Balance Sheet
as at 30 June 2011
(Currency: Indian rupees)

	Schedule	30 June 2011	31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	3	158,806,920	138,146,240
Reserves and Surplus	4	1,138,794,697	977,441,381
Partly paid warrants		-	7,980,775
Loan Funds			
Secured loans	5	13,637,703	45,645,198
		1,311,239,320	**1,169,213,594**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		662,646,947	782,435,187
Less: Accumulated depreciation/amortisation		513,675,425	487,321,974
Net block		148,971,522	295,113,213
Capital work in progress(including capital advances)		37,759,178	2,788,143
		186,730,700	297,901,356
Investments	7	411,518,649	330,206,719
Deferred tax asset	8	53,974,846	5,314,189
Current assets, loans and advances			
Sundry debtors	9	255,325,550	326,165,215
Unbilled revenue (refer note 19.22 of schedule 19)		154,514,568	66,195,744
Cash and bank balances	10	262,288,912	254,136,190
Loans and advances	11	272,743,703	161,938,839
Other current assets	12	3,536,509	1,592,044
		948,409,242	810,028,032
Less : Current liabilities and provisions			
Current liabilities	13	201,574,546	211,904,523
Provisions	14	87,819,571	62,332,179
		289,394,117	274,236,702
Net current assets		659,015,125	535,791,330
		1,311,239,320	**1,169,213,594**
Significant accounting policies	2		
Notes to the financial statements	19		

The schedules referred to above form an integral part of this balance sheet.

As per our report attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Profit and Loss Account
for the period 1 April 2010 to 30 June 2011
(Currency: Indian rupees)

	Schedule	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Income			
Revenue from sale of software and services (gross)		1,702,740,333	1,267,295,381
Other income	15	46,983,878	6,781,079
		1,749,724,211	**1,274,076,460**
Expenditure			
Personnel cost	16	855,790,723	570,756,589
Operating, administration and other expenses	17	555,823,599	395,062,672
Depreciation and amortization	6	158,924,733	130,934,553
Interest and finance charges	18	9,255,340	5,873,774
Less: Product development cost capitalised (refer note 19.18 of schedule 19)		(34,116,705)	(31,146,943)
Profit before tax, exceptional items and prior period expenses		**204,046,521**	**202,595,815**
Less: exceptional item (refer note 19.17 of schedule 19)		34,145,202	-
Profit before tax and prior period expenses		**169,901,319**	**202,595,815**
Less: Prior period item (expenses)/income (refer note 19.16 of schedule 19)		(34,901,921)	3,058,631
Profit before tax and after prior period expenses		**134,999,398**	**205,654,446**
Provision for taxation			
-Current tax		50,400,000	35,028,652
Deferred tax charge			
-Current period		(33,453,495)	(2,309,761)
-Prior period		(15,207,162)	-
MAT credit entitlement		-	(21,528,652)
Profit after taxation		**133,260,055**	**194,464,207**
Balance brought forward from previous year		567,006,814	419,344,481
Amount available for Appropriations		**700,266,869**	**613,808,688**
Less:- appropriations			
Transferred to general reserve		13,326,006	14,584,816
Dividend paid (2009-10) [refer note 19.19 of schedule 19]		2,278,114	27,628,038
Dividend distribution tax (2009-10) [refer note 19.19 of schedule 19]		378,020	4,589,020
Proposed Dividend (2010-11)		31,760,174	-
Dividend distribution tax (2010-11)		5,152,294	-
Balance carried forward to balance sheet		647,372,261	567,006,814
		700,266,869	**613,808,688**
Earning per share of face value of Rs. 10 each (Refer note 19.15 of schedule 19)			
Basic		8.71	14.53
Diluted		8.71	13.52
Significant Accounting Policies	2		
Notes to the financial statements	*19*		

The schedules referred to above form an integral part of this profit and loss account

As per our report attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia	**Ninad Umranikar**	**Vipul Jain**	**K. K. Nohria**	**Gurudas Shenoy**
Partner	**Company Secretary**	**Managing Director**	**Director**	**Chief Financial Officer**
Membership No: 042070				

Place: Mumbai
Date : 29 July 2011

Cash Flow Statement
for the period 1 April 2010 ended 30 June 2011
(Currency: Indian rupees)

		1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
A	**Cash flow from operating activities :**		
	Net Profit before tax and exceptional item	169,144,599	205,654,446
	Adjustments for :		
	Depreciation	158,924,733	130,934,553
	(Gain)/Loss on disposal of fixed asset	(1,531,495)	1,290,036
	Provision for doubtful debts	31,437,878	6,647,924
	Bad debts written off	3,822,280	2,135,381
	Credit balances written back	(11,525,366)	-
	Unrealised exchange loss	(1,900,265)	4,194,919
	Interest income	(11,222,004)	(3,486,752)
	Interest paid	9,255,340	5,696,417
	Dividend income	(6,517,625)	(5,256,500)
	Operating profit before working capital changes	**339,888,075**	**347,810,424**
	(Increase) / decrease in working capital		
	Decrease/(Increase) in sundry debtors	24,096,744	(117,857,843)
	(Increase) in unbilled revenue	(88,318,823)	(30,527,629)
	(Increase)/decrease in loans and advances	(81,812,280)	6,098,107
	Increase in current liabilities and provisions	35,747,833	26,660,107
	Cash generated from operation	229,601,549	232,183,166
	Taxes paid, net	(47,077,006)	(24,902,012)
	Net cash generated from operating activities (A)	**182,524,543**	**207,281,154**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	(121,698,935)	(78,574,719)
	Proceeds from sale of fixed assets	2,752,987	421,431
	Proceed from disposal of investment in subsidiary	70	10,509,605
	Interest received on fixed deposit	9,277,539	4,710,087
	Dividend received	6,266,750	5,256,500
	Investments in subsidiary	(81,312,000)	(51,415,000)
	Net cash (used in) investing activities (B)	**(184,713,589)**	**(109,092,094)**
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of share capital	80,341,767	27,731,188
	Repayment of secured loan	(18,135,403)	-
	Proceed from secured loan	-	5,066,465
	Bank overdraft	(10,346,598)	10,346,598
	Dividend paid (inclusive of dividend distribution tax)	(34,651,375)	(15,287,046)
	Interest paid	(9,255,340)	(5,696,417)
	Net cash from in financing activities (C)	**7,953,051**	**22,160,788**
D	**Effect of exchange differences on translation of foreign currency cash and cashequivalents (D)**	**2,388,717**	**(2,830,650)**
	Net increase/(decrease) in cash and cash equivalents(A+B+C+D)	**8,152,722**	**117,519,198**
	Add : Cash and cash equivalents at the beginning of the year	**254,136,190**	**136,616,991**
	Cash and cash equivalents at the end of the year	**262,288,912**	**254,136,190**

1) The cash flow statement has been prepared under the indirect method as set out in accounting standard - 3 (AS-3) prescribed as per Companies (Accounting standard) Rules, 2006.
2) For details of cash and cash equivalent at the end of the year, refer schedule 10.
3) Previous year figures have been regrouped/reclasified/restated to conform to current year's presentation Also refer note 25 to schedule 19.

