Vakrangee Softwares Limited

Annual Report 2012 - 13

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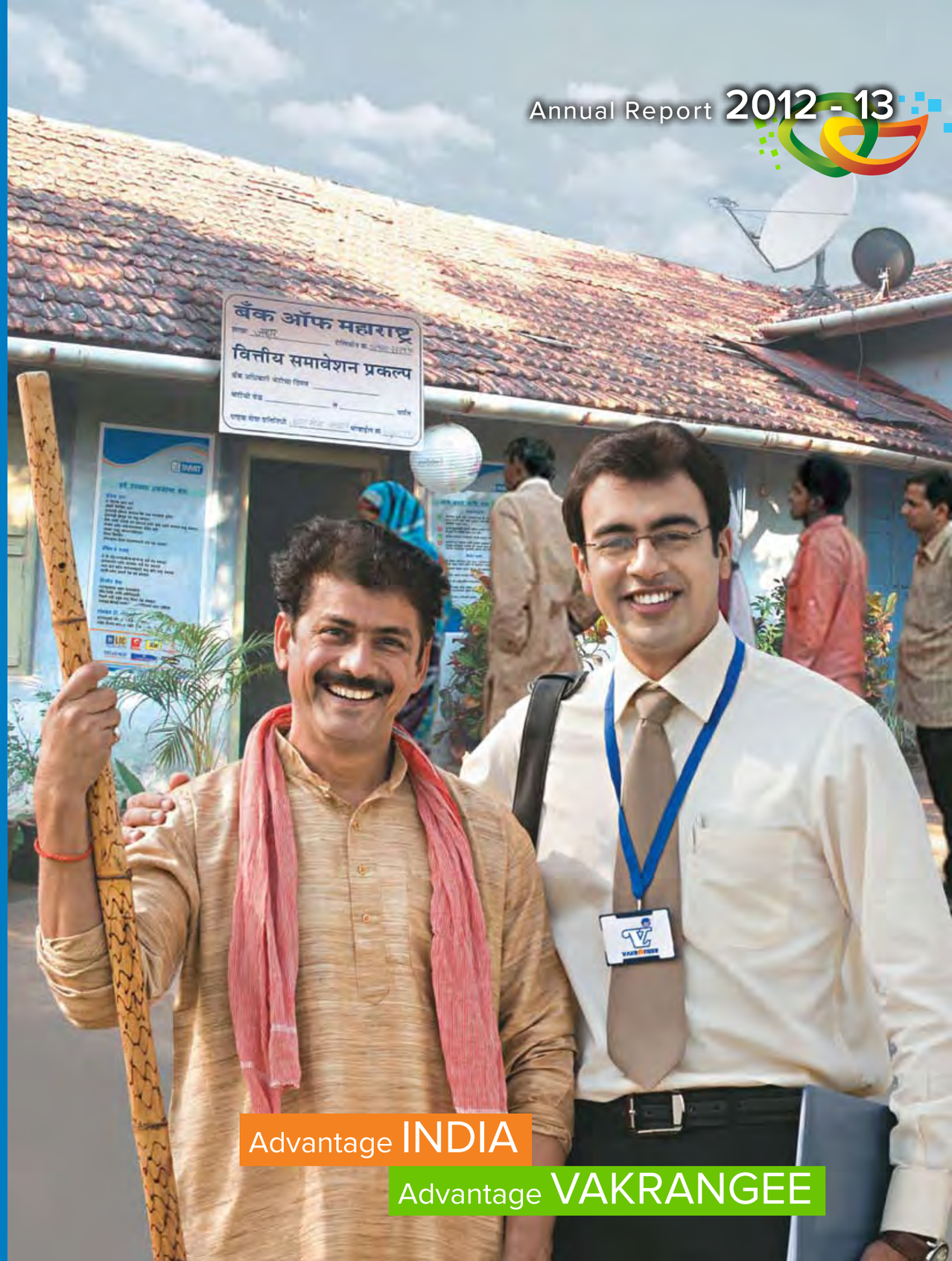
Vakrangee Softwares Limited
www.vakrangeesoftwares.com

Annual Report 2012 - 13



Advantage INDIA

Advantage VAKRANGEE

Note on forward looking statements

In this Annual Review we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This review and other statements – written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Anything worth doing is worth doing quickly and accurately. We have spent over two decades working on mission mode for a variety of projects that delivered benefits to the Indian citizen. We rededicate ourselves to maintaining our pace of growth and our pace of delivering benefits to the Advantage of India.

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The single most enabling factor in the history of our growth have been our people. Enterprising in their behavior, uncompromising when it comes to achievement of goals and undying in their loyalty, we celebrate the spirit of our team.

Without them, this journey would not have been possible.

INDIA
VAKRANGEE

Advantage INDIA
Advantage VAKRANGEE

India lives in villages...

Given the fact that 68.84% of the Indian population lives in villages, it follows that India benefits when rural business increases.

Powering this growth of rural business and income is a major focus of Vakrangee Softwares Ltd. For centuries, there has been one syndrome across G2C, B2C, and B2B business in the small villages of India. When a villager wants to avail of a government service, consumer goods, or even business goods, they have to travel to the district headquarters or to the nearest city.

In other words, the last mile in connectivity between the government, businesses and the rural consumer has always been met with the consumer travelling to the market.

Nobody has tried to serve the consumer at his village, due to either lack of scale, difficulties in connectivity or un-viability of stocking and selling goods in small villages.

Part of the difficulty of doing business in small villages is a matter of penetration.

Only companies with an entrenched presence in villages or gram panchayat levels, connections, infrastructure and deep pockets can drive this push.

Vakrangee achieved this presence across districts and panchayats across many states of India due to its e-governance implementation work. We have extensive experience and expertise in creating software platforms that connect people to services. Now we are in the process of creating 50,000 odd retail infrastructure across India in an unprecedented move to serve India and Indians in villages where they live. What is on offer is a vast range of Government services, Business to Business services and products and consumer goods.

It is India's and probably the first global Village level business that is technology driven and viable with minimal capital investment.

It is a revolution that will change the way Indian villagers shop and access services, and in turn it will transform Vakrangee into a rural powerhouse, unique in its reach and power.

Advantage India, Advantage Vakrangee.

Win Win solutions for growth, Read on to know more.

Business Presence

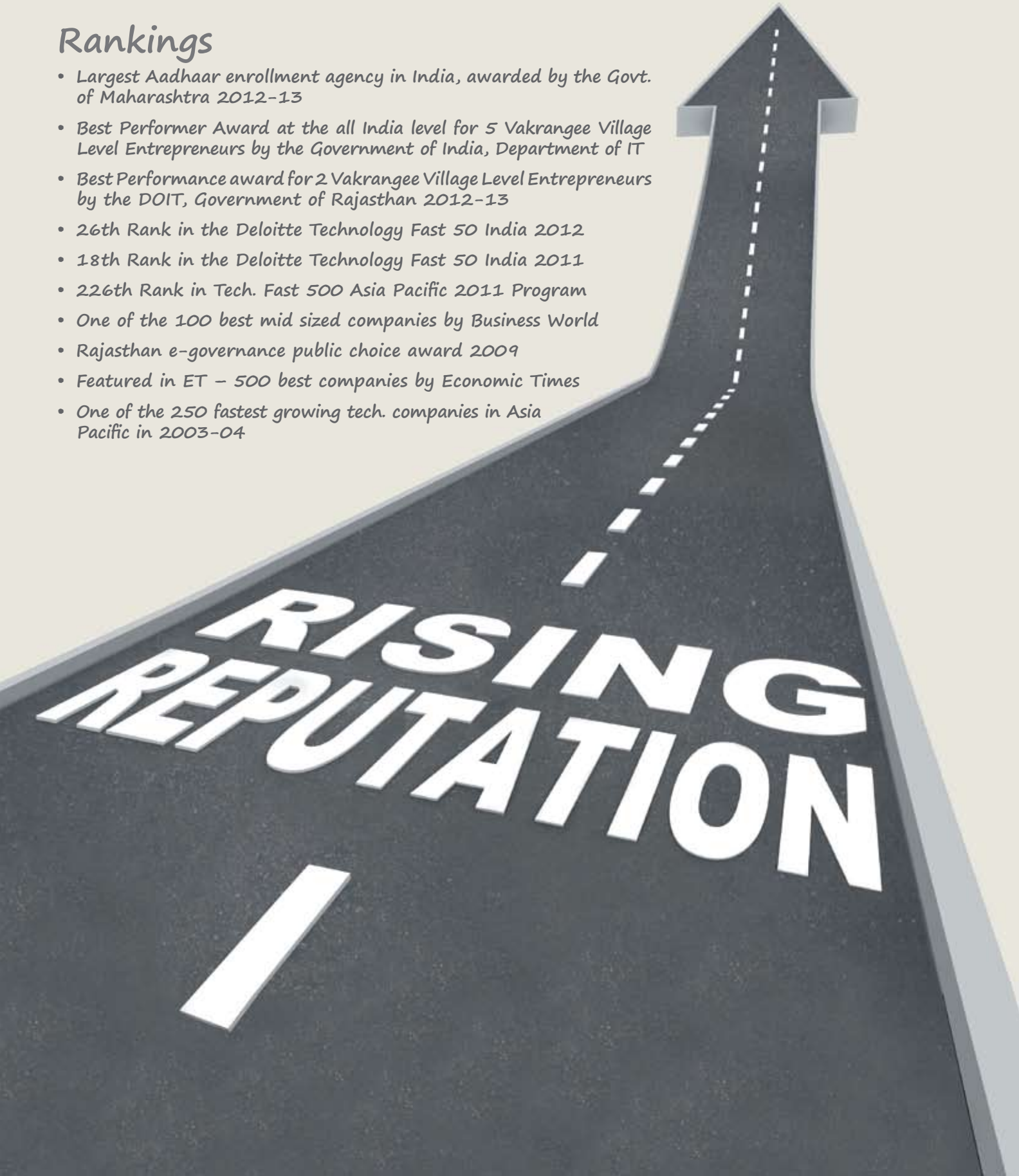
- 20 years of e-governance focus with execution reach to gram panchayat level in rural India.
- India's largest e-governance player, that forayed into BFSI sector in the last year.
- Order book of Rs. 10, 030 crores with 60% emanating from the BFSI sector.
- Expertise in the entire spectrum from data digitisation to technology management.
- 56% YOY growth over the past 3 years.

Experience & Capabilities

- VSL has in-depth experience of handling various e-governance projects including Election Automation, PDS, UIDAI, CSC, FI, IGRS and many more.
- VSL is a CMMI level III organisation engaged in the e-governance domain offering IT and ITES services.
- VSL has a track record of delivering on time bound mission critical projects having a large footprint across geographies.
- VSL is the #1 Aadhaar implementation agency in India.

Rankings

- Largest Aadhaar enrollment agency in India, awarded by the Govt. of Maharashtra 2012-13
- Best Performer Award at the all India level for 5 Vakrangee Village Level Entrepreneurs by the Government of India, Department of IT
- Best Performance award for 2 Vakrangee Village Level Entrepreneurs by the DOIT, Government of Rajasthan 2012-13
- 26th Rank in the Deloitte Technology Fast 50 India 2012
- 18th Rank in the Deloitte Technology Fast 50 India 2011
- 226th Rank in Tech. Fast 500 Asia Pacific 2011 Program
- One of the 100 best mid sized companies by Business World
- Rajasthan e-governance public choice award 2009
- Featured in ET – 500 best companies by Economic Times
- One of the 250 fastest growing tech. companies in Asia Pacific in 2003-04



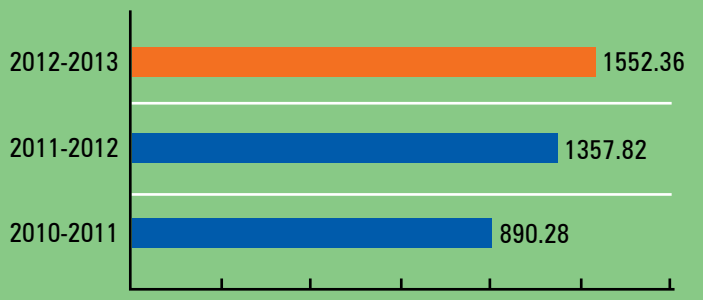
Vakrangee Softwares Ltd – Moving up the value chain

Over the years we have consistently moved up the value chain in the e-governance business, and risen from being a sub–contractor to a partner bidding for projects on a consortium basis to being a Prime player and lead contractor. Today we are working on an ambitious program to transform the way rural villages in India access government, business and consumer services with a chain of rural retail outlets. We are using our strengths in providing last mile connectivity in e–governance projects to delivering last mile connectivity to rural areas through retail outlets.

THE YEAR IN NUMBERS

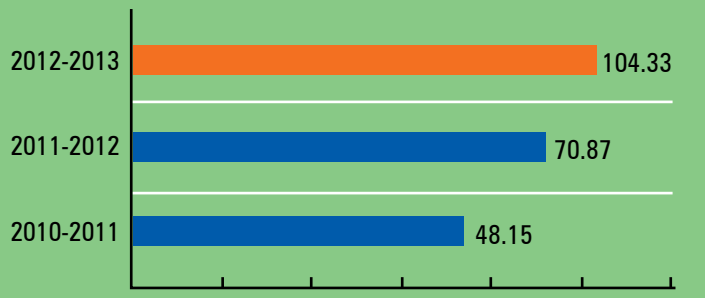
REVENUE

(₹ in Crores)



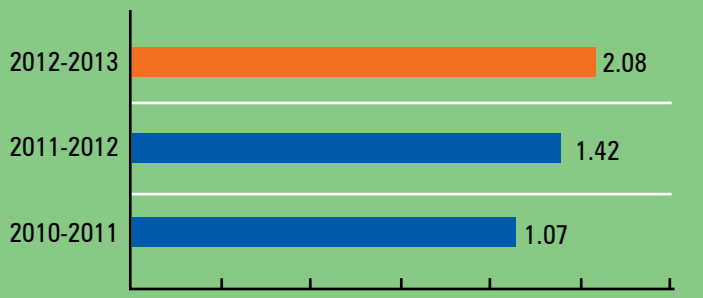
PAT

(₹ in Crores)



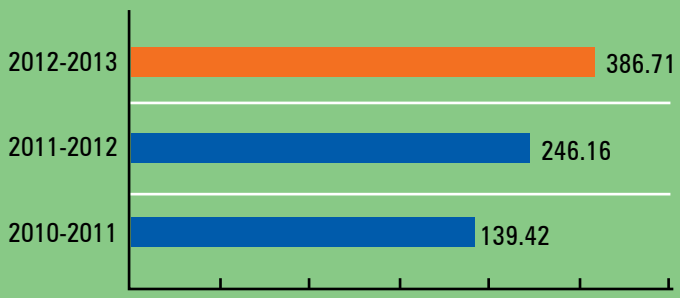
EPS

(₹)



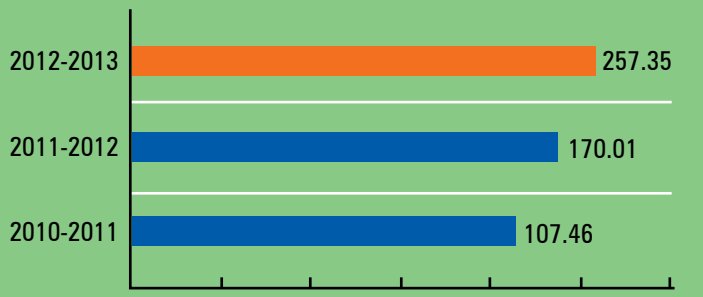
EBITDA

(₹ in Crores)



CASH PROFIT

(₹ in Crores)



Growth in Revenue

14.33%

Growth in PAT

47.21%

Growth in EPS

46.48%

Growth in EBITDA

57.10%

Growth in Cash Profit

51.37%

BOARD OF DIRECTORS

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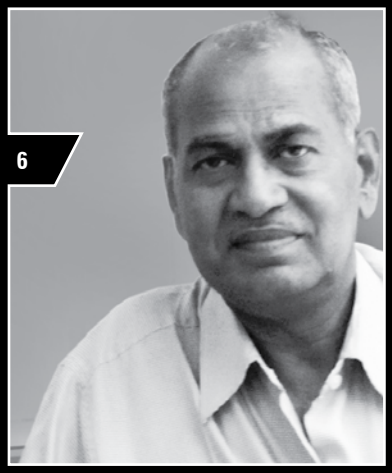
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1. DINESH NANDWANA (Chairman and Managing Director)
   Mr. Dinesh Nandwana is one of the main promoters of the company. By profession, Mr. Nandwana is a Chartered Accountant. He is the navigator who drove the Company from a modest consultancy company to a well renowned and prominent e-governance Company. His vast experience is backed by astute and dynamic leadership qualities. Mentoring the core management team and to carry the team to deliver the best in the class e-governance and IT & IT enabled services has been his forte over the years. His vision to take the Company to the new orbit have helped the Company to achieve the stringent targets and to claim the position of one of the best e-governance players in the market.

2. NISHIKANT HAYATNAGARKAR (Executive Director - R&D)
   Dr. Nishikant Hayatnagarkar is a Doctorate in Computer Science from I. I. T., Powai, Mumbai. He is associated with the company since 1994. He is a well-known personality in the field of microchip designing. He has developed a voice recognition system, which is widely used in various applications like Tele Banking, Tele Gas Booking etc. He has also designed & developed Multilingual Keyboard and is consultant to Media Labs Asia – Kamal Rekhi School for Information Technology (IIT Mumbai) for development of Multilingual data input device – Marathi language Key Board (Key – Lekh) and E-Lekh (Tablet based Marathi language Input).

3. RAMESH M. JOSHI (Non Executive Independent Director)
   Mr. Ramesh M. Joshi is a graduate in Economics & Law from the University of Nagpur. He had held various important positions in the Reserve Bank of India. He had the privilege of being nominated as a nominee of RBI on the Boards of various Banks. He had retired as an Executive Director of SEBI. He is also practicing as a senior corporate consultant.

4. ANIL PATODIA (Non Executive Independent Director)
   Mr. Anil Patodia has a Bachelor's degree in commerce with over 20 years experience of administration and has good leadership qualities to control huge projects involving large manpower.

5. SUNIL AGARWAL (Non Executive Independent Director)
   Mr. Sunil Agarwal is Bachelor of Commerce with over 25 years experience in business administration. He is a very successful businessman with good leadership qualities to control huge projects and explore new business opportunities.

6. B. L. MEENA (Non Executive Independent Director)
   Shri B. L. Meena has rich experience of having worked in different Government departments, including being Chief Commercial Manager NW Railway Jaipur of Indian Railway Traffic Service where he served for 28 years.

Transformation of VSL over the years

Year	Significant event
1990	Incorporated the company
1993	Undertook computerisation of the Central Election Commission
2005	MCA 21 Project for Ministry of Corporate Affairs
2007	Engaged for land record digitisation in state of UP
2007	Smart Card Project for UP, Rajasthan & Haryana
2009	Integrated Land Record Digitisation for the Government of Philippines
2010	Passport Seva Kendra Project & CSC Punjab
2011	UID Enrolment Management & UID linked Haryana Public Distribution System
2013	White Label ATMs Property Registration Project for Maharashtra MSP for NPR CSC Project for Rajasthan Rural Branch Management for 26 PSU Banks Rural Retail Outlets

Transformation in identity

Past	Evolution Phase	Present	Future
Sub Contractor	Partner (Consortium Basis)	Lead Player	Technology Intensive Rural Retail Transformation
Rashtriya Swasthya Bima Yojana MCA 21	Haryana Public Distribution System	Unique Identification Authority Branch management for 24 banks National Population Register Common Service Centre in Punjab & Rajasthan Maharashtra IRGS White Label ATMs	Rural Retail Chain delivering a variety of services and products related to - Government Banking Education Insurance Telecom Healthcare

Increasing EBITDA at different stages of our evolution

Margins as Sub Contractor

Project	EBITDA
Voter ID Cards	18-20%
Printing Electoral Rolls	18-20%
RSBY Smart Card	12-15%
MCA 21	12-15%
Passport Seva Kendra	12-15%
DMS Projects for B2B	7-10%

Margins as Prime Bidder

Projects	EBITDA
Haryana PDS	23-47%
UIDAI	29-37%
Rural Mart	15-22%
Maharashtra IGRS	19-20%
Election Related	20-21%

From Expanding Touch points to Leveraging Touch points

Until the beginning of the last year, we were busy with our business of expanding our touch points for delivering Government business and services, setting up Common Service Centres(CSCs) in the state of Punjab & Rajasthan.

These are lean and efficient, technology intensive service centres that are designed to deliver a range of G2C, B2B and B2C services in the rural hinterland. The scheme envisaged to set up of one Common Service Centre for every six villages, serving villagers in their vicinity without them having to travel to the distant government offices in the city centres or district headquarters.

The CSCs found immediate acceptance with the rural population who accepted the absence of red tape, efficiency and convenience of the touch point.

Implementing this project on mission mode familiarised us with the difficulties, pitfalls and the opportunity to serve the rural regions of India, something that has not been successfully done by any organised retail outlets at the village level.

Out of this experience and geographical presence was born our idea of creating a chain of rural retail outlets that would serve the unserved markets at the Gram Panchayat level.

From expanding retail touch points, we conceived the business plan of Leveraging Rural Retail points.

CAPITAL INFLUX

The ₹1 Lac Capital Investment Business for Village Level Entrepreneurs

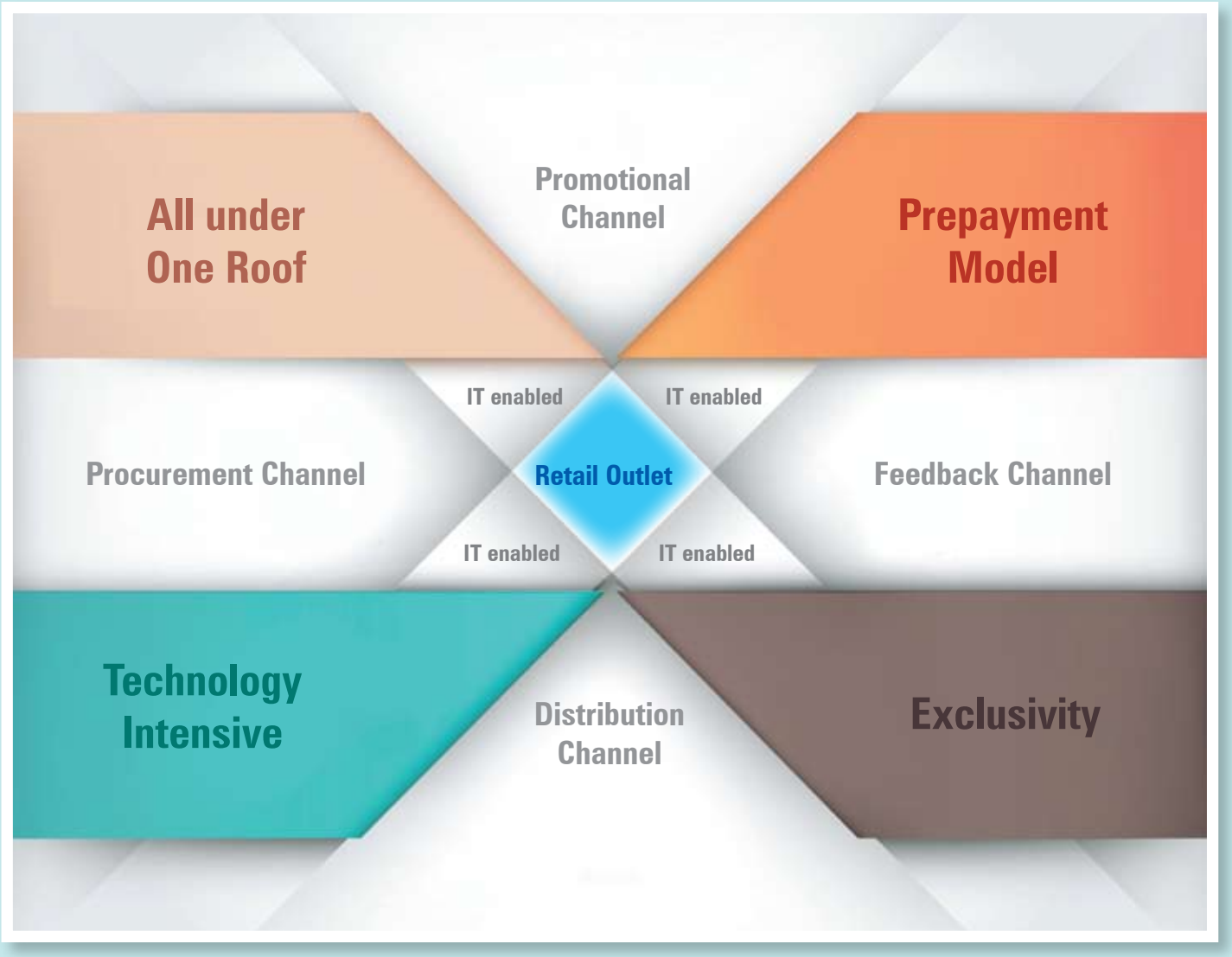
VSL takes business opportunities to the rural heartland and enables educated village youth to start their own business, serving his local community and earning a decent income without having to migrate to the city and work.

The infrastructure required is a small room along with equipment that is supplied by VSL at a total investment of a mere ₹1 lac.

Vakrangee provides these village level entrepreneurs training and empowers them to handle the business.

The Capital of ₹1 lac is invested in equipments that form core of our retail infrastructure.

OUR UNIQUE RETAIL FORMAT



The Unique Retail Format – small entity, large business potential

Equipped with uninterrupted power supply, own 24X7 satellite connectivity, connection to the company's banking and retail operations channel the Village Level Entrepreneur will be able to deliver efficient service.

