

FORM NO.3CA

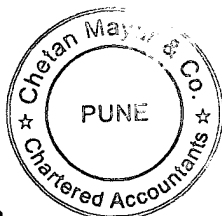
[See rule 6G(1)(a)]

**Audit report under section 44AB of the Income-tax Act, 1961, in a case
where the accounts of the business or profession of a person
have been audited under any other law**

1. We report that the statutory audit of **OCTAWARE TECHNOLOGIES PRIVATE LIMITED, 204 Timmy Arcade, Makwana Road, Marol Naka, Andheri (E), Mumbai – 400 059 PAN : AAACO7475L** was conducted by us in pursuance of the provisions of the Companies Act, and we annex hereto a copy of our audit report dated September 20, 2012 along with a copy each of
 - (a) the audited profit and loss account for the year ended on 31st March, 2012 ;
 - (b) the audited balance sheet as at 31st March, 2012; and
 - (c) documents declared by the said Act to be part of, or annexed to, the profit and loss account and balance sheet.
2. The statement of particulars required to be furnished under section 44AB is annexed herewith in Form No.3CD.
3. In our opinion, and to the best of our information and according to explanations given to us and on the basis of such checks, as we considered appropriate, the particulars given in the said Form No.3CD and annexure thereto are true and correct.

For Chetan Mayur & Co.
Chartered Accountants
Firm Regn No - 123216W

MPatwa
Partner
Name:- Mayur Vijay Patwa
M No :- 105651
Date: September 20, 2012
Place: Pune



FORM NO. 3CD

[See rule 6G (2)]

**Statement of particulars required to be furnished under section 44AB of the
Income-tax Act, 1961****PART - A**

1	Name of the assessee	OCTAWARE TECHNOLOGIES PRIVATE LIMITED
2	Address	204 Timmy Arcade, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400059
3	Permanent Account Number	AAACO7475L
4	Status	Company
5	Previous year ended	31 March 2012
6	Assessment year	2012-13

PART - B

7.	(a) If firm or Association of Persons, indicate names of partners / members and their profit sharing ratios.	Not Applicable
	(b) If there is any change in the partners / members or their profit sharing ratios, the particulars of such change.	Not Applicable
8.	(a) Nature of business or profession.	The Company is engaged in software development & Information Technology Enabled Services.
	(b) If there is any change in the nature of business or profession, the particulars of such change.	No change in the nature of business
9.	(a) Whether books of account are prescribed under Section 44AA, if yes, list of books so prescribed.	No specific books of accounts have been prescribed under Section 44AA read with rule 6 F

	<p>(b) Books of account maintained. (In case books of account are maintained in a computer system, mention the books of account generated by such computer system).</p>	Books of account maintained including those generated by computer systems as produced and examined by auditors in accordance with generally accepted auditing practices are included in Exhibit I.
	(c) List of books of account examined.	Refer Exhibit I
10.	Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant section (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB or any other relevant section).	No
11.	(a) Method of accounting employed in the previous year.	Mercantile system of accounting
	(b) Whether there has been any change in the method of accounting employed vis-à-vis the method employed in the immediately preceding previous year.	No
	(c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss.	Not Applicable
	(d) Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed under section 145 and the effect thereof on the profit or loss.	Not Applicable
12.	(a) Method of valuation of closing stock employed in the previous year.	The company's operations do not involve manufacturing / trading activities; therefore the company does not have any closing stock.
	(b) Details of deviation, if any, from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss.	Not Applicable
12A	<p>Give the following particulars of the capital asset converted into stock-in-trade:-</p> <p>a) Description of capital asset, b) Date of acquisition. c) Cost of acquisition, d) Amount at which the asset is converted into stock-in-trade.</p>	No capital assets have been converted into stock in trade during the previous year.

13.	Amounts not credited to the profit and loss account, being –	The figures have been verified by the auditors with the books of accounts and other records produced before them in the normal course of audit.
	(a) the items falling within the scope of section 28;	Nil <u>Note:</u> As per accounting policies consistently followed by the company, there are no items of income which have not been credited to the profit and loss account.
	(b) The proforma credits, drawbacks, refunds of duty of customs or excise, or refunds of sales tax, where such credits, drawbacks or refunds are admitted as due by the authorities concerned;	Nil
	(c) escalation claims accepted during the previous year;	Nil
	(d) any other item of income;	Nil
	(e) capital receipt, if any.	Nil
14.	Particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form:-	
	(a) Description of asset / block of assets.	Refer Exhibit II
	(b) Rate of depreciation.	Refer Exhibit II
	(c) Actual cost or written down value, as the case may be.	Refer Exhibit II
	(d) Additions / deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of -	Refer Exhibit III
	(i) Modified Value Added Tax credit claimed and allowed under the Central Excise rules, 1944, in respect of assets acquired on or after 1st March, 1994,	Nil
	(ii) Change in rate of exchange of currency, and	Nil
	(iii) Subsidy or grant or reimbursement, by whatever name called.	Nil
	(e) Depreciation allowable	Refer Exhibit II
	(f) Written down value at the end of the year.	Refer Exhibit II

15.	Amounts admissible under sections -	
	(a) 33AB	Nil
	(b) 33ABA	Nil
	(c) 33AC (wherever applicable)	Nil
	(d) 35	Nil
	(e) 35ABB	Nil
	(f) 35AC	Nil
	(g) 35CCA	Nil
	(h) 35CCB	Nil
	(i) 35D	Nil
	(j) 35DD	Nil
	(k) 35DDA	Nil
	(l) 35E	Nil
	(a) debited to the profit and loss account (showing the amount debited and deduction allowable under each section separately);	Nil
16.	(b) Not debited to the profit and loss account.	Nil
	a) Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend. [Section 36(I) (ii)].	Nil
	b) Any sum received from employees towards contributions to any provident fund or superannuation fund or any other fund mentioned in section 2(24) (x); and due date for payment and the actual date of payment to the concerned authorities under section 36(1) (va).	Refer Exhibit IV
17.	Amounts debited to the profit and loss account being: -	
	(a) expenditure of capital nature;	Nil
		<u>Note:</u> The auditors have considered accepted accounting principles and judicial pronouncements in forming an opinion on the data furnished by management for disclosure under this clause.