As per our report attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Schedules to the financial statements

1. Background

Kale Consultants Limited (Kale) is a software solutions provider to the global Airline and Travel industry. Kale was incorporated in 1986 under the Companies Act 1956.

The Promoters sold and transferred 4,989,708 equity shares of the Company to Accelya Holding World S.L("Accelya"), on July 7, 2011 in accordance with the Share Purchase Agreement dated September 9, 2010. Consequent to the transfer Accelya holds 70.17% of equity shares in the Company.

Kale's Industry Solutions are driven by active partnerships with industry bodies and customers, and significant domain knowledge. Its Customised Approach in deploying these solutions supports clients with best fit solutions to match to their requirements.

2. Summary of significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Act and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. The financial statements are presented in Indian rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future period.

c) Revenue recognition

Revenue is derived primarily from transaction processing and sale of software license, related implementation and maintenance service.

Transaction processing service i.e. airline ticket and coupon processing charges is recognized based on the rate fixed in the contract entered with client based on the work completed.

Arrangement with customer for software development and related implementation services are fixed-price contract. Revenue from maintenance service is on a time and material basis/fixed price.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion.

Revenue from fixed-price contract where there is no uncertainty as to measurement or collectability of consideration, is recognized based on the percentage-of-completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and estimated earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and estimated earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues.

Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

Interest income is recognized using the time proportion method based on the underlying interest rate.

Dividend income is recognized when the right to receive dividend is established.

Schedules to the financial statements

d) Fixed assets and depreciation (including intangible assets)

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Cost includes freight, duties, taxes and incidental expenditure relating to the acquisition and installation of fixed assets incurred up to the date the asset is ready for its intended use.

Depreciation is provided pro rata to be period of use on the straight-line method ('SLM'). The depreciation rates prescribed in Schedule XIV of the Act are considered as the minimum rates.

Assets costing less than Rs. 5,000 are fully charged to the profit and loss account in the year of acquisition.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets. Depreciation on fixed assets is provided pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act, 1956) as summarised below:

Goodwill	Annual impairment test whenever there is indication that goodwill may be impaired
Leasehold land and leased assets	To be amortized over the lesser of the period of lease and the useful life of the asset
Building	30 years
Plant and machinery	6 years
Computer equipments	4 years
Furniture, Fixture, Equipments and Other Assets	6 years
Software acquired/developed	3 to 5 years
Vehicles	10 years

e) Research and Development cost

Research costs are expensed as incurred. Software product development cost are expensed as incurred unless technical and commercial feasibility of the project is demonstrated , future economic benefits are probable, The company has intension and the ability to complete and use or sell the software and the costs can be measured reliably.

f) Asset impairment

In accordance with AS 28-'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account.

g) Investments

Long term investments are carried at cost. Provision for diminution, is made to recognize a decline, other than temporary in the value of long term investments and is determined separately for each individual investment. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

h) Leases

Operating lease

Lease rentals under an operating lease, are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

Finance Lease

Assets acquired under finance lease have been recorded as an asset and liability at the inception of the lease and have been recorded at an amount equal to lower of fair value of the leased asset and the present value of the future minimum lease payments.

Schedules to the financial statements

i) ***Foreign currency transactions***

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

j) ***Employee benefits***

Defined Contribution Plan

Company's contributions during the year to Provident Fund are recognized in the profit and loss account.

Defined Benefit Plan

Company's liability towards gratuity and leave encashment is determined by independent actuaries, using the projected unit credit method. The Company's net obligation in respect of the gratuity is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss account**.**

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at resignation/retirement/termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

k) ***Provision for taxation***

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The profits pertaining to the Unit situated at Software Technology Park, Pune of the Company are exempt from taxes under the Income tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park. Under Section 10A / 10B of the Income tax Act, 1961, the Company can avail of an exemption of profits from income tax for a period ended 31 March 2011 in relation to its undertakings set up in the Software Technology Park.

The Income tax Act, 1961 allows credit in respect of MAT paid under section 115JB to be carried forward up to seven succeeding assessment years. The amount of MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income tax Act 1961, and such tax is in excess of MAT for that year. The amount of set-off would be to the extent of excess of normal income-tax over the amount of MAT calculated as if Section 115JB had been applied for that assessment year for which the set-off is being allowed.

In accordance with the guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income tax Act, 1961 " issued by the Institute of Chartered Accountants of India, minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax within the eligible period and the asset can be measured reliably.

Schedules to the financial statements

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result from differences between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

l) Earnings per share ('EPS')

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earning per share, and also the weighted average number of equity shares which may be issued on conversion of all dilutive potential shares, unless the results would be anti – dilutive.

m) Provisions and contingent liabilities

Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in financial statements. However contingent assets continuously and if it is virtually certain on economic benefit will arise, the assets and related income are recognized in the period in which the changes occur.

n) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

o) Employee stock options

The company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

Schedules to the financial statements
as at 30 June 2011
(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 3 : SHARE CAPITAL		
Authorised		
20,000,000 (previous year 15,000,000) equity shares of Rs. 10 each	200,000,000	150,000,000
Issued, subscribed and paid-up		
15,880,087 (previous year 13,814,019) equity shares of Rs. 10 each fully paid up	158,800,870	138,140,190
(of the above 6,000 equity shares of Rs. 1,000 each allotted as fully paid bonus shares by way of capitalisation of accumulated profit were split into 600,000 equity shares of Rs. 10 each)[refer note 19.7 of Schedule 19]		
Forfeited Shares	6,050	6,050
	158,806,920	**138,146,240**

	30 June 2011	31 March 2010
SCHEDULE 4 : RESERVES AND SURPLUS		
Securities premium		
Balance as per last balance sheet	379,059,407	363,834,854
Add: premium on share allotted	67,661,863	15,224,553
	446,721,270	379,059,407
General reserve		
Balance as per last balance sheet	31,375,160	16,790,344
Add: transfer from profit and loss account	13,326,006	14,584,816
	44,701,166	31,375,160
Profit and loss account	647,372,261	567,006,814
	1,138,794,697	**977,441,381**

	30 June 2011	31 March 2010
SCHEDULE 5 : SECURED LOANS		
Cash credit from bank	-	10,346,598
Lease finance	11,282,457	30,701,947
(Secured by underlying assets)		
[Amount payable within one year is Rs.7,968,997/- and previous year Rs. 12,983,187/-]		
Vehicle loan from bank	2,355,246	4,596,653
(Secured by underlying vehicles)		
[Amount payable within one year is Rs.1,091,294/- and previous year Rs.2,263,117/-]	**13,637,703**	**45,645,198**

(Cash Credit facility from bank is secured by hypothecation of the book debts of the Company and charge over fixed assets and office premise situated at 1st Floor, Sharada Arcade, Satara Road, Pune.)

