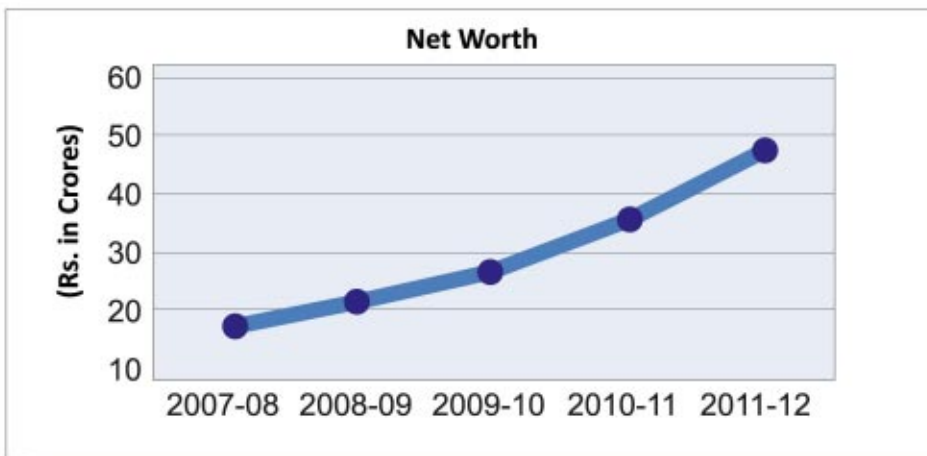
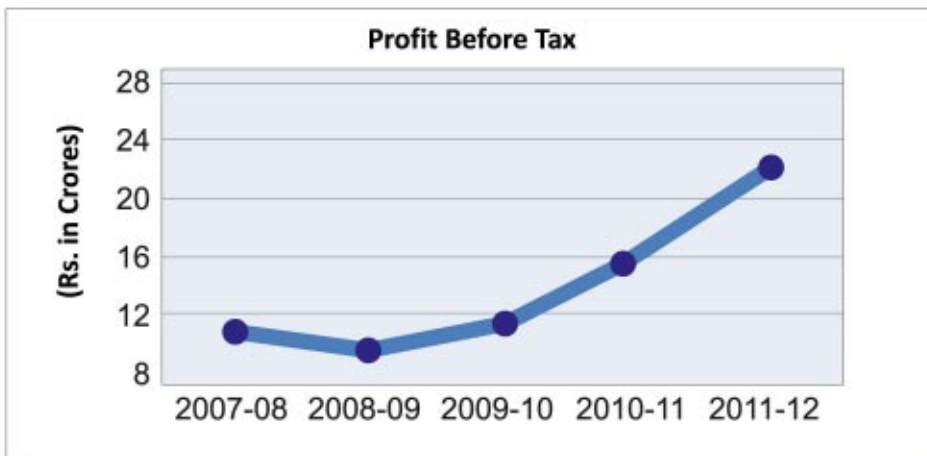
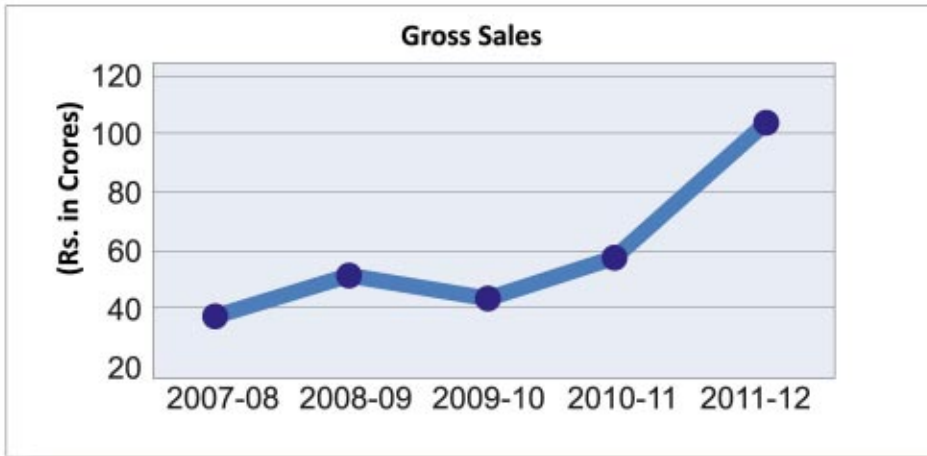




ABM Knowledgeware Limited

A Leading e-Government Software and Solutions Company in India

19TH ANNUAL REPORT 2011-2012



BOARD OF DIRECTORS

PRAKASH B. RANE (Managing Director)

SUPRIYA P. RANE

M. N. AHMED

DR. AJIT C. KULKARNI

SHARADCHANDRA ABHYANKAR

Registered Office :

5, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi,
Mumbai 400 025, (India)

Tel.: +91 22 24374687/24379402/24310256 • Fax: +91 22 24309953

Auditors :

M/s. S. P. Sule & Associates

Bankers :

CANARA BANK

Registrars & Share Transfer Agents :

M/s. Universal Capital Securities Pvt. Ltd 21, Shakil Niwas, Mahakali Caves Road,
Andheri (E), Mumbai 400 093. • Tel.: +91 22 28207203 - 05 / 28257641

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **ABM KNOWLEDGEWARE LIMITED** will be held at 1st Floor, Dadar Bhagini Samaj, 3rd Lane, Hindu Colony, Dadar (E), Mumbai- 400 014 on Wednesday, the 25th day of July, 2012 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Profit & Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. M.N.Ahmed, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold the office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:

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

“RESOLVED THAT in partial modification of Resolution passed at the 17th Annual General Meeting (“AGM”) of the Company held on 29th July, 2010 for the re-appointment of and remuneration payable to Mr. Prakash B. Rane, as Managing Director of the Company for a period of 5 years with effect from 1st April, 2010 to 31st March, 2015 and in accordance with the provisions of sections 198, 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956, and other applicable provisions, if any, the Company hereby approves the revision and variation in terms of remuneration of Mr. Prakash B. Rane payable to him by way of salary, commission on net profits, perquisites and allowance within and upto the maximum limit as determined and fixed by the Board and approved herein by the Shareholders by virtue of this Resolution, subject to the condition that the remuneration payable to Mr. Prakash B. Rane shall not exceed the maximum permissible limits prescribed under Sections 198, 309 and 310 of the Companies Act, 1956, read with Schedule XIII to the Act with effect from 1st April, 2011, for the remaining tenure of his appointment and to the extent as have been approved by the Board of Directors and as set out in the Explanatory Statement annexed to the Notice convening the 19th AGM.”

“RESOLVED FURTHER THAT Mr. Prakash B. Rane shall be entitled to receive remuneration with effect from 1st April, 2011 till 31st March, 2015 as stated below:

Remuneration:

- A) **Salary:** In the scale of ₹ 3,25,000/- per month to ₹ 8,00,000/- per month with authority to the Board at its absolute discretion, upon due recommendation of the Remuneration Committee to fix the salary within the scale, from time to time.
- B) **Commission:** Commission as determined by the Board of Directors on recommendation of Remuneration Committee, which will be payable at end of each financial year after the annual accounts are approved by the Board, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956.

“RESOLVED FURTHER THAT, save and except to the extent remuneration herein revised, all other existing terms, condition and stipulations relating to his re-appointment and perquisites and allowances payable to Mr. Prakash B. Rane as contained in the Special Resolution which had been approved by the Shareholders at the

17th AGM, held on 29th July, 2010, shall remain in full force and unchanged.”

“**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Prakash B. Rane as the Managing Director, the remuneration payable to Mr. Prakash B. Rane including perquisites shall be as set out in Special Resolution passed at 17th AGM and clause (A) of this Resolution as a minimum remuneration.”

“**RESOLVED FURTHER THAT** in event of any statutory amendments, modifications, Substitutions, relaxations or re-enactments to Schedule XIII to the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, perquisites, commission and/or allowances to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule XIII to the said Act and other applicable provisions, if any, of the Companies Act, 1956 as amended, from time to time, without any further reference to the Members of the Company in General Meeting.”

**By Order of the Board
For ABM Knowledgeware Ltd**

**Date: 19th May, 2012
Place: Mumbai**

**Prakash B. Rane
Managing Director**

NOTES:

1. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business under item No. 5 of the Notice set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.**
Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The Equity Shares of the Company are meditated for trading in the compulsory demat mode. The ISIN allotted for the Company's share is INE850B01018.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20th July, 2012 to 24th July, 2012 (both days inclusive) for determining the names of the members eligible for the dividend, if approved.
5. Dividend on Equity Shares, if declared at the Meeting, shall be paid within 30 days from the date of Annual General Meeting to the Shareholders whose names appear on the Register of Members of the Company as on 19th July, 2012. In case of shares held in dematerialized form, the dividend thereon shall be paid to the beneficial owners, as per list provided by the Depositories for the said purpose.
6. Members are requested to notify immediately any change in their address to the Company's Registrar & Share Transfer Agent, quoting their folio number.
7. Members holding shares in single name and physical form are advised to make nomination in respect of their

shareholding in the Company by sending their requests in Form 2B (in duplicate) to the Secretarial Department at the Registered Office of the Company or Company's Registrar and Share Transfer Agent.

8. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members are hereby informed that dividend which remains unclaimed / unencashed over a period of Seven years, has to be transferred as per the provisions of Section 205A and 205C of the Companies Act, 1956 by the Company to "The Investor Education & Protection Fund" constituted by the Central Government. It may be please be noted that once unclaimed / unencashed dividend is transferred to "The Investor Education & Protection Fund" as above, no claims shall lie in respect of such amount by the Shareholder.
10. As per requirement of Clause 49 of the Listing Agreement signed by the Company with the The Bombay Stock Exchange Limited, for appointment of the Director / re-appointment of the retiring Director, a statement containing details of the concerned Director is given in Corporate Governance Report on Page No. 15.
11. Members are requested to bring their copies of Annual Report, Notice and Attendance slip duly completed and signed at the Meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at Meeting.
12. All the documents referred to in Accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
13. Members are requested to send their queries, if any on the operations of the Company, to reach the Company atleast seven days before the Meeting, so that the information can be complied in advance.
14. **MCA'S GREEN INITIATIVE**

Ministry of Corporate affairs has taken a green initiative by permitting companies to send various documents like notices, annual reports including annual accounts etc, to its Members through electronic mode. Keeping in spirit with the said initiative, we again request you to update your Email IDs with your respective DPs in case of shares held in electronic form and with Registrar and Share Transfer Agent, M/s Universal Capital Securities Pvt. Ltd. in case of shares held in physical form. Email is better method to receive the communications quickly, with least cost implications and have longer shelf life. You are always entitled to receive on a specific request a physical copy of the Annual Report of the Company and all other documents.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF SPECIAL BUSINESS:

ITEM NO. 5

At the 17th Annual General Meeting ("AGM") of the Company held on 29th July, 2010, the Members of the Company had re-appointed Mr. Prakash B. Rane as the Managing Director of the Company for a period of 5 years commencing on 1st April, 2010 and ending on 31st March, 2015, on the terms and conditions and at the remuneration payable to him as set out in the Special Resolution and contained in the Agreement entered into by the Company with Mr. Prakash B. Rane.

The Board of Directors ("the Board") has at its Meeting held on 19th May, 2012, on due recommendation of the Remuneration Committee, determined and fixed the maximum limit for remuneration comprising of salary, allowance,

perquisites and commission payable to Mr. Prakash B. Rane from 1st April, 2011 to 31st March, 2015, subject to the limits contained in Sections 198 and 309 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Act is as under:

Remuneration

- A) **Salary:** In the scale of ₹ 3,25,000/- per month to ₹ 8,00,000/- per month with authority to the Board at its absolute discretion, upon due recommendation of the Remuneration Committee to fix the salary within the scale from time to time.
- B) **Commission:** Commission as determined by the Board of Directors on recommendation of Remuneration Committee, which will be payable at end of each financial year after the annual accounts are approved by the Board, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956.
- C) **Perquisites:** In addition to Salary (A) and Commission (B) referred to above, Mr. Prakash B. Rane shall be entitled to the following:
- Medical Allowance ₹ 15000 per annum.
 - Leave Travel Concession in accordance with the rules of the Company for self and family not exceeding ₹ 2,85,000/- per annum.
 - Provision of a car with chauffeurs for official as well as personal use, provision of credit cards for use of Company's business, Fees of clubs including admission fee, Personal Accident Insurance, Entertainment Expenses and electricity, gas, water charges, mobile phones, telephones at residence.
 - Gratuity, contribution to Provident Fund, contribution to Superannuation Fund, Encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid and Mr. Prakash B. Rane shall be entitled to the same as per Schedule XIII of the Companies Act, 1956.

While deciding the remuneration of Mr. Prakash B. Rane, the committee took into consideration the appointee's deep knowledge, hard work and experience he gathered during his long association with the Company and other relevant factors and arrived at a consensus to bring about objectivity in determining the remuneration package.

With the approval of the Members to the proposed Resolution, the Board will have the discretion and delegated authority of the Members of the Company to fix and revise the salary within overall ceiling as specified under the relevant provisions of Companies Act, 1956.

All other existing terms of remuneration, save and except as have been proposed to be revised in the manner as set out in the Explanatory Statement forming part of this Resolution attached to this Notice of AGM and also contained in the agreement with Mr. Prakash B. Rane shall remain unchanged and unaltered and shall remain in force till the expiry of his tenure.

Mr. Prakash B. Rane and Mrs. Supriya P. Rane may be deemed to be interested in the proposed Resolution to the extent of remuneration payable to Mr. Prakash B. Rane. None of the other director is interested in the Resolution.

DIRECTORS' REPORT

Your Directors are pleased to present their 19th Annual Report together with the Audited Accounts of the Company highlighting the business operations and financial results of your Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS :

	(Amount in ₹)	
	Year ended 31.03.2012	Year ended 31.03.2011
Gross Income	1,030,029,121	589,496,479
Less: Service Tax	90,314,082	53,241,297
Gross Income (net of Service Tax)	939,715,039	536,255,182
Less: Total expenditure	709,922,799	375,578,296
Gross Profit before Depreciation & Taxation	229,792,240	160,676,886
Less: Depreciation	2,998,297	2,496,722
Net Profit before Tax	226,793,943	158,180,164
Less: Provision for Taxation	74,749,905	52,508,309
Net Profit After Tax	152,044,038	105,672,125

2. OPERATIONS OF THE COMPANY :

The operations of the Company, compared to last year, have shown significantly higher revenues and profitability. The increased profitability is due to more efficient operations coupled with effective and cost control measures as well as some large onetime orders executed during the year.

3. DIVIDEND :

Your Directors have recommended a final dividend at the rate 15% per equity share for the financial year ended 31st March, 2012. The dividend will be payable to all the shareholders, whose names appear in the Register of Members as on 19th July, 2012. If the dividend recommended is approved at the 19th Annual General Meeting, a sum of ₹ 1,74,35,293 (including dividend tax and surcharge) will become payable.

4. LISTING FEES :

All the compliances including payment of annual listing fees for the year under review have been paid to the Bombay Stock Exchange Limited, where your Company's shares are listed, within the stipulated time.

5. CORPORATE GOVERNANCE :

The Management of ABM has positioned Corporate Governance as one of their top-priority management issues in recognition of the responsibilities they bear toward their stakeholders. Our Company's philosophy on Corporate Governance envisages attainment of highest level of transparency, accountability and fairness in respect of its operations and achievement of highest internal standards in Corporate Governance. The Company believes that all actions and operations must sub serve its best business interest and enhance overall shareholders' value. We are also committed to achieving a sustainable society by meeting societal needs and expectations.

In pursuance to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Corporate Governance Report is given elsewhere and forms part of this Report.

A certificate from Auditors of the Company regarding compliance of the conditions of Corporate Governance

as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited is annexed to this report along with Management Discussion and Analysis Report.

6. PUBLIC DEPOSITS :

During the year under review, the Company has not accepted any fixed deposits from the public, and as on March 31, 2012 the Company had no unclaimed deposits or interest thereon due to any depositor.

7. DIRECTORS :

As per Article of Association of the Company, Mr. M. N. Ahmed retires by rotation and being eligible offer himself for re-appointment at this Annual General Meeting. The Board of Directors has recommended his re-appointment for consideration of the Shareholders. The brief resume of Mr. M. N. Ahmed is given in the Corporate Governance Report.

8. AUDITORS :

M/s. S. P. Sule & Associates, Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Statutory Auditors for the financial year 2012-13. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956.

9. REVISION OF THE REMUNERATION OF MANAGING DIRECTOR :

In the view of the performance of the Company on all the fronts as well as continued efforts and efficient leadership by Mr. Prakash B. Rane, the Remuneration Committee recommended to the Board for the revision of his remuneration and suggested that he should be paid the remuneration as per the limits contained in Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Act.

The Board reviewed the recommendation and came to conclusion that the recommendation of the Remuneration Committee should be adopted and be placed before the Shareholders at the 19th Annual General Meeting. Therefore the Board hereby recommends the passing of Special Resolution to pay remuneration to Mr. Prakash B. Rane comprising of salary, allowance, perquisites and commission from 1st April, 2011 to 31st March, 2015, subject to the limits contained in Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Act.

It may be noted that as per Section 309(3) of the Companies Act, 1956, Mr. Prakash B. Rane would be paid remuneration within the overall limit of 5% of the Net Profit calculated as per the provisions of 349 and 350 of the Act. In any financial year, if the Company has no profit or its profits are inadequate, the remuneration payable to Mr. Prakash B. Rane including perquisites set out and the Clause (A) of this Special Resolution as minimum remuneration.

The details of the remuneration package are forming part of the Special Resolution and Corporate Governance Report on Page Nos. 2 and 14 respectively.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

A. Industry Structure and Development :

The e Governance industry in India has been growing due to sustained interest shown by Central and State Govt. apart from numerous PSUs, Autonomous bodies etc. Central Govts. have continued to drive further the 31 Mission Mode Projects which form the core of opportunity offered by Central and State Govts. Though there have not been large scale successes visible after MCA 21 kind of projects, many pockets of excellence have been observed in States and Govt bodies. Preference to PPP model is seen in

some of the recent tenders floated by Govts. Participation of IT industry in e gov projects has been generally unchanged compared to previous years and competition landscape is also by and large unchanged. The focus areas of your Company such as Municipalities, Water Bodies, ERP, Accounting Reforms, Property tax Reforms have been offering satisfactory opportunities across states. Use of Cloud computing and mobility solutions have been finding larger acceptability in govts though large scale adoption may take some more time.

B. Existing Opportunities and Outlook :

Your company has been doing business predominantly in Western India with high focus in Maharashtra. The focus in Maharashtra will be continued. Efforts have been initiated in other states for replicating successes in Maharashtra. While the response has been encouraging the gestation periods are longer as in any e-Government project. The decision making in Govt. procurement processes has been impacted due to overall sentiments in society and has resulted into slowdown of process of finalization of tenders. Venturing into newer geographies and such slowdown is likely to pose challenges in this coming year. Your Company is preparing itself for such challenges and is determined to overcome the same.

C. Business Threats :

e-Governance initiatives face a long list of challenges. There is no significant change in these parameters. The list of challenges range from technology management, process re-engineering, sustenance, change management, manpower, development of infrastructure, etc. Many of the challenges mentioned below have been acknowledged and efforts have begun in the direction of addressing the same.

Some of the major requirements for success are listed below :

- Educating citizens about the value of e-Government
- Ensuring access, to useful information and services.
- Coordinating local, regional and national e-Government initiatives.
- Developing methods and performance indicators to assess the services and standards of e-Government.
- Providing consistent and reliable electricity, telecommunications, and Internet Access.
- Addressing issues of language and communication.
- Including individuals with disabilities in e-Government.
- ICT HR development and sustainable plan in Government's Road Map for e-Governance.