(b) expenditure of personal nature;	<p>Nil</p> <p><u>Note:</u> Payments made under contractual obligations or in accordance with Generally Accepted Business Practices have not been considered as expenditure of personal nature.</p>
(c) Expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party ;	Nil
(d) expenditure incurred at clubs -	
(i) as entrance fees and subscriptions;	Nil
(ii) as cost for club services and facilities used;	Nil
(e) (i) expenditure by way of penalty or fine for Violation of any law for the time being in force;	Rs 2,000 paid to Central Excise for Renewal
(ii) any other penalty or fine;	<p>Nil</p> <p><u>Note:</u> The auditors have broadly reviewed relevant and material revenue expenses and also relied on the representation of the management for reporting under this clause.</p>
(iii) expenditure incurred for any purpose which is an offence or which is prohibited by law;	<p>Nil</p> <p><u>Note:</u> The Company has certified that there is no expenditure debited to the profit and loss account relating to this clause.</p>
(f) amounts inadmissible under section 40(a);	<p>Exhibit V</p> <p><u>Note:</u> We have relied on management representation for the purpose of reporting under this clause.</p>
(g) interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof;	Not Applicable

	(h) (A) whether a certificate has been obtained from the assessee regarding payments relating to any expenditure covered under section 40A(3) that the payments were made by account payee cheques drawn on a bank or account payee bank draft, as the case may be, [Yes/No]	Yes It is not possible for the auditors to verify whether payments in excess of Rs. 20,000 have been made otherwise than by Account payee cheque or Account payee bank draft as the necessary evidence is not in the possession of the assessee.
	(B) amount inadmissible under section 40A(3) read with rule 6DD and computation thereof;	Nil
	(i) provision for payment of gratuity not allowable under section 40A(7);	Nil (There is reversal of excess provision credited to P&L A/c – Rs 47,185)
	(j) any sum paid by the assessee as an employer not allowable under section 40A(9);	Nil
	(k) Particulars of any liability of a contingent nature.	Nil
18.	Particulars of payments made to persons specified under section 40A(2)(b).	Refer Exhibit VI <u>Note:</u> For ascertaining the persons covered under Section 40A (2) (b), the auditors have relied on the list prepared and certified by the management.
19.	Amounts deemed to be profits and gains under section 33AB or 33ABA or 33AC.	Not Applicable
20.	Any amount of profit chargeable to tax under section 41 and computation thereof.	Nil
21*.	(i) In respect of any sum referred to in clause (a), (b), (c), (d) or (e) of section 43B, the liability for which: -	Nil
	(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was	
	(a) paid during the previous year;	
	(b) not paid during the previous year;	
	(B) was incurred in the previous year and was	Refer Exhibit VII
	(a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);	As per the recommendation of ICAI in its "Guidance Note on Tax Audit under section 44AB of the Income Tax Act", details are given only in respect of amounts referred in clauses (a), (b), (c), (d), (e) and (f) of section 43B which were incurred in the previous year but were outstanding as at the end of the relevant previous year.
	(b) Not paid on or before the aforesaid date.	

	*State whether sales tax, customs duty, excise duty or any other indirect tax, levy, cess, impost etc. is passed through the profit and loss account.	No.
22.	(a) Amount of Modified Value Added Tax credits availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Modified Value Added Tax credits in the accounts.	Not Applicable
	(b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account.	Municipal taxes for the prior period debited to Profit & Loss A/c - Rs 53,667
23.	Details of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than through an account payee cheque. [Section 69D].	Nil <u>Note:</u> The auditors have relied on representation of the management for reporting on details of amount borrowed on hundi.
24.	(a)* Particulars of each loan or deposit in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:-	Nil
	(i) name, address and permanent account number if available with the assessee) of the lender or depositor;	Not applicable
	(ii) amount of loan or deposit taken or accepted;	Not applicable
	(iii) whether the loan or deposit was squared up during the previous year;	Not applicable
	iv) maximum amount outstanding in the account at any time during the previous year;	Not applicable
	(v) Whether the loan or deposit was taken or accepted otherwise than by an account payee cheque or an account payee bank draft.	Not applicable
	*(These particulars need not be given in the case of a Government company, a banking company or a corporation established by a Central, State or Provincial Act).	
	(b) Particulars of each repayment of loan or deposit in an amount exceeding the limit specified in section 269T made during the previous year:-	Nil
	(i) name, address and permanent account number (if available with the assessee) of the payee;	Not applicable
	(ii) amount of the repayment ;	Not applicable

	(iii) maximum amount outstanding in the account at any time during the previous year;	Not applicable
	(iv) Whether the repayment was made otherwise than by account payee cheque or account payee bank draft.	Not applicable
	(c) Whether a certificate has been obtained from the assessee regarding taking or accepting loan or deposit, or repayment of the same through an account payee cheque or an account payee bank draft. [Yes/No]	Not applicable
	The particulars (i) to (iv) at (b) and the Certificate at (c) above need not be given in the case of a repayment of any loan or deposit taken or accepted from Government, Government company, banking company or a corporation established by a Central, State or Provincial Act	Not applicable
25.	(a) Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:	Not applicable
	(b) Whether a change in shareholding of the company has taken place in the previous year due to which the losses incurred prior to the previous year cannot be allowed to be carried forward in terms of section 79.	Yes, there is change in shareholding during the year. However, assessee donot have losses carried forward from earlier years
26.	Section-wise details of deductions, if any, admissible under Chapter VIA.	80G – donation to Nasscom Foundation – Rs 25,000.
27.	(a) Whether the assessee has deducted tax at source and paid the amount so deducted to the credit of the Central Government in accordance with the provisions of Chapter XVII-B.	Yes <u>Note:</u> The auditors have verified the compliance with the provisions of Chapter XVII-B regarding deduction of Tax at source and regarding payment thereof to the credit of the Central Government in accordance with the Auditing Standards generally accepted in India which include test checks and concept of materiality.
	(b) If the provisions of Chapter XVII-B have not been complied with, Please give the following details*, namely:-	
	(i) Tax deductible and not deducted at all	TDS not deducted on – Recruitment fees – Rs 72,798 Consultant Charges – Rs 29,000
	(ii) shortfall on account of lesser deduction than required to be deducted	Nil