Schedules to the financial statements

SCHEDULE 6 : FIXED ASSETS

(Currency: Indian rupees)

	Gross Block (At Cost)				Accumulated Depreciation and Amortisation				Net Block	
Particulars	As at 1 April 2010	Additions during the period	Deletions/ Disposals during the period	As at 30 June 2011	As at 1 April 2010	For the period	On Deletions/ Disposals during the period	As at 30 June 2011	As at 30 June 2011	As at 31 March 2010
Intangible assets										
Software										
Developed software	330,279,634	41,231,754	164,501,256	207,010,132	159,964,849	96,173,901	99,620,531	156,518,219	50,491,913	170,314,785
Acquired software	135,850,491	25,314,374	8,733,869	152,430,996	117,662,245	17,850,898	3,130,693	132,382,450	20,048,546	18,188,246
Tangible assets										
Building	63,259,128	-	-	63,259,128	27,536,762	(1,363,269)	-	26,173,493	37,085,635	35,722,366
Plant and Machinery*	194,099,125	24,749,410	32,435,816	186,412,719	142,169,472	33,768,027	23,232,225	152,705,274	33,707,445	51,929,653
Furniture and Fixture	39,697,369	1,290,465	1,398,982	39,588,852	28,250,534	8,381,895	892,732	35,739,697	3,849,155	11,446,835
Vehicles	19,249,440	2,263,318	7,567,638	13,945,120	11,738,112	4,113,281	5,695,101	10,156,292	3,788,828	7,511,328
Total	**782,435,187**	**94,849,321**	**214,637,561**	**662,646,947**	**487,321,974**	**158,924,733**	**132,571,282**	**513,675,425**	**148,971,522**	**295,113,214**
Previous year	921,359,503	76,143,530	215,067,846	782,435,187	569,743,801	130,934,553	213,356,379	487,321,974	295,113,213	
Capital Work in progress									**37,759,178**	**2,788,140**

(Refer note 19.12 and 19.20 of schdule 19)

* The above assets include asset taken on lease having gross block of Rs. 59,404,341 (31 March 2010 Rs. 61,075,245) and net block of Rs. 11,282,234 (31 March 2010 Rs. 28,985,316).

Schedules to the financial statements
as at 30 June 2011
(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 7 : INVESTMENTS		
(at cost, unless otherwise stated)		
Investments in shares of Subsidiaries (unquoted)		
(Non trade, long term investment)		
Kale Softech Inc.		
1,300,000 Class A voting common stock of USD 0.01 each fully paid up	57,979,585	57,979,585
(Previous year 1,300,000 Class A voting common stock of USD 0.01 each fully paid up)		
450,000, 5% Redeemable preferred stock of USD 1 each fully paid up	21,434,000	21,434,000
(Previous year 450,000, 5% Redeemable preferred stock of USD 1 each fully paid up)		
Synetairos Technologies Ltd.	7,977,004	7,977,004
42,036 equity shares of Rs. 10 each fully paid up		
(Previous Year 42,036 equity shares of Rs. 10 each fully paid up)		
Kale Technologies Ltd.	-	70
1 equity share of GBP 1 each, fully paid up		
Kale Revenue Assurance Services Limited	324,068,060	242,756,060
4,150,000 equity shares of GBP 1 each fully paid up		
(Previous Year : 2,950,000 equity shares of GBP 1 each fully paid up)		
Investments in Shares of Banks (unquoted)		
Rupee Co-op. Bank Ltd.		
5,000 equity shares of Rs. 10 each fully paid up	50,000	50,000
(Previous Year 5,000 equity shares of Rs. 10 each fully paid up)		
Saraswat Co-op. Bank Ltd.		
1,000 equity shares of Rs. 10 each fully paid up	10,000	10,000
(Previous Year 1,000 equity shares of Rs. 10 each fully paid up)		
	411,518,649	**330,206,719**

	30 June 2011	31 March 2010
SCHEDULE 8 : DEFERRED TAX ASSET		
Deferred tax asset:		
Arising on account of timing difference in:		
Depreciation	26,817,842	(4,921,941)
Provision for leave	15,375,027	10,236,130
Provision for doubtful debts	10,200,019	-
Expenses deductible for tax in later years	1,581,958	-
	53,974,846	**5,314,189**

Schedules to the financial statements

as at 30 June 2011

(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 9 : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	21,309,181	43,159,834
Considered doubtful	29,614,713	8,707,867
Other debts		
Considered good	234,016,369	283,005,381
Considered doubtful	7,514,643	881,887
	292,454,906	335,754,969
Less: Provision for doubtful debts	37,129,356	9,589,754
(Sundry Debtors include Rs. 6,689,103/- due from subsidiaries)	**255,325,550**	**326,165,215**
(Previous year Rs.25,156,456/-)		
(Maximum outstanding during the year Rs.40,779,141/-)		
(Previous year Rs. 34,442,584/-)		

	30 June 2011	31 March 2010
SCHEDULE 10 : CASH AND BANK BALANCES		
Balance with scheduled banks		
-in Current accounts	82,930,038	212,188,051
-in deposit accounts	170,400,000	10,572,500
-Margin money deposits*	8,958,874	31,375,639
*(represent deposit with banks given to various authorities amounting to Rs. 8,958,874 Previous year of Rs. 31,375,639)		
	262,288,912	**254,136,190**

	30 June 2011	31 March 2010
SCHEDULE 11: LOANS AND ADVANCE (Unsecured, considered good)		
Loans and advances to subsidiaries	16,768,066	15,439,588
Advances recoverable in cash or in kind or for value to be received	127,313,118	8,195,612
Dividend receivable from subsidiary	250,875	-
Advance tax including tax deducted at source	49,342,765	30,524,865
(net of provision for tax Rs. 77,891,107/-) (previous year Rs. 12,228,963/-)		
MAT credit entitlement	21,710,215	43,851,109
Prepaid expenses	13,454,428	16,586,299
Deposits	43,904,236	47,341,366
[Advances recoverable include Rs. 114,002,105/- Due from parties		
under 370 (1)B of the Companies Act 1956 (Previous Year Nil)]	**272,743,703**	**161,938,839**
(Maximum outstanding during the year Rs.114,002,105/-) (Previous Year Rs. Nil)		

	30 June 2011	31 March 2010
SCHEDULE 12 : OTHER CURRENT ASSETS		
Interest accrued on bank deposits	3,536,509	1,592,044
	3,536,509	**1,592,044**