Every transaction that he handles will earn him a commission enabling him to earn payback on his capital investments within 9 months of his starting operations and a continuous life time income for the course of his business venture. His market is assured as there is no competition for miles, and he will be the sole provider of these services to the local market.

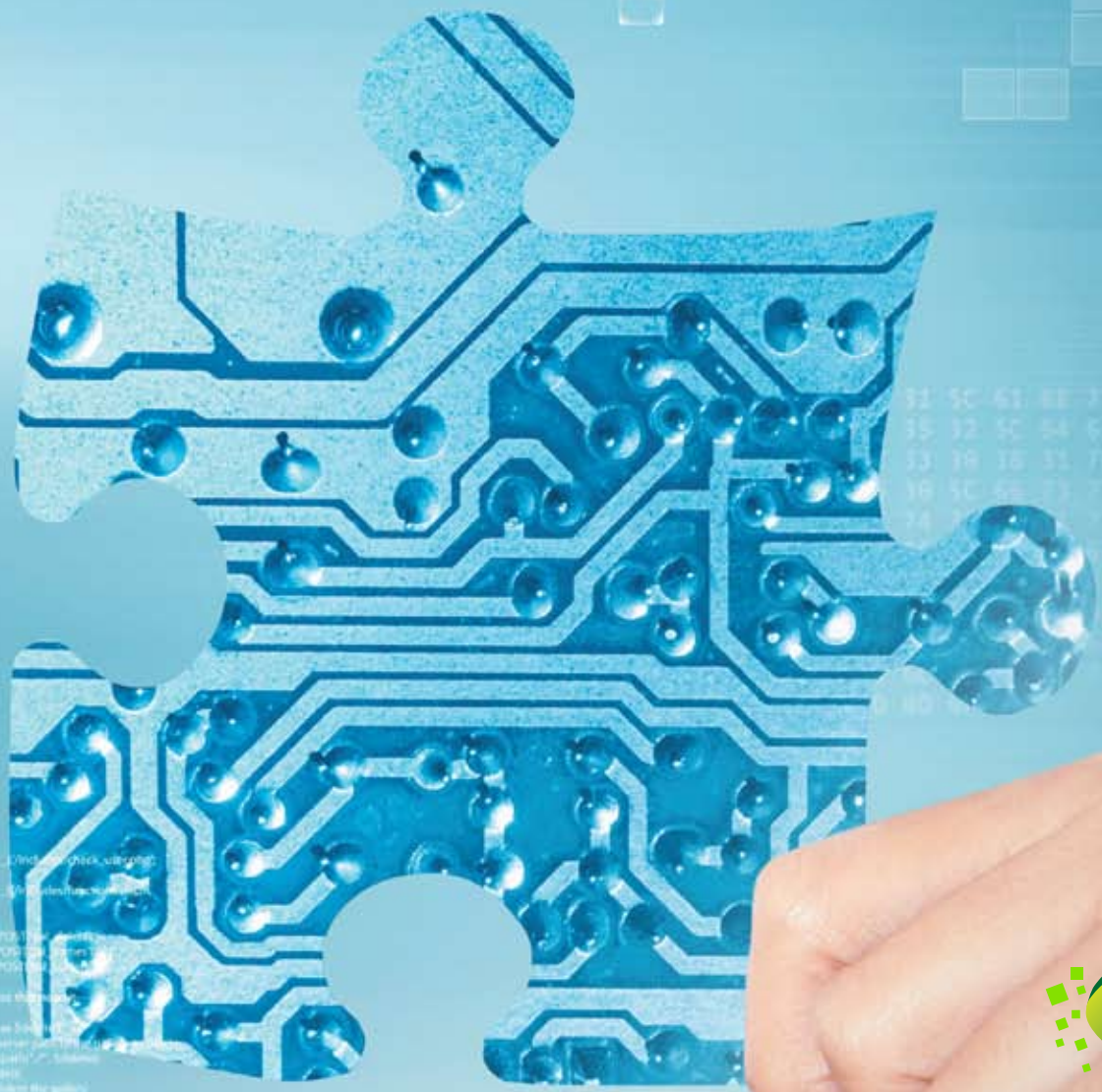
Categories and Channel Matrix

Categories	Categories			
	Sales & Distribution	Procurement (Rural to out side)	Feedback	Promotional
Business to consumer	Goods and services	Rural produce, work force, bill payment	Business to consumer survey and questionnaire administration grievance redressal, market research	ATL, BTL, Mkt. campaigns, Product Testing
Government to consumer	Railway tickets, certificates, Hall tickets	Exam fees payment, Online form filling	---IIIII---	Tourism
Developmental services	PDS, School Books, Food coupon	Enrollment (UID/Election Commission/NREGS)	---IIIII---	HIV, Polio vaccination, Educational schemes
Government to citizen	Direct cash transfer, UID card, Land record, e-Stamping	Payment of Utility bills, taxes/levies	---IIIII---	Awareness campaigns

Process of Operationalisation of the Rural Retail Outlets

- Dispatch of IT and non – IT infrastructure to the site location
- Deployment of hardware and software including VSAT
- Commissioning of non-IT infrastructure like generator and furniture and fixtures
- Training and capacity building by VSL and alliance partners
- Transaction/enrolment testing of the IT system
- Go Live Certificate and commencement of business

The VLEs will act as order aggregators and will not stock and sell anything. They prepay VSL, place their orders and deliveries are dispatched by the company to the respective villages.



All of these products and brands will be available on order, apart from banking, and government services, making the Village mart the hub of activities in the locality, and offering the Village Level Entrepreneur a variety of services and products he can market.

In addition to the 26 PSU banks, we have alliances with the following companies:

Dear Shareholders,

Advantage India, Advantage Vakrangee

During our journey in Vakrangee, we had the good fortune of executing projects that directly benefit the citizens of India - be it empowering voters with Election ID Cards, enrolling the residents of India for their Unique Identity number, securing food to the BPL families through Aadhaar enabled Public Distribution System, or setting up of Citizens Service Centres to deliver G2C services at doorsteps of the citizen, our work has directly been connected to empowering and benefiting the Indian Citizen. While we have been maximising shareholder return by successfully delivering project after project using our core competency of right kind of technology with right kind of process and right kind of people for this rural environment, India is benefitting simultaneously resulting in great social transformation. So naturally we think that when we work to the benefit of India, we too prosper.

Until now we have been working as a systems integrator in the domain of e - governance. We worked on mission mode perfecting deployment of cutting-edge IT system for various state and central governments. Then came the opportunity to plug-in all these systems and deliver comprehensive G2C services at the doorstep of the citizen through our Citizen Service Centres (CSC). We stumbled upon the idea of creating an organized rural retail while mastering the art of delivering the G2C services to the citizen at these touch points. We acquired the deep insight into the unique rural consumer behaviour, understood the challenges working in rural India and perfected the most workable model. At the same time, Ministry of Finance and RBI through their epic policy decision allowed banks to outsource rural banking operation to non-banking entities at the unbanked locations. We grabbed this opportunity to the fullest and now got a mandate from all PSU banks to set up and manage an Ultra Small Branch of the respective Bank at each Panchayat Level for the state of Maharashtra, Rajasthan and Delhi. The DBT scheme of GOI and recent food security bill opened floodgate of opportunities for us because the scheme benefit transfers through cash shall be distributed now from this 50,000 odd Ultra Small branches of the respective banks.

It will be a retail model like no other in the world.

It combines two opposites - High level of technology and infrastructure that is suitable to rural India, with the native entrepreneurial spirit of the rural Indian, who seeks to emerge out of his limitations and make a good life for himself.

We aim to recruit, train, empower and support 50,000 Village Level Entrepreneurs to deliver services and run a successful business with minimal capital investment.

While the big retail outlets of the world focus on setting up large malls in centralised districts that sell by volume, we are moving in the opposite direction setting up a large chain of small outlets and serving people in the locality that they live in.

The rural market of India (defined as markets with less than 25,000 population) is an underserved one with a demand potential of USD 1 trillion at current prices and consisting of a population of 1 billion people.

Rural India accounts for 56% of India's income, 64% of its spending, and 33% of its savings.

It is also the largest consumption market for FMCG and durables.

Yet, villagers still have to travel several miles to the nearest commercial junction and do their shopping there.

Not anymore.

Our Rural Retail network will serve villagers with a combination of BFSI, G2C and B2C in their own locality. This will be convenience shopping at its best. The citizens at their doorstep shall get the services of the renowned PSU banks like SBI, PNB, BOI, BOB etc; the largest Life insurance company like LIC and the largest non-life company like New India Insurance; the Direct Benefit transfers like NREGS, pension, food subsidy etc; birth certificates / domicile certificates; telephone and DTH top up and so on…

Along with this we have got in-principle approval for the license to set up minimum 15,000 white label ATMs the majority of which will be in the sub tier III cities. Combined together this is a business enterprise that will forever change the way rural India transacts.

While it is a for profit enterprise, we are equally contributing to the economic development of the rural areas by developing entrepreneurship at the grassroots.

The move will also limit migration from villages to cities and enable village people to find profitable and meaningful livelihoods by serving their own communities.

At the same time, for our stakeholders, we are moving into a more predictable annuity business that is working capital negative and where profits are assured because of exclusivity. Strong earnings, little threat, and One Trillion Business opportunities.

This is the opportunity that will transform your company and make it a vibrant enterprise that not only earns profits, but benefits the citizens and the country.

I take this opportunity to thank our people, our board, our stakeholders and the government for their constant support, encouragement and goodwill.

Thanking you,

Yours Truly,

Dinesh Nandwana

Chairman & Managing Director

At one point of time, everything that we did in the past culminated into capability for the present and future.

For the past 22 years, Vakrangee Softwares has been handling stand alone government projects in e-governance that involved creating the backend for assimilating and processing data related to citizens, and government to citizen interactions. Projects in this domain included the Electoral roll accumulation and printing, MCA-21 automation, PDS, UIDAI etc.

With the advent of the Citizens Service Centres (CSC) we began offering citizens an end to end solution by integrating a front end that was connected to the government systems. As per our contract, we started establishing CSCs in the states of Rajasthan and Punjab at gram panchayat levels.

With the government later mandating that any company or organisation that could render G2C services would be given connectivity to their central servers, we got an opportunity to expand our business of the CSC in a non contract format across the country.

While we kept expanding our presence across geographies, we got the opportunity to open up Ultra Small Bank centres in unserved geographies for various banks seeking to promote Financial Inclusion. Ultra Small branches at gram panchayat levels would be entitled to offer 33 services in their geographies. We immediately got into the business of banking, serving the same citizens in the gram panchayat levels.

As our geographical reach and capability of handling banking and G2C services became apparent to large companies we got the opportunity to serve General and Life insurance companies in their search for rural connectivity. We also

got a contract to install and maintain 15,000 white lable ATMs for the banking center, a majority of them in the rural areas.

Our Village Level Entrepreneur led touch point soon transformed into a multi utility centre enabling people in the village to transact with government, buy insurance and undertake basic level banking. To this, we added the capability of accessing a range of B2B and B2C services. What started as a stand alone G2C services outlet has now emerged as a Village Mart offering G2C, B2B and B2C services. This combination of services on offer made our enterprise viable and enabled us to offer good business and income generating opportunities to our Village Level Entrepreneurs who work as our franchisees.

So, from working as a sub-contractor, contractor and finally prime bidder in e-governance tenders, we have emerged today as a standalone retail chain offering three sets of services across Government, Business and Consumer domains.

This is a truly large scale, unique enterprise with a combination that no one in the world offers. Today we have established 3,000 stores, in the coming one year we will increase it to 12,000 stores and in the year 2015 we will have a network of 50,000 village stores. It is a revolution in rural retail, the likes of which have never been seen before. We are presently actively expanding our Village mart network in the states of Rajasthan, Maharashtra and New Delhi.

What are the drivers that make the time appropriate for the rural push? Let us see.

Drivers for the Retail Push

Sustained increase of government spending in rural India.

Flagship initiatives of the Govt. of India like NREGA and Bharat Nirman are power drivers that have been increasing rural income among the lowest percentile of income earners. NREGA and Bharat Nirman account for a massive 33% of the total government rural spending.

Pro Rural reforms through increased Govt. Spending

Budget Allocation in ₹ Billion	FY 11	FY12	FY 13	% Increase Year on Year
Bharat Nirman	480	580	710	22%
MGNREGS	401	400	400	0%
Housing (Indira Aawas Yojana)	100	100	152	52%
Education (Sarva Shiksha Abhiyaan)	150	210	273	30%
Health (NRHM)	154	178	210	18%
Total Rural Outlay	2265	2261	3171	19%

The total government spending on health and education have been increasing at a strong clip. Each of these initiatives contributes to the increased well-being of the lowest of the low rural population and helps them elevate their lifestyles while putting money into their pockets.

Increasing production in the Farm Sector and simultaneous increase in Minimum Support Prices.

The total grain production has been growing consistently over the last three years, along with an increase in the production of milk, wheat, rice and sugarcane. Total food grain production has increased from 218 million tonnes in the FY11 to 245 million tonnes in FY 13. This is accompanied by an increase in milk production from 117 million tonnes to 126.4 million tonnes in the same period. Wheat, rice and sugarcane have increased from 81, 89 and 19 million tonnes to 88, 102 and 26 million tonnes respectively. This increase in productivity has been supported by a simultaneous increase in the Minimum Support Price, leading to more disposable income in the hands of the farmers. The minimum support prices of paddy, sugarcane and wheat have increased year on year by 11%, 4% and 15% respectively.

Income – Expenditure profile of rural India

Annual Household income increased more than the increase in the expenditure per capita resulting in an increase in disposable income in the hands of the rural people. This is discretionary spending that enables the rural masses to indulge in branded products, consumer durables and other goods. While incomes during the year 11-12 increased by 17%, expenses grew at 14% resulting in an increase of 26% in disposable income in the hands of rural people.

INCREASING MECHANISATION OF THE FARM SECTOR

The sustained shortage of labour in the rural hinterland has forced even small farmers to adopt mechanisation of their farm operations. Another factor that has influenced this trend of mechanisation is the increase in the labour payment subsequent to the introduction of government schemes like MGNREGS. There is also a strong replacement demand coming from people who are modernising and buying new tractors. There has been an increase of 24% and 11% in the sales of tractors alone during the FY 12 and FY 13 respectively.

INCREASING GROWTH OF FMCG PRODUCTS IN THE RURAL HINTERLAND

Growth of FMCG products in rural India is outstripping growth in urban areas both in terms of volume as well as value. There is high growth in low penetration products. Emerging new categories whose volumes have increased considerably include milk food drinks, (up 44%) shaving preparations (up 40%), bottled soft drinks (up 31%) and toilet and bathroom cleaners (up by 24%). The interesting fact is that, despite an increase in prices due to inflation, there is no decrease in the volume of consumption. Purchase of new categories of products and the replacement of loose items with branded items is a universal trend even in the smallest of villages with a population of less than 2000. There is also a trend in increase in consumption of economy packs in products like tea and edible oil.

STEADY GROWTH IN TWO WHEELER DEMAND FROM RURAL AREAS

There is a steady growth in the demand of two wheelers to the extent of 15% in the first three quarters of 2012. Almost 50% of this growth emanates from rural areas and small towns. Better roads are leading to this increased demand as is the increasingly felt need for personal mobility. Demand for four wheelers is also on the rise in the rural areas with companies like Maruti experiencing sales growth of 8% between the period April to Dec 2012 and 16% in Jan 2013. A large majority of this demand is seen during the festive season and on occasion of marriages where two and four wheelers are given as gifts.

INCREASING TELEDENSITY IN RURAL AREAS

Rural areas outpaced urban cities both in terms of teledensity as well as in the number of subscribers. The number of total shipments of mobile phones increased by 10% during the FY 12 over the FY 11. Increase in teledensity and number of cell phones leads to a sustained demand for mobile recharges, and subscriber payments that are routed through banking channels. Today mobiles are not viewed as a luxury but as a basic necessity. There is an increase in ownership of mobile phones among the lower SEC D (72%) and SEC E (31%). There is also a simultaneous increase in talk time usage with most households reporting increasing spends on mobile conversations. The increase in teledensity is powered by an increase in mobile recharge coupons in small villages. Two other trends noticed in the mobile phone market is; more frequent replacement of mobile handsets and increasing demand for low priced, multimedia handsets.

INCREASING LEVELS OF "PUCCA" HOUSING IN RURAL AREAS

The increase in the number of "pucca" houses is driven by the shift and up gradation of homes from "semi-pucca" to "pucca". Makeshift homes build with local materials are being upgraded to homes made of cement and concrete. This is in equal measure driven by increasing disposable incomes in the hands of the rural poor and the desire for a better quality of life. The movement is also supported by government schemes like the Indira Aawas Yojana that offers contributions for building "pucca" homes. There is a 64% increase in household spending on homes with a subsequent increase in the demand for bricks (20-25%) and cement (10-15%). There is also a marked increase in the number of shops available in small villages.

INCREASED DEMAND FOR MEDIA AND ENTERTAINMENT IN RURAL AREAS

There is an increase in media consumption in households that is evident by the fast pace increase in TV households in the rural area as compared to urban areas. There is a 53% growth in DTH households in rural areas. Out of the total 42 million DTH connections, a full 26 million are from rural households. 55% of the households report increased spend on media and entertainment.

INCREASED SPENDS ON EDUCATION IN RURAL AREAS

The increasing spends in education is in part powered by increased government spends on this sector that amounted to 40% more than the previous year. Education is on the top of the spending list, with 82% of households reporting increasing spends on this account. The maximum increase in spends is on account of tuition fees. There is an increase in the number of private tutors in villages and having a tutor for children is becoming a trend. There is an increased need for sending students to English Medium schools, and parents report having no qualms sending their children out of the village or town to access better education.

INCREASED RURAL SPENDING ON HEALTHCARE

Rural spends on healthcare is on the increase, driven in main by the increase in government spending. There was a 16% increase in government spending on account of NRHM. 80% of households in rural area reported increased spending on healthcare, especially on doctor's fees and medical expenses. Fees of private Doctors have gone up and most growth is driven by the presence of private players. There is also an increase in the number of hospitals in rural areas, and small towns. The market size grew from US$30 billion to US$35 billion in 2012.

GROWTH IN FINANCIAL SERVICES IN THE RURAL HINTERLAND

There is a healthy growth in the access to financial services with deposits increasing by 18%, while credit increased by 20%. This increase in bank deposits and advances is driven by a 26% growth in rural disposable income. The Direct Cash Transfer scheme and other measures for Financial Inclusion are sure to further increase the participation of the rural poor in the formal banking sector.

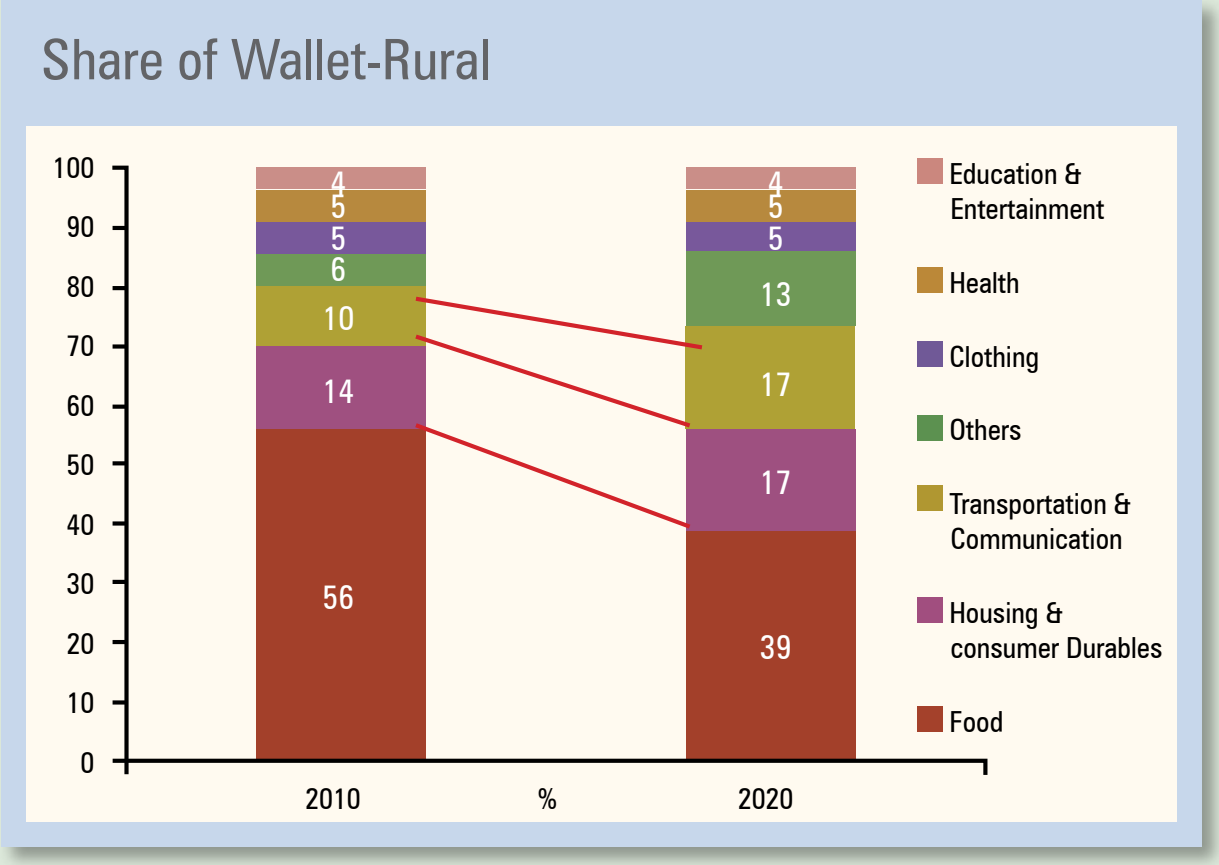
ASSIMILATING THESE TRENDS

- It is predicted that by 2017, the consumption of FMCG in the rural areas will equal consumption in urban areas.
- Rural economy will be increasingly driven by services rather than agriculture.
- Non-Farm sector incomes will contribute 70% of rural incomes by 2020. Teledensity will increase to 40% in the rural areas by 2014.

AND VIEWING THE FUTURE

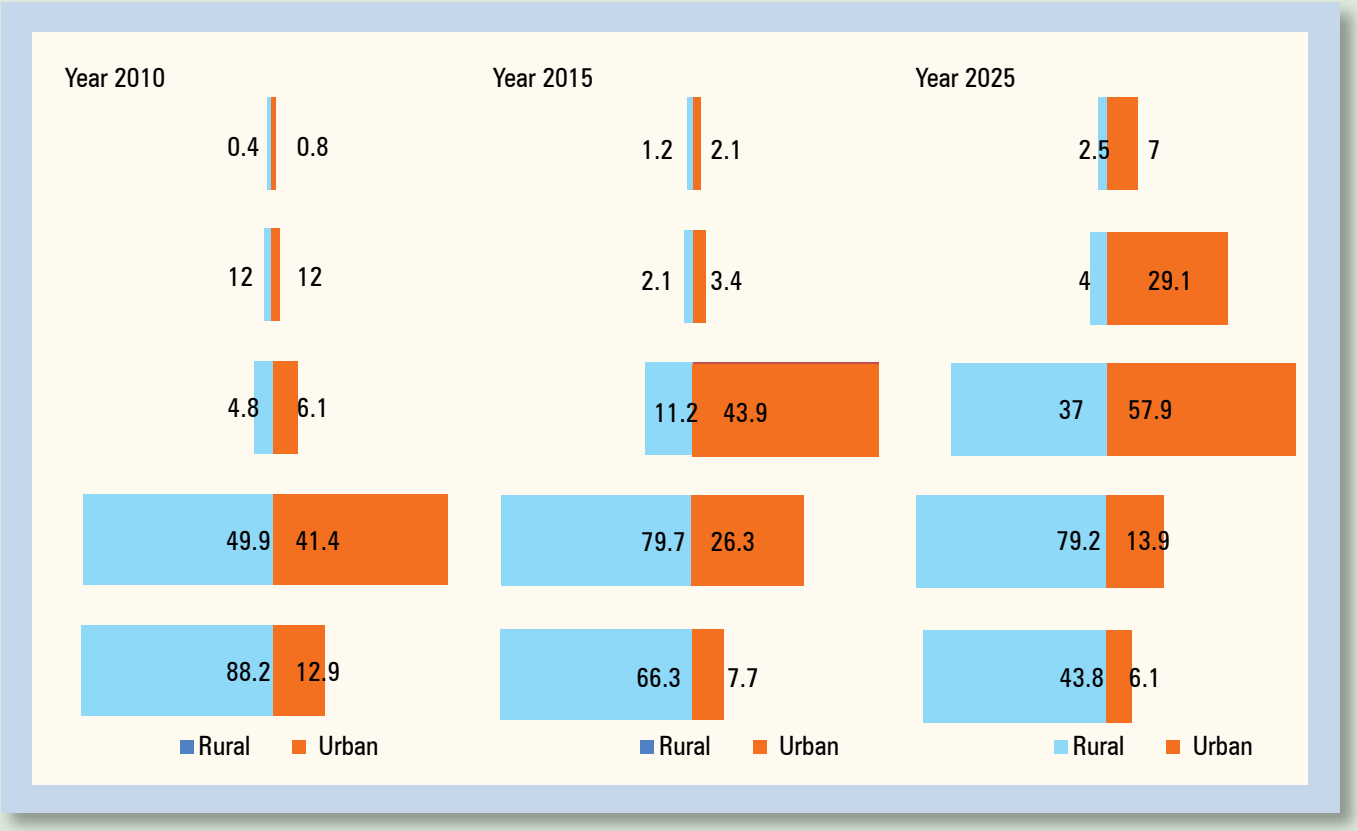
- 12 million homes will be constructed in the period 2010-15 under the sponsorship of Indira Aawas Yojana.
- Spending on health will increase from ₹1.1 trillion to 2.5 trillion by 2025.
- There will be 100% road connectivity by 2020.
- We will achieve 100% literacy by 2020.