	(iii)	tax deducted late	Nil
	(iv)	tax deducted but not paid to the credit of the Central Government	Nil Refer Exhibit VIII for delayed payment of TDS
28.	(a)	In the case of a trading concern, give quantitative details of principal items of goods traded:	Not Applicable as the assessee does not undertake any manufacturing or trading activity.
		(i) Opening stock ;	
		(ii) purchases during the previous year ;	
		(iii) sales during the previous year ;	
		(iv) closing stock ;	
		(v) Shortage / excess, if any	
	(b)	In the case of a manufacturing concern, give quantitative details of principal items of raw materials, finished products and by-products:	
	A.	Raw materials:	Not Applicable as the assessee does not undertake any manufacturing or trading activity.
		(i) opening stock ;	
		(ii) purchases during the previous year ;	
		(iii) consumption during the previous year ;	
		(iv) sales during the previous year ;	
		(v) closing stock ;	
		(vi)* yield of finished products ;	
		(vii)* percentage of yield;	
		(viii)* shortage / excess, if any.	
	B.	Finished products / By-products:	Not Applicable as the assessee does not undertake any manufacturing or trading activity.
		(i) opening stock ;	
		(ii) purchases during the previous year ;	
		(iii) quantity manufactured during the previous year	
		(iv) sales during the previous year ;	
		(v) closing stock ;	
		(vi) Shortage / excess, if any.	
		*Information may be given to the extent available.	
29.		In the case of a domestic company, details of tax on distributed profits under section 115O in the following form :-	Nil
	(a)	total amount of distributed profits ;	
	(b)	total tax paid thereon ;	
	(c)	dates of payment with amounts.	
30.		Whether any cost audit was carried out, if yes,	As informed to us, cost audit is not

	enclose a copy of the report of such audit [See section 139(9)].	applicable.
31.	Whether any audit was conducted under the Central Excise Act, 1944, if yes, enclose a copy of the report of such audit.	Central Excise Act, 1944 is not applicable to the Company.
32.	Accounting ratios with calculations as follows :-	
	(a) Gross profit / Turnover ;	Not Applicable
	(b) Net profit / turnover ;	Net Profit After Tax Rs 1,868,820/- Turnover Rs 29,008,812 = 6.44%
	(c) Stock-in-trade / turnover ;	Not Applicable
	(d) Material consumed / finished goods produced.	Not Applicable

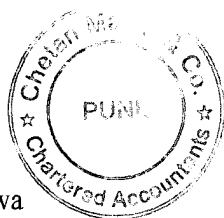
Notes

1. Particulars as stated in Form 3CD have been prepared and certified by the management.
2. The auditors have reported on these particulars in Form 3CD by applying such tests as considered appropriate and on the basis of representations made by the management, wherever considered necessary.

For Chetan Mayur & Co
Chartered Accountants

MPatwa

Partner
Name:- Mayur Vijay Patwa
M. No.:- 105651
Firm Regn No - 123216W



For Octaware Technologies Private Limited

Sajid

Director
Sajid Iqbal Abdul Hameed

A-2, Gruh-laxmi Apartments,
415/1, Somwar Peth,
Opp MSEB Rasta Peth Office,
Pune – 411 011

Place: Pune
Date: 20th September 2012

ANNEXURE I to FORM NO. 3CD:

PART – A :

1. Name of the assessee OCTAWARE TECHNOLOGIES PRIVATE LIMITED
2. Address 204 Timmy Arcade, Makwana Road, Marol Naka, Andheri
(E), Mumbai - 400059
3. Permanent Account Number AAACO7475L
4. Status Company
5. Previous year ended 31 March 2012
7. Assessment year 2012-13

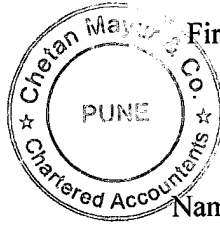
PART – B :

Nature of Business or profession in respect of every business or profession carried on during the previous year	CODE	0709
-----------------------------------------------------------------------------------------------------------------	------	------

<u>Sl. No.</u>	<u>Parameters</u>	<u>Current Year</u> <u>Rs.</u>	<u>Preceding</u> <u>Year</u> <u>Rs.</u>
1.	Paid-up share capital/capital of partner/proprietor	100,000	100,000
2.	Share Application Money/Current Account of Partner or Proprietor, if any,	0	0
3.	Reserves and Surplus/Profit and Loss Account	24,570,979	22,702,159
4.	Secured Loans	0	0
5.	Unsecured Loans	0	0
7.	Current Liabilities and Provisions	2,990,262	2,084,768
	Deferred Tax Liability	0	0
7.	Total of Balance Sheet	27,661,241	24,886,927
8.	Gross turnover/gross receipts	29,247,260	36,991,288
9.	Gross Profit	Not Applicable	Not Applicable
10.	Commission Received	0	0
11.	Commission Paid	0	1,500,000
12.	Interest Received	0	0
13.	Interest Paid	0	0
14.	Depreciation as per Books of Account	1,328,641	1,334,002

<u>Sl. No.</u>	<u>Parameters</u>	<u>Current Year</u> <u>Rs.</u>	<u>Preceding Year</u> <u>Rs.</u>
15.	Net Profit (or Loss) Before Tax as per Profit & Loss Account	3,129,268	13,969,620
17.	Taxes on Income Paid / Provided for in the Books	1,260,448	101,786

For Chetan Mayur & Co
Chartered Accountants
Firm Regn No - 123216W



MPatwa

Partner

Name:- Mayur Vijay Patwa
M. No.:- 105651

Place: Pune
Date: 20th September 2012

A-2, Gruh-laxmi Apartments,
415/1, Somwar Peth,
Opp MSEB Rasta Peth Office,
Pune – 411 011.

Octaware Technologies Private Limited

Previous Year ended : March 31, 2012

Assessment year : 2012-13

Exhibit I

Clause 9 (b) and (c)

List of books of accounts maintained and examined:

Sr. No.	Particulars	Books of accounts maintained	Generated by Computer	Books Examined
1	Cash Book	Yes	Yes	Yes
2	Bank Book	Yes	Yes	Yes
3	Sales Register	Yes	Yes	Yes
4	Journal Register	Yes	Yes	Yes
5	General Ledger	Yes	Yes	Yes
6	Debtors Ledger	Yes	Yes	Yes
7	Creditors Ledger	Yes	Yes	Yes
8	Fixed Assets Register	Yes	Yes	Yes

Note: All the above books of accounts are maintained on a computer system and print outs have been obtained as and when required.