Schedules to the financial statements
as at 30 June 2011
(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 13 : CURRENT LIABILITIES		
Sundry creditors		
-dues to micro and small enterprises	-	-
-dues to others	143,704,910	139,717,978
Dues to subsidiaries	15,754,134	16,109,948
Advances from customers	7,376,640	18,737,501
Income received in advance	6,237,843	5,024,788
Deposits received	2,309,361	2,812,401
Other liabilities	24,731,806	28,263,872
Unpaid Dividend	1,459,852	1,238,035
	201,574,546	**211,904,523**

Note: There are no amounts due and outstanding to be credited to Investor education and protection fund

SCHEDULE 14 : PROVISIONS

	30 June 2011	31 March 2010
Proposed Dividend	31,760,174	27,628,038
Tax on Proposed Dividend	5,152,294	4,589,020
Leave encashment	47,387,969	30,115,121
Gratuity	3,519,134	-
	87,819,571	**62,332,179**

Schedules to the financial statements
for the period 1 April 2010 to 30 June 2011
(Currency: Indian rupees)

SCHEDULE 15 : OTHER INCOME	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Interest on bank deposit (Tax deducted at source Rs. 569,727/- Previous year Rs. 325,762/-)	8,606,832	3,486,752
Interest on income tax refunds	2,615,172	-
Foreign exchange gain, net	4,877,797	-
Credit balances written back	11,525,365	-
Common amenities recharged	2,946,003	-
Dividend	6,517,625	7,600
Profit on sale of asset, net	1,531,495	-
Miscellenous income	8,363,589	3,286,727
	46,983,878	**6,781,079**

SCHEDULE 16 : PERSONNEL COST	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Salaries, wages and allowances	797,587,288	523,170,835
Contribution to provident fund and other funds	18,816,781	14,734,413
Staff welfare expenses	39,386,654	32,851,341
	855,790,723	**570,756,589**

Schedules to the financial statements
for the period 1 April 2010 to 30 June 2011
(Currency: Indian rupees)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
SHEDULES 17 : OPERATING, ADMINISTRATION AND OTHER EXPENSES		
Contractor charges	6,859,919	5,280,638
Connectivity charges	15,512,978	16,137,720
Computer consumables	1,572,060	2,315,826
Software and maintenance	19,052,978	17,009,500
Data processing charges	24,548,237	20,640,874
Directors' sitting and committee fees	160,000	145,000
Directors' commission	300,000	300,000
Auditors Remuneration(refer note 19.5 of schedule 19)	1,130,000	850,000
Travelling and conveyance	59,829,825	37,872,192
Printing and stationery	3,224,234	4,194,288
Communication charges	23,924,027	17,982,479
Repair and maintenance :		
-Machinery	2,196,241	1,544,836
-Others	19,081,571	22,180,668
Donation	1,050,000	600,000
Membership and subscription	14,154,424	10,394,537
Rent(refer note 19.11 of schedule 19)	101,049,564	76,012,820
Advertisement and sales promotion	16,727,394	25,937,435
Commission and brokerage	61,724,707	28,166,438
Insurance	4,481,057	4,641,834
Technical consultants charges	70,536,775	36,803,896
Legal and professional	11,159,247	3,878,354
Power, fuel and water charges	27,147,414	22,615,323
Rates and taxes	4,736,221	1,345,726
Recruitment expenses	10,187,496	5,731,792
Loss on sale of fixed assets,net	-	1,290,036
Bad debts written off	3,822,280	2,135,381
Foreign exchange loss, net	-	11,332,274
Provision for doubtful debts, net of bad debt written off	31,437,878	6,647,924
Miscellaneous expenses	20,217,072	11,074,881
	555,823,599	**395,062,672**

SHEDULES 18 : INTEREST AND FINANCE CHARGES		
Other interest	1,046,792	376,754
Finance charges	8,208,548	5,497,020
	9,255,340	**5,873,774**

Schedules to the financial statements

NOTES TO ACCOUNTS

19.1 Commitments and contingent liabilities

a. Commitments

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	8,191,458	9,620,431

b. Contingent liability

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Bank Guarantee of GBP 1.2 mn on behalf of its subsidiary company viz. Kale Revenue Assurance Services Limited in respect of payment obligation towards acquisition of Zero Octa UK Ltd.	NIL	81,912,000
Claims against the Company pertaining to Sales Tax with Asst. Commissioner of Sales Tax, (Appeals) - For F.Y. 2001-02 (disallowance of Software services and maintenance of software)	7,870,739	7,870,739

19.2

(a) Earnings in foreign currency:

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Revenue from sale of software and services	1,316,008,146	953,530,063
Dividend income	1,261,125	-
Other income	4,382,276	938,321

(b) Expenditure in foreign currency:

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
CIF value of capital goods imported	NIL	NIL
Consultancy and professional charges	9,600,193	4,349,557
Cost of goods sold	19,081,621	5,447,651
Other expenses	28,346,127	29,766,497
Sales commission	55,758,455	14,902,678
Membership and subscription	12,910,994	7,937,533
Payroll expenses	27,285,272	31,327,839
Travelling expenses (Net)	12,784,107	16,922,639

19.3 Managerial Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Salary	26,191,313	13,746,000
Perquisites	969,265	1,204,195
Commission to independent directors	300,000	300,000
Sitting Fees to independent directors	160,000	145,000
Total	**27,620,578**	**14,195,195**

Salaries and Perquisites for the period ended June 30, 2011 include Rs.3,746,567 towards arrears for the year 2009-10.

The above remuneration does not include provision for gratuity as separate actuarial valuation figures are not available.

Schedules to the financial statements

19.4 Directors Remuneration

Computation of net profit in accordance with section 198 read with sections 349 & 350 of the Companies Act, 1956	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Net Profit as per Profit and Loss Account before tax and exceptional item	204,046,523	202,595,815
Add: Remuneration and Commission to Directors	27,460,578	15,250,195
Directors Sitting Fees	160,000	145,000
Depreciation, Amortisation and Impairment as per books of accounts	158,924,733	130,934,554
(Profit)/Loss on sale of assets	(1,531,495)	1,290,036
Provision for doubtful debts	31,437,878	6,647,924
Bad debts written off	3,822,280	2,135,381
	424,320,497	358,998,905
Less: Depreciation as per Section 350 of the Companies Act, 1956	158,924,733	130,934,554
Net Profit on which commission is payable	265,395,764	228,064,351
Commission @ 0.5% to the Non-Executive Directors	1,326,979	1,140,322
Restricted to Rs. 100,000/- for each non-executive Director	300,000	300,000

19.5 Auditors Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Audit Fees	1,130,000	850,000
Other services (Tax Audit and certification)	-	50,000
Out of pocket expenses	40,225	56,095

19.6 Employees' Stock Option Plan (ESOP)-2003

The Company did not grant any options during the year under Kale Consultants Limited ESOP Scheme 2003.