Changing trend in spending in rural areas



There is a perceptible reduction in the percentage of income that is spent on food, while there is an increase in the total spends on consumer durables, transport and other discretionary spends.

Increasing income levels in the villages



All figures in the above graphs are in millions of households

In drawing the trends of movement of incomes of all types of households from deprived to the globals, there are some interesting findings. While in 2010 the deprived accounted for 88.2 million households, this number is to drastically come down to 43.8 million households by 2025. This is immediately translated into the increase in the Aspiring and Seeker households from 49.9 million households to 79.2 million households and from 4.8 to 37 million households in the seeker category. Even at the top of the pyramid, Rural Globals are set to increase from 0.4 million households to 2.5 million households. In terms of spending power, there is no difference between the rural and urban categories across classes, and this indicates a strong increase in consumption of discretionary as well as luxury goods across households in time.

The Time has come for Organised Rural Retail

All trends portray successive increases in incomes across all classes in the rural regions and this will translate into increased demand for goods and services across categories.

- There will be an increase in demand for services from the Government, BFSI, Telecom, Education, Healthcare, Entertainment etc.
- There will also be an increase in demand for FMCG products, Consumer Durables, Automobiles, Farm equipment, communication devices etc.

Vakrangee proposes to set up its unique model of retail outlets that will serve the three demands for government services and banking, business to business goods and services, and business to consumer services.

The Indian Rural market in a snap shot

The rural market, defined as towns and villages with a population of less than 25,000 people comprises of 1 billion consumers, with a total spending power of US$ 1 trillion.

Rural India accounts for 56% of India's income, 64% of its spending, and 33% of its savings. It is the largest consumption market for FMCG and durables.

Major FMCG, consumer durable and motor companies achieve a significant part of their total turnover by serving the rural market.

Unique Combination of brick and click

While the physical store will give access to the range of goods and services on offer at the Village Marts, its technology intensive backbone and advanced logistics network will enable fulfilment of orders. This is a unique combination of physical and e-retail that is asset light while having the capability of delivering across categories in demand.

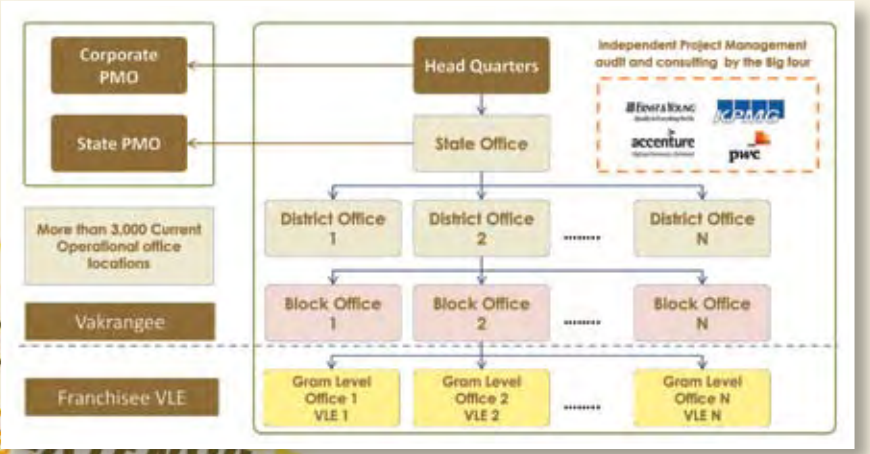
The retail channel will be operated as a two way channel delivering goods and services in both the outside-in as well as inside-out models.

The outside-in will include government services, subsidies, direct cash payments, consumer durables, tickets for railways, buses, flights, PDS, School books, food coupons, farm equipments and supplies etc.

While the inside-out will deliver rural produce to urban markets, deliver ATL and BTL campaigns across regions, product testing, tourism, awareness campaigns etc.

There will also be services available for delivering development services like UID enrolment, NREGS data of field work, NRHMS, Bharat Nirman based services, etc.

Operational Model of the Village Mart



The Village Mart will operate with a five level hierarchy with head-quarters in Mumbai, branch offices in every state, district offices, block offices and Gram panchayat level outlets.

The Village Level entrepreneurs will be Franchisees who will be trained by Vakrangee and its associates, and given the software and hardware to operate their business at the village level. Given the fact that we are bundling a number of goods and services across categories, and are operating in an asset light manner without participating in stock and trade, VLEs will be able to earn decent profits on their meagre investments.

What makes the Village Mart viable as against other traditional models

- The village mart focuses on a large variety of services and products so as to make it viable.
- Its business model that is a combination of brick and click enables it to have last mile presence, while having strong connections to national markets for sourcing a range of goods and services.
- As it is asset light, educated villagers can participate in this business with their own funds and have a livelihood.
- Vakrangee's strong technology backbone, and the investment in seamless high speed connectivity through own VSATS power backup with generators enable VLE's to continually offer products and services without interruption due to voltage fluctuations, power outages etc.
- The large basket of services on offer will enable VLE's to easily cover overheads while earning decent profits.
- VLE's intimate knowledge of the locality and its produce will help him sell village level produce to urban markets, thus making the model both inside-out and outside-in.
- Quick return on capital employed by the VLE will enable him to take the risk of being self employed.
- The Village mart serves both the rich and the poor in villages, catering equally to the need for Direct Cash Disbursement and recharge coupons to the poor, as well as delivering luxury items like automobiles or high end consumables to the affluent.
- Since the VLE is part of a chain that directly connects the consumer to the manufacturer without multiple levels of dealers or distributors, he will be able to deliver goods cheaper than a normal retail outlet.
- The model aggregates demand from different outlets, places orders in bulk and delivers goods through a well planned logistic infrastructure within minimum time.

Bank of Maharashtra - Ultra Small Branch (Jamsar, Taluka - Jawahar)

Balu Laxman Vaje- Citizen (Jamsar, Taluka - Jawahar)

Aruna Govind Bambere - Panchayat Co-ordinator (Jamsar, Taluka-Jawahar)

Nitin Govind Bambere - Block Co-ordinator (Jamsar, Taluka - Jawahar)

Scan the QR codes to view the video

method
observation
specific
survey
reporting
development
interview
assessment
useful
project
plan
improvement
measurable
effectiveness
cost
collecting
time bound
efficiency
evaluation
data
monitoring
focus group
analysis
steps
logs
risk
reliable
relevant
achievable
activity
stakeholder
accurate

Risks and Risk Mitigation

The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven as well as quarterly basis. The risk categories covered under the risk management programme includes strategic, operational and financial as well as compliance-related risks across various levels of the organisation. This includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level. Some of the key strategic risks the Company faces, their impact and corresponding risk mitigation actions undertaken by the Company are discussed herein:

1. Retail Sector has been thrown open to FDI and there is the proposed entry of Retail giants into the Indian market. This will impact Vakrangees Retail plans.

   Vakrangee's retail chain is at the village level, something which no other retail chain, be it Indian or foreign has the competency and grass root presence to execute. Also given the asset heavy model of traditional organised retail, there will be little scope for them to be viable in the gram panchayat level.

2. The Retail model though unique can be copied by emerging competition

   There are strong entry barriers to competition in Vakrangee's retail model because most of the services like Banking, G2C etc are on exclusive basis. The banking services provided by Vakrangee as a common BC is on an exclusive basis for the states of Maharashtra, Rajasthan and Delhi for a period of 5 years which can be extended by another two years by mutual consent. Similarly the G2C services offered in Rajasthan are also on exclusive basis. The rural consumer is different, the ambience of doing rural business is different; so is the rural infrastructural constraint. Only people with adequate exposure and experience of working in the rural area will be able to properly address these issues. Vakrangee, with its more than two decades of experience of working in the rural hinterland of India is uniquely positioned to address this opportunity.

3. Retail is a capital intensive business. Does Vakrangee have the financial strengths to see the venture through?

   Vakrangee's retail model is based on the Franchisee model where in the capital required for the outlet is invested by the Franchisee. Vakrangees investment is restricted to the Micro ATM and the onetime cost for developing the software applications which is funded by internal accrual.

4. The model is untested and may fail

We have tested this model through the period of our involvement with the Citizen Service Centres, and mastered the most workable model in rural India of delivering services and products to ensure profitability of the VLE from day one. There are four reasons why Vakrangee has the wherewithal to see this project through. One there is no capex investment by Vakrangee in the project. Two the model is working capital negative because of the prepaid model of doing business. Thirdly we need not invest in extra resources as the existing resources for our other grass root projects are being shared for this project. Lastly, most of the services on offer are exclusive and there is no competition in the areas where we are present.

5. There will be margin pressure on the business, since you have to share margins with the VLE

We disintermediate the supply chain by directly integrating with our alliance partners and delivering it to the consumer through the VLE's. So the spreads available to us are wider. In banking transactions and services like direct benefit transfer, we are given margins per transaction, so the more the transactions, the more the money generated. We are happy to share our margins with our VLE as he is assuming risk in the project. To take care of him we have ensured that he earns good margins and breaks even from day one and gets payback in a minimal time (9 months in our case.)

6. The success of the scheme will depend on the capabilities of the VLE

Vakrangee has long experience in recruiting, training and successfully deploying village level people to undertake technology related grass root projects like Election Commission, RSBY, UIDAI, NPR, CSC etc. So this is nothing new for the company. We have a thoroughly planned and detailed on- boarding and training plan to recruit, train and empower our VLEs. Training is not a onetime activity but a regular periodic feature for us wherein VLEs are being trained by our resources at district/block levels for regular skill enhancement.

Corporate

Vakrangee Softwares Ltd.
- 1990

Work force
approx. 5585

Revenue growth
15.25% over the last year

Market capitalization
₹ 3371.77 Cr.
as on March 31, 2013

Public shareholding
65.73% as on March 31, 2013

Promoters Shareholding
34.27% as on March 31, 2013

Board of Directors

Mr. Dinesh Nandwana
- Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
- Whole Time Director, R&D

Mr. Ramesh M. Joshi

Mr. Anil Patodia

Mr. Sunil Agarwal

Mr. B. L. Meena

Compliance

Statutory Auditors

M/s. S. K. Patodia & Associates,
Chartered Accountants, Mumbai

Company Secretary & Compliance Officer

Ms. Darshi Shah

Committees

AUDIT COMMITTEE
Mr. B. L. Meena *(Chairman)*
Mr. Ramesh Joshi
Mr. Anil Patodia

REMUNERATION & COMPENSATION COMMITTEE
Mr. B. L. Meena *(Chairman)*
Mr. Ramesh Joshi
Mr. Dinesh Nandwana

SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE
Mr. Ramesh Joshi *(Chairman)*
Mr. Anil Patodia
Dr. Nishikant Hayatnagarkar

RESOURCE COMMITTEE
Mr. Dinesh Nandwana *(Chairman)*
Mr. Anil Patodia
Dr. Nishikant Hayatnagarkar

CORPORATE GOVERNANCE COMMITTEE
Mr. Anil Patodia *(Chairman)*
Dr. Nishikant Hayatnagarkar
Mr. Ramesh Joshi

Bankers

Union Bank of India

Axis Bank Limited

ICICI Bank Limited

ING Vysya Bank Limited

Axis Trustee Services Limited (Trustee)

Andhra Bank

Punjab National Bank

Dhanlaxmi Bank Limited

State Bank of India

State Bank of Mauritius

GE Money Financial Services Pvt Ltd

Registrars

M/s Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Saki - Vihar Road, Sakinaka,
Mumbai 400 072

Tel: +91-22-4043 0200
Fax: +91-22-28475207
Email: info@bigshareonline.com

Dear Shareholders,

We are pleased to present the 23rd Annual Report together with the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2013.

1. PERFORMANCE OF THE COMPANY

The Company's performance is summarized below:

- FINANCIAL RESULTS

₹ in Lacs except EPS and per share data

	Consolidated			Stand alone		
	2012-2013	2011-2012	YoY growth (%)	2012-2013	2011-2012	YoY growth (%)
Sales and other income	155,236.18	135,782.48	14.33	156,319.78	135,637.91	15.25
Profit before Tax	14,369.24	10,291.75	39.60	14,845.44	9,954.78	49.13
Provision for Income Tax	4,373.14	2,034.86	-	4,373.09	2,034.45	-
Provision for Deferred Tax	972.33	2,143.78	-	954.13	2,143.78	-
Tax for Earlier Year	(32.86)	(0.00)	-	(32.86)	-	-
MAT Credit Entitlement	(1,376.19)	(974.08)	-	(1,376.19)	(974.08)	-
Profit after Tax	10,432.82	7,087.18	47.20	10,927.27	6,750.63	61.87
Appropriations:						
Proposed dividend on equity shares (₹per share)	0.20	0.20 (After bonus and Split)	-	0.20	0.20 (After bonus and Split)	-
Transfer to General Reserve	819.55	506.30	-	819.55	506.30	-
EPS (₹)	2.08	1.42	46.48	2.18	1.35	61.48

- PERFORMANCE

Consolidated

During the year, your Company recorded the total income of ₹155,236.18 Lacs from ₹135,782.48 Lacs in previous year, a growth of 14.33%. The EBITDA stood at ₹38,671.19 Lacs from ₹24,616.03 lacs in previous year, an increase of 57.10%. Profit after Tax was increased to ₹10,432.82 Lacs from ₹7,087.18 Lacs in previous year, up by 47.20%.

Standalone

During the year, your Company recorded the total income of ₹156,319.78 Lacs from ₹135,637.91 Lacs in previous year, a growth of 15.25%. The EBITDA stood at ₹39,123.45 Lacs from ₹24,219.90 Lacs in previous year, an increase of 61.53%. Profit after Tax was increased to ₹10,927.27 Lacs from ₹6,750.63 Lacs in previous year, up by 61.87%.

Reserves

Your Company has transferred ₹819.55 Lacs to General Reserve out of amount of ₹28,651.78 Lacs available for appropriations and balance amount of ₹26,656.44 is retained in the Profit & Loss Account of your Company.

2. DIVIDEND

Your Directors recommended a dividend of ₹0.20 per equity share i.e. 20% on each equity share having Face value of ₹1, subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be of ₹1,175.8 Lacs inclusive of tax amount of ₹170.80 Lacs.

The dividend, if approved by the shareholders, will be paid to those members whose names appear in the Register of Members on or before the date of Book Closure i.e. September 4, 2013.

3. SHARE CAPITAL

During the year,

Your Company issued and allotted 2019740 Equity Shares having face Value of ₹1 each under the 'ESOP Scheme 2008' of the Company to employees and directors of the Company.

After the aforesaid issues & allotment, the paid-up share capital of the Company as on March 31, 2013 was at ₹50,24,99,320 comprising of 502499320 shares of ₹1each

4. SUBSIDIARIES

The Company has made an additional investments of ₹2,50,00,000 comprising of 2500000 equity shares of ₹10 each in one of its subsidiary companies, eDoc Vision Infotech Private Limited during the year 2012-13.

In terms of the exemption granted by the Central Government vide notification number 5/12/2007-CL-III dated February 8, 2011, the Balance Sheet and Profit & Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries have not been attached with the Annual Report of the Company. However upon request by the shareholder of the Company, the annual accounts of the subsidiary companies will be made available. Pursuant to Section 212 of the Companies Act, 1956, the financial data alongwith equity share capital of the subsidiaries form part of this Annual Report. Further, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, consolidated financial statement presented by the Company includes financial information of its subsidiaries.

The Company has the following subsidiaries:

- eDoc Vision Infotech Pvt. Ltd.

  The Company is to focus on consultancy on document and business process outsourcing to various customers. eDoc provides state of the art technology solutions. The Company has been allotted an Industrial plot admeasuring to 5 Acres from HSIIDC at IMT Manesar, Haryana, where on the Company is planning to develop an IT Centre. The project shall be financed partly by Vakrangee Softwares Limited in form of equity and partly by debt from outsiders.

- Vakrangee e-Solutions INC.

  We hold 100% of Equity Share capital of the Company which is incorporated in the financial year 2009-10 at Philippines for implementing the project we had bagged for Digitization of critical records for Govt. of Philippines by setting up digitization centers all over Philippines.

- Vakrangee Finserve Ltd.

  Vakrangee Finserve Limited is a 100% Subsidiary of the Vakrangee Softwares Limited, incorporated in September 2011 with a focus on working as Business Correspondent for various Banks under the BC Model of Reserve Bank of India (2006) in the area of Financial Inclusion.

  The Company has already signed agreements with State Bank of India, Bank of India and Union Bank of India for carrying out BC services for these banks in identified Gram Panchayats. The services include opening of Bank Accounts, Deposits, Withdrawals and remittances. Besides, the company would provide Business Facilitator Services to these banks which involve mobilization deposits and loans.

  The company has a plan to extend its network to about 5000 outlets across the country in the next three years.

5. MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management discussion and Analysis Report, as required under the Listing Agreement with Stock Exchanges, is enclosed separately with this Annual Report.

6. LISTING AT STOCK EXCHANGE

The equity shares of the Company continue to be listed on Bombay Stock Exchange and National Stock Exchange .The annual listing fees for the year 2012-13 have been paid to these Exchanges

7. DISCLOSURE OF PARTICULARS

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the relevant information is given hereunder;

- Conservation of Energy

  The Operations of the Company are not energy intensive. However, measures have been taken to reduce energy consumptions by using efficient computers, IT Assets and other equipments with latest technologies. The expense on power in relation to income is nominal and under control and the use of the same is under continued surveillance with strict security measures.

- Technology Absorption

  Since business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your company continues its focus on quality up-gradation of products and services development. It has helped maintain margins.

- Foreign Exchange Earning and Outgo

  Foreign Exchange Earning : ₹1,089.40 Lacs
  Foreign Exchange Outgo : ₹155.13 Lacs

8. FIXED DEPOSITS

During the year, the Company has not invited/received any fixed deposits from the public.

9. DIRECTORS RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that;

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company, as at the end of the financial year and of the profits of the Company for that period.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and necessary checks and balances are in place for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts on a Going concern basis.

10. RE-APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr. Ramesh Joshi and Mr. B. L. Meena retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

During the year, Mr. K. L. Varma resigned from the Board of Directors w.e.f. October 10, 2012 and the members of the Board appreciated the contribution by Mr. K. L. Varma during his tenure.

As per the information available with the Company, none of the Directors of the Company are disqualified for being appointed as a Directors as specified in Section 274 of the Act as amended.

11. EMPLOYEES STOCK OPTION SCHEME

The Company implemented the Employees Stock Option Scheme ("Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Remuneration and Compensation Committee, constituted in accordance with the SEBI Guidelines,

administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2013 (cumulative position) are given below:

Date of all grants as at 31.03.2013	Price per options	No. of options granted
31.07.2009	₹3.095	5414000
30.12.2009	₹3.3925	412000
18.05.2010	₹7.325	3124000
24.11.2010	₹7.5	1735000
12.08.2011	₹7.5	1297000
20.07.2012	₹20	2190000
20.07.2012	₹10	1000000
Total		15172000
Options Vested as at 31.03.2013	Price per options	No. of options Vested
31.07.2009 grant	₹3.095	4293240
30.12.2009 grant	₹3.3925	196000
18.05.2010 grant	₹7.325	1696920
24.11.2010 grant	₹7.5	787580
12.08.2011 grant	₹7.5	291380
Total		7262100
Options Exercised as at 31.03.2013	Price per options	No. of options Exercised
31.07.2009 grant	₹3.095	3254960
30.12.2009 grant	₹3.3925	193000
18.05.2010 grant	₹7.325	1157660
24.11.2010 grant	₹7.5	411360
12.08.2011 grant	₹7.5	159040
Total		5176020

The total number of shares arising as a result of exercise of Options	2019740
Options Lapsed as at 31.03.2013	0
Variation in terms of Options	1. The ESOP scheme of the company revised with effect from March 31, 2012 with the total exercise period of four years to six years for the new employees joining after March 31, 2012. 2. The Vesting percentage under the revised ESOP Scheme for the employees joining after March 31, 2012 has been revised from 33% a year to 25% a year.
Money realised by exercise of Options	₹113.30 Lacs
Total number of Options in force as at 31.03.2013 (granted – exercised – lapsed)	9995980
Employee wise details of Options granted to: (pre Bonus and split) i. Senior managerial personnel 1. Mr. Santosh Dash 2. Mr. Shashank Chowdhury ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted iii. Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	 1000000 Options 15000 Options NIL NIL
Diluted Earnings Per Share (EPS) before exceptional items pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹0000.00000

The Company has obtained a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders.

12. CORPORATE GOVERNANCE

It is the ongoing process for us to comply with the recommendations of the Narayana Murthy Committee constituted by Securities Exchange Board of India (SEBI). For the financial year ended March, 2013, report on Corporate Governance along-with the Certificate of the Auditors, M/s S. K. Patodia & Associates, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

13. AUDITORS

M/s. S. K. Patodia & Associates, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

14. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are given in annexure appended hereto and forms part of this report. In terms of Section 219(1)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

15. ACKNOWLEDGEMENT AND APPRECIATION

The Directors take this opportunity to thank Company's customers, shareholders, suppliers, bankers, Central and State Government for their consistent support to the Company. The Board also wishes to place on record their appreciation for the hard work, dedication and commitment of the employees at all levels. The enthusiasm and unstinting efforts of the employees have enabled the Company to grow in the competitive environment. The Board looks forward to their continued support and understanding in the years to come.

On behalf of the Board of Directors

Sd/-
Dinesh Nandwana
Chairman & Managing Director

Place : Mumbai
Date : July 22, 2013

CORPORATE GOVERNANCE REPORT 2012-13

CORPORATE GOVERNANCE

Vakrangee's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices. Corporate Governance is that crucial muscle which encourages and moves a viable and accessible financial reporting structure and which enables a transparent system. Through the Governance mechanism in the Company, the Board along with its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

Corporate Governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders. Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection.

At Vakrangee, our aspirations have always been of protecting, strengthening and aligning together the interest of all the stakeholders and to satisfy that, we strive hard to implement and continue to follow our core values which are "Belief in people, Entrepreneurship, Customer orientation and pursuit of excellence". Your Company endeavor to put in the right pedestal blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner with strict adherence to best corporate governance practices.

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations.

At Vakrangee, we are committed to meeting the aspirations of all our stakeholders. This is demonstrated in shareholder returns, our credit ratings, governance processes and an entrepreneurial and performance focused work environment.

The Board of Directors manages the affairs of the company in the best interest of the shareholders, providing necessary guidance and strategic vision. The Board is also responsible to ensure that the Company's management and employees operate with the highest degree of ethical standards.

Over the years, governance processes and systems have been strengthened and institutionalised at Vakrangee. Towards implementation and continuation of sound code of corporate governance practices, 5 committees are operating for specific purposes: viz. Audit Committee, Remuneration and Compensation Committee, Corporate Governance Committee, Shareholders/Investor Grievance Committee and Resource Committee.

Your Company is committed to maintain the highest standards of Corporate Governance. Your directors adhere to the stipulations set out in the listing agreements with the Stock Exchanges. A report on Corporate Governance as stipulated under clause 49 of the listing agreements forms part of Annual Report.

Your Board of Directors present the Corporate Governance Report for the year 2012-13 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on March 31, 2013.

BOARD OF DIRECTORS

Composition

The Board comprised of 6 directors including the Chairman and Managing Director, the details of the Board of Directors as on March 31, 2013 are given below:

Name	Category	Designation	Date of appointment	Director-ship in other companies	Chairmanship in Committees of Boards of other companies	Membership in Committees of Boards of other companies
Mr. Dinesh Nandwana	Promoter & Executive	Chairman & Managing Director	28/05/1990	16	Nil	1
Dr. Nishikant Hayatnagarkar	Executive	Whole Time Director	27/08/1999	3	Nil	Nil
Mr. Anil Patodia	Non Executive, Independent	Director	02/04/1994	6	Nil	Nil
Mr. Sunil Agarwal	Non Executive, Independent	Director	28/06/2002	Nil	Nil	Nil
Mr. K. L. Varma*	Non Executive, Independent	Director	30/11/2002	Nil	Nil	Nil
Mr. Ramesh M. Joshi	Non Executive, Independent	Director	20/10/2006	5	Nil	Nil
Mr. B. L. Meena	Non Executive, Independent	Director	25/10/2010	Nil	Nil	Nil

*Note: Mr. K. L. Varma ceased to be director w.e.f. October 10, 2012

The Chairman is the Executive Director and the number of Independent / Non-Executive Directors constitutes more than 50% of the Board at any point of time. All Independent, Non-Executive Directors comply with the legal requirements of being "independent".

According to Clause 49 of the Listing Agreement with the stock exchanges, an independent director means a person other than an officer or employee of the company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the company which, in the opinion of the Board of Directors would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

BRIEF RESUMES OF THE BOARD OF DIRECTORS

MR. DINESH NANDWANA
(Chairman and Managing Director)

Mr. Dinesh Nandwana is one of the main promoters of the company, by profession, Mr. Nandwana is a Chartered Accountant. He is the navigator who drove the Company from a modest consultancy company to a well renowned and prominent e-governance Company. His vast experience is backed by astute and dynamic leadership qualities. Mentoring the core management team and to carry the team to deliver the best in the class e-governance and IT & IT enabled services has been his forte over the years. His vision to take the Company to the new orbit have helped the Company to achieve the stringent targets and to claim the position of one of the best e-governance player in the market.