Octaware Technologies Private Limited

Previous Year ended : March 31, 2012

Assessment year : 2012-13

Exhibit II

Clause 14 (a), (b), (c), (e) and (f)

Particulars of depreciation allowable as per the Income Tax Act , 1961 for the Previous Year ended March 31,2012:

Seri al No.	DESCRIPTION OF BLOCK	WDV FOR ASSETS AS ON APRIL 1,2011	MORE THAN 180 DAYS	LESS THAN 180 DAYS	SALES	SUB - TOTAL	DEPRECI ATION RATE	DEPRECI ATION ON OPENING BLOCK	DEPRECI ATION ON ASSETS PUT TO USE MORE THAN 180 DAYS	DEPRECI ATION ON ASSETS PUT TO USE LESS THAN 180 DAYS	DEPRECI ATION ALLOWAB LE	WDV ON Mar 31, 12
1	Computers	1,014,447	420,419	91,000	-	1,525,866	60%	608,668	252,251	27,300	888,219	637,647
2	Air Conditioners	152,740	-	-	-	152,740	15%	22,911	-	-	22,911	129,829
3	Furniture & Fixtures	1,114,669	63,600	-	-	1,178,269	10%	111,467	6,360	-	117,827	1,060,442
4	Office Equipment	487,896	57,018	13,292	-	558,206	15%	73,184	8,553	997	82,734	475,472
	Total	2,769,753	541,037	104,292	-	3,415,082		816,230	267,164	28,297	1,111,691	2,303,391

Octaware Technologies Private Limited
Previous Year ended : March 31, 2012
Assessment year : 2012-13

Exhibit III

Clause 14(d)

List of additions to Fixed Assets during the previous year ended March 31, 2012:

Asset	Date put to use(As certified by management)	Net Cost (Rs.)	More (>) than 180 Days	Less (<) than 180 Days
Computers	01/04/2011	265,316	265,316	
Dell Machines	06/04/2011	66,653	66,653	
Dell Machines	11/05/2011	38,600	38,600	
Apple Mac 2.4 GHZ VGA Adaptor	05/07/2011	38,600	38,600	
Apple Mac mini display adaptor	21/07/2011	6,600	6,600	
Seagate USB HDD	19/08/2011	4,650	4,650	
USB HDD Seagate	06/10/2011	91,000		91,000
Used PC s				
		511,419	420,419	91,000
Total - Computers				
Furniture & Fixtures				
Chairs	17/07/2011	15,750	15,750	
Furniture work at Pune office	12/04/2011	25,000	25,000	
Partition Cabin & door work	22/07/2011	4,850	4,850	
Chairs	04/08/2011	18,000	18,000	
		63,600	63,600	-
Total - Furniture & Fittings				
Office Equipment				
Projector Screen	01/04/2011	4,000	4,000	
KTS 316 TES Machine (EPABX)	05/04/2011	23,775	23,775	
Telephone	03/05/2011	5,000	5,000	
Exhaust Fan	17/05/2011	900	900	
WIP phone	11/05/2012	3,499	3,499	
Printer	14/07/2011	5,355	5,355	
Panasonic KX- TS500(W)	23/07/2011	8,589	8,589	
Micro Oven	02/08/2011	4,900	4,900	
Nokia Mobile 1280	19/07/2011	1,000	1,000	
Fingerprint T&A System reader	16/03/2012	13,292		13,292
		70,310	57,018	13,292
Total - Office Equipment				
Grand Total - Fixed Assets		645,329	541,037	104,292

Octaware Technologies Private Limited
Previous Year ended : March 31, 2012
Assessment year : 2012-13

Exhibit IV

Clause 16 (b)

Details of payments of sums received from employees towards contribution to Provident Fund or Superannuation fund or any other fund u/s 2(24)(x) during the previous year ended March 31, 2012

Employees' Contribution to Provident Fund:

Month	Co Contribution	E'ee Contr	Total Amt Paid	Due Date	Date of Payment	Delay Days	If paid otherwise than in cash, whether amount was realised within 15 days of Payment
Apr-11	36,579	32,431	69,010	20-May-11	13-May-11	0	Yes
May-11	36,729	32,388	69,117	20-Jun-11	15-Jun-11	0	Yes
Jun-11	44,942	39,902	84,844	20-Jul-11	15-Jul-11	0	Yes
Jul-11	47,204	41,842	89,046	20-Aug-11	16-Aug-11	0	Yes
Aug-11	47,915	42,489	90,404	20-Sep-11	15-Sep-11	0	Yes
Sep-11	48,285	42,795	91,080	20-Oct-11	13-Oct-11	0	Yes
Oct-11	42,478	37,632	80,110	20-Nov-11	15-Nov-11	0	Yes
Nov-11	43,656	38,702	82,358	20-Dec-11	15-Dec-11	0	Yes
Dec-11	37,634	33,340	70,974	20-Jan-12	14-Jan-12	0	Yes
Jan-12	30,863	27,357	58,220	20-Feb-12	15-Feb-12	0	Yes
Feb-12	29,430	26,101	55,531	20-Mar-12	00-Jan-00	0	Yes
Mar-12	26,257	23,286	49,543	20-Apr-12	16-Apr-12	0	Yes
	471,972	418,265	890,237				

Note:

* The due date in case of contribution to provident fund is 20 th of each succeeding month including grace period of 5 days as per CBDT's circular no E 128(1) 60-III dated 19.03.1964 as modified by circular no. E 11/128 (section 14-B Amendment /73 dated 24.10.1973 which allows five days grace period to the employers for payment of provident fund contribution, administration charges and inspection charges. (Refer Hunsur Plywood Works Ltd. 54 ITD 394).

Octaware Technologies Private Limited
Previous Year ended : March 31, 2012
Assessment year : 2012-13

Exhibit V

Clause 17(f)

Details of amounts inadmissible under section 40(a):

Sr. No.	Nature of expenditure	Amount (Rs.)
1	Provision for Income Tax	1,260,448
	Total	1,260,448

Octaware Technologies Private Limited
Previous Year ended : March 31, 2012
Assessment year : 2012-13

Exhibit VI

Clause 18

Particulars of payments made to persons specified under section 40A(2)(b):

Sr. No.	Name of the party	Relationship	Nature of payment	Amount (Rs.)
1	Sajid Hameed Shaikh	Director	Consultant Fees	935,000
2	Nazia Sajid Hameed	Director's Relative	Rent payment	148,353
3	Aslam Mohammed Khan	Director	Consultant Fees	1,049,000
4	Mohammed Siraj Gunwan	Director	Consultant Fees	674,400
			Office Rent	133,440
5	Rehana Khan	Director's Relative	Office Rent	249,312
6	Abdul Hameed Shaikh	Director's Relative	Guest House Rent	117,000
			Total	3,306,505