	2011	2010
Outstanding at the beginning of the year	498,489	616,911
Granted during the year	-	-
Forfeited (Lapsed) during the year	17,010	39,186
Exercised during the year	481,479	79,236
Outstanding at the end of the year	-	498,489

Under Kale Consultants Limited ESOP Scheme, during the period 481,479 options were exercised (Previous year 79,236) giving rise to 481,479 fully paid up equity shares of Rs. 10/- each. All the 481,479 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

Schedules to the financial statements

19.6 Employees' Stock Option Plan (ESOP)-2006

The Company did not grant any options during the period under Kale Consultants Limited ESOP Scheme 2006.

	2011	2010
Outstanding at the beginning of the year	886,125	900,000
Granted during the year	-	-
Forfeited (Lapsed) during the year	27,061	10,000
Exercised during the year	859,064	3,875
Outstanding at the end of the year	-	886,125

Under Kale Consultants Limited ESOP Scheme during the period 859,064 options were exercised (Previous year 3,875) giving rise to 859,064 fully paid up equity shares of Rs. 10/- each. All the 859,064 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange limited and Pune Stock Exchange Limited.

19.7 Preferential Allotment

On June 11, 2010, a total number of 725,525 warrants were converted into 725,525 fully paid equity shares of Rs. 10 each. A sum of Rs. 11 per share, being 25% of the price fixed, was paid by the allottees before allotment of warrants. The balance amount of Rs. 33.01 per equity share was paid by the allottees before conversion of warrants.

19.8 Retirement Benefits to Employees

Gratuity: In accordance with Accounting Standards 15 (Revised) on Employee Benefits and applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). LIC administers the plan and determines the contribution required to be paid by the Company.

Changes in present value of obligations	**1 April 2010 to 30 June 2011**	**1 April 2009 to 31 March 2010**
a) Liability recognised in the balance sheet		
i) Present value of obligation		
Opening Balance	17,005,147	11,649,041
Current service cost	6,197,408	4,333,828
Past service cost	3,590,236	-
Interest cost	1,691,039	899,690
Actuarial loss on obligations	3,790,002	928,422
Benefits paid	(5,670,460)	(805,834)
Closing Balance	26,603,372	17,005,147
ii) Fair value of plan assets		
Opening Balance	17,421,677	14,208,217
Expected return on plan assets	2,395,553	1,403,707
Employer's Contributions	10,000,000	2,739,826
Actuarial Gain / (Loss) on Plan assets	(1,062,532)	(124,239)
Benefits paid	(5,670,460)	(805,834)
Fair value of plan assets at the end of period	23,084,238	17,421,677
Amount recognised in Balance Sheet(i)-(ii)	3,519,134	(416,530)

Schedules to the financial statements

		1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
b)	**Expenses Recognised in statement of Profit and loss account**		
	Current Service Cost	6,197,408	4,333,828
	Past Service Cost	3,590,236	-
	Interest Cost	1,691,039	899,690
	Expected return on plan assets	(2,395,553)	(1,403,707)
	Net Actuarial (gain)/Loss recognised during the period	4,852,534	1,052,661
	Expenses recognised in Profit and loss account	13,935,664	4,882,472
c)	**Actual return on plan Assets**		
d)	**Break up of Plan assets**		
	LIC of India - Insurer Managed Fund	100.00%	100.00%
e)	**Principal actuarial assumptions**		
	Rate of Discounting	8.30%	8.40%
	Expected Return on Plan Assets	9.25%	9.25%
	Rate of increase in basic salary	6.00%	5.00%
	Attrition Rate	15.00%	15.00%
	Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
	Normal retirement age	58 years	58 years

Experience adjustment	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Present Value of Obligation	17,005,147	26,603,372
Plan Assets	17,421,677	23,084,238
Surplus (Deficit)	416,530	(2,519,134)
Experience adjustments on plan liabilities (loss)/gain	2,976,821	(1,196,040)
Experience adjustments on plan assets (loss)/gain	(124,239)	(543,820)

Leave Encashment

In accordance with Accounting Standards 15 (Revised) on Employee Benefits, the Company provides for leave salary on the basis of actuarial valuation.

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Principal actuarial assumptions		
Rate of Discounting	8.30%	7.50%
Rate of increase in cost to company	6.00%	5.00%
Attrition Rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

Schedules to the financial statements

19.9 Segmental Reporting

In accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the central government, the Company has presented segmental information only on the basis of the consolidated financial statements (refer Note 7 of schedule 19 of consolidated financial statements).

19.10 Related Party Transactions

[A] Related party disclosures

Related parties where control exists:	Name	Holdings in %
Subsidiaries	Kale Softech, Inc., USA	100%
	Synetairos Technologies Ltd*	49%
	Kale Revenue Assurance Services Ltd.	100%
	Zero Octa UK Limited, UK	100%
	Zero Octa Selective Sourcing India Private Limited, India	100%
	Zero Octa Recruitment And Training (India) Private Limited, India	100%
Key Management Personnel	Vipul Jain	
Enterprises where Key Management personnel is Interested	Kale Logistics Solutions Private Ltd.	

* Composition of the Board is controlled by Kale Consultants Limited

[B] Transactions with Related Parties

	Subsidiaries	Key Management Personnel	Enterprises where Key Management personnel are interested
Issue of equity shares (Previous year)	— —	22,885,200 —	— —
Services rendered by the Company (Previous year)	173,025,334 (126,487,571)	— —	— —
Services received by the Company (Previous year)	9,121,473 (13,096,791)	— —	— —
Claims raised for expenses (Previous year)	20,781,805 (33,862,963)	— —	3,628,710 —
Claims received for expenses (Previous year)	16,521,917 (10,114,939)	— —	— —
Investment in subsidiary (Previous year)	81,312,000 (51,415,000)	— —	— —
Bank guarantee given on behalf of subsidiaries (Previous year)	— (81,912,000)	— —	— —
Remuneration (Previous year)	— —	27,160,578 (14,950,195)	— —

Schedules to the financial statements

	Subsidiaries	Key Management Personnel	Enterprises where Key Management personnel are interested
Transfer of Business Asset (Previous year)	— —	— —	81,467,638 —
Amount paid on behalf of Kale Logistics Solutions Pvt. Ltd (Previous year)	— —	— —	73,911,882 (NIL)
Balances outstanding			
Payable (Previous year)	16,413,196 (23,701,396)	750,000 (NIL)	— —
Receivable (Previous year)	35,267,694 (46,785,728)	— —	114,002,105 (NIL)
Investment in Subsidiary (Previous year)	411,518,649 (330,206,719)	— —	— —

[C] Of the above items, transactions in excess of 10% of the total related party transactions are as under