It is necessary to address these challenges through a well articulated plan in a time bound manner. That will ensure the unleashing of the large potential residing in e-Government opportunity for a company such as yours.

D. Business Strategies and Planning :

Your Company plans to make offerings in "Software As A Service-(SaaS)" by leveraging cloud computing. Your Company also plans to make foray into other sectors such as Defense and Agriculture. Efforts to market Company's offerings in wider geography will continue.

E. Human Resource Management :

Your Company recognizes the importance of its human resource assets which are integral to the Company's ongoing success and enable the Company to deliver superior performance year after year. The Company focuses on both Traditional as well as Strategic HR practices. It is observed that both practices are necessary on their part but owing to the current competitive scenario, Strategic HR slightly scores high. The Company continued to provide internal platformsto the employees to engage with

higher management, share views and have an open dialogue on organizational matters including its policies and practices. This individual relations-environment for the Company remained highly cordial and conducive for achieving organization's objectives. Employees at customer's sites and sales roles were assessed and certified on threshold functional knowledge. With an aim to build a talent pool for specialized e-Government functions, Company launched in-house trainings such as Soft Skill Training, Advanced Training and Technical Training etc. The Company continued to focus on improving service-delivery to its valued customers by placing more experienced and seasoned staff in leadership positions. With flexible policies, emphasis on employee satisfaction and building better relationships with customers are given prime importance.

F. Discussion on Financial Performance with respect to the Operational Performance:

(Amount in ₹)

	Year ended 31.03.2012	Year ended 31.03.2011
Gross Income	1,030,029,121	589,496,479
Less: service Tax	90,314,082	53,241,297
Gross Income (net of Service Tax)	939,715,039	536,255,182
Less: Total expenditure	709,922,799	375,578,296
Gross profit before Depreciation & Taxation	229,792,240	160,676,886

Financial performance of the Company with respect to the operational performance was satisfactory as evident from increase in Revenues and Profitability.

11. INFORMATION UNDER SECTION 217(1)(e) :

The information required to be furnished Under Section 217 (1) (e) of the Companies Act, 1956, and the Rules made thereunder, is provided in Annexure-A, forming part of the Report.

12. PARTICULARS OF EMPLOYEES :

The information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming a part of Directors' Report for the year ended 31st March, 2012 is as follows:

Name of the Employee	Mr. Prakash B. Rane
Age	46 years
Designation	Managing Director
Gross Remuneration	*₹ 122.81 Lacs
Qualification	B.Tech., M.M.S.
Date of Commencement of the employment	27 th April, 2000
Number of years Experience	19 years
Previous Employment	Advent Business Machines Pvt. Ltd

***Note:** Gross Remuneration includes salary and commission for the year ended on 31st March, 2012.

13. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby confirm that :

- a) in the preparation of the Annual Accounts, the applicable accounting standards in accordance with provisions of the Companies Act, 1956 have been followed and no material departures have been made from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2012 and of the Profit or Loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Board of Directors have prepared the Annual Accounts on a "going concern" basis.

14. ACKNOWLEDGEMENT :

Your Directors' place on record their deep appreciation of the continued assistance and co-operation extended to the Company by its customers, investors, bankers, Central and State Government. Your Company continues to enjoy the full cooperation of all its employees. The Directors wish to place on record their appreciation of the good work done by them.

For and on behalf of the Board

Date: 19th May, 2012
Place: Mumbai

Prakash B. Rane
Managing Director

ANNEXURE 'A'

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE RULE 2 OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988**Conservation of Energy :**

Your Company consumes energy mainly for the operation of its software development, thus the consumption of electricity is negligible. In order to conserve the electricity, the Air conditioners are kept at a moderate temperature and all the electrical equipments are turned off, whenever they are not required by the Office Staff.

Technology Absorption, Adoption & Innovation and Research and Development :

Your Company has continued its focus on 'productisation of services' by innovative business models. Company is putting in efforts to make its flagship solutions cloud ready and acquire technologies to leverage Cloud Computing in an efficient manner. Efforts are also invested in building mobility solutions around Company's flagship products.

Foreign Exchange Earnings and Outgo :

Due to extensive focus and scope in the domestic market, your Company decided to dedicate its resources for addressing the local market and hence has not been any export turnover during this financial year.

REPORT ON CORPORATE GOVERNANCE

Any Corporate strategy needs to be dynamic, vibrant, responsive to the changing economic scenario and flexible enough to absorb environmental and fiscal fluctuations. It must harness the inherent strengths of available human resources and materials have the capacity to learn from success or failure and more importantly, ensure growth with human face. This has always been the guiding philosophy in the Company and will continue to be so in future.

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the Company, enhance Shareholder value and discharge of social responsibility. ABM has laid a strong foundation for making Corporate Governance a way of life constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organization and putting in place best systems, process and technology. Your Company has always been guided by a strong conviction of adhering to transparency, accountability and integrity. Shareholders' interests are utmost and the management is only a trustee of the shareholders capital to carry out the activities in a truthful manner. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. The Company is in compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchange. A code of conduct is framed and adopted in and the pursuit of excellence in Corporate Governance.

I. BOARD OF DIRECTORS

In the terms of Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustee of the shareholders. The Board of Directors of the Company comprises a combination of Executive and Non-Executive Directors. The composition of Board is in line with requirement of Clause 49 of the listing agreement, which says at least one half of the Board members should be 'Non-Executive Directors' and at least one third of the Board Members should be 'Independent Directors'. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

Six Board Meetings were held during the Financial year 2011-2012 i.e. on 27th April, 2011, 30th May, 2011, 4th August, 2011, 14th November, 2011, 1st December, 2011 and 30th January, 2012. The previous Annual General Meeting (AGM) of the Company held on 25th August, 2011 was attended by all the Directors.

Following are the details regarding the constitution of the Board as on 31st March, 2011:

Name of the Directors	Executive / Non- Executive	Promoter / Independent	Number of Board Meeting attended	Other Directorship
Mr. Prakash B. Rane	Executive-Managing Director	Promoter	5	1
Mrs. Supriya P. Rane	Non – Executive	Promoter	5	Nil
Mr. M. N. Ahmed	Non – Executive	Independent	6	8
Dr. Ajit C. Kulkarni	Non – Executive	Independent	5	1
Mr. Sharadchandra Abhyankar	Non – Executive	Independent	6	5

The policy formulation, evaluation of performance and the control function vest with the Board, while the Board committees oversee operational issues. The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results.

CODE OF CONDUCT

As per requirement of Clause 49 of the Listing Agreement with the Stock Exchange, the Board has laid down a code of conduct for all Board members, Senior management personnel and Designated employees of the Company. All Board members and Senior management personnel affirm compliance with the code on an annual basis, and the declaration to that effect by Managing Director is attached to this report.

II. COMMITTEES OF DIRECTORS
A) AUDIT COMMITTEE :

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment and ensures efficiency and effectiveness of operations. It also ensures reliability of financial and other management information and adequacy of disclosures and compliance with all relevant statutes. The Audit Committee comprises of 3 Directors, all Non-Executive Directors, out of which 2 are Independent Directors. All the members of the Audit Committee are financially literate and possess requisite accounting or financial management expertise.

The powers, role and terms of reference of the Committee are as per Clause 49 of the Listing Agreement and the Committee reviews information as prescribed under Clause 49 at its meetings. The broad terms of reference of Audit Committee are:

1. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
2. Reviewing with the management the internal control system, internal audit functions, observations of the auditors, periodical financial statements before submission to the Board.
3. Recommendation of matters relating to financial management and audit reports.
4. The Committee is authorized to investigate into matters contained in the terms of reference or referred / delegated to it by the Board and, for this purpose, has full access to information / records of the Company including seeking external professional support, if necessary.

During the financial year 2011-2012, the Committee met four times on 30th May, 2011, 4th August, 2011, 14th November, 2011 and 30th January, 2012. The minutes of the meetings of the Audit Committee were placed and approved by the Board.

Following are the details regarding the Composition and attendance of the Committee:

Name	Categories of Director	No. of Committee meetings attended
Mr. M. N. Ahmed, Chairman	Independent and Non-Executive Director	4
Mrs. Supriya P. Rane, Member	Promoter and Non-Executive Director	4
Dr. Ajit C. Kulkarni, Member	Independent and Non-Executive Director	3

The minutes of the meetings of the Audit Committee were placed and approved by the Board. The Company has complied with the requirements of Clause 49 of the Listing Agreement of Stock Exchange and Section 292A of the Companies Act, 1956, as regards composition of Audit Committee.

B) SHAREHOLDERS GRIEVANCES & SHARE TRANSFER COMMITTEE :

The Primary function of the Shareholders Grievances & Share Transfer Committee is to supervise and ensure efficient transfer / transmission of shares, issue of new / duplicate share certificates, dividend payments, and speedy redressal of

investor grievances. The committee met on 15th April, 2011, 18th July, 2011, 14th October, 2011 and 16th January, 2012 during the year under review.

The Shareholders Grievances & Share Transfer Committee comprises of the following Directors as on 31st March, 2012:

Name	Status	Out of total 4 meetings the attendance is
Mr. M. N. Ahmed, Chairman	Non-Executive Director, Independent	4
Mrs. Supriya P. Rane	Non-Executive Director, Promoter	4

During the year under review, two (2) complaints were received and none is pending. No share transfer remains unregistered for more than 30 days as on 31st March, 2012, except those cases where the Company had sent the objection letters to investor's complaints and other related correspondence immediately. The average period of redressal of grievances is 20 days from the date of the receipt of the same.

The Company has appointed M/s Universal Capital Securities Pvt. Ltd., as Registrar and Share Transfer Agent to handle investor grievances in coordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent at 21, Shakeel Niwas, Mahakali Caves Road, Andheri (E), Mumbai 400 093. Contact Number: 28207203-05 / 28257641. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

C) REMUNERATION COMMITTEE :

The Board has a Remuneration Committee to make recommendations to the Board as to the Company's framework or broad policy for the remuneration of Executive Directors and Senior executives' one level below the Board.