Octaware Technologies Private Limited

Previous Year ended : March 31, 2012

Assessment year : 2012-13

Exhibit VII

Clause 21(i)(B)

Details of sums referred under clauses (a), (b), (c), (d) and (e) of Section 43B, the liability for which was incurred during the previous year ended March 31, 2012:

Sr. No.	Nature of Liability	Amount incurred during the previous year but remaining as outstanding as on the last day of the previous year (Rs)	Amount paid /set-off before the due date of filing return/ the tax audit report, whichever is earlier		Amount unpaid on the due date of filing the Return/ date upto which reported in the tax audit report, whichever is earlier (Rs)	Whether passed through the profit and loss account
			Date	Amount (Rs)		
1	Employer's contribution to Provident Fund	27,937	16-Apr-12	26,257	1,680	Yes
2	Profession Tax	7,775	27-Apr-12	6,575	1,200	No
3	M-VAT Payable	47,619	20-Apr-12	47,619	-	No

Octaware Technologies Private Limited

Previous Year ended : March 31, 2012

Assessment year : 2012-13

Exhibit VIII

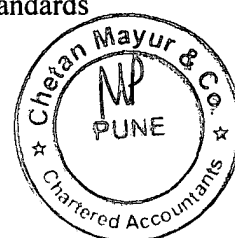
Clause 27

Tax deducted & delayed payment of the same

Sr No.	Month	Amount	Due Date	Date of Payment
TDS - Professional Fees				
1	Aug-11	49,097	07-Sep-11	10-Sep-11
TDS - Rent				
1	Aug-11	49,097	07-Sep-11	10-Sep-11
TDS - Salary				
1	Aug-11	6,880	07-Sep-11	10-Sep-11
2	Nov-11	3,070	07-Dec-11	10-Dec-11

AUDITORS' REPORT**TO THE MEMBERS OF
OCTAWARE TECHNOLOGIES PRIVATE LIMITED**

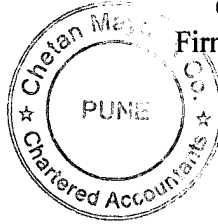
1. We have audited the attached Balance Sheet of **Octaware Technologies Private Limited** as at 31st March, 2012 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books & records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards



referred in Section 211 (3C) of the Companies Act, 1956, in so far as they apply to the Company.

- e) On the basis of the written representation received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors of the Company, none of the directors is disqualified from being appointed as a director under section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon and annexed thereto, give in the prescribed manner, the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Place: Pune
Date : 27-07-12



For Chetan Mayur & Co.
Chartered Accountants
Firm Regn No - 123216W

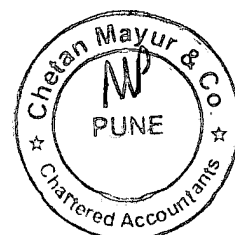
MPatwa

Partner
Mayur Vijay Patwa
M. No.105651

**Annexure to the Auditors' Report
(Referred to in paragraph (3) of our report of even date)**

**TO THE MEMBERS OF
OCTAWARE TECHNOLOGIES PRIVATE LIMITED**

- 1) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and location of the fixed assets.
 - b) We have been informed by the Management that a physical verification of fixed assets was conducted during the year and no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any fixed assets during the year and accordingly the question of going concern status being affected does not arise.
- 2) The Company is engaged in the business of providing software services. The Company does not hold any inventory and accordingly sub clauses (a) to (c) of Paragraph 4 (ii) of the Order are not applicable to the Company.
- 3) The Company has not granted or taken any secured or unsecured loans, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (a) to (g) of Paragraph 4 (iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for sale of services. Further, on the basis of our examination of the books & the records of the company, and according to the information & explanation given to us, we have neither come across nor have been informed of any major weaknesses in the aforesaid internal control system. The activities of the Company did not involve purchase of inventory or sale of goods.
- 5) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements that needed to be entered into the register have been so entered.
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (5)(a) above with any party during the year have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time.



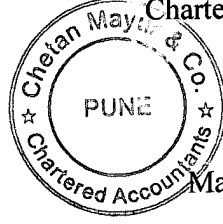
- 6) The Company has not accepted deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable
- 7) In our opinion, the company has an internal audit system commensurate with its size & nature of its business.
- 8) According to the information given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. Accordingly, paragraph 4(viii) of the Order is not applicable
- 9) In respect of Statutory and other dues:
 - a) The Company is generally regular in depositing the undisputed statutory dues including income tax, tax deduction at source (other than Salary), provident fund payable on regular monthly salary and other material statutory dues as applicable with appropriate authorities
 - b) According to the information and explanations given to us, no undisputed amounts in respect of income tax or other statutory dues as applicable were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no dues of income tax, custom duty and excise duty, service tax, provident fund and cess which have not been deposited on account of any dispute.
- 10) The company does not have any accumulated loss at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not borrowed from any financial institution, bank or debenture holder. Accordingly, paragraph 4(xi) of the Order is not applicable to the Company.
- 12) According to the information and explanations given to us, the Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable
- 13) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Paragraph 4 (xiii) of the Order are not applicable.
- 14) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable.



- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 4 (xv) of the Order are not applicable.
- 16) In our opinion and according to the information and explanations given to us, the Company has not obtained term loans during the year. Accordingly, the provisions of Clause 4 (xvi) of the Order are not applicable.
- 17) The Company has not raised any funds on short term basis. Accordingly, paragraph 4(xvii) of the Order is not applicable.
- 18) The company has not made preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Companies Act, 1956 and hence the provisions of clause 4 (xviii) of the Order are not applicable.
- 19) The Company has not issued any debenture during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable.
- 20) The Company has not raised monies by public issues. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable.
- 21) According to the information and explanations given to us by the management and audit procedures performed, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Pune