Nature of Transaction	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Income from Service rendered		
- Kale Softech Inc.	172,260,674	126,487,571
- Zero Octa UK Ltd.	764,660	-
Purchase of services		
- Synetairos Technologies Ltd.	742,782	4,796,091
- Zero Octa Selective Sourcing India Private Ltd	8,378,690	-
- Kale Softec Inc.	-	8,300,700
Expenses charged to group Companies		
- Kale Softech Inc.	606,797	3,170,997
- Synetairos Technologies Ltd.	1,500,000	1,200,000
- Zero Octa UK Limited	18,613,167	22,051,516
- Zero Octa Selective Sourcing India Private Ltd	361,841	21,721
- Kale Revenue Assurance Service Ltd.	-	7,418,729
Expenses charged by group Companies		
- Kale Softech Inc.	16,141,411	6,341,536
- Zero Octa UK Limited	380,506	674,362
- Zero Octa Selective Sourcing India Private Ltd.	-	3,092,970
- Synetairos Technologies Ltd.	-	6,072
Investment in subsidiary		
- Kale Revenue Assurance Service Ltd.	81,312,000	51,415,000
Salary/Remuneration		
- Vipul Jain	27,160,578	14,950,195

Schedules to the financial statements

Nature of Transaction	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Payables		
- Kale Softech Inc.	16,098,592	20,415,888
- Zero Octa Selective Sourcing India Private Ltd.	314,604	3,070,391
- Synetairos Technologies Ltd.	-	215,117
Receivables		
- Kale Softech Inc.	17,223,045	31,346,142
- Zero Octa UK Limited	13,298,858	10,918,335
- Kale Revenue Assurance Service Ltd.	4,745,791	4,521,252

19.11 Lease

Finance lease

1. Assets acquired under finance lease comprise of Computer Hardware. There are no exceptional/restrictive covenants in the lease agreements.
2. The minimum lease payment outstanding and their present value at the balance Sheet date that have been capitalized are as follows:

Particulars	1 April 2010 to 30 June 2011		1 April 2009 to 31 March 2010	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
Not later than one year	9,059,332	7,968,997	15,505,129	12,983,187
Later than one year but not later than five years	3,597,547	3,313,460	19,826,458	17,718,760

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Minimum lease payments as above	12,656,879	35,331,587
Less: finance charges	1,374,422	4,629,640
Present Value of Lease Payments	11,282,457	30,701,947

Operating lease

The lease rental for office premises, guest house and godown charged to profit and Loss account aggregates to Rs. 101,049,564 (previous year Rs. 72,967,655).

Future minimum lease commitments in respect of non cancellable operating leases:

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
- not later than one year	36,058,289	47,485,472
- later than one year and not later than five years	7,139,143	55,204,456

19.12 Intangible Assets

During the current period, management reassessed its internal policy of capitalizing payroll and consultancy charges on software development and revised the policy to capitalize only those cost that related to development project which results in development of new software or new version of existing software. Consequently, the written down value of internally developed software amounting to Rs 40,376,614 as at 1 April 2010 has been depreciated during the period.

Schedules to the financial statements

19.13 Disclosure under Micro Small and Medium Enterprises Development Act, 2006

The Company has no dues to micro and small enterprises during the periods ended June 30, 2011 and March 31, 2010 and as at June 30, 2011and March 31, 2010.

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Principal amount and the interest due thereon remaining unpaid to any supplier as at the year end	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible	-	-

19.14 Dividend

The Board of Directors recommended a dividend of Rs. 2/-per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting.

19.15 Earnings Per Share (EPS)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Number of shares (face value Rs 10 each)	15,880,087	13,814,019
Profit after tax	133,260,055	194,464,207
Weighted average number of shares considered for Basic EPS	15,292,864	13,383,050
Weighted average number of shares considered for diluted EPS	15,292,864	14,386,469
Basic and Diluted EPS:		
Basic earnings per share	8.71	14.53
Diluted earnings per share	8.71	13.52

19.16 Prior period expense

Leave travel expense	6,035,194
Incentives	37,987,687
Cenvat credit availed	(5,525,204)
Excess Provision of Tax for prior years adjusted	(4,325,489)
Management fees	729,732
Total	**34,901,920**

Schedules to the financial statements

19.17 Exceptional items

a The Board of Directors of the Company, at its meeting held on 6 September 2010, authorised a resolution approving the sale of the Logistics Business of the Company to Kale Logistics Solutions Private Limited, as a going concern, on a slump sale basis, with effect from 1 October 2010. The loss on account of this sale amounting to Rs. 44,654,807/- has been included in the profit and loss account under the head "Exceptional Item".

b During the period Kale Technologies Limited, UK, a subsidiary of the Company was wounded up. The resultant gain of Rs. 10,509,605/- representing the surplus over investment made by the company has been has been recorded as a gain on disposal of investments under the head "Exceptional Item".

19.18 Product development cost capitalized include payroll cost of Rs. 25,892,913/- (previous year of Rs. 19,997,857/-), Consultants fee of Rs. 5,995,418/- (previous year of Rs. Nil), and Other Direct Costs of Rs. 2,012,373/- (previous year Rs. 10,834,707/-).

19.19 The company has paid dividend for financial year 2009-10 including dividend tax of Rs. 2,656,134/- in the current year to existing equity shareholders and have been disclosed under the "Dividend paid (09-10)" in profit and loss account.

19.20 Change in accounting policies

a. During the period ended 30 June, 2011, the Company has changed its policy for recognition of revenue from sale of license fee, implementation and customization services from a billing /milestone based method to a proportionate completion method, effective 1 April 2010. Had the Company continued to apply the earlier policy for revenue recognition, fifteen months ended 30 June 2011 would have been lower by Rs. 5,080,055/-.

b. During the quarter ended 31 March 2011, effective 1 April 2010, the Company changed its method of providing depreciation on certain fixed assets, from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956, to Straight Line Method ('SLM') at the rates based on management's estimates of useful life of the fixed assets. Had the Company continued to use the earlier basis of providing for depreciation charge, the depreciation charge for the fifteen month period ended 30 June 2011 would have been lower by Rs. 1,483,933/-, and the net block of fixed assets would correspondingly have been higher by Rs. 1,483,933/-.

19.21 Unhedged foreign currency exposure

Foreign currency	2011		2010	
	INR	Foreign currency	INR	Foreign currency
Payable-USD	16,828,414	377,319	16,109,948	358,238
Payable-GBP	227,241	3,172	598,646	8,770
Receivables – EURO	12,687,130	195,910	4,174,911	68,655
Receivables – GBP	7,006,228	97,784	29,853,980	437,357
Receivables – USD	71,183,951	1,596,053	130,374,114	2,899,135
Receivables – HKD	32,820,059	5,727,759	NIL	NIL

19.22 Unbilled revenue include revenue based on Percentage of completion basis Rs. 73,375,933/- (previous year Rs. 2,569,901/-).

19.23 Quantitative Details

The Company is engaged in providing software solution services to global airline industry. The sale of such software solution service cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C, and 4D of Part II of Schedule VI of the Act.