As on 31st March, 2012, the Remuneration Committee comprised of three non-executive directors viz. Dr. Ajit C. Kulkarni (Chairman), Mr. M. N. Ahmed and Mrs. Supriya P. Rane. Two of these Directors are Independent Directors. During the year under review, one Remuneration Committee Meeting was held on 13th May, 2011 which was attended by all the members.

The Objective of the Company's remuneration policy is to ensure that ABM's Executive Directors, Non-Executive Directors and Senior Executives are sufficiently incentivized for enhanced performance. In determining this policy, the Committee takes into account factors it deems relevant and gives due regard to the interest of the shareholders and to the financial and commercial health of the Company. It ensures that levels of remuneration are sufficient to attract and retain Senior executives of the quality required to run the Company successfully.

Remuneration paid to the Board of Directors during the year under review is as follows:

Name of the Director	Status	Salary & Perquisites (₹)	Commission (₹)	Sitting Fees (₹)
Mr. Prakash B. Rane	Managing Director	42,00,000	80,81,731	Nil
Mrs. Supriya P. Rane	Director	Nil	19,65,077	84,000
Mr. M. N. Ahmed	Director	Nil	2,45,635	92,000
Dr. Ajit C. Kulkarni	Director	Nil	1,22,817	36,000
Mr. Sharadchandra Abhyankar	Director	Nil	1,22,817	24,000
Total (₹)		42,00,000	1,05,38,077	2,36,000

III. Revision of Remuneration of Managing Director :

The Board of Directors ("the Board") has at its Meeting held on 19th May, 2012, on due recommendation of the Remuneration Committee, determined to revise and fix the maximum limit for remuneration comprising of salary, allowance, perquisites and commission payable to Mr. Prakash B. Rane from 1st April, 2011 to 31st March, 2015, subject to the limits contained in Sections 198 and 309 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Act.

The remuneration determined and fixed by the Board for Mr. Prakash B. Rane, is as under:-

Remuneration

- A) **Salary:** In the scale of ₹ 3,25,000/- per month to ₹ 8,00,000/- per month with authority to the Board at its absolute discretion, upon due recommendation of the Remuneration Committee to fix the salary within the scale from time to time.
- B) **Commission:** Commission as determined by the Board of Directors on recommendation of Remuneration Committee, which will be payable at the end of each financial year after the annual accounts are approved by the Board, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956.
- C) **Perquisites:** In addition to Salary (A) and Commission(B) referred to above, Mr. Prakash B. Rane shall be entitled to the following:
- Medical Allowance ₹ 15000/- per annum.
 - Leave Travel Concession in accordance with the rules of the Company for self and family not exceeding to ₹ 2,85,000/- per annum.
 - Provision of a car with chauffeurs for official as well as personal use, provision of credit cards for use of Company's business, Fees of clubs including admission fee, Personal Accident Insurance, Entertainment Expenses and electricity, gas, water charges, mobile phones, telephones at residence.
 - Gratuity, contribution to Provident Fund, contribution to Superannuation Fund, Encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid and Mr. Prakash B. Rane shall be entitled to the same as per Schedule XIII of the Companies Act, 1956.

Wherein, in any financial year, the Company has no profits or profits are inadequate during the term of office of Mr. Prakash B. Rane as the Managing Director, the remuneration payable to Mr. Prakash B. Rane including perquisites are set out in the aforesaid clause (C) and clause (A) of this Resolution as a minimum remuneration.

Retiring Director

As required under the Listing Agreement, the particulars of Director who is retiring by rotation and willing to be re-appointment at the 19th Annual General Meeting are given below:

Name	Mr. M. N. Ahmed
Age	59 yrs.
Qualification	FCA from Institute of Chartered Accountants and CPA from American Institute of certified public Accountants, USA
Experience	Mr. M. N. Ahmed is a Fellow Member of the Institute of Chartered Accounts of India and a qualified CPA from American Institute of Certified Public Accountants, USA. Mr. M.N. Ahmed has experience of handling Income Tax, Company Law and Audit matters for his clients. He has also wide experience in Business Advisory Services. He has been associated with the Company from its inception and presently is the Chairman of Audit Committee and Shareholders Grievance & Share Transfer Committee of the Company.
Other Directorships	<ol style="list-style-type: none"> 1. Shree Krishna Agro Industrial Services Pvt. Ltd 2. Midex Airlines Pvt. Ltd 3. Capri Corporate Services Pvt. Ltd 4. Meridian Corporates Services Ltd. 5. Mascon Global Limited 6. Virgo Realtors Pvt. Ltd 7. Mordril Properties(India) Pvt. Ltd 8. Workspace Office Solutions Pvt. Ltd
Shareholding in the Company	As on 31 st March, 2012, Mr. M.N. Ahmed is holding 21,300 shares of the Company through his relatives.

Code for prevention of insider-trading practices:

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, ABM has a comprehensive Code of Conduct for Prevention of Insider Trading with the objective of preventing purchase and/or sale of shares of the Company by and insider on the basis of unpublished price sensitive information. Under this code, Insiders (Officers, Consultants Designated Employees and their dependents) are prevented to deal in the Company's share during the closure of Trading window. To deal in the securities beyond limits specified, permission of Compliance Officer is required. All the Directors / Officers / Designated Employees are also required to disclose related information periodically as defined in the code, which in turn, is being forwarded to Bombay Stock Exchange, wherever necessary.

Whistle Blower Policy:

The Company has formulated and adopted a Whistle Blower Policy, to support the code of Business Ethics. The Policy is designed to enable employees, directors, consultants and clients to raise concerns internally at a significantly senior level and to disclose information which the individual believes, shows malpractice or wrongdoing which could affect the business or reputation of the Company. Any allegations that fall within the scope of the concerns identified are investigated by Audit Committee and dealt with appropriately. Audit Committee periodically reviews the existence and functioning of this mechanism and anyone can email any wrongdoing to the Audit Committee through email addressed to egovernance@abmindia.com or by giving letter to Compliance Officer in writing.

Certification by Chief Executive Officer :

The Chief Executive Officer certification of the financial statements and the cash flow statement for the year is enclosed at the end of the report on Page No. 20. The said certificate is signed by Mr. Prakash B. Rane, Managing Director of the Company.

IV. SHAREHOLDERS' INFORMATION:
a) General Information:
19th Annual General Meeting

Date	:	25 th July, 2012
Time	:	10.00 a.m.
Venue	:	1 st Floor, Dadar Bhagini Samaj, 3 rd Lane, Hindu Colony, Dadar (E), Mumbai- 400 014
Date of Book Closure	:	20 th July, 2012 to 24 th July, 2012 (both days inclusive)
Dividend Payment Date(subject to the approval of the Shareholders)	:	On or before August 24, 2012

b) Address for Correspondence :
Registered Office of the Company

Shareholder can correspond at the Registered Office of the Company at Mumbai i.e. 5, Unique Industrial Estate, off Veer SavarkarMarg, Prabhadevi, Mumbai- 400 025.

c) Share Transfer Agent :

Registrar & Transfer Agents: M/s. Universal Capital Securities Private Limited, 21, Shakeel Niwas, Mahakali Caves Road, Andheri (E), Mumbai- 400 093. Contact Number: 28207203 - 05 / 28257641

d) General Body Meetings:

The last three Annual General Meetings (AGM) of the Company were held on the following dates and time:

Date	Time	Address	Special Resolution
16 th AGM on 25.08.2009	10.00 a.m.	Polestar, 2 nd Floor, MIG Cricket Club, Gandhinagar, Bandra (E), Mumbai - 51	—
17 th AGM on 29.07.2010	10.00 a.m.	Dadar Bhagini Samaj, 1 st Floor, Hindu Colony, Dadar (E), Mumbai- 400 014	Special Resolution passed for re- appointment of Mr. Prakash B. Rane as a Managing Director of the Company and revision of his remuneration.
18 th AGM on 25.08.2011	03.00 p.m.	Dadar Bhagini Samaj, 1 st Floor, Hindu Colony, Dadar (E), Mumbai- 400 014	1) Special Resolution passed for appointment of Mr. Sharadchandra Abhyankar as a Director of the Company, liable to retire by rotation. 2) Special Resolution passed for approval for payment of commission to Non-Executive Directors not exceeding 1% of the net profit of the Company.

Whether any special Resolutions:-

- | | |
|--|--------|
| i) Were put through Postal Ballots last year | : No |
| ii) Details of voting pattern | : N.A. |
| iii) Person who conducted the Postal Ballot exercise | : N.A. |
| iv) Are proposed to be conducted through Postal Ballot | : No |
| v) Procedure for Postal Ballot | : N.A. |

e) Financial Calendar (Tentative)

Adoption of Quarterly Financial Results:

Quarterly Financial Results of the quarter ending June, 2012	: Last week of July, 2012
Quarterly Financial Results of the quarter ending September, 2012	: Last week of October, 2012
Quarterly Financial Results of the quarter ending December, 2012	: Last week of January, 2013
Audited Financial Results for the year ended 31st March, 2013	: Last week of May, 2013
Annual General Meeting 2012-2013	: September, 2013

V. OTHER DISCLOSURES:

The Company follows the accounting standards and guidelines laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. No material financial and commercial transactions were reported by the management to the Board, in which the management had any personal interest that either had or could have had conflict with the interest of the Company at large. Transactions with Related Party have been disclosed in Note. No. 27 of the Notes on Financial Statements in the Annual Report.

There were no penalties or stricture imposed on the Company by the Stock Exchange, the SEBI or any Statutory Authority on any matter related to capital markets, during the last three years.

Risk Management:

The Company identifies, assesses and monitors the risk associated with project implementation, processes and systems, statutory compliances, HR Policies etc. ABM follows well-established and detailed risk assessment and minimization procedures, which are periodically reviewed by the Board.

Listing At Stock Exchange:

The Equity Shares of the Company are listed at The Bombay Stock Exchange Limited, Dalal Street, Fort, Mumbai 400 001. Code No. ABMKNOWLEDGE: 531161.