Date : 27-07-12

For Chetan Mayur & Co.
Chartered Accountants

MPatwa
Partner
Mayur Vijay Patwa
M. No.105651
Firm Regn No - 123216W

OCTAWARE TECHNOLOGIES PRIVATE LIMITED

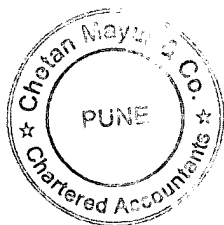
BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	NOTE NO	AS AT 31 ST MARCH 2012		AS AT 31 ST MARCH 2011	
EQUITY & LIABILITIES					
Shareholders' Funds					
Share Capital	3	100,000		100,000	
Reserves & Surplus	4	<u>24,570,979</u>	24,670,979	<u>22,702,159</u>	22,802,159
Current Liabilities					
Trade Payables	5	1,607,243		715,240	
Other Current Liabilities	6	1,215,758		1,155,082	
Short Term Provisions	7	<u>167,261</u>	2,990,262	<u>214,446</u>	2,084,768
TOTAL			<u>27,661,241</u>		<u>24,886,927</u>
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	8	1,906,557		2,509,599	
Intangible Assets	8	53,514		133,785	
Capital Work-In-Progress	8	-		346,968	
Deferred Tax Asset (Net)	9	-		-	
Long Term Loans and Advances	10	<u>3,259,936</u>	5,220,007	<u>3,802,034</u>	6,792,386
Current Assets					
Trade Receivables	11	16,014,892		9,919,251	
Cash & Bank Balances	12	5,178,111		6,873,228	
Short Term Loans and Advances	13	<u>1,248,231</u>	22,441,234	<u>1,302,063</u>	18,094,541
TOTAL			<u>27,661,241</u>		<u>24,886,927</u>
Significant Accounting Policies					
Notes on Financial Statements					
1 TO 24					

As per our Report of even date

For and on behalf of the Board

For Chetan Mayur & Co
Chartered Accountants
Firm Regn No - 123216W



Mayur Vijay Patwa
Partner
M.No.105651

Date:- 27-07-12
Place: PUNE

For Octaware Technologies Private Limited

Sajid Iqbal Abdul Hameed
Sajid Iqbal Abdul Hameed
Director

Mohammed Siraj Gunwan
Mohammed Siraj Gunwan
Director

Date:- 24-07-12
Place: MUMBAI

Date:- 24-07-12
Place: MUMBAI

OCTAWARE TECHNOLOGIES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTE NO	11-12	10-11
INCOME			
Revenue from Operations	14	29,008,812	36,991,288
Other Income	15	238,448	-
Total Revenue		<u>29,247,260</u>	<u>36,991,288</u>
EXPENDITURE			
Employee Benefits Expense	16	11,952,290	9,251,188
Depreciation and Amortisation Expense	8	1,328,641	1,334,002
Finance Costs	17	-	8,219
Other Expenses	18	12,837,061	12,428,258
Total Expenses		<u>26,117,992</u>	<u>23,021,667</u>
Profit Before Tax		3,129,268	13,969,621
Tax Expenses			
Current Tax		1,071,920	2,618,828
Less - MAT Credit Entitlement		-	(2,514,532)
Deferred Tax		-	-
Adjustments for Income Tax in respect of earlier years (Net)		188,528	(2,510)
Profit for the year		1,868,820	13,867,835
Earnings per equity share of face value of Rs 10 each			
Basic	19	186.88	1,386.78
Diluted		186.88	1,386.78
Significant Accounting Policies			
Notes on Financial Statements	1 TO 24		

As per our Report of even date

For and on behalf of the Board

For Chetan Mayur & Co
Chartered Accountants
Firm Regn No - 123216W

For Octaware Technologies Private Limited

Mayur Vijay Patwa
Partner
M.No.105651

Sajid Iqbal Abdul Hameed
Director

Mohammed Siraj Gunwan
Director

Date:- 27-07-12
Place: PUNE

Date:- 24-07-12
Place: MUMBAI

Date:- 24-07-12
Place: MUMBAI

OCTAWARE TECHNOLOGIES PRIVATE LIMITED**Notes forming part of the financial statements**

Note No.	Particulars						
1	Corporate information The company is established on 26th May 2005 to carry on the business of developing, designing and servicing computer software and information technology related applications and systems. The Company has 2 units Unit 1 – in Mumbai, registered with Software Technology Park of India (STPI) as 100% export oriented unit, catering to overseas market & Unit 2 – in Pune, catering to domestic market and it also serves as training centre.						
2	Significant accounting policies A. Accounting Convention The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company. All the figures as entered in the financial statements are rounded off to the nearest rupee one. B. Use of Estimates Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are prudent and based on management’s evaluation of the relevant facts and circumstances as at the date of the financial statements. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised. C. Recognition of Revenue and Expenditure Revenue from time and material contracts are recognized as related services are performed. Expenses have been accounted for on accrual basis and provision has been made for all known losses and expenses. D. Fixed Assets Fixed Assets have been stated at cost less accumulated depreciation. Cost comprises the basic price, excise duty and any other attributable cost for bringing the asset to its working condition for its intended use. E. Depreciation The depreciation is provided on Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act 1956 or management estimate whichever is higher. If the management’s estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management’s estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation on the following assets has been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV - <table><tr><th>Asset</th><th>Rates Considered (WDV)</th><th>Schedule XIV Rates (WDV)</th></tr><tr><td></td><td></td><td></td></tr></table>	Asset	Rates Considered (WDV)	Schedule XIV Rates (WDV)			
Asset	Rates Considered (WDV)	Schedule XIV Rates (WDV)					

Computers & Software	60%	40%
----------------------	-----	-----

In respect of the additions to assets made during the year, depreciation for the year is calculated from the date on which the additions are made.

The Company charges 100% depreciation on assets costing less than Rs 5,000

F. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the year end exchange rate and the resultant exchange differences are recognized in the profit and loss account. In case of monetary items which are covered by Forward Exchange Contracts, Premium or Discount on Forward exchange Contract is recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

G. Retirement Benefits

Short term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salary, performance incentives etc. are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the employee renders the related service.

Post employment benefits:

Defined Contribution Plans:

Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary). The contributions as specified under the law are paid and charged to Profit & Loss Account of the year when the contribution to the fund is due.

Long Term Employee Benefits:

Defined Benefit Plans:

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees.

The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on actuarial valuation carried out by an independent actuary. The company does not have any fund for the same and hence, no contribution is made during the year.

No provision for leave encashment is made as company's policy donot allow carry forward of leaves. All the leaves standing to the credit of the employee at the year end are encashed to the employee

H. Leases

Assets taken on lease are accounted for in accordance with Accounting Standard 19 on "Leases", (AS 19).

Operating lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

I. Provisions For Taxation

Tax expense comprises both current and deferred taxes.

Provision is made for current income tax based on the tax liability computed after considering tax allowances &

exemptions.

The operations of the Company for Unit 1 – Mumbai are conducted through 100% Export Oriented Units (EOU) and the Company has registered this unit with Software Technology Parks of India. Income from EOU is exempt for 10 years commencing from the fiscal year in which the unit commences software development or March 31, 2011 whichever is earlier. The income tax exemption benefit is not available after April 01, 2011.