DR. NISHIKANT HAYATNAGARKAR
(Executive Director - R&D)

Dr. Nishikant Hayatnagarkar is a Doctorate in computer science from IIT, Powai, Mumbai. He is associated with the company since 1994. He is a well-known personality in the field of microchip designing. He has developed a voice recognition system, which is widely used in various applications like Tele Banking, Tele Gas Booking etc. He has also designed & developed Multilingual Keyboard and is consultant to Media Labs Asia – Kamal Rekhi School for Information Technology (IIT Mumbai) for development

of Multilingual data input device – Marathi language Key Board (Key – Lekh) and E-Lekh (Tablet based Marathi language Input).

MR. RAMESH M. JOSHI
(Non Executive Independent Director)

Mr. Ramesh M. Joshi is a graduate in Economics & Law from the University of Nagpur. He had held various important positions in the Reserve Bank of India. He had the priviledge of being nominated as a nominee of RBI on the Board's of various Banks. He had retired as an Executive Director of SEBI. He is also practicing as a senior corporate consultant.

MR. ANIL PATODIA
(Non Executive Independent Director)

Mr. Anil Patodia has a Bachelor's degree in commerce with over 21 years experience of administration and has good leadership qualities to control huge projects involving large manpower.

MR. SUNIL AGARWAL
(Non Executive Independent Director)
Mr. Sunil Agarwal is Bachelor of Commerce with over 26 years experience in business administration. He is a very successful businessman with good leadership qualities to control huge projects and explore new business opportunities.

MR. B. L. MEENA
(Non Executive Independent Director)

Shri B. L. Meena has rich experience of having worked in different Government department, including being Chief Commercial Manager NW Railway Jaipur of Indian Railway Traffic Service where he served for 29 years.

BOARD MEETINGS

As per the Listing agreement, the Board of Directors must meet at least four times in a year, with a maximum time gap of four months between any two meetings.

During the last financial year, our Board met five times, on April 26, 2012, July 7, 2012, October 10, 2012, January 14, 2013, February 2, 2013. All the Board meetings were held at the Company's registered office at Mumbai, India.

The attendance of the directors at the board meeting held during the year is given below:

Name of the Director	Number of meetings held	Number of meetings attended	Attended Last AGM	Shareholding in the Company as of March 31, 2013 (No. of shares)
Mr. Dinesh Nandwana	5	5	Yes	29766000
Mr. Ramesh M. Joshi	5	5	Yes	0
Dr. Nishikant Hayatnagarkar	5	5	Yes	134080
Mr. Anil Patodia	5	5	Yes	0
Mr. Sunil Agarwal	5	3	Yes	0
Mr. K. L. Varma*	5	3	Yes	425
Mr. B. L. Meena	5	4	Yes	0

*Mr. K. L. Varma Ceased to be Director w.e.f October 10, 2012

Director's membership in Board Committees

As per the Listing Agreement, no Director can be a member in more than ten Committees or act as Chairman of more than five Committees across all companies in which he is a director.

In terms of the Listing Agreement, none of the Directors of our Company were members in more than ten Committees nor acted as Chairman of more than five Committees across all Companies in which they are Directors.

Details of Directors being re-appointed and appointed

Two of the existing Directors who retire by rotation are proposed to be re-appointed as Directors at the ensuing Annual General Meeting.

BOARD COMMITTEES

As of March 31, 2013 your Company has four Board Committees. These are:

1. Audit Committee
2. Remuneration and Compensation Committee
3. Corporate Governance Committee
4. Shareholders/ Investor Grievance Committee
4. Resource Committee

AUDIT COMMITTEE

Terms of reference

The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, as follows:

Overseeing interalia the Company's financial reporting process and the disclosure of its financial information. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the Going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any Related party transaction i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

Reviewing with the management, external and internal auditors, the adequacy of internal control systems. Reviewing the adequacy of internal audit functions. Discussion with internal auditors any significant findings and follow up there on. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board. Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern. Reviewing the Company's financial and risk management policies. To look into the reasons for substantial defaults in the payment to the creditors.

Composition

The Audit Committee comprised solely of independent directors. As on January 14, 2013, the committee had Shri K. L. Varma as its Chairman and Shri. Anil Patodia and Shri B. L. Meena and Dr. Nishikant Hayatnagarkar as its other members. Due to the resignation of Shri K. L. Varma, the Audit Committee was reconstituted having Shri B. L. Meena as the Chairman and Shri Anil Patodia, and Shri Ramesh Joshi as the other members of the committee.

Meetings & Attendance during the year

There were four meetings of the Audit Committee viz. on 26.04.2012, 7.07.2012, 10.10.2012, and 14.01.2013 and following is the table showing attendance for the same.

Meeting Date / Member Name	Description	26.04.2012	7.07.2012	10.10.2012	14.01.2013
Shri K. L. Varma	Chairman	Attended	Attended	Attended	Not Attended
Shri B. L. Meena	Member & Chairman (w.e.f. 14.1.2013)	Attended	Not Attended	Attended	Attended
Shri Anil Patodia	Member	Attended	Attended	Attended	Attended
Dr. N. Hayatnagarkar	Member	Attended	Attended	Attended	Attended
Shri Ramesh Joshi	Member	-	-	-	-

REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration and Compensation Committee previously comprised of three non-executive independent directors, Shri Ramesh Joshi, Shri K. L. Varma and Shri B. L. Meena (Chairman), after which the committee was reconstituted on January 14, 2013 having Shri B. L. Meena as the Chairman of the Committee and Shri Ramesh Joshi and Shri Dinesh Nandwana as the other members of the committee.

The remunerations paid to the Executive Directors are in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act 1956. The remuneration payable is always recommended by the Remuneration Committee to the Board and is approved by the Board.

The details of remuneration paid to Executive Directors during the financial year 2012-2013 are as under:

Particulars	Mr. Dinesh Nandwana *(Chairman & Managing Director)*	Dr. Nishikant Hayatnagarkar *(Executive Director)*
Salary (₹)	66.06 Lacs	17.29 Lacs
Allowances and perquisites	NIL	52.53 Lacs

Non-Executive Director

Non-Executive Directors have been paid sitting fee of ₹20,000 for attending every Board meeting. Sitting fee of ₹5,000 was paid for attending Committee meeting by the non-executive directors.

SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE

As per Clause 49 of the Listing Agreement,the company is required to constitute a committee of the board of directors of the company known as Shareholders'/ Investors Grievance committee under the chairmanship of a non-executive director of the company. Accordingly, the company constituted a committee under the chairmanship of Shri Ramesh Joshi , Shri Anil Patodia and Dr. Nishikant Hayatnagarkar being the other members of the committee. Ms. Darshi Shah is the Company Secretary and Compliance Officer of the committee. All the members attended all the meetings of the Committee.

The functions of the committee include:

To specifically look into interalia redressing investors' grievances pertaining to:

- Transfer of Shares
- Dividends
- De-materialization of Shares
- Replacement of lost/stolen/mutilated share certificates
- Non-receipt of right/bonus/split share certificates
- Any other related issues

Complaints

Sr. No.	Nature of the complaint	Received	Replied	Pending
1	Non-receipt of share certificates lodged for transfer	17	17	0
2	Non-receipt of dividend warrants	13	13	0
3	Non-receipt of Bonus shares	22	22	0
4	Non receipt of duplicate share certificates	7	7	0
5	Non receipt of Demat rejection documents	1	1	0
6	Letters from Department of Company Affairs / Other Statutory Bodies	1	1	0
7	Non Receipt of Demat Credit	2	2	0
8	Stock Exchange letters	2	2	0
	Total	66	66	0

The company had no transfers pending at the close of 31.03.2013.

ANNUAL GENERAL MEETING

Date, Venue and Time for the last three Annual General Meetings

Date	Venue	Time	No. of Special Resolutions
July 31, 2012	Chancellor Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099	11.00 AM	NIL
August 26, 2011	Chancellor Suite, Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai 400 099	11.00 AM	NIL
September 14, 2010	Chancellor Suite, Hotel Le Royal Meridien, Sahar Airport Road, Andheri (East), Mumbai 400 099	11.00 AM	3

Resolutions passed through Postal Ballot

During the year, the Company passed the following Special Resolutions through a single Postal Ballot.

Sr. No.	Description
1.	Special Resolution u/s 16 and 17 of the Companies Act, 1956, for Change in Object clause of the Memorandum of Association of the Company

M/s. S. K. Jain Practicing Company Secretary, who was appointed as Scrutinizer for conducting the Postal Ballot process in fair and transparent manner submitted their Report to the Board of Directors of the Company on May 18, 2013. Based on the said Report, the Chairman of the Board of Directors declared Result of the Postal Ballot.

Disclosures

Disclosure on material significant Related party transactions with its promoter, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

There is no material transaction with any related party, which may have potential conflict with the interest of the company at large.

During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.

MEANS OF COMMUNICATION:

1	Quarterly Results	News Paper Advertisement
2	Newspaper wherein results are normally published	Economic Times (English and Gujarati), Times of India (English), Free Press Journal (English) & Navshakti (Marathi)
3	Any Website where displayed	www.vakrangee.in, www.nseindia.com, www.bseindia.com
4	Whether it also displayed official news releases	Yes
5	The presentation made to Institutional Investor or to the Analyst	Yes

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

The next Annual General Meeting of the company will be held on Tuesday, September 10, 2013 at 11.00 AM at Chancellor Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099.

Financial Calendar for 2012-13

Tentative Schedule	Likely Board Meeting Schedule
Financial reporting for the quarter ending June 30, 2013	Second fortnight of July, 2013
Financial reporting for half year ended September 30, 2013	Second fortnight of October, 2013
Financial reporting for the quarter ending December 31, 2013	Second fortnight of January, 2013
Financial reporting for the year ended March 31, 2014	Second fortnight of April, 2014
Annual General Meeting for the year ending March 31, 2014	Second fortnight of August, 2014

Book Closure

The Company's register of members and share transfer books will remain closed from September 4, 2013 to September 10, 2013 (both days inclusive).

Dividend payment

i. Payment date

Dividend, when declared at the AGM, will be paid before October 10, 2013.

ii. Payment Entitlement

Dividend will be paid to those members whose name would appear;

a. For shares in demat form: As beneficial owner as at the end of the business hours on September 3, 2013 as per the list to be provided by the Depositories to the Company.

b. For shares in physical form: As a member in the Register of Members of the Company as on September 3, 2013

Listing on Stock Exchanges

Your company's securities are listed on the following stock exchanges:

Equity Shares
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 023
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra (East), Mumbai - 400 051.

Listing fees for the year 2013-14 have been paid to the Indian Stock Exchanges.

Stock Code

Stock Exchange	Code
Bombay Stock Exchange Ltd.	511431
National Stock Exchange of India Ltd.	VAKRANSOFT
ISIN no. for Equity Shares (NSDL)	INE051B01021
ISIN no. for Equity Shares (CDSL)	INE051B01021

Stock Market Data relating to Equity Share listed in India

Month (2012-13)	Price on BSE during each month		Volume traded	Price on NSE during each month		Volume traded
	High	Low		High	Low	
April	642	30.5	9542838	641	30.94	9033921
May	34.05	29.8	10387829	35.90	29.90	6622007
June	37.35	30.6	5549654	37.4	30.55	331146
July	41.7	36.75	2931909	41.7	36.75	891393
August	42.85	38.25	7981815	42.9	38.25	416308
September	62.7	41.95	26715632	62.7	42.1	13736
October	64.1	48.25	12594586	66.8	48.7	87776
November	59.6	54	5370940	59.5	53	576363
December	62.3	51.1	19431598	62.4	52.25	249977
January	69.2	58.95	9328805	69.7	58.95	166290
February	67.4	65	6653791	68	65	765514
March	68.75	60	6837400	68.95	58.65	391338

REGISTRAR AND SHARE TRANSFER AGENT

The Board has delegated the power of share transfer to Registrar and Share transfer agents for processing of share transfers to Big Share Services Pvt. Ltd. Their complete address is as follows:

Big Share Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Saki Vihar Road
Sakinaka, Andheri (E),
Mumbai – 400072.
Tele No. : 022-28470652 / 40430200
Fax No. : 022-28475207
Email : info@bigshareonline.com

Distribution of shareholding: Face Value ₹1 per Share

As on March 31, 2013

Category (No. of Shares)	No. of shareholders	% of shareholders	No. of shares	% Total equity
0-5000	8651	88.0240	9422322	1.8751
5001-10000	624	6.3492	4821117	0.9594
10001-20000	257	2.6150	4043256	0.8046
20001-30000	66	0.6176	1664474	0.3312
30001-40000	42	0.4274	1541277	0.3067
40001-50000	22	0.2239	1020536	0.2031
50001-100000	59	0.6003	4423028	0.8802
100001-above	107	1.0887	475563310	94.6396
Total	9828	100.00	502499320	100.00

Category of Shareholders

	Category	March 31, 2013		March 31, 2012	
		No. of shares held	% of Holding	No. of shares held	% of Holding
(A)	Shareholding of Promoter and Promoter Group				
(a)	Individuals/ Hindu Undivided Family	29870900	5.94	14939450	5.97
(b)	Bodies Corporate	142324314	28.32	59727560	23.87
	Total (A)	172195214	34.27	74667010	29.84
(B)	Public Shareholding				
(B1)	Institutions				
(a)	Financial Institutions / Banks	28679887	5.71	219310	0.09
(b)	Foreign Institutional Investors	291182	0.06	0	0.00
	Sub-Total (B)(1)	28971069	5.77	219310	0.09
(B2)	Non-institutions				
(a)	Bodies Corporate	215355127	42.86	142217360	56.83
b(i)	Individual shareholders holding nominal share capital up to ₹1 lakh	23761027	4.73	15213190	6.08
b(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh.	51436255	10.24	17185240	6.87
(c)	Clearing members	9935917	1.98	211170	0.08
(d)	Non Residents Indians(NRI)	844711	0.17	526510	0.21
	Sub-Total (B)(2)	301333037	59.97	175353470	70.07
	Total Public Shareholding (B)= (B)(1)+(B)(2)	330304106	65.73	175572780	70.16
	GRAND TOTAL (A)+(B)	502499320	100.00	250239790	100.00

Dematerialization of shares and liquidity

Over 99.41% of outstanding equity has been dematerialized upto March 31, 2013.

Address of Correspondence

Vakrangee Softwares Limited
"Vakrangee House", Compartment No. 66,
Plot No. 10/52, Marol Co-op Industrial Estate,
Off. M. V. Road, Marol,
Andheri (E), Mumbai – 400 059

Shareholders can contact the following officials for Company Secretarial matters related to the company:

Name	Telephone No.	Email ID	Fax No.
Darshi Shah	67765101 / 67765102	darshis@vakrangee.in	022-28502017

Vakrangee Softwares Ltd's Code of Conduct

Vakrangee Softwares Ltd's Code of Conduct, as adopted by the Board of Directors, is applicable to the Directors, Senior management and employees of the Company. The Code of Conduct is available on the Company's corporate website.

Vakrangee Softwares Ltd's Code of Insider Trading

Vakrangee Softwares Ltd has Code of Conduct for Prevention of Insider Trading ('VSL Code') in the shares of the Company and same is available on the Company's corporate website.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Vakrangee Softwares Limited

We have examined the Compliance of the conditions of Corporate Governance procedures implemented by Vakrangee Softwares Limited, for the year ended March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

The Compliance of the conditions of corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate Governance. It is neither an audit nor an expression of opinion of the financial statement of the company.

In our opinion and to the best of our information and according to the explanation given to us, and the representations made by the Directors and management, we certify that the company has complied with the conditions of corporate Governance as stipulated in clause 49 of the Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the company to the Shareholders'/Investors Grievance Committee, as on March 31, 2013, there were no valid investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

Sunil Patodia
Partner
Mem. No. : 045489
Place : Mumbai
Date : July 22, 2013

To the Board of Directors of Vakrangee Softwares Limited

Dear Sirs,

Sub: CEO / CFO Certificate

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with cash flow statement of Vakrangee Softwares Limited for the year ended March 31, 2013 and that to the best of our knowledge and belief, we state that;

(a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

(d) We have indicated to the auditors and the Audit Committee

(i) Significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours sincerely,

Dinesh Nandwana
Chairman & Managing Director
Vakrangee Softwares Limited

Subhash Singhania
Finance Head
Vakrangee Softwares Limited

Place : Mumbai
Date : April 25, 2013

CERTIFICATE FROM THE COMPANY SECRETARY

I, Darshi Shah, Company Secretary of Vakrangee Softwares Limited, hereby confirm that the Company has:

a. Filed the
   (i) Annual Return for the year 2011-12 as per the provision of Section 159 of the Companies Act, 1956; and
   (ii) Balance Sheet and Profit & Loss Accounts for the financial year 2011-12 as per the provisions of Section 220 of the Companies Act, 1956;

b. Filed all other forms and returns and furnished all necessary particulars to the office of Registrar of Companies and / or authorities as required under the Companies Act, 1956.

c. Maintained all the Books of Accounts and Statutory Register under the Companies Act, 1956;

d. Conducted all the Board Meetings and Annual General Meeting as per the Companies Act, 1956 and the minutes thereof are properly recorded in the Minutes Book;

e. Effected the Share Transfers and dispatched the Share Certificates within the time limit prescribed by various authorities;

f. Exercised all powers as per the provisions of the Act and has not exceeded the borrowing powers;

g. Not invited and hence not defaulted in payment of any interests and principals against any fixed deposits;

h. Not issued and hence not defaulted in payment of interest and principals against any fixed deposits;

i. Paid dividend to the shareholders within the time limit prescribed and will transfer the unpaid / un-claimed dividends within the time limit prescribed to the Investor Education Protection Fund;

j. Complied with the regulations prescribed by the Stock Exchanges, SEBI, and other Statutory Authorities and Statutory requirement under the Companies Act, 1956 and other applicable statutes in force;

The Certificate is given by the undersigned according to the best of his knowledge and belief, knowing fully well that on the faith and strength of what is stated above, the Shareholders of the Company will place fully reliance on it.

Darshi Shah
Company Secretary

Place : Mumbai
Date : April 25, 2013

To the Members of Vakrangee Softwares Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vakrangee Softwares Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

   (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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.

8. As required by section 227(3) of the Act, 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 appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

Sunil Patodia
Partner
Mem. No. : 045489
Place : Mumbai
Date : April 25, 2013

Annexure referred to in Paragraph 7 of the Auditors' Report to the members of Vakrangee Softwares Limited for the year ended March 31, 2013.

As required by the Companies (Auditor's Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.

b) All the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the company and the nature of business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.

c) During the year, there is no substantial disposal of Fixed Assets.

(ii) a) The inventories have been physically verified by the management during the year at reasonable intervals.

b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The Company has maintained proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material.

(iii) a) The Company has granted unsecured loans to two parties which are subsidiary companies covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹2,117.74 lacs and the year-end balance was ₹2,117.74 lacs.

b) Interest is charged on all the said loans, other terms and conditions on which the loans have been granted are prima facie, not prejudicial to the interest of the Company.

c) According to information provided to us, the repayment of said loans is regular.

d) According to the information provided to us, the Company has taken reasonable steps to recover the said loans.

e) The company has taken unsecured loans from Vakrangee Capital Pvt. Ltd. covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹1,343.25 Lacs and the year-end balance was Nil.

f) The said loans are interest-free loans. Other terms and conditions on which the loans have been taken are prima facie, not prejudicial to the interest of the Company.

g) According to information provided to us, there is no default in repayment of said loans.

(iv) In our opinion and according to the information and explanation 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 purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

(v) a) Based on the audit procedures performed by us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained in that section.

b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time

(vi) The company has not accepted any public deposit.

(vii) The Company has an adequate internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed for maintenance of cost records under Section 209 (1)

(d) of the Companies Act, 1956 for the Company.

(ix) a) According to the records of the Company, the undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess have regularly been deposited with the appropriate authorities. There are no significant undisputed amount payable in respect of such statutory dues which have remained outstanding as at March 31, 2013 for a period more than six months from the date they became payable.

b) According to the records of the company and information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, except as below:

Nature of dues	Assessment Year	Forum where the dispute is pending	₹ in lacs
Income Tax	2005-06	Rectification u/s 154 of the Income Tax Act, 1961	0.82
	2006-07	Rectification u/s 154 of the Income Tax Act, 1961	2.60
	2007-08	Rectification u/s 154 of the Income Tax Act, 1961	12.98
	2009-10	Commissioner of Income Tax (Appeals)	72.57
	2010-11	Commissioner of Income Tax (Appeals)	45.82
	2011-12	Commissioner of Income Tax (Appeals)	75.48

(x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.

(xi) The Company has not defaulted in repayment of its dues to banks and financial institutions.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

(xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.

(xiv) In respect of dealing in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities and other investments have been held by the company in its own name.

(xv) The company has not given any guarantee for loans taken by others from banks and financial institutions.

(xvi) The Company has taken Term Loans during the year and has applied the loans for the purposes for which they were obtained.

(xvii) On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.

(xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) 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, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year.

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

Sunil Patodia
Partner
Mem. No. : 045489
Place : Mumbai
Date : April 25, 2013

BALANCE SHEET AS AT MARCH 31, 2013

₹ in Lacs

	Particulars	Note No.	As at March 31, 2013		As at March 31, 2012	
I	Equity & Liabilities					
	1. Shareholders' funds					
	(a) Share Capital	2	5,024.99		2,502.40	
	(b) Reserves and Surplus	3	46,528.93		38,906.36	
				51,553.92		41,408.76
	2. Share application money pending allotment			-		-
	3. Non - Current Liabilities					
	(a) Long -Term Borrowings	4	14,568.54		15,596.12	
	(b) Deferred Tax Liabilities (Net)	5	8,270.05		7,315.92	
	(c) Other Long - Term Liabilities	6	783.73		699.17	
				23,622.32		23,611.21
	4. Current Liabilities					
	(a) Short - Term Borrowings	7	26,954.98		20,824.94	
	(b) Trade Payables	8	17,479.17		11,890.74	
	(c) Other Current Liabilities	9	12,229.21		9,655.69	
	(d) Short - Term Provisions	10	4,068.52		2,145.61	
				60,731.88		44,516.98
	Total			1,35,908.12		1,09,536.95
II	Assets					
	1. Non - Current Assets					
	(a) Fixed Assets	11				
	(i) Tangible Assets		41,837.20		48,711.79	
	(ii) Intangible Assets		-		-	
	(iii) Capital Work-in-Progress		-		7.88	
	(b) Non - Current Investments	12	1,167.30		5,837.30	
	(c) Long - Term Loans and Advances	13	2,427.66		3,302.08	
	(d) Other Non - Current Assets	14	670.81		472.32	
				46,102.97		58,331.37
	2. Current Assets					
	(a) Inventories	15	1,985.82		358.99	
	(b) Trade Receivables	16	66,136.96		44,523.53	
	(c) Cash and Cash equivalents	17	3,122.27		2,596.95	
	(d) Short - Term Loans and Advances	18	3,509.72		3,179.53	
	(e) Other Current Assets	19	15,050.38		546.58	
				89,805.15		51,205.58
	Total			1,35,908.12		1,09,536.95
	Significant Accounting Policies	1				

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

₹ in Lacs

	Particulars	Note No.	For the year ended March 31, 2013		For the year ended March 31, 2012	
I	Revenue from Operations	22	1,55,577.52		1,35,214.43	
II	Other Income	23	742.26		423.48	
III	Total Revenue (I + II)			1,56,319.78		1,35,637.91
IV	Expenses					
	Operating Expenses	24	1,14,845.97		1,09,076.02	
	Changes in Inventories	25	(1,609.98)		(108.22)	
	Employee Benefits Expenses	26	2,504.51		1,224.13	
	Finance Costs	27	8,583.67		5,525.15	
	Depreciation and Amortization Expense	11	15,694.33		8,739.97	
	Other Expenses	28	1,455.85		1,226.12	
	Total Expense			1,41,474.35		1,25,683.17
V	Profit before Exceptional and Extraordinary Items and Tax (III-IV)			14,845.43		9,954.74
VI	Exceptional Items			-		-
VII	Profit before Extraordinary Items and Tax (V-VI)			14,845.43		9,954.74
VIII	Extraordinary Items			-		-
IX	Profit Before Tax (VII-VIII)			14,845.43		9,954.74
X	Tax Expense:					
	(a) Current Tax		4,373.09		2,034.45	
	(b) Deferred Tax		954.13		2,143.78	
	(c) Tax of Earlier Year		(32.86)		-	
	(d) MAT Credit Entitlement		(1,376.19)		(974.08)	
				3,918.17		3,204.15
XI	Profit for the Period from Continuing Operations (IX - X)			10,927.26		6,750.59
XII	Profit/(Loss) for the Period from Discontinuing Operations			-		-
XIII	Tax Expense of Discontinuing Operations			-		-
XIV	Profit/(Loss) from Discontinuing Operations (After Tax) (XII-XIII)			-		-
XV	Profit for the Period (XI + XIV)			10,927.26		6,750.59
XVI	No. of equity shares for computing EPS					
	(1) Basic			50,14,80,384		49,98,08,546
	(2) Diluted			51,12,42,086		50,77,57,003
XVII	Earnings Per Equity Share (Face Value ₹1 Per Share):	29				
	(1) Basic (₹)			2.18		1.35
	(2) Diluted (₹)			2.14		1.33
	Significant Accounting Policies	1				

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

₹ in Lacs

S. No.	Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
I	Cash flow from operating activities		
	Profit before tax from continuing operations	14,845.43	9,954.74
	Profit before tax from discontinuing operations	-	-
	Profit before tax	14,845.43	9,954.74
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation/amortization on continuing operation	15,694.33	8,739.97
	Depreciation/amortization on discontinuing operation	-	-
	Loss/(profit) on sale of fixed assets	(20.55)	(39.42)
	Employee stock compensation expense	280.38	124.60
	Net gain on sale of non-current investments	(20.00)	(0.99)
	Interest expense	7,918.60	4,929.80
	Interest income	(491.45)	(378.91)
	Dividend income	(0.31)	-
	Operating profit before working capital changes	38,206.43	23,329.79
	Movements in working capital:		
	Increase / (decrease) in trade payables	5,588.42	3,602.79
	Increase / (decrease) in short-term provisions	1,589.12	146.62
	Increase / (decrease) in other current liabilities	2,573.54	9,160.49
	Increase / (decrease) in other long-term liabilities	84.56	651.60
	Decrease / (increase) in trade receivables	(21,613.43)	(17,743.82)
	Decrease / (increase) in inventories	(1,626.83)	(269.43)
	Decrease / (increase) in long-term loans and advances	797.71	671.49
	Decrease / (increase) in short-term loans and advances	(211.75)	(2,149.17)
	Decrease / (increase) in other current assets	(14,503.79)	5,329.71
	Decrease / (increase) in other non-current assets	(198.48)	(208.16)
	Cash generated from /(used in) operations	10,685.50	22,521.91
	Direct taxes paid (net of refunds)	(2,684.45)	(1,992.51)
	Net cash flow from / (used in) operating activities (A)	8,001.06	20,529.40
II	Cash flow from investing activities		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	(8,850.83)	(36,013.70)
	Proceeds from sale of fixed assets	59.50	85.21
	Proceeds of non-current investments	5,025.00	336.07
	Purchase of non-current investments	(335.00)	(166.30)
	Interest received	491.45	378.91
	Dividends received	0.31	-
	Net cash flow from/(used in) investing activities (B)	(3,609.57)	(35,379.81)
III	Cash flow from financing activities		
	Proceeds from issuance of share capital	20.20	131.25
	Proceeds from securities premium on issuance of share capital	93.10	803.87
	Proceeds from long-term borrowings	(1,027.58)	15,596.12
	Proceeds from short-term borrowings	6,130.04	5,536.29
	Warrant & Share Application Money	-	(860.53)
	Interest paid	(7,918.60)	(4,929.80)
	Dividends paid on equity shares	(1,000.96)	(499.30)
	Tax on equity dividend paid	(162.38)	(81.00)
	Net cash flow from/(used in) in financing activities (C)	(3,866.18)	15,696.90

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

₹ in Lacs

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Net increase / (decrease) in cash and cash equivalents (A + B + C)	525.30	846.49
Cash and cash equivalents at the beginning of the year	2,596.97	1,750.46
Cash and cash equivalents at the end of the year	3,122.27	2,596.95
Components of cash and cash equivalents		
Cash on hand	39.63	47.38
Cheques/ drafts on hand	-	-
With banks - on current account	148.18	462.81
on deposit account	2,912.50	2,067.40
unpaid dividend accounts*	21.96	19.36
Total cash and cash equivalents (Note 17)	3,122.27	2,596.95

* The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

Note 1 - Significant Accounting Policies

Vakrangee Softwares Limited (The Company) is a public company domiciled in India and incorporated in May 1990 under the provisions of the Companies Act, 1956. Its shares are listed on Bombay stock exchange and National Stock Exchange in India. Vakrangee Softwares Limited along with its subsidiaries eDoc Vision Infotech Pvt. Ltd., Vakrangee e-Solutions Inc. (Philippines), Vakrangee Finserve Ltd. provides diverse solutions, services in e-governance sector with special competencies in handling massive, multi-state, and e-governance enrollment projects and software and IT solutions, Data Digitisation, Data Management System and Print Management System.