Listing and Market Price Data:

The high and low prices of every month during the financial year 2011-2012 are given below:

Month	High	Low	Close	Volume (Number)
April 2011	81.40	61.00	78.40	1,18,619
May 2011	87.85	68.00	74.65	1,54,908
June 2011	79.80	69.55	74.90	41,291
July 2011	78.85	70.00	73.70	39,982
August 2011	81.90	60.00	67.40	1,07,935
September 2011	74.90	61.70	69.90	39,053
October 2011	81.00	64.10	79.15	1,13,551
November 2011	84.25	65.00	74.00	66,858
December 2011	79.00	65.00	71.05	50,055
January 2012	81.85	67.20	75.15	56,749
February 2012	95.00	73.30	86.12	1,49,811
March 2012	90.00	76.65	79.55	2,59,627

Share Transfer System:

- a. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent in physical form are processed within 30 days of receipt of valid and complete documents in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the respective shareholders within 20 days of receipt of certificate for transfer. Shares under objection are returned within a week's time. During the year 2011-2012, 42650 shares in physical form were transferred. Depositories control the share transfers in Demat Mode. The transfer applications are approved periodically by the Share Transfer Committee of the Company.
- b. Pursuant to Listing Agreement, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

Shareholding Pattern and Distribution of Shares - as at 31st March, 2012:

SHAREHOLDING PATTERN			DISTRIBUTION OF SHAREHOLDING				
Category	No. of Shares	% To the Total Paid up Capital	Category of Shares	Shareholders		Respective Shareholding	
				Total	%	Total	%
Promoters	6493900	64.93	1-500	1960	79.610	350850	3.508
NRIs/OCBs	1139668	11.40	501-1000	228	9.261	181287	1.813
Indian Public	1523129	15.23	1001-2000	115	4.671	172596	1.726
Bodies Corporate	550000	5.50	2001-3000	37	1.503	96025	0.960
Others:			3001-4000	32	1.300	113106	1.131
● Directors & their Relatives	40750	0.41	4001-5000	20	0.812	93434	0.934
● Clearing Members/ Foreign Nationals / Mutual Funds	26485	0.26	5001-10000	39	1.584	304573	3.045
● Institutions (Foreign Institutional Investors)	227168	2.27	10001-Above	31	1.259	8689229	86.883
Total	10001100	100.00		2462	100.00	10001100	100.00

Dematerialization of Shares:

As on 31st March, 2012, 84,86,988 equity shares being 84.86% of the total equity share capital of the Company were held in dematerialized form with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shares of the Company are compulsory to be delivered in the demat form on Stock Exchange by all investors. The International Securities Identification Number (ISIN) allotted to the Company's equity shares is ISIN INE850B01018.

Means of Communication:

- a) The quarterly and half yearly results are published in Navshakti (in Marathi) and Free Press Journal (in English). Since the Results of the Company are published in the newspapers and also displayed on Company's website, the same are not sent individually to the Shareholders.



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- b) The Company's previous Unaudited Results and Annual Reports are posted on Company's website i.e. www.abmindia.com.
- c) The Company has designated email-ID egovernance@abmindia.com exclusively for investors' servicing.
- d) Annual Report containing, inter-alia Audited Annual Accounts, Directors' Report, Auditor's Report and other important information is circulated to members and other entitled thereto.
- e) As per Listing Agreement with the Stock Exchanges, the Company during the year has uploaded financial information like annual and quarterly financial statements, shareholding pattern, outcome of AGM, Corporate announcement on website of Corporate Filing and Dissemination System (CFDS).
- f) The report of Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion & Analysis Report.

The Company at present has not adopted the Non-mandatory requirements as mentioned in the Annexure I D of clause 49 of the Listing Agreement, except formation of Remuneration Committee and Whistle-Blower Policy.

For and on behalf of the Board

Date: 19th May, 2012

Place: Mumbai

Prakash B. Rane
Managing Director

CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY

I, Prakash B Rane, Managing Director of ABM Knowledgeware Limited, to the best of my knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2012 along with its schedules and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information, these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading; these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violating of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
 - Significant changes in internal control during the year, whenever applicable.
 - That there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - That there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having such significant role in the Company's internal control system.

We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year under review.

For and on behalf of the Board

Date: 19th May, 2012

Place: Mumbai

Prakash B. Rane

Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To The Members of

ABM KNOWLEDGEWARE LIMITED

We have examined the compliance of conditions of Corporate Governance by ABM KNOWLEDGEWARE LIMITED, for the financial year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with The Bombay Stock Exchanges Limited.

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

In our opinion and to the best of our information and according

to the explanations given to us and based on the representations given by the Management of the Company, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

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. P. Sule & Associates
Chartered Accountants
Registration No.:110543W**

**Milind Garud
Partner**

Date : 19th May, 2012

Place : Mumbai

Membership. No.: 048065

AUDITORS' REPORT

To The Members of

ABM Knowledgeware Ltd

- 1) We have audited the attached Balance Sheet of ABM Knowledgeware Ltd as at 31st March, 2012 and also the Statement of Profit and Loss and the 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.
- 2) 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 free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet, 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 Companies Act, 1956 to the extent applicable;
- e) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of subsection (l) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S. P. Sule & Associates
Chartered Accountants
Registration No.:110543W

Date : 19th May, 2012
Place : Mumbai

Milind Garud
Partner
Membership No. 048065

Annexure to the Auditors' Report

- i. Fixed Assets:
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed.
 - c. In our opinion, the company has not disposed a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- ii. Inventory: There is no physical inventory in existence and hence the question of physical verification and its comparison with the inventory record does not arise.
- iii. According to the information and explanations given to us, the Company, during the year, has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties as per the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph (iii) (b), (c) and (d) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the services are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventories, services and fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. As explained to us, and according to the information and explanation given to us, there are no transactions that need to be entered in the register maintained in pursuance of Section 301 of Companies Act, 1956 and exceeding the value of Five lacs rupees in respect of each party during the financial year.
- vi. The company has not accepted any deposits from the public and hence this clause is not applicable.
- vii. There is no internal audit system.
- viii. The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
- ix. In respect of Statutory Dues:
- a. According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Fund, Income Tax, Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it have generally been regularly deposited during the year with the appropriate authorities.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2012 for a period of more than six months from the date on which they became payable.
 - x. According to the record's of the company, there are no dues of Income tax, Value Added Tax, Customs tax/Wealth tax, Excise duty/Cess which have not been deposited on account of any dispute.
 - xi. The company does not have accumulated losses at the end of the financial year and the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
 - xii. The Company has not made any defaults in payment of dues to bank.
 - xiii. In our opinion and according to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiv. In our opinion the Company is not a Chit fund or a Nidhi/ Mutual Benefit fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
 - xv. In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other Investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
 - xvi. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
 - xvii. During the year, the Company has not taken any term loan.
 - xviii. According to the information and explanations given to us there are no funds raised on short term basis by the Company during the period under audit.
 - xix. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
 - xx. The Company has not issued any Secured Debentures during the year.
 - xxi. The Company has not raised any money through public issue during the year.
 - xxii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit nor have we been informed of such case by the management.

**For S. P. Sule & Associates
Chartered Accountants
Registration No.:110543W**

**Milind Garud
Partner
M. No.: 048065**

**Date : 19th May, 2012
Place : Mumbai**

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in ₹)

	Note	As at 31 st March, 2012	As at 31 st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1	102,415,000	102,415,000
Reserves and surplus	2	<u>381,752,916</u>	<u>247,144,171</u>
		484,167,916	349,559,171
Non-current liabilities			
Deferred tax liabilities (net)		3,260,765	3,540,323
Current liabilities			
Short-term borrowings	3	-	1,207,747
Trade payables	4	92,245,795	101,869,173
Other current liabilities	5	20,139,002	40,024,902
Short-term provisions	6	<u>19,209,457</u>	<u>19,584,215</u>
		131,594,254	162,686,037
	TOTAL	<u>619,022,935</u>	<u>515,785,531</u>
ASSETS			
Non-current assets			
Fixed assets	7		
Tangible assets	7	23,946,541	24,225,658
Intangible assets	7	20	20
Non-current investments	8	17,500	17,500
Long-term loans and advances	9	<u>242,954,570</u>	<u>188,667,144</u>
		266,918,631	212,910,322
Current assets			
Current investments	10	-	6,020,566
Trade receivables	11	203,626,395	155,473,248
Cash and Bank Balances	12	144,244,136	136,369,896
Short-term loans and advances	13	2,809,700	4,568,526
Other current assets	14	<u>1,424,073</u>	<u>442,973</u>
		352,104,304	302,875,209
	TOTAL	<u>619,022,935</u>	<u>515,785,531</u>
Significant Accounting Policies			
Notes on Financial Statements	1 to 28		

As per our Report of even date

For **S.P.Sule & Associates.**
Chartered AccountantsMilind Garud
PartnerMumbai
19th May, 2012

For and on behalf of the Board

PRAKASH B. RANE - Managing Director**SUPRIYA P. RANE** - Director**M. N. AHMED** - Director**DR.AJIT C. KULKARNI** - Director**SHARADCHANDRA ABHYANKAR** - Director



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

(Amount in ₹)

	Note	Year ended 31 st March, 2012	Year Ended 31 st March, 2011
1			
Revenue from Operations (Gross)	15	1,017,130,873	579,897,446
Less : Service Tax		(90,314,082)	(53,241,297)
Revenue from Operations (Net)		926,816,791	526,656,149
Other income	16	12,898,248	9,599,033
Total Revenue		939,715,039	536,255,182
2			
Expenses:			
Employee Benefit Expenses	17	151,642,950	116,432,932
Operating expenses	18	517,115,295	227,440,810
Other Expenses	19	37,679,460	30,740,804
Total Expenses		706,437,705	374,614,546
3			
Earnings before exceptional items and extraordinary items, interest,tax, depreciation and amortisation (EBITDA) (1-2)		233,277,334	161,640,636
4			
Finance Cost	20	3,485,094	963,750
5			
Depreciation and Amortisation expenses	21	2,998,297	2,496,722
6			
Profit before Exceptional and Extraordinary items and Tax 3-4-5		226,793,943	158,180,164
7			
Exceptional Items		-	-
8			
Profit before Extraordinary items and Tax (6 +/- 7)		226,793,943	158,180,164
9			
Extraordinary items		-	-
10			
Profit before Tax (8 +/- 9)		226,793,943	158,180,164
11			
Tax expense:			
a) Current tax expense for curent Year		72,750,000	52,500,000
b) Current tax expense relating to Prior years		2,279,463	-
c) Deferred Tax liability/ (asset)		(279,558)	8,039
12			
Profit for the Year (10 +/- 11)		152,044,038	105,672,125
Earning per equity share of face value of ` 10 each		15.20	10.57
Basic and Diluted (in `)			
Significant Accounting Policies			
Notes on Financial Statements	1 to 28		