From the Assessment Year 2008-09, the Company is subject to provisions of Minimum Alternate Tax. Credit for the advance Minimum Alternate Tax paid during the year by the Company is accounted for in accordance with the Guidance Note – ‘Accounting for Credit Available in respect of Minimum Alternate Tax under The Income Tax Act 1961’ issued by the Institute of Chartered Accountants of India (ICAI)

Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

J. Impairment of Assets

At each Balance Sheet date, the Management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets 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. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

K. Provisions, Contingent Liabilities and Contingent Assets

As per Accounting Standard 29, ‘Provisions, Contingent Liabilities and Contingent Assets’, issued by the Institute of Chartered Accountants of India, the Company recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of obligation can be made.

No Provision is recognized for:

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or
- b) Any present obligation that arises from past events but is not recognized because-
 - i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimates can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

L. Other Accounting Policies

The Company follows generally accepted accounting principles in respect of accounting policies not specifically referred to hereinabove.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

3 SHARE CAPITAL

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Authorised Share Capital:		
20,000 Equity Shares of Rs 10 each (20,000)	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Issued, Subscribed and Paid up:		
10,000 Equity Shares of Rs 10 each, fully paid up (10,000)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

3.1 The details of Shareholders holding more than 5% shares :

	Name of the Shareholder	AS AT 31ST MARCH 2012		AS AT 31ST MARCH 2011	
		No. of Shares	% held	No. of Shares	% held
a	Abdul Hameed Shaikh	-	0%	5,000	50%
b	Parvez Ahmed Mohd.Shaikh	-	0%	5,000	50%
c	Mohd Aslam Qudratullah Khan	5,000	50%	-	0%
d	Sajid Iqbal Abdul Hameed	5,000	50%	-	0%

The shares are transferred from a. Abdul Hameed Shaikh & b.Parvez Ahmed Mohd.Shaikh to c.Mohd Aslam Qudratullah Khan & d.Sajid Iqbal Abdul Hameed on 27th March 2012

3.2 The reconciliation of the number of shares outstanding is set out below :

Particulars	AS AT 31ST MARCH 2012 No. of Shares	AS AT 31ST MARCH 2011 No. of Shares
Equity Shares at the beginning of the year	10,000	10,000
Add : Shares issued	-	-
Less : Shares cancelled	-	-
Equity Shares at the end of the year	<u>10,000</u>	<u>10,000</u>

4 RESERVES AND SURPLUS

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Profit and Loss Account		
As per last Balance Sheet	22,702,159	8,834,324
Add: Profit for the year	1,868,820	13,867,835
	24,570,979	22,702,159
Less: Appropriations	-	-
	24,570,979	22,702,159
TOTAL	24,570,979	22,702,159

5 TRADE PAYABLES

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Micro, Small and Medium Enterprises	-	-
Others	1,607,243	715,240
TOTAL	1,607,243	715,240

The Company has initiated the process of identification of suppliers registered under The Micro Small and Medium Enterprises Development Act, 2006, by obtaining the confirmation from the suppliers. As the Company has not received any information from its suppliers regarding registration under 'The Micro, Small and Medium Enterprises Development Act, 2006', the disclosures / information required to be given in accordance with section 22 of the said Act, is not ascertainable.

6 OTHER CURRENT LIABILITIES

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Expense re-imbursement payable to employees	-	8,406
Salary payable to employees	560,227	740,588
Creditors for Expenses	317,397	26,910
Duties & Taxes Payable	338,134	379,178
TOTAL	1,215,758	1,155,082

7 SHORT TERM PROVISIONS

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Provision for Employee Benefits	167,261	214,446
TOTAL	167,261	214,446

100

9 DEFERRED TAX ASSET (Net)

Deferred tax asset amounting to Rs. 157,769 (Previous year Rs. 288,288) arising on account of depreciation & gratuity provision has not been recognized in the books on the ground of prudence. It would be accounted for in the subsequent year / years considering the requirements of the Accounting Standard (AS-22) regarding reasonable / virtual certainty and the accounting policy followed by the company in this respect.

10 LONG TERM LOANS AND ADVANCES

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
(Unsecured and Considered Good)		
Advance Income Tax (Net of Provision) (Includes MAT credit entitlement)	2,807,551	3,417,554
Rental Deposits	388,000	350,000
Electricity & Other Deposits	14,480	9,480
Deposit with Sales Tax Authorities	25,000	25,000
Service Tax Credit Receivable	24,905	-
TOTAL	3,259,936	3,802,034

11 TRADE RECEIVABLES

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Unsecured and Considered Good -		
Over 6 months	131,486	648,056
Others	15,883,406	9,271,195
	16,014,892	9,919,251
Unsecured and Considered Doubtful -		
Over 6 months	-	592,156
Less - Provision for Doubtful Debts	-	(592,156)
	-	-
TOTAL	16,014,892	9,919,251

11.1 The balances of sundry debtors are as certified by the management and are subject to formal confirmation from the parties.

12 CASH & BANK BALANCES

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Cash on Hand	51,841	70,239
Balance with Banks	5,120,259	6,798,989
Fixed deposits with banks*	6,011	4,000
TOTAL	5,178,111	6,873,228

* Fixed Deposit is provided as security for Bank Guarantee for Customs Bonding

13 SHORT TERM LOANS AND ADVANCES

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
(Unsecured and Considered Good)		
Advance to Employees	38,170	82,755
Loan given to Mr Haroon Baig, Consultant	1,100,000	1,100,000
Advance Receivable in Cash or kind or for value to to be received	110,061	119,308
TOTAL	1,248,231	1,302,063

14 REVENUE FROM OPERATIONS

	2011-12	2010-11
Income from Software Development Services -		
- Export	27,861,047	33,856,167
- Domestic	1,147,765	3,135,121
TOTAL	29,008,812	36,991,288

15 OTHER INCOME

	2011-12	2010-11
Interest Income		
Interest on bank deposits	2,011	-
Gain on Foreign Currency Transactions	236,437	-
TOTAL	238,448	-

16 EMPLOYEE BENEFITS EXPENSE

	2011-12	2010-11
Salaries and Wages	11,111,540	8,387,399
Contribution to Provident and Other Funds	428,387	466,741
Staff Welfare Expenses	412,363	397,048
TOTAL	11,952,290	9,251,188

16.1 As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

	2011-12	2010-11
Employer's Contribution to Provident Fund	471,972	353,683
Employer's Contribution to Labour Welfare Fund	3,600	-

Defined Benefit Plan

Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit and Loss Account.