A. Basis of Accounting

The financial statements are prepared under the historical cost convention, on a going concern concept and in compliance with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialised.

C. Recognition of Income

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depends on the nature of the services rendered.

The Company follow the accrual basis of accounting except in the following cases, where the same are recorded on cash basis on ascertainment of right and obligation.

i) Insurance Claim

ii) Dividend Income, if any

D. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalized inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertaking, preoperative expenses are capitalized upto the commencement of commercial production.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

The carrying amounts of the assets belonging to each cash generating unit (CGU) are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying amounts exceed the recoverable amount of the assets CGU, assets are written down to their recoverable amount. Further, assets held for disposal are stated at the lower of the net book value or the estimated net realizable value.

E. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

F. Depreciation

i. Depreciation is provided on the Straight Line Method (SLM) unless otherwise mentioned, pro-rata to the period of use of assets and is based on management's estimate of useful lives of the fixed assets or at rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher:

Description of Asset	Rate of Depreciation
Building	1.63%
Computers including Computer Peripherals & Software	16.21%
Office Equipments	4.75%
Furniture & Fixture	6.33%
Motor Car	9.50%
Plant & Machinery	4.75%
Project Assets	25.00% – 33.33%
Leased Project Assets	33.33%

ii) Depreciation on assets acquired/sold during the year is provided on prorata basis.

G. Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

H. Valuation of inventories

Inventories are valued at lower of cost or net realizable value.

I. Lease

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. The lease agreements contain rent escalation clause. Lease rental expenses including escalations for operating leases are recognised in the Profit and Loss Account on a straight-line basis over the minimum lease term.

Assets leased by the Company in its capacity as lessee, 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 the fair value or the present value of the minimum lease payments and a liability is recognised 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 year.

J. Miscellaneous Expenditure

Preliminary expenses are amortised in the year in which they are incurred.

K. Foreign Currency Transactions

i) The transactions in foreign currencies are stated at the rate of exchange prevailing on the date of transactions.

ii) The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is charged to the Profit and Loss Account.

iii) Differences on translations of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account.

L. Treatment of Contingent Liabilities

Contingent liabilities are disclosed by way of notes to accounts. Disputed demands in respect of income tax and other proceeding are disclosed as contingent liabilities. Payments in respect of such demands, if any are shown as advances.

M. Accounting for Taxation of Income

Current taxes

Income Tax is accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable. MAT paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future tax liability, is recognised as an asset in the Balance sheet if there is convincing evidence that the group will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. The Company offsets, on a year to year basis, the current tax assets and liabilities, where its legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. The effect of a change in tax rates on deferred tax and assets or liabilities are recognized in the period that includes the enactment date. Deferred tax Assets are recognized only to the extent there is virtual certainty that the assets can be realized in the future. Deferred Tax Assets are reviewed as at each Balance Sheet date.

N. Retirement benefits of the Employee:

The Company has both defined contribution and defined benefit plans of which some have assets in special funds or similar securities. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

- Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's gratuity benefit scheme is a defined benefit plan. The company's obligation in respect of the gratuity plan is provided by for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognises actuarial gains and losses immediately in the profit and loss account.

- Provident fund, State Insurance, Labour Welfare Fund, Professional Tax

These are the defined contribution plans in which the Company pays pre-defined amounts to separate funds. The Company's contributions to these funds are reported as an expense during the period in which the employees perform services that the payment covers.

- Compensated Absences

The employees of the Company are entitled to compensate absence. The employees can carry forward a portion of the unutilized accrued

compensated absence and utilize it in future periods or receive cash compensation at retirement at retirement or termination of employment for the unutilized accrued compensated absence. The company follows the cash basis of accounting for recording the obligation of leave encashment. In other words, the company records an obligation for compensated absences in the period in which it has been encashed by the employees.

- Employee Stock Option Plan (ESOP)

In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expense amortised over vesting period.

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

Note 2 - Share Capital

₹ in Lacs

(a)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised:		
75,00,00,000 (Previous Year 75,00,00,000) Equity Shares of ₹1 each	7,500.00	7,500.00
Total	7,500.00	7,500.00
Issued, Subscribed and Paid-up :		
50,24,99,320 (Previous Year 25,02,39,790) Equity Shares of ₹1 each fully paid up	5,024.99	2,502.40
Total	5,024.99	2,502.40

(b) Detailed note on the terms of the rights, preferences and restrictions relating to each class of shares including restrictions on the distribution of dividends and repayment of capital.

i) The Company has only one class of Equity Shares having a par value of ₹1 per share. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. During the year ended 31st March 2013, the amount of per share dividend recognised as distributions to Equity Shareholders is ₹0.20 per share of ₹1 each. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

ii) During the previous year, on receipt of shareholders' approval by way of postal ballot on 30th March, 2012, the Company had increased & subdivided its authorised share capital from ₹45,00,00,000 (Rupees Forty Five Crores) divided into 4,50,00,000 Equity Shares of ₹10 each to ₹75,00,00,000 (Rupees Seventy Five Crores) divided into 75,00,00,000 Equity Shares of ₹1 each & the Company had altered its Memorandum & Articles of Association accordingly.

iii) In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

iv) During the year, the Company has issued bonus shares in the ratio of one fully paid-up equity share for every equity share held on April 13, 2012 being the record date.

(c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2013		As at March 31, 2012	
No. of shares at the beginning of the year		25,02,39,790		2,37,11,513
Add: Issue of Shares during the year				
Bonus Issue	25,02,39,790		-	
Conversion of ESOPs	20,19,740		92,466	
Conversion of Share Warrants	-		12,20,000	
		25,22,59,530		13,12,466
		50,24,99,320		2,50,23,979
Less: Cancellation of shares of ₹10 each		-		(2,50,23,979)
Add: Issuance of new shares of ₹1 each on account of sub-division		-		25,02,39,790
No. of shares at the end of the year		50,24,99,320		25,02,39,790

(d) Aggregate details for five immediately previous reporting periods for each class of shares

Particulars	As at March 31, 2013	As at March 31, 2012
- No. of shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-
- No. of shares allotted as fully paid by way of Bonus Shares	25,02,39,790	-
- No. of shares bought back	-	-

During the year, the Company has issued 20,19,740 equity shares of ₹1 each on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services. Upto March 31, 2012 by way of conversion of ESOPs, the Company had issued 1,57,814 equity shares of ₹10 each equivalent to 31,56,280 equity shares of ₹1 each as on March 31, 2013 after considering the effect of the stock split and bonus issue.

Hence, the company has issued total 51,76,020 shares during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP scheme.

(e) Details of Promoters' holding more than 5% shares in the company

No. of Shares held by	As at March 31, 2013		As at March 31, 2012	
	Nos.	%	Nos.	%
Vakrangee Holdings Private Limited	11,54,35,194	22.97	46,28,300	18.50
Dinesh Nandwana	2,97,66,000	5.92	14,88,300	5.95
Vakrangee Capital Private Limited	2,68,89,120	5.35	13,44,456	5.37

(f) Detailed note on shares reserved to be issued under options and contracts (ESOPs or Loans) / commitment for the sale of shares (without payment being received in cash) divestments including the terms and conditions.

The Company has formulated Employees Stock Option Scheme, 2008 (ESOP Scheme) which was approved by the members of the Company at their meeting held on 23rd September, 2008, as modified on 10th January, 2011 & on 1st June, 2012.

The ESOP Scheme has been modified in the current year to give effect of the sub-division of the stock of the Company & for issuance of the bonus shares to the existing shareholders in the ratio of 1:1.

Therefore, all the Grants issued upto previous year, i.e. Grant 1 to Grant 5, would stand revised as below for the no. of options to be vested & the prices at which the options to be exercised:

Grant No. & Date of Grant	Original Grant		Revised Grant	
	No. of options (Equity shares of Face Value ₹10each)	Exercise Price (₹)	No. of options (Equity shares of Face Value ₹1 each)	Exercise Price (₹)
Grant 1 on July 31, 2009	2,70,700	61.90	54,14,000	3.10
Grant 2 on December 30, 2009	20,600	67.85	4,12,000	3.39
Grant 3 on May 18, 2010	1,56,200	146.50	31,24,000	7.33
Grant 4 on November 24, 2010	86,750	150.00	17,35,000	7.50
Grant 5 on August 12, 2011	64,850	150.00	12,97,000	7.50

On July 20, 2012 company granted 11,90,000 & 20,00,000 options ("Grant 6 A & B") convertible into equity shares of ₹1 each exercisable at ₹20.00 & ₹10.00 respectively.

The Company has made another change in the ESOP Scheme with respect to the vesting of the options (only those forming part of the fresh Grants issued after June 1, 2012) over the period as follows:

Period of Vesting from the date of grant	Percent to Vest	
	Grant 1 to 5	Grant 6 onwards
At the end of twelve months	33%	-
At the end of twenty four months	33%	25%
At the end of thirty six months	34%	25%
At the end of forty eight months	-	25%
At the end of sixty months	-	25%

Employees covered under Stock Option Plans are granted an option to purchase shares of the company at the respective exercise prices, subject to requirements of vesting conditions. These options generally vest over a period of four years from the date of grant for Grants 1 to 5 and six years from the date of grant for Grant 6 onwards. Upon vesting, the employees can acquire one equity share for every option.

The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of four years & six years accordingly. For the year ended March 31, 2013, the company has recorded stock compensation expense of ₹280.38 Lacs (Previous year ₹124.60 Lacs)

The Remuneration & Compensation committee of the Board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

The activity in the Scheme 2008 during the year ended March 2013 is set out as below: :

Particulars	As at March 31, 2013	As at March 31, 2012
The Scheme 2008		
Options outstanding, beginning of the period	4,41,286	4,68,902
Add: Additional no. of options arising due to change in ESOP Scheme as above (Grant 1 to 5)	83,84,434	
Add: Granted	31,90,000	64,850
Less: Exercised	20,19,740	92,466
Options outstanding, end of the period	99,95,980	4,41,286

The options once granted to an eligible employee gets lapsed with the resignation / termination of the employment with the Company. However, the unvested / unexercised portion of the ESOP entitlement to that employee remain part of the respective grant out of which it was issued & they can be granted to any other eligible employee as decided by the Remuneration & Compensation Committee.

Particulars of payments received during the year towards ESOP Scheme 2008:

Particular of Grant	Amount received during the year (in Lacs)	No. of shares allotted during the year	Consideration amount towards shares allotted (in Lacs)
Grant 1	22.28	7,20,000	22.28
Grant 2	4.37	1,28,680	4.37
Grant 3	49.44	6,75,000	49.44
Grant 4	25.28	3,37,020	25.28
Grant 5	11.93	1,59,040	11.93
	113.30	20,19,740	113.30

Note: The Remuneration & Compensation Committee has been authorised to make amendments in the ESOP Scheme - 2008, with regard to the number of shares for every option granted & the price to be revised, to give effect of stock split & bonus issue announced by way of postal ballot during the year.

(g) Detailed terms of any securities convertible into shares, e.g. in the case of convertible warrants, debentures, bonds etc.
The company does not have any securities convertible into shares as on reporting date.

Note 3 - Reserves & Surplus

₹ in Lacs

	Particulars	As at March 31, 2013		As at March 31, 2012	
(i)	Securities Premium Account				
	As per last Balance Sheet	19,259.42		18,450.15	
	Add: On shares issued during the year	93.10		803.87	
	Add: Transferred from Shares Options outstanding account	44.22		5.40	
	Less: Capitalised on issue of shares	2,502.40		-	
	Less: Share issue expenses	-		-	
			16,894.34		19,259.42
(ii)	a) Shares Options Outstanding Account				
	As per last Balance Sheet	281.64		125.92	
	Add: On further grant of options	841.19		161.12	
	Less: Transferred to Securities Premium Account	(44.22)		(5.40)	
			1,078.61		281.64
	b) Deferred Employee Compensation Expense				
	As per last Balance Sheet	(135.58)		(99.05)	
	Less : Amortised during the year	(560.81)		(36.52)	
			(696.39)		(135.57)
(iii)	General Reserve				
	As per last Balance Sheet	1,776.40		1,270.10	
	Add: Transferred from Profit and Loss Account	819.55		506.30	
	Less: Transferred to Profit and Loss Account	-		-	
			2,595.95		1,776.40
(iv)	Surplus in the Profit & Loss Account				
	As per last Balance Sheet	17,724.51		12,645.14	
	Add: Profit for the year	10,927.26		6,750.59	
	Amount available for appropriations	28,651.77		19,395.73	
	Appropriations:				
	Add: Transferred from reserves	-		-	
	Less: Transferred to general reserve	(819.55)		(506.30)	
	Proposed dividend	(1,005.00)		(1,000.96)	
	Corporate Dividend Tax	(170.80)		(162.38)	
	Short Provision for Dividend	-		(0.47)	
	Short Provision for FBT	-		(1.07)	
	Short Provision for Dividend Tax Payable	-		(0.08)	
		(1,995.35)	26,656.42	(1,671.26)	17,724.47
	Total		46,528.93		38,906.36

Note: An amount of ₹2,502.40 lacs has been capitalized and transferred to Share Capital account pursuant to the resolution passed by the members through postal ballot for allotment of bonus shares in the ratio of one equity share of ₹1 each for every share held as on record date i.e. April 13, 2012.

Note 4 - Long-Term Borrowings

₹ in Lacs

(a) Particulars	As at March 31, 2013		As at March 31, 2012	
(A) Secured Loans				
(i) Term Loans				
- From Banks	11,390.21		13,373.90	
- From Others	2,955.56	14,345.77	2,222.22	15,596.12
(ii) Long-term maturities of finance lease obligations		222.77		-
(iii) Deposits		-		-
(A)		14,568.54		15,596.12
(B) Unsecured Loans				
(i) Term Loans				
- From Bank	-		-	
- From Others	-	-	-	-
(ii) Deposits		-		-
(B)		-		-
Total (A + B)		14,568.54		15,596.12

(b) Terms of repayment of term loans and other loans.

i) Term Loan from Banks:

1. The Company has entered into a Common Loan Agreement appointing M/s. Axis Trustee Services Limited as Security Trustee for reallocation of the Rupee Term Loan amounting to ₹225.00 Crores sanctioned by Axis Bank Limited.

   The said Rupee Term Loan has been allocated to each of the lenders (parties to the Common Loan Agreement) as follows:

   - Axis Bank Limited - ₹100.00 Crores
   - Andhra Bank - ₹75.00 Crores
   - Punjab National Bank - ₹50.00 Crores

   The initial interest rate in respect of all the lenders shall be 13% p.a. payable with monthly rests irrespective of the individual interest rates mentioned in respective lenders' sanction letters, subject to further change in Base Rate till date of documentation. The highest rate of interest of any lender shall be applicable and payable by the Company to all the lenders. The interest spread reset shall be done every 2 years from the date of first disbursement. The loan is to be repaid in 14 unequal quarterly installments commencing after moratorium period of six months from the date of first disbursement / LC opening. First installment shall be due at the end of six months, thereby total tenor of the loan to be 45 months.

2. The Company has taken a term loan in the form of External Commercial Borrowings (ECBs) of USD 10 Million from State Bank of Mauritius during the year. The borrowings are made at an interest rate equal to the sum of LIBOR and the Margin as specified in the Term Loan Facility Agreement. The payment of interest to be made quarterly. Present rate of interest is 3.561% p.a. The loan is to be repaid in 12 quarterly installments starting from June 30, 2014, with first 11 installments in equal amounts & the amount of the last i.e.twelfth installment being the balance of principal pending for repayment, thereby total tenor of the loan to be five years.

The Company has entered into a Cross Currency & Interest Rate Swap facility with the State Bank of Mauritius, Mumbai Office, for hedging of the ECB repayments (principal and interest). By way of this swap facility, the rate of interest has been fixed at 9.62% p.a. for complete tenor of the term loan. The spot reference rate for repayment of the said loan has been fixed at ₹56.08 for 1 USD. The bank has sanctioned Loan Equivalent Value (LEV) of ₹6.493 Cr under currency swap facility. Negative Mark-to-Market threshold limit for margin call has been fixed at ₹5.00 Cr. In case, the net payables exceed the exposure, the Bank has the right to call for additional deposit margin forthwith to maintain the exposure within the threshold limit. The Company shall deposit cash collateral as per Bank's instructions, if negative MTM exceeds ₹5.00 Cr.

ii) Term Loan from GE Money Financial Services Pvt. Ltd., including fresh borrowings during the year, carries an interest rate equal to the sum of Reference Benchmark rate and the Interest spread as specified in the Loan agreement. Present rate of interest is 11.52% p.a. w.e.f. January 20, 2013 & 12.70% p.a. for the fresh borrowings during the year drawn on March 8, 2013. The interest payment to be made monthly. Principal repayment shall be in monthly equal installments for 36 months from the date of drawdown.

iii) Obligation under finance lease from Siemens Financial Services Private Limited are repayable in 36 monthly equal installments. These obligations carry an interest rate of 14.00% p.a.

(c) Nature of security of each type of secured loans.

i) Term Loans from Banks - Axis Bank, Andhra Bank & Punjab National Bank :

1. First pari-passu charge on entire UID kits purchased out of the term loan.
2. Second parri-passu charge on current assets of the Company.
3. Second parri-passu charge on moveable assets of the Company.
4. Second parri-passu charge through mortgage on the office premises of the Company, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai.
5. Second pari passu charge on the assets financed through ECB facility sanctioned by State Bank of Mauritius
6. Lien on Fixed Deposit amounting to ₹3.50 Crores held with the Banks.
7. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

ii) Term Loans from Banks - State Bank of Mauritius (ECB):

1. First charge on all moveable and immoveable fixed assets financed out of the term loan, with a minimum asset cover ratio of 1.33 times.
2. Second parri-passu charge on all assets of the Company excluding those financed through this term loan.
3. Second pari passu charge on the UID kits procured from term loans availed from Axis Bank, Andhra Bank and Punjab National Bank.
4. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

iii) Term Loans from Others - GE Money Financial Services Pvt. Ltd. :

1. First pari-passu charge on all present and future moveable fixed assets of the Company excluding, UID kits financed by Axis Bank, Andhra Bank, Punjab National Bank & assets financed by State Bank of Mauritius.
2. First pari passu charge on all the immovable properties of the company acquired after March 31, 2011
3. First parri-passu charge through mortgage on the office premises of the Company, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai & on the office premises of the Company situated at Chandigarh.
4. Second pari-passu charge on all present and future current assets.
5. Second pari-passu charge on UID kits financed by term loans of Axis Bank, Andhra Bank, Punjab National Bank.
6. Second pari passu charge on the assets financed through ECB facility sanctioned by State Bank of Mauritius.
7. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

iv) Finance Lease facility - Siemens Financial Services Pvt. Ltd.

Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements

(d) Details of the aggregate of each loan guaranteed by directors or others, each head-wise.

All the term loans amounting to ₹14,345.77 lacs (P. Y. ₹15,596.12 lacs) guaranteed by Mr. Dinesh Nandwana, Chairman and Managing Director of the Company.

(e) Details of continuing default in the repayment of loans and interest, specifying the period and amount separately in each case.

There has been no default in the repayment of loans or interest thereon as on date.

Note 5 - Deferred Tax Liabilities (Net)

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Liabilities				
(i) On account of difference in depreciation on Fixed Assets	8,286.09		7,321.78	
(ii) Timing differences on Tax Provisions	-		-	
(A)		8,286.09		7,321.78
Assets				
(i) Provision for Leave Encashment	16.04		5.86	
(ii) Timing differences on Tax Provisions	-		-	
(B)		16.04		5.86
Total (A - B)		8,270.05		7,315.92

Note 6 - Other Long-Term Liabilities

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Trade payables	53.63	18.46
Others:		
- Buyers Credit on FLC	730.10	680.71
Total	783.73	699.17

Note 7 - Short-Term Borrowings

₹ in Lacs

(a)

Particulars	As at March 31, 2013	As at March 31, 2012
(A) Secured Loans		
(i) Loans repayable on demand		
- From Banks	26,954.98	19,361.69
(ii) Loans & Advances from Related Parties	-	-
(iii) Inter Corporate Deposits	-	370.00
(A)	26,954.98	19,731.69
(B) Unsecured Loans		
(i) Loans & Advances from Related Parties	-	943.25
(ii) Inter Corporate Deposits	-	150.00
(iii) Other Loans & Advances	-	-
(B)	-	1,093.25
Total (A + B)	26,954.98	20,824.94

(b) Nature of security of each type of secured loans.

a) Loans repayable on demand from Banks:

The Company had entered into a Security Trustee Agreement in the previous year appointing M/s. Axis Trustee Services Limited as Security Trustee for availing the working capital facilities under the multiple banking arrangement aggregating to ₹375.00 Crores & the arrangement was converted into Working Capital Consortium Agreement from December 14, 2012 for the facilities amounting to ₹525.00 Crores, with the following bankers:

- Axis Bank Limited
- Union Bank of India
- State Bank of India
- ICICI Bank Limited
- ING Vyasa Bank Limited
- Dhanlaxmi Bank Limited
- State Bank of Mauritius

These facilities are secured against the following charge on various assets of the Company:

1. Primary: First pari-passu charge on the entire current assets of the Company, both present & future.
2. Collateral:
   - First pari-passu charge on the entire movable fixed assets of the Company (excluding UID kits financed by Axis Bank, Andhra Bank, Punjab National Bank & assets financed by State Bank of Mauritius) both present & future.

- First pari-passu charge on entire lands & office premises of the company & of Vakrangee Technologies Limited, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai.
- Second pari-passu charge on the UID kits purchased from the term loan facilities from Axis Bank, Andhra Bank & Punjab National Bank.
- Second pari-passu charge on the assets financed through ECB facility sanctioned by State Bank of Mauritius

3. Corporate Guarantee of Company, Vakrangee Technologies Limited.
4. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

b) Loans and advances from Related Parties
For details, refer Note 35.

c) Inter Corporate Deposits
The Inter-Corporate Deposit amounting to ₹Nil (Previous Year ₹370.00 lacs) were secured against the Bank Guarantee given by the Company.

(c) Details of the aggregate of each loan guaranteed by directors or others, each head-wise.
All the loans repayable on demand from banks amounting to ₹26,954.98 lacs (P. Y. ₹19,361.69 lacs) guaranteed by Mr. Dinesh Nandwana, Chairman and Managing Director of the Company.

