Contd.

Rs.

- 15 (i) The Company had introduced various stock option plans for its employees, directors and consultants, viz , Employee Stock Option Plan (ESOP), Chief Executive Officer Stock Option Plan (CEOSOP) and Consultant Stock Option Plan (CSOP) respectively However, as at the Balance Sheet date, the only major existing ESOP is "GCI Solutions Private Limited Employee Stock Offer Plan, 2006"

In accordance with the Guidance Note on 'Accounting for Employee Share-based Payments' as referred to in para 1 of Accounting Standard 15 on 'Employee Benefits', the Company has used fair value method to determine value of stock options granted and accounting for share-based payments. As determined by an independent valuer, the estimated fair value of stock options granted is Rs 1.84 per share against an exercise price of Rs 3.75 per share. As the fair value does not exceed exercise price, the Company has not recognised any employee compensation expense for the year

As stipulated by the aforesaid Guidance Note, the details of such options as at the year-end are as under

	2011	2010
Options outstanding at the beginning of the year	2,832,418	2,832,418
Options granted (i.e., number of shares to be issued)	-	-
Options forfeited (i.e., number of shares not utilised)	-	78,750
Options exercised (i.e., number of shares issued)	-	-
Options outstanding at the end of the year (i.e., number of shares to be issued in future)	2,832,418	2,832,418

- (ii) The Company has issued share warrants to promoter and non promoter directors, overseas investors, employees and consultants in accordance with resolutions passed by the shareholders. As at March 31, 2011, 5,725,123 (2010: 5,725,123) number of share warrants are outstanding for conversion into equity shares of Re 1 each, in future periods, at the option of the holders

- 16 In accordance with the Share Purchase and Subscription Agreement dated December 6, 2004 (between the holding company and erstwhile shareholders of the Company), the terms of conversion of Participatory Convertible Preference Shares (PCPS) are as follows:

The PCPS are compulsorily convertible at any time of the holding company's (GCI Global Ventures, Mauritius) choice or at the end of six months from the date of dissolution and conclusion of escrow agreement (dated March 31, 2005), whichever is earlier, by conversion into such number of equity shares as are arrived at by dividing the face value of the PCPS by the investment price (i.e., the price per equity share calculated by dividing pre-money valuation of Rs.180,000,000 by paid up share capital of the Company on a fully diluted basis) or the adjusted investment price (i.e., the resulting amount arrived at by dividing adjusted pre-money valuation by the total number of equity shares in the paid up share capital of the Company on a fully diluted basis) as applicable

17 Earnings per Share

	2011	2010
Nominal value of equity share	1	1
Weighted average number of equity shares outstanding - Basic	217,250,000	217,250,000
Add Weighted average number of potential convertible shares relating to:		
- Employee Stock Options [refer Note 15(i) above]	1,539,358	1,539,358
- Share Warrants [refer Note 15(ii) above]	3,111,480	3,111,480
- Participatory Convertible Preference shares (Refer Note 16 above)	32,750,000	32,750,000
Weighted average number of equity shares outstanding - Diluted	254,650,838	254,650,838
Profit/(Loss) after Taxation	169,924,785	(25,895,458)
Profit/(Loss) per share - Basic	0.78	(0.12)
Profit/(Loss) per share - Diluted/ (anti-dilutive)	0.67	(0.12)



COLLABERA SOLUTIONS PRIVATE LIMITED

SCHEDULE TO ACCOUNTS


16. NOTES ON ACCOUNTS - Contd.

- Rs.
- 18 (i) During the year, based on a review of the cost of investment in the books and the corresponding value of net assets in the investee's books, a provision has been made to the extent of Rs 15,448,292 towards diminution, which is considered other than temporary, in the value of investment in CESS, the wholly owned subsidiary of the Company. In the prior year, a provision for diminution in the value of investments amounting to Rs 126,153,943 was made, resulting in an aggregate provision as at the balance sheet date of Rs 141,602,235
- (ii) Further, the Board of Directors, in their meeting held on September 7, 2011, have approved a proposal to amalgamate CESS, the wholly owned subsidiary of the Company, with the Company, and necessary applications to the respective High Courts will be made in due course
- (iii) In view of the above development, and taking into account the repayment of loan, as per agreement terms, over the last two financial years, the Management is of the opinion that no adjustment is required as at the balance sheet date to the value of loan granted to CESS, the wholly owned subsidiary of the Company, amounting to Rs.53,510,000 (2010: Rs 64,725,000) and the related interest accrued on the loan amounting to Rs.8,154,825 (2010: Rs.5,532,404)
- 19 Other information with regard to certain other matters specified in paragraphs 3, 4C and 4D of Part II of Schedule VI of the Act are either Nil or not applicable to the Company for the period covered by the aforesaid financial statements
- 20 Previous year's figures have been regrouped/ rearranged wherever necessary


For Price Waterhouse & Co
Firm Registration No: 0075675
Chartered Accountants



Shivakumar Hegde
Partner
Membership Number 204627
Place Bangalore
Date September 7, 2011



Mohan Sekhar
Director



Sham Patel
Director
Place Morristown, NJ
Date September 7, 2011



Santhosh Raja
Company Secretary