The defined benefit plan comprise of Gratuity.

The Company provides for its liability towards gratuity as per independent actuarial valuation.

Amount recognized as an expense in the Profit and Loss Account in respect of gratuity liability is as under :

	2011-12	2010-11
Gratuity Expenses	(47,185)	113,058

Assumptions -

	2011-12	2010-11
Discount Rate	8.50%	7.90%
Rate of increase in Compensation levels	6%	6%
Expected Average remaining working lives of employees (years)	6.47	6.45

17 FINANCE COSTS

	2011-12	2010-11
Interest on delayed payment of Taxes	-	8,219
TOTAL	-	8,219

18 OTHER EXPENSES

	2011-12	2010-11
Power and fuel	722,540	496,611
Lease rentals on assets	1,148,347	706,340
Repairs to -		
- Computers	72,135	324,682
- Building	77,485	64,633
- Others	40,580	121,561
Guest House Expenses	-	16,419
Technical Fees (Consultant Charges)	5,821,036	3,222,646
Commission	-	1,500,000
Rates & Taxes	110,221	13,908
ROC fee	3,190	4,520
Travelling and conveyance expenses	1,694,975	882,924
Donation	25,000	12,000
Software License Fees	12,554	46,802
Loss on Foreign Exchange Transactions	-	275,307
Foreign Travel Expenses	1,188,242	1,777,834
Telephone & Internet expenses	576,232	555,110
Postage	10,500	18,855
Housekeeping Expenses	65,262	61,449
Penalty	2,000	15,000
Security Charges	10,500	-
Membership Fees	493,838	376,071
Legal and professional charges (Refer Note 18.1 for Details)	506,864	940,686
Entertainment & Hotelling Expenses	14,129	27,899
Provision for Doubtful Debts	-	592,156
Bank Charges	70,180	75,690
Printing & Stationery	93,194	73,649
Miscellaneous expenses	78,057	225,506
TOTAL	12,837,061	12,428,258

18.1 Payments to the Auditor (included under Legal and professional charges)

	2011-12	2010-11
(a) Auditor - Statutory Audit Fees	44,944	44,120
(b) For Tax matters	22,472	22,060
(b) For Other Services	16,854	16,545
TOTAL	84,270	82,725

18.2 Expenditure in Foreign Currency

	2011-12	2010-11
Foreign Travel Expenses	1,184,954	961,305
Seminar Fees	-	47,835
Software License Fees	-	46,802
Membership Fees	-	153,949
Internet & Domain Registration Charges	36,562	3,657
TOTAL	1,221,516	1,213,548

19 EARNINGS PER SHARE (EPS)

	2011-12	2010-11
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs)	1,868,820	13,867,835
Weighted Average number of equity shares used as denominator for calculating EPS	10,000	10,000
Basic Earnings per share (Rs)	186.88	1,386.78
Diluted Earnings per share (Rs)	186.88	1,386.78
Face Value per equity share (Rs)	10	10

20 EARNINGS IN FOREIGN EXCHANGE

	2011-12	2010-11
Service Income	27,861,047	33,856,167
TOTAL	27,861,047	33,856,167

- 21** The Company does not use forward exchange contracts to hedge its foreign exchange exposure as at March 31, 2012. The Company had following foreign exchange exposures which were not hedged by derivative instrument or

otherwise –

Particulars	Foreign Currency	2011-12		2010-11	
		Amount in Forex	Amount in Rs.	Amount in USD	Amount in Rs.
Sundry Debtors	USD	188,027	9,749,595	228,405	10,343,414
Sundry Debtors	SGD	22,408	924,073	-	-
Sundry Debtors	QAR	8,260	117,546	-	-
Sundry Debtors	SAR	377,260	5,215,393	-	-

22 RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

I List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Name of the Related Party	Relationship
Sajid Hameed Shaikh	Director (Key Management Personnel)
Aslam Mohammed Khan	Director (Key Management Personnel)
Mohammed Siraj Gunwan	Director (Key Management Personnel)
Nazia Sajid Hameed	Director's Relative
Rehana Khan	Director's Relative
Abdul Hameed Shaikh	Director's Relative & also shareholder of the Company (till 26th March 2012)

II Transactions during the year with related parties :

Name of the Related Party	Nature of transactions	For 2011-12		For 2010-11	
		Value of transactions Rs	Closing Balance as on March 31, 2012*	Value of transactions Rs	Closing Balance as on March 31, 2011*
Sajid Hameed Shaikh	Consultant Fees	935,000	261,250	589,954	(6,500)
	Commission	-		300,000	-
Nazia Sajid Hameed	Office Rent payment	148,353	68,398	118,800	9,900
Aslam Mohammed Khan	Consultant Fees	1,049,000	9,000	731,669	(45,000)
	Commission	-		300,000	-
Mohammed Siraj Gunwan	Consultant Fees	674,400	279,890	480,000	-
	Office Rent	133,440		108,000	9,000
	Commission			400,000	360,000
Rehana Khan	Office Rent Payment	249,312	130,886	118,800	-
Abdul Hameed Shaikh	Guest House Rent	117,000	58,500	128,700	9,900

*Closing balance in bracket represents amount receivable by the Company

- 23 The Company has taken office premises at Pune and Mumbai locations & guest house at Mumbai on operating lease. Lease payments recognised in Profit & Loss A/c for the year is Rs 976,109 (previous year Rs 684,440)

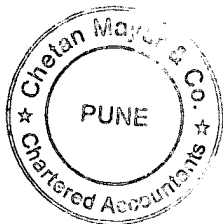
24 **CONTINGENT LIABILITIES AND COMMITMENTS**
(to the extent not provided for)

	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Capital Advances of Rs Nil (previous year Rs 346,968))	-	11,300
Other Commitments		
	-	11,300

As per our Report of even date

For Chetan Mayur & Co
Chartered Accountants

MPatwa



Mayur Vijay Patwa
Partner
M.No.105651

Date:- 27-07-12
Place: PUNE

For and on behalf of the Board

For Octaware Technologies Private Limited

Sajid Iqbal Abdul Hameed

Sajid Iqbal Abdul Hameed
Director

Date:- 24-07-12
Place: MUMBAI

Mohammed Siraj Gunwan

Mohammed Siraj Gunwan
Director

Date:- 24-07-12
Place: MUMBAI