(d) Details of continuing default in the repayment of loans and interest, specifying the period and amount separately in each case.
There has been no default in the repayment of loans or interest thereon as on date.

Note 8 - Trade Payables

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Current payables (including acceptances) outstanding for less than 12 months	17,479.17	11,890.74
Total	17,479.17	11,890.74

Note 9 - Other Current Liabilities

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Current maturities of long-term debts	10,917.21		8,749.83	
Current maturities of finance lease obligations	177.85		-	
Interest accrued and due on borrowings	177.25		113.38	
Interest accrued but not due on borrowings	180.11		109.54	
Unpaid Dividend	21.96		19.36	
Other Payables				
PF, ESIC & LWF Payable	24.64		3.18	
Service Tax Payable	96.44		177.25	
Sales Tax & WCT Payable	0.45		248.78	
TDS Payable	106.78		38.46	
Staff Emoluments Payable	219.57		142.60	
Security Deposit	29.45		25.50	
Other Liabilities	277.50		27.81	
Total		12,229.21		9,655.69

Note 10 - Short-Term Provisions

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Provision for Expenses	1,663.23		93.92	
Provisions for Employees' benefits	47.18		19.01	
Provision for Wealth Tax	0.35		0.42	
Provision for Interest on Taxation	105.59		113.88	
Provision for Taxation (net of taxes paid)	1,076.37		755.04	
Provision for Proposed Dividend	1,005.00		1,000.96	
Provision for Tax on Proposed Dividend	170.80		162.38	
Total		4,068.52		2,145.61

NOTES TO FINANCIAL STATEMENTS AS ON MARCH 31, 2013

Note 11 - Fixed Assets

₹ in Lacs

(a)

Description	Gross Block					Depreciation Block				Net Block			
	Begining of Current Period	Additions	Acquisitions through Business Combinations	Deductions/ Adjustments	End of Current Period	Upto Begining of Current Period	For the Period	Deductions/ Adjustments	Upto End of Current Period	Before Impairment	Impairment	End of Current Period	End of Previous Period
(i) Tangible Assets													
Buildings	777.48	217.54	-	21.05	973.97	88.96	13.43	2.09	100.30	-	-	873.67	688.53
Plant and Machinery	755.53	-	-	-	755.53	192.20	35.89	-	228.09	-	-	527.44	563.34
Furnitures and Fixtures	592.04	2.80	-	-	594.84	308.68	37.50	-	346.18	-	-	248.66	283.36
Vehicles	80.97	30.01	-	14.34	96.64	29.99	8.88	7.33	31.54	-	-	65.10	50.99
Office Equipments	560.38	13.69	-	2.69	571.38	257.22	26.95	0.79	283.38	-	-	288.00	303.15
Computers and Printers	32,454.77	33.44	-	0.07	32,488.14	18,228.94	5,262.27	0.02	23,491.19	-	-	8,996.95	14,225.83
Project Assets													
- Computers and Printers													
- Owned	31,398.34	6,754.19	-	17.74	38,134.79	2,875.60	8,792.38	6.71	11,661.27	-	-	26,473.52	28,522.73
- Leased	-	596.64	-	-	596.64	-	185.24	-	185.24	-	-	411.40	-
- Office Equipments													
- Owned	646.16	261.31	-	-	907.47	86.30	212.26	-	298.56	-	-	608.91	559.86
- Leased	-	19.25	-	-	19.25	-	5.98	-	5.98	-	-	13.27	-
- Furniture & Fixtures													
- Owned	3,911.08	906.57	-	-	4,817.65	397.08	1,106.33	-	1,503.41	-	-	3,314.24	3,514.00
- Leased	-	23.26	-	-	23.26	-	7.22	-	7.22	-	-	16.04	-
Total	71,176.75	8,858.70	-	55.89	79,979.56	22,464.97	15,694.33	16.94	38,142.36	-	-	41,837.20	48,711.79
(ii) Intangible Assets (Other than Internally Generated)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Capital Work-In-Progress (excluding Capital Advances)	7.88	-	-	7.88	-	-	-	-	-	-	-	-	7.88
Total	7.88	-	-	7.88	-	-	-	-	-	-	-	-	7.88
GRAND TOTAL	71,184.63	8,858.70	-	63.77	79,979.56	22,464.97	15,694.33	16.94	38,142.36	-	-	41,837.20	48,719.67
PREVIOUS YEAR	35,223.32	36,013.70	-	52.40	71,184.62	13,731.60	8,739.97	6.62	22,464.95	-	-	48,719.67	-

(b) Details of Capital Work-in-Progress

Capital Work-in-Progress brought forward from previous year was cost incurred towards purchase of software, capitalised in the current year.

(c) Detailed note on Fixed Assets taken on Lease

The Company has taken certain assets on finance lease during the year. There are certain computer equipment assets taken on operating lease under non-cancellable agreements in previous years. The assets taken on finance lease have been classified as leased assets under the project assets above. The finance lease is for the period of three years from the date of its commencement. Hence the depreciation on these assets will be amortised over a period of three years on straight line basis.For details on operating lease, please refer Note No. 38.

(d) During the previous year, the Company had started prestigious UID Enrolment project of Government of India. Various e-governance projects including UID Enrolment project are highly capital intensive and require substantial investment in form of fixed assets. For the purpose company has acquired fixed assets worth approximately ₹440 Crores (Previous Year ₹360 Crores) and classified the same as project Assets. The management of the company envisage that the useful life of these assets assigned to any project, present or future, will be 3 to 4 years from the date of its put to use and accordingly has accelerated the depreciation at higher rate.

Note 12 - Non-Current Investments

₹ in Lacs

	Particulars	As at March 31, 2013		As at March 31, 2012	
(a)	Trade Investments				
	(i) Investment in Equity Instruments				
	Unquoted Investments				
	- In Subsidiary Companies				
	Nil Equity Shares in Vakrangee IT Solutions Ltd. of ₹10 each fully paid up (Previous Year 1,00,50,000)		-		5,005.00
	81,49,999 Equity Shares of E-Doc Vision Infotech Pvt. Ltd. of ₹10 each fully paid up (Previous Year 56,49,999)		815.00		565.00
	96,000 Equity Shares of Vakrangee e-Solutions Inc., Philippines of Peso 100 each fully paid up (Previous Year 96,000)		- 96.00		- 96.00
	2,50,000 Equity Shares of Vakrangee Finserve Ltd. of ₹10 each fully paid up (Previous Year 2,50,000)		- 25.00		- 25.00
	(A)		936.00		5,691.00
	- In Associate Companies				
	13,000 Equity Shares of Omnis Infra Power Ltd of ₹10 each fully paid up (Previous Year 13,000)		1.30		1.30
	(B)		1.30		1.30
	(ii) Investment in Mutual Funds				
	12,00,000 units of Axis Hybrid Fund Series - I of ₹10 each fully paid up (Previous Year 12,00,000)		120.00		120.00
	24.9375 units of Aditya Birla Real Estate Fund - I "of ₹1,00,000 each partly paid up ₹40,000 per unit (Previous Year ₹40,000 per unit, 24.9375 units) "		10.00		10.00
	2,50,000 units of Union KBC Asset Allocation Fund - Conservative of ₹10 each fully paid up (Previous Year Nil)		25.00		-
	99,990 units of Union KBC Asset Allocation Fund - Moderate of ₹10 each fully paid up (Previous Year Nil)		10.00		-
	2,99,990 units of Union KBC Capital Protection Oriented Fund - Series 1 of ₹10 each fully paid up (Previous Year Nil)		30.00		-
	2,00,000 units of Union KBC Capital Protection Oriented Fund - Series 2 of 10 each fully paid up (Previous Year Nil)		20.00		-
	1,50,000 units of Union KBC Equity Fund - Growth of ₹10 each fully paid up (Previous Year 1,50,000)		15.00		15.00
	(C)		230.00		145.00
	Total (A + B + C)		1,167.30		5,837.30

₹ in Lacs

(b) Particulars	As at March 31, 2013		As at March 31, 2012	
Aggregate value of:				
Quoted investments - Mutual Funds (Market Value: ₹248.75 lacs, P.Y. ₹162.12 lacs)		230.00		145.00
Unquoted investments		937.30		5,692.30
Total		1,167.30		5,837.30

Note 13 - Long-Term Loans & Advances

₹ in Lacs

(a) Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Capital Advances				
(Unsecured, considered good)				
Advance against property	458.52		75	
Advance against capital goods	-	458.52	0.74	75.74
(ii) Security Deposits				
(Unsecured, considered good)				
Security Deposit		34.06		1,172.70
(iii) Loans & Advances to Related Parties				
(Unsecured, considered good)				
Dues from subsidiaries	-		-	
Dues from associate companies	-		-	
Dues from companies in which the company's managing director is a director	-	-	-	-
(iv) Other Loans and Advances				
(Unsecured, considered good)				
MAT Credit Entitlement	1,935.08		1,935.08	
Balances with statutory / revenue authorities:			-	
- Income Tax (net of provision for taxation)	-		76.71	
- Sales Tax	-	1,935.08	41.85	2,053.64
Total		2,427.66		3,302.08

(b) Details of Loans and Advances to Related Parties

For details, refer Note 35.

(c) Detailed note on loans and advances due by the following persons :

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Directors and other officers		-		-
(ii) Firms in which any director is a partner		-		-
(iii) Private companies in which director is a member/director		-		-
Total		-		-

Note 14 - Other Non-Current Assets

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Long Term Trade Receivables				
- Unsecured, considered good		227.23		187.80
- Doubtful	-		-	
Less: Provision for Doubtful Debts	-	-	-	-
(ii) Others				
- Non-Current Bank Balances (Note No. 17)		442.86		284.52
- Prepaid Expenses		0.72		-
Total		670.81		472.32

Note 15 - Inventories

₹ in Lacs

	Particulars	As at March 31, 2013		As at March 31, 2012	
(a)	(i) Raw Material	7.43		21.21	
	(ii) Work in Progress	1,508.50		114.80	
	(iii) Finished Goods	216.28		-	
	(iv) Consumables	244.24		218.26	
	(v) Stores & Spares	9.37		4.72	
	Total		1,985.82		358.99

(b) Basis of valuation of Inventories
Inventories are valued at lower of cost or net realizable value on FIFO basis which is in accordance with AS 2 as issued by the ICAI.

Note 16 - Trade Receivables

₹ in Lacs

(a)	Particulars	As at March 31, 2013		As at March 31, 2012	
	(i) Due for a period exceeding six months				
	- Unsecured, considered good		1,806.77		32.94
	- Doubtful	-		-	
	Less: Provision for Doubtful Debts	-	-	-	-
			1,806.77		32.94
	(ii) Others				
	- Unsecured, considered good		64,330.19		44,490.59
	- Doubtful	-		-	
	Less: Provision for Doubtful Debts	-	-	-	-
			64,330.19		44,490.59
	Total		66,136.96		44,523.53

(b) Detailed note on debts due by the following persons :

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Directors and other officers		-		-
(ii) Firms in which any director is a partner		-		-
(iii) Private companies in which director is a member/director		-		-
Total		-		-

Note 17 - Cash & Cash equivalents

₹ in Lacs

(a)	Particulars	As at March 31, 2013		As at March 31, 2012	
	(A) Cash & Cash Equivalents				
	(i) Balances with Banks:				
	- Current Accounts	148.18		462.81	
	(ii) Cash-in-hand	39.63		47.38	
	(iii) Cheques & Drafts in-hand	-		-	
			187.81		510.19
	(B) Other Bank Balances				
	(i) Earmarked balances	21.96		19.36	
	(ii) Amount held as margin money or security against borrowings, guarantee, other commitments	3,355.36		2,351.92	
	(iii) Deposits with Banks:	-		-	
	- with original maturity period of more than 3 months but less than 12 months	-		-	
	- with original maturity period of more than 12 months	-		-	
			3,377.32		2,371.28
	Total		3,565.13		2,881.47

Less : Non-Current Other Bank Balances, disclosed under Other Non-Current Assets (Note No. 14)				
(i) Amount held as margin money or security against borrowings, guarantee, other commitments	442.86		284.52	
(ii) Deposits with Banks:				
- with original maturity period more than 12 months	-		-	
		442.86		284.52
Total		3,122.27		2,596.95

Note 18 - Short-Term Loans and Advances

₹ in Lacs

(a)

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Security Deposits				
(Unsecured, considered good)				
Security Deposit		1,135.69		-
(ii) Loans and Advances to Related Parties				
(Unsecured, considered good)				
Dues from subsidiaries	2,117.75		1,420.77	
Dues from associate companies	-		-	
Dues from companies in which the company's managing director is a director	-		-	
		2,117.75		1,420.77
(iii) Other Loans and Advances				
(Unsecured, considered good)				
Loans to others	-		500.00	
Earnest Money Deposit	95.37		770.60	
Balances with statutory / revenue authorities :				
- Sales Tax	9.60		232.68	
- Income Tax (net of provision for taxation)	118.44		-	
- CENVAT Credit receivable	32.87		255.48	
		256.28		1,758.76
Total		3,509.72		3,179.53

(b) Details of Loans and Advances to Related Parties

For details, refer Note 35

(c) Detailed note on loans and advances due by the following persons :

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Directors and other officers		-		-
(ii) Firms in which any director is a partner		-		-
(iii) Private companies in which director is a member/director		-		-
Total		-		-

Note 19 - Other Current Assets

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Interest accrued on investments and deposits				
Interest Accrued on FDRs	17.60		22.56	
		17.60		22.56
(ii) Other advances receivable in cash or kind or for value to be received				
Staff Loans	60.55		10.21	
Interest recoverable on Cash Credit Account	29.48		29.48	
Advances for Expenses	210.81		13.22	
Advances for Purchases	9,601.30		-	
Other Receivables	4,663.61		-	
Prepaid Expenses	467.03		471.11	
		15,032.78		524.02
(iii) Other Assets				
Share Application Money				
- In Subsidiary Companies	-		-	
- In Other Body Corporates	-		-	
		-		-
Total		15,050.38		546.58

Note 20 - Contingent Liabilities and Commitments (to the extent not provided for)

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(A) Contingent Liabilities				
(i) Claims against the company not acknowledged as debts	-		-	
(ii) Company has provided Bank Guarantee to various parties which is not acknowledged in books of accounts	2,538.79		1,669.45	
(iii) Other contingent liabilities (Refer Note 1 below)	210.27		-	
(A)		2,749.06		1,669.45
(B) Commitments				
(i) Estimated amount of contracts remaining to be executed on capital account not provided for	25.00		25.00	
(ii) Uncalled liabilities on share and other investments partly paid up	15.00		15.00	
(iii) Others commitments	-		-	
(B)		40.00		40.00
Total (A + B)		2,789.06		1,709.45

Note:

1. Income Tax demand has been raised during the course of Block Assessment for the Assessment Year 2005-06 to Assessment Year 2011-12 of ₹210.27 lacs (Previous Year Nil) for which the Company has filed rectification u/s 154 of the Income Tax Act, 1961. Appeals are pending before the Commissioner of Income Tax (Appeals).
2. The amount of liabilities, which may occur on levying of penalty and/or charges by clients for delays in execution of contracts within the time prescribed in the agreement, is unascertained.

Note 21 - Dividends

(a) Detailed note on Proposed Equity Dividend and Proposed Preference Dividend for the period and related amount per share. The Board of Directors of the Company recommended Dividend of ₹0.20 per share on fully paid up equity share of ₹1 each for the financial year ended March 31, 2013, subject to members approval in the ensuing Annual General Meeting.

Note 22 - Revenue from Operations

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a) Income from e-governance activities		1,54,226.10		1,29,402.02
(b) Sale of Products				
- Computer consumables & peripherals	864.06		4,460.11	
- Others	0.60		6.72	
		864.66		4,466.83
(c) Sale of Services				
- Information Technology-enabled Services (ITeS)	475.27		1,321.45	
- Others	10.16		23.61	
		485.43		1,345.06
(d) Other Operating Revenues				
- Commission	-		0.15	
- Scrap Sale	1.33		0.37	
		1.33		0.52
Total		1,55,577.52		1,35,214.43

Note 23 - Other Income

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(i) Interest Income on				
- Bank Deposits	261.36		122.93	
- Others	230.09	491.45	255.98	378.91
(ii) Dividend Income on				
- Investment in Subsidiaries	-		-	
- Investment in Other Long-Term Instruments	0.31	0.31	-	-
(iii) Net gain/ (Loss) on sale of Fixed Assets		20.55		39.42
(iv) Net gain on sale of Investments		20.00		0.99
(v) Gain on Foreign Exchange Fluctuation (net)		204.55		-
(vi) Other Non-Operating Income (net of expenses directly attributable to such income)				
- Rent Received	3.44		3.50	
- Sundry Balances written back	-		-	
- Miscellaneous Income	1.96	5.40	0.66	4.16
Total		742.26		423.48

Note 24 - Operating Expenses

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Cost for Sales				
- Opening Stock	244.20		82.99	
- Add: Purchases during the year	1,04,327.55		1,02,706.54	
	1,04,571.75		1,02,789.53	
- Less: Closing Stock	261.04		244.20	
		1,04,310.71		1,02,545.33
Lease Rent		4,111.19		4,111.19
Procurement of Manpower		4,528.75		1,890.61
Project Expenses		397.16		174.82
Software Development Charges		-		14.50
Image Processing Expenses		98.54		78.03
Printing Charges		60.99		152.24
Communication Costs		112.91		3.36
Machinery Hire Charges		1,047.14		3.34
Conveyance & Travelling Expenses		35.17		28.84
Transportation, Octroi and Loading / Unloading Charges		13.65		17.01
Rent		64.61		53.62
Commission Expenses		64.50		-
Refurbishment Charges		-		1.13
Packaging Expenses		0.65		2.00
Total		1,14,845.97		1,09,076.02

Note 25 - Changes in Inventories

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a) At the beginning of the period				
(i) Finished Goods	-		-	
(ii) Work-in-Progress	114.80		6.58	
		114.80		6.58
Less: (b) At the end of the period				
(i) Finished Goods	216.28		-	
(ii) Work-in-Progress	1,508.50		114.80	
		1,724.78		114.80
Total		(1,609.98)		(108.22)

Note 26 - Employee Benefits Expenses

₹ in Lacs

(a)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(i) Salaries & Wages	2,172.48		1,044.92	
(ii) Contribution to Provident & Other Funds	26.60		17.56	
(iii) Employee Compensation Expenses	280.38		124.60	
(iv) Staff Welfare Expenses	25.05		37.05	
Total		2,504.51		1,224.13

(b) Detailed note on disclosure as required by AS-15

For details, refer Note No. 36.

Note 27 - Finance Costs

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Interest Expenses				
- Banks	5,872.41		3,654.74	
- Others	2,046.19	7,918.60	1,275.06	4,929.80
Bank Charges & Commission		665.07		595.35
Total		8,583.67		5,525.15

Note 28 - Other Expenses

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Repairs & Maintenance:				
- Building	12.98		2.43	
- Vehicle	2.13		4.23	
- Others	21.10	36.21	17.36	24.02
Loss on Foreign Exchange Fluctuation (net)		-		80.36
Advertisement and Publicity Expenses		92.78		30.70
Business Promotion Expenses		53.82		33.61
Tender & Bid Expenses		5.42		1.82
Commission & Brokerage		0.68		1.66
Rates & Taxes		15.20		8.01
Insurance		56.07		56.65
Electricity Expenses		35.58		26.38
Printing and Stationery		16.20		21.71
Communication Costs		57.59		42.08
Fees & Subscriptions		41.69		26.45
Listing, Registrar & Share Issue/Transfer Expenses		3.36		23.61
Directors' Remuneration		85.35		79.79
Directors' Sitting Fees		2.70		3.75
Legal & Professional Fees - Other than payments to Auditor :				
- Consultancy Charges	449.42		412.96	
- Legal & Professional Fees	267.91		120.31	
- Filing Stamp Duty and Franking Charges	56.15		49.19	
- Registration charges	4.72	778.20	3.63	586.09
Payments to Auditors :				
- Audit fees	14.05		14.05	
- Tax Audit fees	2.81		2.81	
- For Other Services	3.23		2.45	
- For Reimbursement of Expenses	-	20.09	-	19.31
Conveyance & Travelling		78.85		88.87
Vehicle Expenses		7.18		8.76
Office & General Expenses		58.18		52.07
Miscellaneous Expenses		10.31		-
Sundry Balances written off		0.39		10.42
Total		1,455.85		1,226.12

Note 29 - Earnings Per Equity Share

₹ in Lacs

	Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a)	Net profit after tax attributable to equity shareholders for				
	Basic EPS		10,927.27		6,750.63
	Add/Less: Adjustment relating to potential equity shares		-		-
	Net profit after tax attributable to equity shareholders for		10,927.27		6,750.63
	Diluted EPS				
(b)	Weighted average no. of equity shares outstanding during the year				
	For Basic EPS		50,14,80,384		49,98,08,546
	For Diluted EPS		51,12,42,086		50,77,57,003
(c)	Face Value per Equity Share (₹)		1.00		1.00
	Basic EPS		2.18		1.35
	Diluted EPS		2.14		1.33
(d)	Reconciliation between no. of shares used for calculating basic and diluted EPS				
	No. of shares used for calculating Basic EPS		50,14,80,384		49,98,08,546
	Add: Potential equity shares		97,61,702		79,48,457
	No. of shares used for calculating Diluted EPS		51,12,42,086		50,77,57,003

Note 30 - Prior Period Items

₹ in Lacs

	Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a)	Prior Period Expenses				
	Purchases	-		9.07	
	Professional Fees	0.14		-	
	Salary & Wages	0.05		1.64	
	Staff Welfare Expenses	-		0.06	
	Rent	0.08		0.24	
	Rates & Taxes	5.38		0.56	
	Electricity	0.31		0.02	
	Telephone & Postage	0.11		0.04	
	Transportation, Octroi & Loading / Unloading Expenses	-		0.29	
	Lodging & Boarding Expenses	-		0.03	
	Office & General Expenses	0.86		4.08	
	Total		6.93		16.03

(b)	Prior Period Incomes				
	Interest received on others	-		1.03	
	Bonus	48.02		-	
	Rent received	-		0.16	
	Conveyance & Travelling (excess paid recovered)	0.92		-	
	Electricity (recovered from customer)	-		0.50	
	Tender & Bid Expenses (refund received)	-		5.00	
	Total		48.94		6.69

Note 31 - Value of Raw Materials, Spare Parts and Components Consumed

Since the Company is engaged in providing e-governance related services, the quantitative details with respect to Opening Stock, Purchases, Sales and Closing Stock are not applicable to the Company and hence not given.