19.24 Subsequent event

Subsequent to the balance sheet date effective 1 July 2011, pursuant to share purchase agreement dated 1 July 2011 the company has sold its entire investment in Synetairos Technologies Limited a subsidiary to Saksoft Limited resulting into a gain of Rs. 7,688,319/-.

Schedules to the financial statements

19.25 Prior period comparatives

The Company changed its financial year end from 31 March 2011 to 30 June 2011, covering a period of 15 months. Accordingly, the financial statements for the period ended 31 March 2011 are for a period of 15 months as compared to the financial statements for the year ended 31 March 2010.

Financial statements of the Company for the previous year ended 31 March 2010 were audited by a firm of chartered accountants other than B S R & Co. Previous year's figures have been regrouped/ reclassified to conform to current year's presentation as set out in table below:

Sr. no	Account head transferred from	Account head transferred to	Amount in Rs.
1	Income Received in Advance	Sundry Debtors	6,318,113
2	Other Current Asset	Unbilled Revenue	1,592,046
3	Provision for Tax	Loans & Advances	84,252,716
4	Other Liabilities	Provisions	30,115,121
5	Other Liabilities	Deposit received	2,812,401
6	Other Liabilities	Sundry Creditors	113,272,822
7	Sundry Creditors	Dues to Subsidaries	3,285,507
8	Operating, administration and other expenses	Personnel cost	569,113,080
9	Operating, administration and other expenses	Interest Expenses	3,279,326

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Balance Sheet Abstract

I Registration Details

Registration No.	4 1 0 3 3	State Code	1 1
Balance Sheet Date	30 June 2011		

II Capital raised during the year (Amount in Rs.'000)

Public Issue	Nil	Rights Issue	Nil
Bonus Shares	Nil	Private Placement	Nil
ESOPs	13,405	Preferential Allotment	7,255

III Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)

Total Liabilities	1,311,239	Total Assets	1,311,239

Sources of Funds

Paid-up Capital	158,807	Reserves & Surplus	1,138,795
Secured Loans	13,638	Unsecured Loans	Nil
Partly Paid Warrants	Nil		

Application of Funds

Net Fixed Assets	186,731	Investments	411,519
Net Current Assets	659,015	Miscellaneous Expenditure	Nil
Deferred Tax Assets	53,975	Accumulated Losses	Nil

IV Performance of the Company (Amount in Rs.'000)

Total Income	1,749,724	Total Expenditure	1,614,725
Profit/(Loss) before Tax	134,999	Profit/(Loss) after Tax	133,260
Earnings per Share (Rs.)	8.71	Dividend (%)	20.00

V Generic names of principal services of the Company (as per monetary terms)

Item Code No. (ITC Code)	8 5 2 4 9 0
Product Description	Computer Software

For and on behalf of Board of Directors

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Auditors' Report on Consolidated Financial Statements

To the Board of Directors
Kale Consultants Limited

We have audited the attached consolidated Balance Sheet of Kale Consultants Limited ("the Company" or "the Parent Company") and its subsidiaries (as per the list appearing in schedule 1 to the consolidated financial statements) [collectively referred to as "the Group"] as at 30 June 2011, the consolidated Profit and Loss account and the consolidated Cash Flow Statement of the Group for the period from 1 April 2010 to 30 June 2011, 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.

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 consolidated 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.

1 We did not audit the financial statements and other financial information of overseas subsidiaries. The financial statements of these subsidiaries for the period from 1 April 2010 to 30 June 2011 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on these reports. The attached consolidated financial statements include total assets (net) of Rs. 778 lakhs as at 30 June 2011 and total revenues of Rs. 3,451 lakhs for the period from 1 April 2010 to 30 June 2011 in respect of the aforementioned subsidiaries.

2 We have relied on the unaudited financial statements of the subsidiary whose financial statement reflect total assets (net) of Rs. 313 lakhs as at 30 June 2011 and total revenue of Rs. 707 lakhs for the period from 1 April 2010 to 30 June 2011. These unaudited financial statements are based on accounts furnished to us by the management, and our report, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on such management accounts.

3 In case of subsidiary whose financial statements reflect total asset (net) of Rs. 820 lakhs as at 30 June 2011 and total revenue of Rs. 2,651 lakhs for the period from 1 April 2010 to 30 June 2011, the figures are based on limited review by the auditors of that entity.

4 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – 'Consolidated Financial Statements' prescribed by the Companies (Accounting Standards) Rules 2006.

5 Based on our audit as aforesaid and to the best of our information and according to the explanations given to us, and subject to the matters referred to in paragraphs 1 to 3 above, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30 June 2011;

   ii. in the case of the consolidated Profit and Loss Account, of the profit of the Group for the period from 1 April 2010 to 30 June 2011; and

   iii. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the period from 1 April 2010 to 30 June 2011.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
29 July 2011

Consolidated Balance Sheet
as at 30 June 2011
(Currency: Indian Rupees)

	Schedules	30 June 2011	31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	3	158,806,920	138,146,240
Reserves and Surplus	4	1,284,692,191	1,085,235,609
Partly paid warrants		-	7,980,775
Minority interest		15,839,354	19,197,001
Loan Funds			
Secured loans	5	13,886,031	46,000,122
		1,473,224,496	**1,296,559,747**
APPLICATION OF FUNDS			
Goodwill on consolidation		337,316,621	371,016,649
Fixed Assets	6		
Gross block		752,254,604	870,698,108
Less: Accumulated depreciation/amortisation		590,556,508	562,422,086
Net block		161,698,096	308,276,022
Capital work in progress (including capital advances)		37,759,183	2,788,142
		199,457,279	311,064,164
Investments	7	60,000	60,000
Deferred tax asset	8	59,789,579	10,699,210
Current assets, loans and advances			
Sundry debtors	9	341,284,305	385,613,477
Unbilled revenue (refer note 18 of schedule 19)		168,784,874	73,042,559
Cash and bank balances	10	415,788,879	347,487,072
Loans and advances	11	283,453,578	177,769,867
Other current assets	12	4,182,059	1,851,476
		1,213,493,695	**985,764,451**
Less : Current liabilities and provisions			
Current liabilities	13	231,620,473	315,379,177
Provisions	14	105,272,205	66,665,550
		336,892,678	382,044,727
Net current assets		876,601,017	603,719,724
		1,473,224,496	**1,296,559,747**
Significant accounting policies	2		
Notes to the financial statements	19		

The schedules referred to above form an integral part of this balance sheet.