As per our Report of even date

For **S.P.Sule & Associates.**

Chartered Accountants

Milind Garud

Partner

Mumbai

19th May, 2012

For and on behalf of the Board

PRAKASH B. RANE - Managing Director

SUPRIYA P. RANE - Director

M. N. AHMED - Director

DR.AJIT C. KULKARNI - Director

SHARADCHANDRA ABHYANKAR - Director

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

(Amount in ₹)

	2011-2012	2010-2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per Profit and loss a/c	226,793,943	158,180,164
Adjusted for:		
Net prior year adjustments	(125,738)	-
Loss on Sale/ Discard of assets	387,468	-
Depreciation and amortisation Expense	2,998,297	2,496,722
Net gain on Sale of Investments	(860,312)	-
Dividend Income	(3,260,237)	(1,690,108)
Interest Income	(8,705,814)	(6,227,125)
Finance Costs	3,485,094	963,750
Provision For doubtful Trade and Other Receivables	4,952,235	599,134
Operating Profit before Working Capital changes	225,664,937	154,322,537
Adjusted For:		
Trade and other Receivables	(51,359,446)	(5,334,514)
Trade and other Payables	(31,418,651)	3,273,319
Cash generated from operations	142,886,840	152,261,342
Net Prior Year Adjustments	125,738	
Taxes Paid	(86,048,143)	(57,585,120)
Net Cash flow from Operating Activities	56,964,435	94,676,222
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(3,573,317)	(2,243,430)
Sale of Fixed Assets / Transfer of Participating Interest	466,667	-
Purchase Of Investments	(656,775,303)	(368,618,119)
Sale of Investments	663,656,181	374,713,150
Movement in Loans and Advances	(44,236,956)	(168,499,546)
Interest Income	8,705,814	6,227,126
Dividend Income	3,260,237	1,690,108
Net Cash (Used in) Investing Activities	(28,496,677)	(156,730,711)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Short Term Borrowings	-	
Dividends paid (Including Dividend distribution tax)	(17,108,425)	(11,347,531)
Finance costs	(3,485,094)	(963,750)
Net Cash Used in / From Financing activities	(20,593,519)	(12,311,281)
Net Increase / (Decrease) in cash and Cash equivalents	7,874,240	(74,365,770)
Opening Balance Of Cash and Cash Equivalents	136,369,896	210,735,666
Closing Balance Of Cash and Cash Equivalents	144,244,136	136,369,896

As per our Report of even date

For **S.P.Sule & Associates.**

Chartered Accountants

Milind Garud

Partner

Mumbai

19th May, 2012

For and on behalf of the Board

PRAKASH B. RANE - Managing Director**SUPRIYA P. RANE** - Director**M. N. AHMED** - Director**DR.AJIT C. KULKARNI** - Director**SHARADCHANDRA ABHYANKAR** - Director

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting Standards notified under the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant Provisions of the Companies Act, 1956.

The financial statements are prepared on accrual basis in accordance with the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the companies Act, 1956

B. Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of Assets and liabilities (including contingent Liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognized in the period in which the results are known or materialized.

C. Cash and Cash Equivalents:

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition) , highly liquid investments that are readily convertible in to know amounts of Cash and which are subject to insignificant risk of changes in Value.

D. Tangible Fixed assets

Fixed Assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of the fixed assets includes interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Exchange differences arising on restatement or settlement of Long term foreign currency borrowings relating to capitalization of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such assets beyond the previously assessed standards of performance.

E. Intangible Assets:

Intangible Assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those which are subsequently recoverable from the taxing authorities) and any directly attributable expenditure in making the assets ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its original assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

F. Depreciation and amortization

Depreciation on fixed assets other than Rights and Software has been provided on straight line basis at the rates and in the manner prescribed under schedule XIV to the Companies Act 1956.

Rights and Software Products meant for sale is amortized over the period the benefit out of them is expected to accrue, in any case, not exceeding five years.

The estimated useful life of the Intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

G. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds the recoverable value. An impairment loss if material is charged to the statement of profit and loss in the year in which the asset is impaired. The impairment loss is recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

H. Revenue recognition

- a) Sale of IT Products are recognized when the products are supplied and are recorded net off trade Discounts and rebates exclusive of Value Added Tax where applicable.
- b) Revenue from services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Revenue on time and material contracts is recognized as and when services are performed.
- c) Revenue on fixed-price contracts is recognized on the percentage of completion method, with contract cost determining the degree of completion.
- d) Revenue from other service contracts is recognized based on transactions processed, manpower deployed and terms of contract. Escalation claim are recognized only if there is certainty of realisation.
- e) Income from deputation of personnel is recognized based on terms of agreement and arrangement with the concerned parties, on accrual basis.

I. Foreign Currency Transaction and translations:

Initial recognition:

Transactions in foreign currency entered into by the company and its integral foreign operations are accounted at the rate of exchange prevailing on the date of transaction or at the rates that are closely approximate the rate on the date of transaction.

Measurement of Foreign currency monetary items at the Balance Sheet:

Foreign currency monetary items (other than derivatives contract) of the company and its net investment in non-integral foreign operation outstanding on the date of Balance sheet are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items) are translated at the exchange rate prevalent on the date Balance Sheet date. Non-monetary are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charges to the statement of profit and loss.

Treatment of Exchange differences:

Exchange differences arising on settlement/restatement of short term foreign currency monetary assets and liabilities of the company and its integral foreign operations are recognized as income or expense in the statement of profit or loss. The exchange difference on restatement / resettlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in the Foreign currency translation Reserve until disposal or recovery of the net investment.

Exchange differences arising on settlement/restatement of long term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement or over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the balance sheet as "Foreign Currency monetary item translation difference account" net of the tax effect thereon.

J. Investments

Long term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

Cost of investments includes acquisition and other charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are classified and depreciated (where applicable) in accordance with the policy stated for Tangible fixed assets. Impairment of investment properties is determined in accordance with the policy stated for impairment of assets.

K. Employee Benefits :

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment benefits.

Defined contribution plans:

The company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined Benefit plans:

For defined benefit plans in the form of Gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the statement of profit and loss in period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortised on straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reduction in the future contributions to the scheme.

Short term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the services; the cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when the employees render the services that increase their entitlement of future compensated absences
- (b) in case of non-accumulated compensated absences, when the absences occur

Long term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation as at the balance sheet date.

L. Other Income:

Interest income is recognized on accrual basis. Dividend income is recognized when the right to receive it is established.

M. Segmental Reporting:

The company's business activity comprises of single business segment i.e. Software and services and geographical segment i.e. India.

N. Borrowing Cost:

The borrowing cost attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost is charged to the Statement of profit and loss.

O. Provision for Current and Deferred tax:

Provision for Current tax is made taking into consideration benefits admissible under the provisions of the Income tax Act, 1961. Deferred tax resulting from the timing difference between taxable and accounting income is accounted using the tax rates and the laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

P. Provision, Contingent Liabilities and Contingent Assets

Provisions involving Substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

Notes on Financial Statements for the Year ended 31st March, 2012

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

Note 1 Share capital

(Amount in ₹)

	As at 31 March, 2012		As at 31 March, 2011	
	Number	Amount	Number	Amount
a) Authorised Equity Shares of ` 10/- each with voting rights	1,250,000	12,500,000	12,500,000	125,000,000
b) Issued Equity Shares of ` 10/- each with voting rights	10,350,000	103,500,000	10,350,000	103,500,000
c) Subscribed & Fully Paid up Equity Shares of ` 10/- each with voting rights	10,001,100	100,011,000	10,001,100	100,011,000
d) Subscribed but not fully Paid up	-	-	-	-
e) Equity Shares of ` 10/- each with voting rights amount paid up	348,900	2,404,000	348,900	2,404,000
Total	10,350,000	102,415,000	10,350,000	102,415,000

Refer Notes below (i) to (ii)

Note 1(i) Reconciliation of the number of shares and the amount outstanding at the beginning and at the end of the reporting period.

	As at 31st March, 2012	As at 31st March, 2011
a) Number	10,350,000	10,350,000
b) Amount (`)	102,415,000	102,415,000

Note 1(ii) Details of Shares held by each shareholder holder holding more than 5% shares

	As at 31 March, 2012		As at 31 March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Prakash Baburao Rane	4,771,150	47.71	4,771,150	47.71
Supriya Prakash Rane	1,227,000	12.27	1,227,000	12.27
Total	5,998,150	59.98	5,998,150	59.98

Notes on Financial Statements for the Year ended 31st March, 2012
Note 2 Reserves and Surplus

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
General reserves		
Opening Balance	5,500,000	-
Add: Additions during the year	8,600,000	5,500,000
Less: Utilised/Transferred during the year	-	-
Closing Balance	14,100,000	5,500,000
Profit and Loss Account		
Opening balance	241,644,171	158,965,283
Add: Net Profit For the current year	152,044,038	105,672,125
Less: Dividend proposed to be distributed to equity shareholders (₹ 1.5 per share)	-	-
Tax on dividend	15,001,650	15,001,650
Less: Transferred to reserves	2,433,643	2,491,587
General Reserves	-	-
Closing Balance	8,600,000	5,500,000
Closing Balance	367,652,916	241,644,171
Total	381,752,916	247,144,171

Note 3 Short Term Borrowings

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Secured		
(a) Loans repayable on demand		
From banks	-	1,207,747
Total	-	1,207,747

Note 3 (i) The above working capital loan has been secured by a charge on book debts and stock.