Note 32 - Earnings & Expenditure in Foreign Currency

(a) Earnings in Foreign Currency

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
FOB Value of Exports		864.00		-
Interest on loan to subsidiary		225.40		163.02
Total		1,089.40		163.02

(b) Expenditure in Foreign Currency

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Travelling Expenses		0.31		6.78
Interest on ECB		154.29		-
Professional and Consultation Fees		0.53		-
Total		155.13		6.78

Note 33 - CIF Value of Imports

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
In respect of:				
(i) Raw Materials	-		-	
(ii) Components and Spare parts	-		-	
(iii) Capital Goods	-		1,651.83	
Total		-		1,651.83

Note 34 - Loans and Advances in the nature of loans given to subsidiaries and associates as required to be disclosed in the annual accounts of the company pursuant to clause 32 of the listing agreement is as under :

(i) Details of loans to subsidiaries

₹ in Lacs

Name of Subsidiaries	2012-2013		2011-2012	
	Amount	Max. Amount	Amount	Max. Amount
Vakrangee IT Solutions Limited	-	-	-	55.31
E-Doc Vision Infotech Private Limited	-	-	-	371.22
Vakrangee e-Solutions Inc.	1,887.65	1,887.65	1,420.77	1,420.77
Vakrangee Energy Private Limited	-	-	-	34.65
Vakrangee Finserve Limited	230.10	230.10	-	38.10

(ii) Details of Investment in Subsidiaries

Name of Subsidiaries	No. of Shares as at year-end	% of shareholding
E-Doc Vision Infotech Private Limited	81,49,999	74.09%
Vakrangee e-Solutions Inc.	96,000	100%
Vakrangee Finserve Limited	2,50,000	100%

Note 35 - Related Party Details

(a) Key Management Personnel

Mr. Dinesh Nandwana	Chairman & Managing Director
Dr. Nishikant Hayatnagarkar	Whole-Time Director
Mr. Ramesh Mulchand Joshi	Director
Mr. Sunil Agarwal	Director
Mr. Anil Patodia	Director
Mr. Babulal Meena	Director
Mr. Kanhaiya Lal Varma**	Director

** Resigned w.e.f. 10th October, 2012

(b) Relative of key management personnel and Name of the enterprises having same key management personnel and/ or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year

Vakrangee Holdings Private Limited
Vakrangee Lacteus & Hortus Limited
Vakrangee Capital Private Limited
Vakrangee Technologies Limited
Vakrangee Infraprojects Limited
Omnis Edu-Health Limited
Omnis Infra Power Limited
Mr. Manoj Nandwana

(c) Subsidiary Companies with whom the Company has entered into transactions during the year

Name of subsidiaries	Country of incorporation	Holding as at	
		March 31,2013	March 31,2012
Vakrangee IT Solutions Ltd.**	India	0%	100%
E-Doc Vision Infotech Pvt. Ltd.	India	74.09%	66.47%
Vakrangee e-Solutions Inc.	Phillipines	100%	100%
Vakrangee Finserve Ltd.	India	100%	100%
Vakrangee Energy Private Ltd. ***	India	0%	0%

** ceased to be a subsidiary from March 29, 2013

*** ceased to be a subsidiary from January 7, 2012

Related Party Transactions

- In relation to (a)

₹ in Lacs

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Director Remuneration	85.35	79.79
ESOP Perquisites	52.53	21.13
Directors' Sitting Fees	2.70	3.75
Rent received	2.50	3.00
Balance outstanding as on March 31	NIL	NIL

- In relation to (b)

₹ in Lacs

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Reimbursement of Expenses	25.81	-
Salary Paid	9.13	-
Services rendered	714.84	-
Loans granted	-	157.56
Interest received on loan granted	-	20.23
Loan Received back	-	271.77
Loans Taken	547.00	2,023.25
Loans repaid	1,490.25	1,080.00
Balance Outstanding as on March 31:		
Sundry Debtors	497.13	-
Short - term Borrowings	-	(943.25)

- In relation to (c)

₹ in Lacs

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Sales	864.00	-
Investments purchased	250.00	310.00
Loans granted	469.59	1,245.42
Interest received on loan granted	228.86	229.50
Loan Received back	1.46	795.08
Balance Outstanding as on 31 March:		
Sundry Debtors (including foreign exchange fluctuation as at year end)	870.23	-
Short - Term Loans and Advances	2,117.75	1,420.77
Long-term Loans and Advances	-	-

Note 36 - Gratuity & Leave encashment

The Company has provided for Gratuity and leave encashment, in accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis.

a) Gratuity

Actuarial assumptions:

Particulars	As at March 31, 2013	As at March 31, 2012
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount rate	8% per annum	8% per annum
Salary Escalation	5%	5%

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

Amount recognized in the Profit and Loss account

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
PV of Past Service Benefit	35.95	19.80
Current Service Cost	22.32	7.42
Actuarial (gains)/losses for the period	30.95	0.95
Obligation at the end of the year.	61.05	34.40

b) Leave encashment

Actuarial assumptions:

Particulars	As at March 31, 2013	As at March 31, 2012
Period	From 1st April, 2012 to 31st March, 2013	From 1st April, 2011 to 31st March, 2012
Discount rate	8.25% per annum	8.75% per annum
Salary growth rate	5.00% per annum	5.00% per annum
Mortality	LIC 94-96 ultimate	LIC 94-96 ultimate
Expected rate of return	-	-
Withdrawal rate (per annum)	2.00 % per annum (18 - 60 years)	2.00 % per annum (18 - 60 years)

Amount recognized in the Profit and Loss account

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Current Liability	23.22	0.56
Non current liability	23.95	17.50
Total	47.17	18.06

Note 37 - Segment Reporting

The Company's activities predominantly revolve around providing the e-governance related services. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

Note 38 - Leases

I. Operating Leases

The Company has taken Computer Equipments on operating lease under non-cancellable lease agreement. Lease payments recognized in the Profit and Loss Account for the year is ₹4,111.19 lacs (Previous Year ₹4,111.19 lacs). Future minimum lease payments under non-cancellable operating leases are as below:

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than one year	3,207.36	4,111.19
Later than one year and not later than five years	-	3,207.36
Total	3,207.36	7,318.55

II. Finance Leases

The Company has taken Computer Equipments & other Fixed Assets on finance lease during the year. Future minimum lease payments & present value of minimum lease payments towards the finance lease are as below :

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
i) Minimum lease payments		
Not later than one year	222.81	
Later than one year and not later than five years	241.38	-
Total	464.19	-
		-
ii) Present value of minimum lease payments		
Not later than one year	177.85	-
Later than one year and not later than five years	222.77	-
	400.62	-
Add: Future finance charges	63.58	-
Total	464.20	-

Note 39 - Amounts due to Micro, Small and Medium Enterprises:

The Company has not received any intimation from the suppliers under the The Micro, Small & Medium Enterprises Development Act 2006 and therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

Note 40 - Previous year figures

The figures of the previous year have been re-arranged, re-grouped and re- classified wherever necessary.

AUDITORS' REPORT

To the Members of Vakrangee Softwares Limited,

We have audited the attached Consolidated Balance Sheet of Vakrangee Softwares Limited (hereinafter referred as "the Company"), the holding company, and its subsidiaries (hereinafter collectively referred to as "the Group") as at March 31, 2013, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1 We 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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.

2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.

3. We did not audit the financial statements of two subsidiaries, which have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on those reports. The financial statements of these subsidiaries reflect the group's share of total assets of ₹5,132.41 lacs as at March 31, 2013 and total revenues of ₹1.58 lacs for the year ended March 31, 2013.

4. In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the consolidated financial statements give a true and fair view:

   i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013,

   ii) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date.

   iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

Sunil Patodia
Partner
Mem. No. : 045489
Place : Mumbai
Date : April 25, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

₹ in Lacs

	Particulars	Note No.	As at March 31, 2013		As at March 31, 2012	
I	EQUITY & LIABILITIES					
	1. Shareholders' funds					
	(a) Share Capital	2	5,024.99		2,502.40	
	(b) Reserves and Surplus	3	46,356.75		39,187.91	
	(c) Money received against share warrants		-		-	
				51,381.74		41,690.31
	2. Share application money pending allotment			-		-
	3. Minority Interest			285.02		285.02
	4. Non - Current Liabilities					
	(a) Long -Term Borrowings	4	14,568.54		15,596.12	
	(b) Deferred Tax Liabilities (Net)	5	8,288.24		7,315.92	
	(c) Other Long - Term Liabilities	6	783.73		699.17	
				23,640.51		23,611.21
	5. Current Liabilities					
	(a) Short - Term Borrowings	7	28,521.83		21,558.94	
	(b) Trade Payables	8	17,547.58		12,183.24	
	(c) Other Current Liabilities	9	12,812.82		10,143.85	
	(d) Short - Term Provisions	10	4,069.61		2,145.67	
				62,951.84		46,031.70
	Total			1,38,259.11		1,11,618.24
II	ASSETS					
	1. Non - Current Assets					
	(a) Fixed Assets	11				
	(i) Tangible Assets		42,034.94		48,726.99	
	(ii) Intangible Assets		-		5,000.00	
	(iii) Capital Work-in-Progress		1,676.97		1,435.21	
	(b) Non - Current Investments	12	231.30		146.30	
	(c) Long - Term Loans and Advances	13	2,427.66		3,302.08	
	(d) Other Non - Current Assets	14	979.61		472.32	
				47,350.48		59,082.90
	2. Current Assets					
	(a) Inventories	15	5,376.76		2,443.34	
	(b) Trade Receivables	16	65,273.71		44,548.33	
	(c) Cash and Cash equivalents	17	3,188.73		2,841.05	
	(d) Short - Term Loans and Advances	18	1,915.35		1,960.91	
	(e) Other Current Assets	19	15,068.72		590.21	
				90,823.27		52,383.85
	3. Foreign Currency Translation Reserve			85.36		151.49
	Total			1,38,259.11		1,11,618.24
	Significant Accounting Policies	1				

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

₹ in Lacs

	Particulars	Note No.	For the year ended March 31, 2013		For the year ended March 31, 2012	
I	Revenue from Operations	20	1,54,715.06		1,35,318.74	
II	Other Income	21	521.12		463.76	
III	Total Revenue (I + II)			1,55,236.18		1,35,782.50
IV	Expenses					
	Operating Expenses	22	1,15,101.11		1,09,198.57	
	Changes in Inventories	23	(2,916.58)		(507.20)	
	Employee Benefits Expenses	24	2,854.83		1,247.35	
	Finance Costs	25	8,595.73		5,579.86	
	Depreciation and Amortization Expense	11	15,706.22		8,744.42	
	Other Expenses	26	1,525.64		1,227.75	
	Total Expenses			1,40,866.95		1,25,490.75
V	Profit before Exceptional and Extraordinary Items and Tax (III - IV)			14,369.23		10,291.75
VI	Exceptional Items			-		-
VII	Profit before Extraordinary Items and Tax (V - VI)			14,369.23		10,291.75
VIII	Extraordinary Items			-		-
IX	Profit Before Tax (VII - VIII)			14,369.23		10,291.75
X	Tax Expense:					
	(a) Current Tax		4,373.14		2,034.86	
	(b) Deferred Tax		972.33		2,143.78	
	(c) Tax of Earlier Year		(32.86)		(0.00)	
	(d) MAT Credit Entitlement		(1,376.19)		(974.08)	
				3,936.42		3,204.56
XI	Profit for the Period from Continuing Operations (IX - X)			10,432.81		7,087.19
XII	Profit/(Loss) for the Period from Discontinuing Operations			-		-
XIII	Tax Expense of Discontinuing Operations			-		-
XIV	Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)			10,432.81		7,087.19
XV	Minority Interest			(0.00)		0.02
XVI	Profit for the Period (XI + XIV - XV)			10,432.81		7,087.17
XVI	No. of equity shares for computing EPS					
	(1) Basic			50,14,80,384		49,98,08,546
	(2) Diluted			51,12,42,086		50,77,57,003
XVII	Earnings Per Equity Share (Face Value ₹1 Per Share):	30				
	(1) Basic (₹)			2.08		1.42
	(2) Diluted (₹)			2.04		1.40
	Significant Accounting Policies	1				

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

₹ in Lacs

S. No.	Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
I	Cash flow from operating activities		
	Profit before tax from continuing operations	14,369.24	10,291.75
	Profit before tax from discontinuing operations	-	-
	Profit before tax	14,369.24	10,291.75
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation/amortization on continuing operation	15,706.22	8,744.42
	Depreciation/amortization on discontinuing operation	-	-
	Loss/(profit) on sale of fixed assets	(20.55)	(301.86)
	Employee stock compensation expense	280.38	124.60
	Net gain on disposal of Subsidiary	40.70	(0.99)
	Interest expense	7,918.66	4,982.41
	Interest income	(270.31)	(156.55)
	Dividend income	(0.31)	-
	Operating profit before working capital changes	38,024.03	23,683.78
	Movements in working capital :		
	Increase / (decrease) in trade payables	5,364.34	3,500.80
	Increase / (decrease) in short-term provisions	1,590.18	146.62
	Increase / (decrease) in other current liabilities	2,668.97	8,394.10
	Increase / (decrease) in other long-term liabilities	84.56	651.60
	Decrease / (increase) in trade receivables	(20,725.37)	(17,096.59)
	Decrease / (increase) in inventories	(2,933.43)	(668.41)
	Decrease / (increase) in long-term loans and advances	874.42	595.90
	Decrease / (increase) in short-term loans and advances	46.24	(706.72)
	Decrease / (increase) in other current assets	(14,478.50)	5,343.82
	Decrease / (increase) in other non-current assets	(507.28)	(208.16)
	Cash generated from / (used in) operations	10,008.15	23,636.74
	Direct taxes paid (net of refunds)	(2,643.45)	(1,993.46)
	Net cash flow from / (used in) operating activities (A)	7,364.70	21,643.28
II	Cash flow from investing activities		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	(9,302.88)	(37,449.03)
	Proceeds from sale of fixed assets	59.50	1,079.99
	Proceeds on disposal of Subsidiary	5,008.00	331.07
	Purchase of non-current investments	(85.00)	(141.30)
	Interest received	270.31	156.55
	Dividends received	0.31	-
	Foreign Currency Translation Reserve	66.13	(147.96)
	Net cash flow from / (used in) investing activities (B)	(3,983.63)	(36,170.68)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

₹ in Lacs

III	Cash flow from financing activities		
	Proceeds from issuance of share capital	20.20	416.25
	Proceeds from securities premium on issuance of share capital	93.10	803.87
	Proceeds from long-term borrowings	(1,027.58)	15,596.12
	Proceeds from short-term borrowings	6,962.89	5,216.42
	Warrant & Share Application Money	-	(860.53)
	Interest paid	(7,918.66)	(4,982.41)
	Dividends paid on equity shares	(1,000.96)	(499.30)
	Tax on equity dividend paid	(162.38)	(81.00)
	Net cash flow from/(used in) in financing activities (C)	(3,033.39)	15,609.42
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	347.68	1,082.02
	Cash and cash equivalents at the beginning of the year	2,841.05	1,759.03
	Cash and cash equivalents at the end of the year	3,188.73	2,841.05
	Components of cash and cash equivalents		
	Cash on hand	42.46	48.61
	Cheques/ drafts on hand	-	-
	With banks - on current account	211.81	515.54
	on deposit account	2,912.50	2,257.53
	unpaid dividend accounts*	21.96	19.36
	Total cash and cash equivalents (Note 17)	3,188.73	2,841.05

* The company can utilize these balances only toward settlement of the respective unpaid dividend.

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

Note 1 - Significant Accounting Policies

A. Basis of Consolidation:

The Consolidated financial results comprise of the results of Vakrangee Softwares Limited (hereinafter referred to as "the Company" and its subsidiaries Vakrangee IT Solutions Limited, eDoc Vision Info Tech Private Limited, Vakrangee e-Solutions Inc., Philippines and Vakrangee Finserve Limited which are consolidated in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI).

The Financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditure after fully eliminating the intra-group balances and intra-group transactions resulting in unrealized profit or loss.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognized in the financial statements as goodwill. When the cost to the parent of its investment in subsidiaries is less than the parent's portion of equity, the difference is recognized in the financial statements as capital reserve.

B. Basis of Accounting

The financial statements are prepared under the historical cost convention, on a going concern concept and in compliance with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act 1956. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialised.

D. Recognition of Income

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depends on the nature of the services rendered.

The Company follows the accrual basis of accounting except in the following cases, where the same are recorded on cash basis on ascertainment of right and obligation.

i) Insurance Claim

ii) Dividend Income, if any.

E. Fixed Assets and Intangible Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own manufactured assets are capitalized inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date. In the case of new undertaking, preoperative expenses are capitalized upon the commencement of commercial production.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally

generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

The carrying amounts of the assets belonging to each cash generating unit (CGU) are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying amounts exceed the recoverable amount of the assets belonging to CGU, assets are written down to their recoverable amount. Further, assets held for disposal are stated at the lower of the net book value or the estimated net realizable value.

F. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

G. Depreciation / Amortisation

i) Depreciation / Amortisation is provided on the Straight Line Method (SLM) unless otherwise mentioned, pro-rata to the period of use of assets and is based on management's estimate of useful lives of the fixed assets or at rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher:

Description of Asset	Rate of Depreciation
Building	1.63%
Computers including Computer Peripherals & Software	16.21%
Office Equipments	4.75%
Furniture & Fixture	6.33%
Motor Car	9.50%
Plant & Machinery	4.75%
Project Assets	25.00% – 33.33%
Leased Project Assets	33.33%

ii) Depreciation on assets acquired/sold during the year is provided on prorata basis.

H. Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

I. Valuation of inventories

Inventories are valued at lower of cost or net realizable value.

J. Lease

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. The lease agreements contain rent escalation clause. Lease rental expenses including escalations for operating leases are recognised in the Profit and Loss Account on a straight-line basis over the minimum lease term.

Assets leased by the Company in its capacity as lessee, 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 the fair value or the present value of the minimum lease payments and a liability is recognised 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 year.

K. Miscellaneous Expenditure

Preliminary expenses are amortised in the year in which they are incurred.

L. Foreign Currency Transactions

i) The transactions in foreign currencies are stated at the rate of exchange prevailing on the date of transactions.

ii) The difference on account of fluctuation in the rate

of exchange prevailing on the date of transaction and the date of realization is charged to the Profit and Loss Account.

iii) Differences on translations of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account.

M. Treatment of Contingent Liabilities

Contingent liabilities are disclosed by way of notes to accounts. Disputed demands in respect of income tax and other proceeding are disclosed as contingent liabilities. Payments in respect of such demands, if any are shown as advances.

N. Accounting for Taxation of Income

Current taxes

Income Tax is accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable. MAT paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future tax liability, is recognised as an asset in the Balance sheet if there is convincing evidence that the group will pay normal tax after the tax holiday period and the resultant assets can be measured reliably. The Company offsets, on a year to year basis, the current tax assets and liabilities, where it is its legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. The effect of a change in tax rates on deferred tax and assets or liabilities are recognized in the period that includes the enactment date. Deferred tax Assets are recognized only to the extent there is virtual certainty that the assets can be realized in the future. Deferred Tax Assets are reviewed as at each Balance Sheet date.

O. Retirement benefits of the Employee

The Company has both defined contribution and defined benefit plans of which some have assets in special funds or similar securities. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

- Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's gratuity benefit scheme is a defined benefit plan. The company's obligation in respect of the gratuity plan is provided based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognises actuarial gains and losses immediately in the profit and loss account.

- Provident fund, State Insurance, Labour Welfare Fund, Professional Tax

These are the defined contribution plans in which the Company pays pre-defined amounts to separate funds. The Company's contributions to these funds are reported as an expense during the period in which the employees perform services that the payment covers.

- Compensated Absences

The employees of the Company are entitled to compensate absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company follows the cash basis of accounting for recording the obligation of leave encashment. In other words, the company records an obligation for compensated absences in the period in which it has been encashed by the employees.

- Employee Stock Option Plan (ESOP)

In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expense amortised over vesting period.

compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company follows the cash basis of accounting for recording the obligation of leave encashment. In other words, the company records an obligation for compensated absences in the period in which it has been encashed by the employees.

- Employee Stock Option Plan (ESOP)

  In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expense amortised over vesting period.

As per our report of even date

For S. K. PATODIA & ASSOCIATES
Chartered Accountants
Firm Regd. No. 112723W

SUNIL PATODIA
Partner
Membership No. 045489
Place : Mumbai
Date : April 25, 2013

For and on behalf of the Board

DINESH NANDWANA
Chairman & Managing Director

DR. NISHIKANT HAYATNAGARKAR
Director

DARSHI SHAH
Company Secretary

Note 2 - Share Capital

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised: 75,00,00,000 (Previous Year 75,00,00,000) Equity Shares of ₹1 each	7,500.00	7,500.00
Total	7,500.00	7,500.00
Issued, Subscribed and Paid-up:		
50,24,99,320 (Previous Year 25,02,39,790) Equity Shares of ₹1 each fully paid up	5,024.99	2,502.40
Total	5,024.99	2,502.40

Note 3 - Reserves & Surplus

₹ in Lacs

	Particulars	As at March 31, 2013		As at March 31, 2012	
(i)	Securities Premium Account				
	As per last Balance Sheet	19,259.42		18,450.15	
	Add: On shares issued during the year	93.10		803.87	
	Add: Transferred from Shares Options outstanding account	44.22		5.40	
	Less: Capitalised on issue of shares	(2,502.40)		-	
	Less: Share issue expenses	-		-	
			16,894.34		19,259.42
(ii)	Shares Options Outstanding Account				
	As per last Balance Sheet	281.64		125.92	
	Add: On further grant of options	841.19		161.12	
	Less: Transferred to Securities Premium Account	(44.22)		(5.40)	
			1,078.61		281.64
	Deferred Employee Compensation Expense				
	As per last Balance Sheet	(135.57)		(99.05)	
	Less: Amortised during the year	(560.81)		(36.52)	
			(696.38)		(135.57)
(iii)	General Reserve				
	As per last Balance Sheet	1,776.40		1,270.10	
	Add: Transferred from Profit and Loss Account	819.55		506.30	
	Less: Transferred to Profit and Loss Account	-		-	
			2,595.95		1,776.40
(iv)	Surplus in the Profit & Loss Account	18,006.05		12,590.14	
	Add: Profit for the year	10,432.81		7,087.17	
	Amount available for appropriations	28,438.86		19,677.31	
	Appropriations:				
	Add: Transferred from reserves	-		-	
	Add: Profit on disposal of investment in Subsidiary	40.72		-	
	Less: Transferred to general reserve	(819.55)		(506.30)	
	Proposed Dividend	(1,005.00)		(1,000.96)	
	Corporate Dividend Tax	(170.80)		(162.38)	
	Short Provision for Dividend	-		(0.47)	
	Short Provision for FBT	-		(1.07)	
	Short Provision for Dividend Tax Payable	-		(0.08)	
		(1,954.63)	26,484.23	(1,671.26)	18,006.05
	Total		46,356.75		39,187.91

Note: An amount of ₹2502.40 lacs has been capitalized and transferred to Share Capital account pursuant to the resolution passed by the members through postal ballot for allotment of bonus shares in the ratio of one equity share of ₹1 each for every share held as on record date i.e. April 13, 2012.

Note 4 - Long-Term Borrowings

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(A) Secured Loans				
(i) Term Loans				
- From Banks	11,390.21		13,373.90	
- From Others	2,955.56	14,345.77	2,222.22	15,596.12
(ii) Long-term maturities of finance lease obligations		222.77		
(iii) Deposits		-		-
(A)		14,568.54		15,596.12
(B) Unsecured Loans				
(i) Term Loans				
- From Bank	-		-	
- From Others	-	-	-	-
(ii) Deposits		-		-
(B)		-		-
Total (A + B)		14,568.54		15,596.12

Note 5 - Deferred Tax Liabilities (Net)

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Liabilities				
(i) On account of difference in depreciation on Fixed Assets	8,304.28		7,321.78	
(ii) Timing differences on Tax Provisions	-		-	
(A)		8,304.28		7,321.78
Assets				
(i) Provision for Leave Encashment	16.04		5.86	
(ii) Timing differences on Tax Provisions	-		-	
(B)		16.04		5.86
Total (A - B)		8,288.24		7,315.92

Note 6 - Other Long-Term Liabilities

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Trade payables		53.63		18.46
Others :				
- Buyers Credit on FLC		730.10		680.71
Total		783.73		699.17

Note 7 - Short-Term Borrowings

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(A) Secured Loans				
(i) Loans repayable on demand				
- From Banks	26,954.98		19,361.69	
- From Others (Vehicle Loans)	-	26,954.98	-	19,361.69
(ii) Loans & Advances from Related Parties		-		734.00
(iii) Inter Corporate Deposits		-		370.00
(A)		26,954.98		20,465.69
(B) Unsecured Loans				
(i) Loans & Advances from Related Parties		1,566.85		943.25
(ii) Inter Corporate Deposits		-		150.00
(iii) Other Loans & Advances		-		-
(B)		1,566.85		1,093.25
Total (A + B)		28,521.83		21,558.94

Note 8 - Trade Payables

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Current payables (including acceptances) outstanding for less than 12 months		17,547.58		12,183.24
Total		17,547.58		12,183.24

Note 9 - Other Current Liabilities

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Current maturities of long-term debts	10,917.21		8,749.83	
Current maturities of finance lease obligations	177.85		-	
Interest accrued and due on borrowings	177.25		113.38	
Interest accrued but not due on borrowings	180.11		109.54	
Unpaid Dividend	21.96		19.36	
Other Payables				
PF, ESIC & LWF Payable	27.62		3.24	
Service Tax Payable	96.44		177.25	
Sales Tax & WCT Payable	23.07		721.04	
TDS Payable	109.44		40.13	
Staff Emoluments Payable	284.71		149.92	
Security Deposit	29.45		25.72	
Other Liabilities	767.71		34.44	
Total		12,812.82		10,143.85

Note 10 - Short-Term Provisions

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
Provision for Expenses	1,664.29		93.92	
Provisions for Employees' benefits	47.18		19.01	
Provision for Wealth Tax	0.35		0.42	
Provision for Interest on Taxation	105.59		113.88	
Provision for Taxation (net of taxes paid)	1,076.40		755.10	
Provision for Proposed Dividend	1,005.00		1,000.96	
Provision for Tax on Proposed Dividend	170.80		162.38	
Total		4,069.61		2,145.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note 11 - Fixed Assets

(a)

₹ in Lacs

Description	Gross Block					Depreciation Block				Net Block			
	Begining of Current Period	Additions	Acquisitions through Business Combinations	Deductions/ Adjustments	End of Current Period	Upto Begining of Current Period	For the Period	Deductions/ Adjustments	Upto End of Current Period	Before Impairment	Impairment	End of Current Period	End of Previous Period
(i) Tangible Assets													
Buildings	777.48	217.54	-	21.05	973.97	88.96	13.43	2.09	100.30	-	-	873.67	688.53
Plant and Machinery	755.53	-	-	-	755.53	192.20	35.89	-	228.09	-	-	527.44	563.34
Furnitures and Fixtures	609.88	2.80	-	8.00	604.68	312.20	37.50	-	349.70	-	-	254.98	297.68
Vehicles	81.69	30.01	-	14.34	97.36	30.08	8.88	7.33	31.63	-	-	65.73	51.60
Office Equipments	560.38	13.69	-	2.69	571.38	258.50	27.01	0.79	284.72	-	-	286.66	301.87
Computers and Printers	32,463.91	33.44	-	0.07	32,497.28	18,236.53	5,266.66	0.02	23,503.17	-	-	8,994.11	14,227.38
Project Assets													
- Computers and Printers													
- Owned	31,398.34	6,956.61	-	17.74	38,337.21	2,875.60	8,799.83	6.71	11,668.72	-	-	26,668.49	28,522.73
- Leased	-	596.64	-	-	596.64	-	185.24	-	185.24	-	-	411.40	-
- Office Equipments													
- Owned	646.16	261.31	-	-	907.47	86.30	212.26	-	298.56	-	-	608.91	559.86
- Leased	-	19.25	-	-	19.25	-	5.98	-	5.98	-	-	13.27	-
- Furniture & Fixtures													
- Owned	3,911.08	906.57	-	-	4,817.65	397.08	1,106.33	-	1,503.41	-	-	3,314.24	3,514.00
- Leased	-	23.26	-	-	23.26	-	7.22	-	7.22	-	-	16.04	-
Total	71,204.45	9,061.12	-	63.89	80,201.68	22,477.45	15,706.23	16.94	38,166.74	-	-	42,034.94	48,726.99
(ii) Intangible Assets (Other than Internally Generated)	5,000.00	-	-	5,000.00	-	-	-	-	-	-	-	-	5,000.00
Total	5,000.00	-	-	5,000.00	-	-	-	-	-	-	-	-	5,000.00
(iii) Capital Work-In-Progress (excluding Capital Advances)	1,435.21	250.50	-	8.74	1,676.97	-	-	-	-	-	-	1,676.97	1,435.21
Total	1,435.21	250.50	-	8.74	1,676.97	-	-	-	-	-	-	1,676.97	1,435.21
Grand Total	77,639.66	9,311.62	-	5,072.63	81,878.65	22,477.45	15,706.23	16.94	38,166.74	-	-	43,711.91	55,162.20
PREVIOUS YEAR	41,275.22	37,449.03	-	1,084.59	77,639.66	14,039.50	8,744.42	306.46	22,477.45	-	-	55,162.20	

(b) Details of Capital Work-in-Progress

Capital Work-in-Progress represents cost incurred towards purchase of Land & computer software (pending installation).