The Company has not defaulted in the repayment of loans and interest in respect of such loan.

Note 4 Trade payables

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
(a) Other than acceptances	92,245,795	101,869,173
Total	92,245,795	101,869,173

The company has not received intimation regarding amount outstanding to Micro, Small and Medium Enterprises.

Notes on Financial Statements for the Year ended 31st March, 2012

Note 5 Other Current liabilities

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
(a) Unclaimed dividends	1,056,730	671,918
(b) Other payables		
i) Statutory remittances	9,645,708	22,032,138
ii) Others #	9,436,564	17,320,846
Total	20,139,002	40,024,902

includes salary payable, outstanding expenses

Note 6 Short Term provisions

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
(a) Provision for employee benefits		
(1) Provision for leave encashment	1,774,164	2,090,978
(b) Provision -Others		
(1) Provision for proposed equity dividend	15,001,650	15,001,650
(2) Provision for tax on proposed equity dividend	2,433,643	2,491,587
	17,435,293	17,493,237
Total	19,209,457	19,584,215

Notes on Financial Statements for the Year ended 31st March, 2012

Note 7 Fixed Assets

(Amount in ₹)

Particulars	Gross Block (At cost)			Depreciation/Amortisation			Net Block			
	As at 1st, April, 2011	Additions	Disposals	As at 31st March, 2012	As at 1st, April, 2011	For the Year	Eliminated on Disposal of assets	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
i) Tangible Assets										
Computers	3,111,813	425,767	-	3,537,580	1,464,284	400,842	-	1,865,126	1,672,454	1,647,529
Office Equipments	2,259,469	106,800	-	2,366,269	510,772	107,927	-	618,699	1,747,570	1,748,697
Furniture	7,707,856	-	-	7,707,856	2,688,325	1,853,248	-	4,541,573	3,166,283	5,019,531
Motor Car	2,491,716	3,040,750	1,667,432	3,865,034	1,102,839	340,924	813,295	630,468	3,234,566	1,388,877
Office Premises #	18,120,027	-	-	18,120,027	3,699,003	295,356	-	3,994,359	14,125,668	14,421,024
Total (i)	33,690,881	3,573,317	1,667,432	35,596,766	9,465,223	2,998,297	813,295	11,650,225	23,946,541	24,225,658
ii) Intangible Assets										
Software products	2,812,716	-	-	2,812,716	2,812,696	-	-	2,812,696	20	20
Grand Total (i+ii)	36,503,597	3,573,317	1,667,432	38,409,482	12,277,919	2,998,297	813,295	14,462,921	23,946,561	24,225,678
Previous year	34,260,167	2,243,430	-	36,503,597	9,781,197	2,496,722	-	12,277,919	24,225,678	24,478,970

Registration pending for one premises

Notes on Financial Statements for the Year ended 31st March, 2012

Note 8 Non-Current Investments

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Other Investments		
(a) Investment in Equity instruments (quoted)		
(i) Of other entities		
500 shares of Canara Bank (Face Value of ₹ 10/- each fully paid)	17,500	17,500
(aggregate market value ₹ 3,13,075 as on 31.3.2011)		
(aggregate Market Value ₹ 2,36,825 as on 31.3.2012)		
Total	17,500	17,500

Note 9 Long Term Loans & Advances

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
a. Capital Advances		
Unsecured, considered good	219,475,957	159,387,544
b. Security Deposits #		
Unsecured, considered good	3,091,413	3,429,481
c. Loans and advances to Employees		
Unsecured, considered good	17,500	12,000
d. Prepaid expenses -unsecured considered good	-	68,330
e. Advance income tax(Net of provisions)	15,221,458	4,202,778
(As at 31st march 2011 ₹ 5,25,00,000/-)		
(As at 31st march 2012 ₹ 7,27,50,000/-)		
Unsecured considered good.		
f. Balances with government Authorities		
Unsecured considered good		
(i) Vat credit receivable	535,307	540,000
(ii) service tax credit receivable	3,523,414	16,759,267
g. Other loans and advances		
(i) Considered good	1,089,521	4,267,744
(ii) Considered doubtful	33,336	-
	1,122,857	4,267,744
Less: Provision for doubtful receivables	33,336	-
	1,089,521	4,267,744
TOTAL	242,954,570	188,667,144

Includes deposits towards telephone and electricity, earnest money deposits against tenders.

Notes on Financial Statements for the Year ended 31st March, 2012
Note 10 Current Investments

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Other Investments		
(A) Investments in Mutual Funds (quoted)		
(i) Canara Rebeco equity Diversified Fund (Market value ₹ 29,54,008/-)	-	2,500,000
(ii) Canara Rebeco Infrastructure Fund (Market value ₹ 28,14,520/-)	-	2,500,000
(iii) Canara Rebeco Indigo Mutual Fund (Market value ₹ 10,49,627/-)	-	1,020,566
Total (A)	-	6,020,566

Note 11 Trade Receivables

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	73,434,178	64,898,355
Other Trade receivables		
Unsecured, considered good	130,192,217	90,574,893
Total	203,626,395	155,473,248

Note 12 Cash and Bank Balances

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
a) Cash and cash equivalents		
(i) Balances with Banks		
In current accounts	47,007,115	9,103,093
In Deposit accounts	79,722,150	74,987,996
(ii) Cash on hand	1,558,494	45,988
	128,287,759	84,137,077
b) Other bank balances		
Earmarked balances with banks #	15,956,377	52,232,819
Total	144,244,136	136,369,896

Earmarked balances with banks include deposits against bank guarantee amounting to ₹ 9,26,232/- (Previous Year ₹ 16,75,461/-) which have an original maturity of more than 12 months.

Notes on Financial Statements for the Year ended 31st March, 2012

Note 13 Short Term Loans & Advances

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
a. Security Deposits		
Unsecured, considered good	220,000	150,000
b. Loans and advances to Employees		
Unsecured, considered good *	1,263,993	1,036,638
c. Prepaid expenses -unsecured considered good	1,318,322	3,381,888
d. Other loans and advances		
Secured, considered good	7,385	-
Total	2,809,700	4,568,526

* Includes loan to employee, tour advances and petty cash advance

Note 14 Other Current assets

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Other Current Assets	1,424,073	442,973
Total	1,424,073	442,973

Note 15 Revenue from Operations

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Sale of products & Services - Gross	1,017,130,873	579,897,446
Less :Service Tax	(90,314,082)	(53,241,297)
Net Revenue from Operations	926,816,791	526,656,149

Notes on Financial Statements for the Year ended 31st March, 2012
Note 16 Other Income

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Interest Income [Refer Note 16(i)]	8,705,814	6,229,833
Dividend Income [Refer Note 16(ii)]		
from current Investments	3,254,738	1,685,108
from long term Investments	5,500	5,000
Net gain/loss on sale of investments		
- Current Investments	-	-
- Long term investments	860,312	-
Other non-operating income (net of expenses directly attributable to such income)	71,884	1,679,092
Total	12,898,248	9,599,033

Note 16 (i) Interest Income Comprises of:

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Interest on bank deposits	8,696,598	6,227,126
Other interest	9,216	2,707
Total	8,705,814	6,229,833

Note 16 (ii) Dividend income

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
<u>From current Investments</u>		
Canara Robeco Indigo Qureterly	23,964	20,566
Reliance Money Manager Fund - Institutional	2,890,462	1,298,600
Reliance Liquid Fund -TP	-	359,983
Reliance Medium Term Fund	-	5,959
HDFC Cash management fund	340,312	-
	3,254,738	1,685,108
<u>From long term Investments</u>		
Shares at Canara bank	5,500	5,000
Total	5,500	5,000

Notes on Financial Statements for the Year ended 31st March, 2012

Note 17 Employee benefit expenses

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Salaries & Wages [Note 17(i)]	136,106,100	104,630,934
Contribution to provident and other funds [Note 17(ii)]	8,939,482	7,026,303
Staff welfare Expenses	6,597,368	4,775,695
Total	151,642,950	116,432,932

Note 17(i)

(Amount in ₹)

Salaries and Wages	As at 31 March, 2012	As at 31 March, 2011
a) Salaries and emoluments of employees	121,368,023	97,182,934
b) Directors' commission	10,538,077	3,248,000
c) Director's remuneration	4,200,000	4,200,000
Total	136,106,100	104,630,934

Note 17(ii)

(Amount in ₹)

Contribution to provident and other funds	As at 31 March, 2012	As at 31 March, 2011
a) Contribution to provident fund	8,243,544	6,260,832
b) Gratuity fund	695,938	765,471
Total	8,939,482	7,026,303

Note 18 Operating expenses

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
Services charges & Project expenses #	517,115,295	227,440,810
Total	517,115,295	227,440,810

includes license cost ` 25,93,00,069/- (previous year ` 3,99,91,100/-) and project service cost ` 25,78,15,226/- (Previous year ` 18,74,49,710/-)

Notes on Financial Statements for the Year ended 31st March, 2012
Note 19 Other expenses

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
a) <u>Communication, Advertising & Sales Promotion</u>		
Advertising expenses	2,305,219	2,664,748
Telephone charges	1,947,089	1,809,312
Other expenses	2,696,261	3,379,634
	<u>6,948,569</u>	<u>7,853,694</u>
b) <u>Establishment Expenses</u>		
Electricity charges	1,556,715	1,684,576
Legal & Professional Fees	2,394,894	5,158,905
Other Miscellaneous Expenses (incl.prior period expenses) [Refer Note 19(i) below]	3,725,630	2,771,741
Rent	5,409,742	6,078,321
Repairs & Maintenance - Bldg/others	590,726	489,701
Rates and Taxes	287,016	212,016
Travelling & conveyance	9,464,172	4,719,832
Membership & subscription	236,336	212,148
Payment To Auditors [Refer Note 19 (ii) below]	348,110	259,758
Bad trade and Other receivables,Loans and Advances written off	4,918,899	599,134
Donation	1,329,000	632,000
Insurance Expenses	82,183	68,978
Loss On sale of Fixed Assets	387,468	-
	<u>30,730,891</u>	<u>22,887,110</u>
Total (a+b)	37,679,460	30,740,804