(c) Detailed note on Fixed Assets taken on Lease

The Company has taken certain assets on finance lease during the year. There are certain computer equipment assets taken on operating lease under non-cancellable agreements in previous years. The assets taken on finance lease have been classified as leased assets under the project assets above. The finance lease is for the period of three years from the date of its commencement. Hence the depreciation on these assets will be amortised over a period of three years on straight line basis.For details on operating lease, please refer Note No. 34.

(d) During the previous year, the Company had started prestigious UID Enrolment project of Government of India. Various e-governance projects including UID Enrolment project are highly capital intensive and require substantial investment in form of fixed assets. For the purpose company has acquired fixed assets worth approximately ₹440 crores (Previous Year ₹360 crores) and classified the same as project assets. The management of the company envisage that the useful life of these assets assigned to any project, present or future, will be 3 to 4 years from the date of its put to use and accordingly has accelerated the depreciation at higher rate.

Note 12 - Non-Current Investments

₹ in Lacs

(a)

Particulars	As at March 31, 2013		As at March 31, 2012	
Trade Investments				
(i) Investment in Equity Instruments				
Unquoted Investments				
- In Associate Companies				
13,000 Equity Shares of Omnis Infra Power Ltd of ₹10 each fully paid up (Previous Year Nil)	1.30		1.30	
(A)		1.30		1.30
(ii) Investment in Mutual Funds				
12,00,000 units of Axis Hybrid Fund Series - I of ₹10 each fully paid up (Previous Year 12,00,000)	120.00		120.00	
24.9375 units of Aditya Birla Real Estate Fund - I of ₹1,00,000 each partly paid up ₹40,000 per unit (Previous Year ₹40,000 per unit, 24.9375 units)	10.00		10.00	
2,50,000 units of Union KBC Asset Allocation Fund - Conservative of ₹10 each fully paid up (Previous Year Nil)	25.00		-	
99,990 units of Union KBC Asset Allocation Fund - Moderate of ₹10 each fully paid up (Previous Year Nil)	10.00		-	
2,99,990 units of Union KBC Capital Protection Oriented Fund - Series 1 of ₹10 each fully paid up (Previous Year Nil)	30.00		-	
2,00,000 units of Union KBC Capital Protection Oriented Fund - Series 2 of ₹10 each fully paid up (Previous Year Nil)	20.00		-	
1,50,000 units of Union KBC Equity Fund - Growth of ₹10 each fully paid up (Previous Year 1,50,000)	15.00		15.00	
(B)		230.00		145.00
Total (A + B)		231.30		146.30

(b)

Particulars	As at March 31, 2013		As at March 31, 2012	
Aggregate value of: Quoted investments - Mutual Funds (Market Value: ₹248.75 lacs, P.Y. ₹162.12 lacs)		230.00		145.00
Unquoted investments		937.30		5,692. 30
Total		1,167.30		5,837.30

Note 13 - Long-Term Loans & Advances

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Capital Advances				
(Unsecured, considered good)				
Advance against property	458.52		75.00	
Advance against capital goods	-	458.52	0.74	75.74
(ii) Security Deposits				
(Unsecured, considered good)				
Security Deposit		34.06		1,172.70
(iii) Other Loans and Advances				
(Unsecured, considered good)				
MAT Credit Entitlement	1,935.08		1,935.08	
Balances with statutory / revenue authorities :				
- Income Tax (net of provision for taxation)	-		76.71	
- Sales Tax	-	1,935.08	41.85	2,053.64
Total		2,427.66		3,302.08

Note 14 - Other Non-Current Assets

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Long Term Trade Recievables				
- Unsecured, considered good		227.23		187.80
- Doubtful	-		-	
Less: Provision for Doubtful Debts	-	-	-	-
(ii) Others				
- Non-Current Bank Balances (Note No. 17)		751.66		284.52
- Prepaid Expenses		0.72		-
Total		979.61		472.32

Note 15 - Inventories

₹ in Lacs

(a)

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Raw Material	7.43		21.22	
(ii) Work in Progress	4,676.88		2,199.15	
(iii) Finished Goods	438.84		-	
(iv) Consumables	244.24		218.27	
(v) Stores & Spares	9.37		4.70	
Total		5,376.76		2,443.34

(b) Basis of valuation of Inventories

Inventories are valued at lower of cost or net realizable value on FIFO basis which is in accordance with AS 2 as issued by the ICAI.

Note 16 - Trade Receivables

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Due for a period exceeding six months				
- Unsecured, considered good		1,806.77		35.24
- Doubtful	-		-	
Less: Provision for Doubtful Debts	-	-	-	-
(ii) Others				
- Unsecured, considered good		63,466.94		44,513.09
- Doubtful	-		-	
Less: Provision for Doubtful Debts	-	-	-	-
Total		65,273.71		44,548.33

Note 17 - Cash & Cash equivalents

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(A) Cash & Cash Equivalents				
(i) Balances with Banks:				
- Current Accounts	211.81		515.54	
(ii) Cash-in-hand	42.46		48.61	
(iii) Cheques & Drafts in-hand	-		-	
		254.27		564.15
(B) Other Bank Balances				
(i) Earmarked balances	21.96		19.36	
(ii) Amount held as margin money or security against borrowings, guarantee, other commitments	3,664.16		2,542.06	
(iii) Deposits with Banks:				
- with original maturity period of more than 3 months but less than 12 months	-		-	
- with original maturity period of more than 12 months	-		-	
		3,686.12		2,561.42
		3,940.39		3,125.57
Less: Non-Current Other Bank Balances, disclosed under Other Non-Current Assets (Note No. 14)				
(i) Amount held as margin money or security against borrowings, guarantee, other commitments	751.66		284.52	
(ii) Deposits with Banks:				
- with original maturity period more than 12 months	-		-	
		751.66		284.52
Total		3,188.73		2,841.05

Note 18 - Short-Term Loans and Advances

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Security Deposits				
(Unsecured, considered good)				
Security Deposit		1,135.69		-
(ii) Loans and Advances to Related Parties				
(Unsecured, considered good)				
Dues from associate companies	241.48		-	
Dues from companies in which the company's managing director is a director	-		-	
		241.48		-
(iii) Other Loans and Advances				
(Unsecured, considered good)				
Loans to others	-		500.00	
Earnest Money Deposit	115.37		770.83	
Balances with statutory / revenue authorities:				
- Sales Tax	21.76		233.18	
- Income Tax (net of provision for taxation)	343.84		201.35	
- CENVAT Credit receivable	57.21		255.55	
		538.18		1,960.91
Total		1,915.35		1,960.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS ON MARCH 31, 2013

Note 19 - Other Current Assets

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(i) Interest accrued on investments and deposits				
Interest Accrued on FDRs	17.60		22.56	
		17.60		22.56
(ii) Other advances receivable in cash or kind or for value to be received				
Staff Loans	66.41		10.24	
Interest recoverable on Cash Credit Account	29.48		29.48	
Advances for Expenses	221.94		13.23	
Advances for Purchases	9,601.30		-	
Other Receivables	4,663.61		-	
Prepaid Expenses	468.38		471.34	
		15,051.12		524.29
(iii) Other Assets				
Share Application Money				
- In Other Body Corporates	-		-	
Pre Operative Expenses	-		43.36	
		-		43.36
Total		15,068.72		590.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Note 20 - Revenue from Operations

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a) Income from e-governance activities		1,54,226.10		1,29,402.02
(b) Sale of Products				
- Computer consumables & peripherals	0.06		4,460.11	
- Others	0.60		6.72	
		0.66		4,466.83
(c) Sale of Services				
- Information Technology-enabled Services (ITeS)	475.27		1,416.80	
- Others	11.50		32.45	
		486.77		1,449.25
(d) Other Operating Revenues				
- CSP Registration Fees	0.20		0.15	
- Scrap Sale	1.33		0.49	
		1.53		0.64
Total		1,54,715.06		1,35,318.74

Note 21 - Other Income

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(i) Interest Income on				
- Bank Deposits	268.97		125.14	
- Others	1.34	270.31	31.42	156.56
(ii) Dividend Income on				
- Investment in Other Long-Term Instruments	0.31	0.31	-	-
(iii) Net gain on sale of Fixed Assets		20.55		301.86
(iv) Net gain on sale of Investments		20.00		0.99
(v) Gain on Foreign Exchange Fluctuation (net)		204.55		-
(vi) Other Non-Operating Income (net of expenses directly attributable to such income)				
- Rent Received	3.44		3.50	
- Miscellaneous Income	1.96	5.40	0.85	4.35
Total		521.12		463.76

Note 22 - Operating Expenses

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Cost for Sales				
- Opening Stock	244.20		82.99	
- Add : Purchases during the year	1,04,551.11		1,02,706.54	
	1,04,795.31		1,02,789.53	
- Less : Closing Stock	261.04		244.20	
		1,04,534.27		1,02,545.33
Lease Rent		4,111.19		4,111.19
Procurement of Manpower		4,528.75		1,989.37
Project Expenses		397.45		167.74
Software Development Charges		-		38.29
Image Processing Expenses		98.54		78.03
Printing Charges		70.23		152.24
Machinery Hire Charges		112.91		3.34
Electricity Expenses		1,047.14		7.08
Conveyance & Travelling Expenses		50.83		28.84
Transportation, Octroi and Loading / Unloading Charges		14.48		17.01
Rent		64.83		53.62
Refurbishment Charges		64.50		1.13
Packaging Expenses		5.33		2.00
Communication Costs		0.65		3.36
Total		1,15,101.11		1,09,198.57

Note 23 - Changes in Inventories

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a) At the beginning of the period				
(i) Finished Goods	-		-	
(ii) Work-in-Progress	2,199.14		1,691.94	
		2,199.14		1,691.94
Less: (b) At the end of the period				
(i) Finished Goods	438.84		-	
(ii) Work-in-Progress	4,676.88		2,199.14	
		5,115.72		2,199.14
Total		(2,916.58)		(507.20)

Note 24 - Employee Benefits Expenses

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(i) Salaries & Wages	2,498.57		1,064.89	
(ii) Contribution to Provident & Other Funds	35.76		17.56	
(iii) Employee Compensation Expenses	280.38		124.60	
(iv) Staff Welfare Expenses	40.12		40.30	
Total		2,854.83		1,247.35

Note 25 - Finance Costs

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Interest Expenses				
- Banks	5,872.47		4,320.47	
- Others	2,046.19	7,918.66	661.95	4,982.41
Bank Charges & Commission		677.07		597.45
Total		8,595.73		5,579.86

Note 26 - Other Expenses

₹ in Lacs

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
Repairs & Maintenance:				
- Building	12.98		2.43	
- Vehicle	2.14		4.23	
- Others	21.10	36.22	16.68	23.34
Loss on Foreign Exchange Fluctuation (net)		0.06		44.73
Advertisement and Publicity Expenses		101.48		30.70
Business Promotion Expenses		54.23		33.61
Tender & Bid Expenses		5.52		1.82
Commission & Brokerage		0.68		1.66
Rates & Taxes		17.11		18.92
Insurance		56.07		56.65
Electricity Expenses		35.83		29.25
Printing and Stationery		17.70		21.76
Communication Costs		61.59		43.26
Fees & Subscriptions		41.83		26.45
Listing, Registrar & Share Issue/Transfer Expenses		3.36		23.61
Directors' Remuneration		85.35		79.79
Directors' Sitting Fees		2.70		3.75
Legal & Professional Fees - Other than payments to Auditor:				
- Consultancy Charges	449.42		413.78	
- Legal & Professional Fees	270.15		121.10	
- Filing Stamp Duty and Franking Charges	57.62		49.23	
- Registration charges	4.72	781.91	3.62	587.73
Payments to Auditors:				
- Audit fees	16.43		18.02	
- Tax Audit fees	2.81		2.81	
- For Other Services	3.23		2.45	
- For Reimbursement of Expenses	-	22.47	-	23.28
Conveyance & Travelling		81.12		101.48
Vehicle Expenses		7.18		8.76
Office & General Expenses		59.17		56.76
Miscellaneous Expenses		53.67		10.44
Sundry Balances written off		0.39		-
Total		1,525.64		1,227.75

Note 27 - Companies considered in the consolidated financial statement are:

Name of the Company	Date of becoming subsidiary	Country of Incor-poration	% voting power held	
			As at March 31, 2013	As at March 31, 2012
Vakrangee IT Solutions Limited**	08-Nov-07	India	-	100.00
E-Doc Vision InfoTech Private Limited	03-Jun-08	India	74.09	66.47
Vakrangee e-Solutions Inc.	08-May-09	Philippines	100.00	100.00
Vakrangee Finserve Limited	07-Sep-11	India	100.00	100.00

** Ceased to be a subsidiary w.e.f. March 29, 2013

The audited financial statements of the Company and its subsidiaries are drawn for the twelve-month period ending on March 31, 2013, except for the subsidiary Company, M/s Vakrangee e-Solutions Inc., Philippines, whose audited accounts are for the period from 1st January, 2012 to 31st December, 2012. For the purpose of consolidation, unaudited financial statements for the period from April 1, 2012 to March 31, 2013 have been considered so as to incorporate adjustments for the effect of transactions or other events that occurred between January 1, 2013 to March 31, 2013

Note 28 - Contingent Liabilities and Commitments (to the extent not provided for)

₹ in Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
(A) Contingent Liabilities				
(i) Claims against the company not acknowledged as debts	-		-	
(ii) Company has provided Bank Gauantee to various parties which is not acknowledged in books of accounts	2,831.19		1,669.45	
(iii) Other contingent liabilities (Refer Note 1 below)	210.27		-	
(A)		3,041.46		1,669.45
(B) Commitments				
(i) Estimated amount of contracts remaining to be executed on capital account not provided for	1,496.56		1,169.57	
(ii) Uncalled liabilities on share and other invest ments partly paid up	15.00		15.00	
(iii) Others commitments	-		-	
(B)		1,511.56		1,184.57
Total (A + B)		4,553.02		2,854.02

Note:

1. Income Tax demand has been raised during the course of Block Assessment for the Assessment Year 2005-06 to Assessment Year 2011-12 of ₹210.27 lacs (Previous Year Nil) for which the Company has filed rectification u/s 154 of the Income Tax Act, 1961. Appeals are pending before the Commissioner of Income Tax (Appeals).
2. The amount of liabilities, which may occur on levying of penalty and/or charges by clients for delays in execution of contracts within the time prescribed in the agreement, is unascertained.

Note 29 - Segment Reporting

The Company's activities predominantly revolve around providing the e-governance related services. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

Note 30 - Earnings Per Equity Share

₹ in Lacs

	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(a)	Net profit after tax attributable to equity shareholders for		
	Basic EPS	10,432.82	7,087.18
	Add/Less: Adjustment relating to potential equity shares	-	-
	Net profit after tax attributable to equity shareholders for	10,432.82	7,087.18
	Diluted EPS		
(b)	Weighted average no. of equity shares outstanding during the		
	year		
	Basic EPS	50,14,80,384	49,98,08,546
	For Diluted EPS	51,12,42,086	50,77,57,003
(c)	Face Value per Equity Share (₹)	1.00	1.00
	Basic EPS	2.08	1.42
	Diluted EPS	2.04	1.40
(d)	Reconciliation between no. of shares used for calculating		
	basic and diluted EPS		
	No. of shares used for calculating Basic EPS	50,14,80,384	49,98,08,546
	Add: Potential equity shares	97,61,702	79,48,457
	No. of shares used for calculating Diluted EPS	51,12,42,086	50,77,57,003

Note 31 - Prior Period Items

₹ in Lacs

	Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
(a)	Prior Period Expenses				
	Purchases	-		9.07	
	Professional Fees	0.14		-	
	Salary & Wages	0.05		1.64	
	Rent	0.08		0.24	
	Rates & Taxes	5.38		0.56	
	Electricity	0.31		0.02	
	Printing & Stationery	0.11		-	
	Telephone & Postage	-		0.04	
	Transportation, Octroi & Loading / Unloading Expenses	-		0.29	
	Lodging & Boarding Expenses	0.86		0.03	
	Office & General Expenses	-		4.08	
	Total		6.93		15.97
(b)	Prior Period Incomes				
	Interest received on others	-		1.03	
	Bonus	48.02		-	
	Rent received	-		0.16	
	Electricity (recovered from customer)	0.92		0.50	
	Tender & Bid Expenses (refund received)	-		5.00	
	Total		48.94		6.69

Note 32 - Gratuity & Leave encashment

The Company has provided for Gratuity and leave encashment, in accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis.

a) Gratuity
Actuarial assumptions:

Particulars	As at March 31, 2013	As at March 31, 2012
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount rate	8% per annum	8% per annum
Salary Escalation	5%	5%

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

Amount recognized in the Profit and Loss account

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
PV of Past Service Benefit	35.95	19.80
Current Service Cost	22.32	7.42
Actuarial (gains)/losses for the period	30.95	0.95
Obligation at the end of the year.	61.05	34.40

b) Leave encashment

Actuarial assumptions:

Particulars	As at March 31, 2013	As at March 31, 2012
Period	From 1st April, 2012 to 31st March, 2013	From 1st April, 2011 to 31st March, 2012
Discount rate	8.25% per annum	8.75% per annum
Salary growth rate	5.00% per annum	5.00% per annum
Mortality	LIC 94-96 ultimate	LIC 94-96 ultimate
Expected rate of return	-	-
Withdrawal rate (per annum)	2.00 % per annum (18 - 60 years)	2.00 % per annum (18 - 60 years)

Amount recognized in the Profit and Loss account

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Current Liability	23.22	0.56
Non current liability	23.95	17.50
Total	47.17	18.06

Note 33 - Related Party Details

(a) Key Management Personnel

Mr. Dinesh Nandwana	Chairman & Managing Director
Dr. Nishikant Hayatnagarkar	Whole-Time Director
Mr. Ramesh Mulchand Joshi	Director
Mr. Sunil Agarwal	Director
Mr. Anil Patodia	Director
Mr. Babulal Meena	Director
Mr. Kanhaiya Lal Varma**	Director

** Resigned w.e.f. 10th October, 2012

(b) Relative of key management personnel and Name of the enterprises having same key management personnel and/ or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year

Vakrangee Holdings Private Limited
Vakrangee Lacteus & Hortus Limited
Vakrangee Capital Private Limited
Vakrangee Technologies Limited
Vakrangee Infraprojects Limited
Omnis Edu-Health Limited
Omnis Infra Power Limited
Mr. Manoj Nandwana

Related Party Transactions

- In relation to (a)

₹ in Lacs

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Director Remuneration	85.35	79.79
ESOP Perquisites	52.53	21.13
Directors' Sitting Fees	2.70	3.75
Rent received	2.50	3.00
Balance outstanding as on March 31	NIL	NIL

- In relation to (b)

₹ in Lacs

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Reimbursement of Expenses	25.81	-
Salary Paid	9.13	-
Services rendered	714.84	-
Loans granted	-	157.56
Interest received on loan granted	-	20.23
Loan Received back	-	271.77
Loans Taken	1,562.73	2,757.25
Loans repaid	1,673.13	1,080.00
Balance Outstanding as on March 31:		
Sundry Debtors	497.13	-
Short - term Borrowings	1,566.85	1,677.25

Note 34

I. Operating leases

The Company has taken Computer Equipments on operating lease under non-cancellable lease agreement. Lease payments recognized in the Profit and Loss Account for the year is ₹4111.19 lacs (Previous Year ₹4111.19 lacs). Future minimum lease payments under non-cancellable operating leases are as below:

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than one year	3,207.36	4,111.19
Later than one year and not later than five years	-	3,207.36
Total	3,207.36	7,318.56

II. Finance Leases

The Company has taken Computer Equipments & other Fixed Assets on finance lease during the year. Future minimum lease payments & present value of minimum lease payments towards the finance lease are as below:

₹ in Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
i) Minimum lease payments		
Not later than one year	222.81	-
Later than one year and not later than five years	241.38	-
Total	464.20	-
ii) Present value of minimum lease payments		
Not later than one year	177.85	-
Later than one year and not later than five years	222.77	-
	400.62	-
Add : Future finance charges	63.58	-
Total	464.20	-

Note 35 - Previous year figures

The figures of the previous year have been re-arranged, re-grouped and re- classified wherever necessary.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Vakrangee Finserve Limited	Vakrangee IT Solutions Limited	eDoc Vision Infotech Private Limited	Vakrangee E-Solutions Inc.
Financials as on	March 31, 2013	March 31, 2013	March 31, 2013	December 31, 2012
Reporting Currency	INR (₹)	INR (₹)	INR (₹)	Pesos (P)
Exchange Rate	-	-	-	1 P = ₹ 1.3278*
Capital	25,00,000	10,05,00,000	5,65,00,000	P 96,00,000
Reserves	(4,76,17,176)	39,59,28,491	(4,02,127)	P 404334
Total Assets	8,09,47,710	50,22,41,300	17,33,65,656	P 208035477
Total Liabilities	8,09,47,710	50,22,41,300	17,33,65,656	P 208035477
Investment Other than Investment in Subsidiary	NIL	NIL	NIL	NIL
Turnover	7,09,136	58,000	75,500	NIL
Profit before Taxation	(4,57,97,317)	9,834	7,746	P 185778
Provision for Tax	18,19,859	2,068	2,395	NIL
Profit after Tax	(4,76,17,176)	7,766	5,351	P 185778
Proposed Dividend	NIL	NIL	NIL	NIL
Country	India	India	India	Philippines

**Exchange rate as on March 31, 2013*

VAKRANGEE SOFTWARES LIMITED

"Vakrangee House", Plot No-66, Marol, Co-op. Industrial Estate,
Off M. V. Road, Andheri (East), Mumbai 400059

ATTENDANCE SLIP
ANNUAL GENERAL MEETING - SEPTEMBER 10, 2013 AT 11.00 A.M

REGD. FOLIO NO. CLIENT ID:	
DP ID NO:	NO. OF SHARES:
NAME & ADDRESS OF REGISTERED SHARE HOLDER:	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company at Chancellor Suite, Hotel Hilton Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099 on Tuesday, September 10, 2013.

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS)

SIGNATURE OF THE SHAREHOLDER OR PROXY

Note: Please complete this and hand it over at the entrance of the hall.

VAKRANGEE SOFTWARES LIMITED

"Vakrangee House", Plot No-66, Marol, Co-op. Industrial Estate,
Off M. V. Road, Andheri (East), Mumbai 400059

PROXY FORM
ANNUAL GENERAL MEETING - SEPTEMBER 10, 2013 AT 11.00 A.M

I/We..... of..... in the district of.....being a member/members of VAKRANGEE SOFTWARES LIMITED hereby appoint..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company to be held on Tuesday, September 10, 2013 at 11.00 AM at the Chancellor Suite, Hotel Hilton Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099 and at any adjournment thereof.

Signed this ..... day of ..... 2013.

Reg. Folio/Client ID No:

DP ID No:

No. of Shares:

Affix a
15 paise
Revenue Stamp

Signature of the Proxy Holder: ..... Signature of the Member: .....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NOTES

NOTES

LIST OF OFFICES & ADDRESSES

Registered Office

Mumbai
Vakrangee Softwares Limited
'Vakrangee House'
Plot No. 66,
Marol Co-op. Indl. Estate,
Off. M. V. Road, Marol,
Andheri (East),
Mumbai 400 059
Phone No : +91 22 2850 4028 / 3412,
+91 22 6776 5100
Fax : +91 22 2850 2017

Haryana
House No. 23,
Mansa Devi Complex,
Sector - 4,
Panchkulla 134 109

Chandigarh
SCO 169, Ground Floor,
Sector - 37 C,
Chandigarh 160 036

New Delhi
B-7/28, Safdarjung Enclave Extn.,
Opp. Deer Park,
New Delhi 110 029

Gurgaon
L - 31/1, DLF Phase II,
Near Sahar Mall,
Behind Private Hospital,
Gurgaon 122 002

Jaipur
105, Royal Ensign,
Opposite Central Park,
Statue Circle, C - Scheme,
Jaipur 302 001

Lucknow
B - 1/35, Sector D - 1,
L.D.A. Colony, Kanpur Road,
Lucknow 226 012

Indore
206, Nagori Apt.,
10/9, South Tukaganj,
Indore - 452 001 MP

Ahmedabad
A/7, Subodh Sagar Apartment,
Near New Sharda Mandir School,
Shreyas Crossing, Paldi,
Ahmedabad 380 007

Pune
Unit No. 243/244, 2nd Floor,
Akshay Complex Condominum,
Dhole Patil Road,
Near to Ganpati Mandir,
Pune 411 001

Bengaluru
No. 03, 1st Floor,
5th Cross, 5th Main,
Jayamahal Extension,
Bengaluru 560 046

Philippines Subsidiary Office
Vakrangee e-Solutions INC,
19th Floor, Octogon,
Near Sanmigual Corp.,
Ortigas, Pasig city,
Manila NCR