Note 19 (i) Details of Prior period items

	As at 31st March, 2012	As at 31st March, 2011
Prior period adjustment	191,076	-
Excess provision written back	(316,814)	-
Total	(125,738)	-

Note 19 (ii) Payment To Auditors

(Amount in ₹)

	As at 31st March, 2012	As at 31st March, 2011
(i) Payment to Auditors Comprises of:		
As auditors: Statutory Audit	157,304	99,270
Tax Audit Fees	78,652	49,635
Fees for other services	112,154	110,853
Total	348,110	259,758

Notes on Financial Statements for the Year ended 31st March, 2012

Note 20 Finance Cost

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
a) Interest		
i) Bank Interest	40,713	455
ii) Interest paid for late payment of income tax	89,602	85,737
b) Other borrowing cost		
i) Bank Limit charges	1,184,210	696,021
ii) Bank Gurantee Charges	2,170,569	181,537
Total	3,485,094	963,750

Note 21 Depreciation and Amortisation Expense

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Depreciation and Amortisation	2,998,297	2,496,722
Total	2,998,297	2,496,722

Note 22 Additional disclosure to the financial statements as per the accounting standards

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Contingent Liabilities and commitments (to the extend not provided for):		
(i) contingent liabilities:		
(a) Claims against the company not acknowledged as debts	2,227,223	2,227,223
(b) Bank Gurantees	25,069,544	306,149,544
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for: -tangible Assets	3,000,000	82,718,000

Note 23

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Amounts remitted in foreign currency during the year on account of Dividend:		
Amount of Dividend remitted in foreign currency	1,623,537	1,049,778
Total Number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	56	22
Total number of shares held by them on which dividend was due	1,082,358	1,049,778
Year to which dividend relates	2010-11	2009-10

Notes on Financial Statements for the Year ended 31st March, 2012
Note 24

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Earnings Per share		
Basic and diluted		
Continuing operation		
Net Profit for the year from continuing operations	152,044,038	105,672,125
less: Preference dividend and tax thereon	-	-
Net Profit for the year from continuing operations attributable to the Equity Share Holders	152,044,038	105,672,125
Weighted average no.of equity shares	10,001,100	10,001,100
Par Value per share	10.00	10.00
Earnings Per share from Continuing operations - Basic	15.20	10.57
Total operations		
Net Profit for the year	152,044,038	105,672,125
Less: Preference Dividend and tax thereon	-	-
Net Profit for the year for the year attributable to the equity shareholders	152,044,038	105,672,125
Weighted average no.of equity shares	10,001,100	10,001,100
Par Value per share	10.00	10.00
Earnings Per share from Continuing operations - Basic	15.20	10.57

Note 25

(Amount in ₹)

	As at 31 March, 2012	As at 31 March, 2011
Deferred tax Liability / (asset)		
Tax effect of items constituting deferred tax liability On difference between book Balance and tax balance of fixed assets	3,260,765	3,540,323
Net Deferred Tax asset/ (liability)	3,260,765	3,540,323

Notes on Financial Statements for the Year ended 31st March, 2012

Note 26 Employee Benefit plans

Defined contribution plans

The Company makes provident fund contributions to defined contribution plans for qualifying employees. Under the scheme the company is required to contribute a special percentage of the payroll costs to fund the benefits. The company recognised ` 75,62,435 (year ended 31.3.2011 ` 57,43,285) for provident contributions in the statement of Profit & Loss.

Defined benefit plans

(Amount in ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Gratuity	Gratuity
Components of Employer Expense		
Current service cost	1,370,522	1,062,036
Interest cost	236,013	172,438
expected return on plan assets	(272,558)	(162,924)
Curtailement cost / (credit):	-	-
settlement Cost / (credit):	-	-
Past service cost	-	455,585
Actuarial losses/ (gains)	(638,038)	(938,411)
Total expense recognised in the Statement of profit /loss	695,938	588,724
Actual Contribution and benefit payment for the year		
Actual benefit payments	-	(64,321)
Actual contributions	1,677,038	1,150,623
Net asset / liability recognised in the balance sheet		
Present Value of defined benefit obligation	3,859,408	2,860,759
Fair value of plan assets	5,283,481	3,303,732
Funded Status [surplus / (deficit)]	1,424,073	442,973
Unrecognised past service costs	-	-
Net asset/(liability) recognised in the balance sheet	1,424,073	442,973
Change in defined benefit obligations (DBO) During the year		
Present value of DBO at beginning of the year	2,860,759	2,155,472
Current Service cost	1,370,522	1,062,036
Interest cost	236,013	172,438
Curtailement cost / (credit):	-	-
settlement Cost / (credit):	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(607,885)	(920,451)
Past service Cost	-	455,585
Benefits paid	-	(64,321)
Present value of DBO at end of the year	3,859,408	2,860,759
Change in fair Value of assets during the year		
Plan assets at the beginning of the year	3,303,732	2,036,546
Acquisitions adjustments	-	-
expected return on plan assets	272,558	162,924
Actual company contributions	1,677,038	1,150,623
Actuarial (Gains)/ losses:	30,153	17,960
Benefits Paid	-	-
Plan assets at the end of the year	5,283,481	3,303,732
Actual return on plan assets	302,711	180,884
Compositon of the Plan assets is as follows		
Government Bonds - not less than	20%	20%
PSU Bonds - not less than	40%	40%
Others - not exceeding	60%	60%
Actuarial assumptions		
Discount rate	8.50%	8.25%
Mortality	LIC (1994-96)	LIC (1994-96)
	Ultimate	Ultimate
Expected Return on plan assets	8.50%	8.25%
Salary escalation	5%	5%
Attrition	2%	2%

Notes on Financial Statements for the Year ended 31st March, 2012
Note 27 Related party Disclosures as per AS 18:

(Amount in ₹)

Name of the Related party with whom Transaction have been made	Description of Relationship with the party	Nature Of Transaction	For the year 2011-2012	For the year 2010-2011
Prakash B. Rane	Managing Director (Key Management Personnel)	Remuneration	12,749,731	7,916,000
Supriya P. Rane	Director	Remuneration	1,965,077	-
Sharadchandra Abhyankar	Additional Director	Legal advice Fees & commission	552,987	1,650,643
Ajit Kulkarni	Director	commission	122,817	-
M.N. Ahmed	Director	commission	245,635	-

Note 28 The Company operates mainly in one business segment viz. software and services. Since the revenue generated from sale of products is less than 10 % of the total revenue, the segment reporting as required by AS-17 is not applicable.

As per our Report of even date

 For **S.P.Sule & Associates.**

Chartered Accountants

Registration No. : 110543W

Milind Garud

Partner

M. No.: 048065

Mumbai

19th May, 2012

For and on behalf of the Board

PRAKASH B. RANE - Managing Director

SUPRIYA P. RANE - Director

M. N. AHMED - Director

DR.AJIT C. KULKARNI - Director

SHARADCHANDRA ABHYANKAR - Director

ABM KNOWLEDGEWARE LIMITED

Registered Office: 5 unique industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025.

PROXY FORM

I /Weofbeing member/s of ABM Knowledgeware Limited, hereby appointof as my/ our Proxy to vote for me/us on my/ our behalf at the 19th Annual General Meeting of the Company to be held at 1st Floor, Dadar Bhagini Samaj, 3rd Lane, Hindu Colony, Dadar (E), Mumbai - 400 014 on Wednesday, the 25th day of July, 2012 at.10.00 a.m. and at any adjournment thereof.

No. of shares Members Folio No.

Signed this Day of

Member's Signature



ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

A. Name of the Attending Member (In Block Letters) :

B. Name of Proxy (In Block Letters) :

C. No of shares: Member Folio No:

I hereby record my presence at the 19th Annual General Meeting to be held at 1st Floor, Dadar Bhagini Samaj, 3rd Lane, Hindu Colony, Dadar (E), Mumbai - 400 014 on Wednesday, the 25th day of July, 2012 at.10.00 a.m.

Member's/ Proxy's Signature

(To be signed at the time of handing over this slip)



BANK ACCOUNT PARTICULARS/ECS MANDATE FORM

I/We do herby authorise ABM Knowledgeware Limited to do the following acts.

- Print the following details on my/our Dividend Warrant
- Credit my/our Dividend Amount directly to my/our Bank account by ECS

(strike out whichever is not applicable) My /Our Folio No.

Particular of Bank Account DP ID No Client A/C No.

A. Name of Bank

B. Name of Branch

Address for Mandates only

C. 9 digit code number of the Bank and

Branch as appearing on MICR Cheque

D. Type of account (saving/Current/Over draft)

E. Account No. as appearing on Cheque Book

F. STD Code and Telephone No.

I/We shall not hold the Bank Responsible if ECS could not be implemented or the bank discontinues the ECS, for any reason. Please attach the Photo copy of cheque or a bank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

In case you are holding shares in Demat form, kindly advice your Depository Participant to take note of your bank Account Particular/ECS.

Member's Signature

Cloud computing to reform service delivery



"Governance Now" magazine, in association with SAP India, organized a panel discussion on "ICT for Urban Renewal" in Gandhinagar. Mr. Prakash Rane, who moderated the session, opined that ICT in Urban Renewal was significant as the Government is planning to introduce the Electronic Service Delivery bill as well as due to empowerment of citizens due to RTI Act.

S N I P P E T S



Mr. Prakash Rane, Managing Director, ABM Knowledgeware Limited along with Dr. C. Rangarajan, Chairman, Prime Minister's Economic Advisory Council, Govt. of India and other dignitaries on the occasion of SKOCH Financial Inclusion Awards 2012 held in New Delhi. Mr. Rane was a jury in the distinguished "Awards Distribution Panel".