As per our report attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Consolidated Profit and Loss Account

for the period 1 April 2010 ended 30 June 2011

(Currency: Indian Rupees)

	Schedules	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
INCOME			
Revenue from sale of software and services (gross)		2,210,902,552	1,659,202,725
Other income	*15*	45,443,026	10,446,524
		2,256,345,578	**1,669,649,249**
EXPENDITURE			
Personnel cost	*16*	1,157,424,493	815,146,386
Operating, administration and other expenses	*17*	644,840,300	476,141,384
Depreciation and amortization	*6*	167,094,398	139,686,306
Interest and finance charges	*18*	9,943,084	10,696,525
Less: Product development cost capitalised (refer note 15 of schedule 19)		(34,116,705)	(31,146,943)
Profit before tax, exceptional items and prior period expenses		**311,160,008**	**259,125,591**
Less: exceptional item (refer note 14 of schedule 19)		**34,145,202**	(21,813,000)
Profit before tax and prior period expenses		**277,014,806**	**280,938,591**
Less;- Prior period item (expenses)/income (refer note 13 of schedule 19)		(34,604,893)	1,227,951
Profit before tax and after prior period expenses		**242,409,913**	**282,166,542**
Provision for Taxation			
- Current tax- current year		84,277,946	45,322,978
- MAT Credit entitlement		(5,250,930)	(23,723,652)
Deferred tax charge			
- Current period		(33,875,913)	(3,619,240)
- Prior period		(15,207,162)	-
Profit after taxation before minority interest		**212,465,972**	**264,186,454**
Minority interest		(3,019,737)	(3,892,980)
Profit after taxation and minority interest		**209,446,235**	**260,293,474**
Balance brought forward from previous year		665,561,162	460,055,712
Amount available for Appropriations		**875,007,397**	**720,349,186**
Less:- Appropriations			
Transferred to/(from) general reserve		13,326,006	14,584,816
Dividend paid (09-10) [refer note 16 of schedule 19]		2,278,114	27,628,038
Dividend distribution tax (09-10) [refer note 16 of schedule 19]		378,020	4,589,020
Proposed Dividend (10-11)		31,760,189	-
Dividend distribution tax (10-11)		6,025,069	-
Transfer of profit on disposal of investment in subsidiaries		-	10,383,879
Transitional deferred tax and emloyee benefit		-	(2,397,729)
Balance carried forward to balance sheet		821,239,999	665,561,162
		875,007,397	**720,349,186**
Earning per share of face value of Rs. 10 each (Refer note 12 of schedule 19)			
Basic		**13.70**	19.45
Diluted		**13.70**	18.09
Significant Accounting Policies	*2*		
Notes to the financial statements	*19*		

The schedules referred to above form an integral part of this profit and loss account

As per our report attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Cash Flow Statement

for the period 1 April 2010 ended 30 June 2011

(Currency: Indian rupees)

		1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
A	**Cash flow from operating activities :**		
	Net Profit before tax and exceptional item	276,555,114	260,353,541
	Adjustments for :		
	Depreciation	167,094,398	139,686,306
	(Gain)/Loss on disposal of fixed asset, net	(1,695,220)	1,148,979
	Provision for doubtful debts	31,000,919	7,303,573
	Bad debts written off	7,249,830	2,160,326
	Credit balances written back	(11,525,365)	-
	Unrealised exchange loss, net	(439,942)	4,736,664
	Interest income	(10,704,712)	(5,554,872)
	Interest paid	9,943,084	10,696,525
	Dividend income	(2,000)	(7,600)
	Operating profit before working capital changes	**467,476,107**	**420,523,442**
	(Increase) / decrease in working capital		
	(Increase) in sundry debtors	(3,719,472)	(125,170,773)
	(Increase) in unbilled revenue	(95,742,315)	(21,203,230)
	(Increase) in loans and advances	(78,769,027)	(3,050,279)
	Increase in current liabilities and provisions	39,829,216	44,532,787
	Cash generated from operation	**329,074,509**	**315,631,947**
	Taxes paid, net	(65,512,244)	(34,794,851)
	Net cash generated from operating activities (A)	**263,562,265**	**280,837,096**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(129,565,462)	(86,200,642)
	Proceeds from sale of fixed assets	3,021,272	616,495
	Proceed from disposal of investment in subsidiary	-	10,509,675
	Interest received on fixed deposit	8,374,129	7,458,329
	Dividend received	2,000	7,600
	Payment of Purchase consideration for acqusition	(81,912,000)	(140,753,015)
	Net cash (used in) from investing activities (B)	**(200,080,061)**	**(208,361,558)**
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of Share Capital	80,341,767	27,731,188
	Repayment of secured loan	(18,241,999)	-
	Proceed from secured loan	-	5,005,915
	Bank overdraft	(10,346,598)	10,346,598
	Dividend paid (Inclusive of dividend distribution Tax)	(41,901,548)	(15,287,045)
	Interest Paid	(9,943,084)	(10,696,525)
	Net cash generared from financing activities (C)	**(91,462)**	**17,100,131**
D	**Effect of exchange differences on translation of foreign currency cash and cash equivalents (D)**	**4,911,065**	**(3,126,954)**
	Net increase in cash and cash equivalents (A+B+C+D)	**68,301,807**	**86,448,715**
	Add : Cash and cash equivalents at the beginning of the period	**347,487,072**	**261,038,357**
	Cash and cash equivalents as at the end of the period	**415,788,879**	**347,487,072**

1) The cash flow statement has been prepared under the indirect method as set out in accounting standard - 3 (AS-3) prescribed as per Companies (Accounting standard) Rules, 2006.
2) For details of cash and cash equivalent at the balance sheet date, refer schedule 10.
3) Previous year figures have been regrouped/reclasified/restated to conform to current year's presentation Also refer note 21 to schedule 19.

As per our report attached.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Schedules to the consolidated financial statements

1. Background

Kale Consultants Limited (Kale) is a software solutions provider to the global Airline and Travel industry. Kale was incorporated in 1986 under the Companies Act 1956.

The Promoters sold and transferred 4,989,708 equity shares of the Company to Accelya Holding World S.L("Accelya"), on 7 July 2011 in accordance with the Share Purchase Agreement dated 9 September 2010. Consequent to the transfer Accelya holds 70.17% of equity shares in the Company.

Kale's Industry Solutions are driven by active partnerships with industry bodies and customers and significant domain knowledge. Its Customised Approach in deploying these solutions supports clients with best fit solutions to match to their requirements.

The list of subsidiaries considered in these consolidated financial statements as at 30 June 2011 with percentage holding is summarized below:

Subsidiaries	Country of incorporation and other particulars	Percentage of holding by the immediate parent (%)	Year of consolidation
Kale Softech, Inc., USA	A Subsidiary of Kale incorporated under the laws of United States of America	100%	1998-99
Synetairos Technologies Ltd	A Subsidiary of Kale incorporated under the laws of India	49%*	2004-05
Kale Revenue Assurance Services Ltd.	A Subsidiary of Kale incorporated under the laws of United Kingdom	100%	2007-08
Zero Octa UK Limited, UK	A Subsidiary of Kale Revenue Assurance Services Ltd incorporated under the laws of United Kingdom	100%	2007-08
Zero Octa Selective Sourcing India Private Limited, India	A Subsidiary of Zero Octa UK Limited incorporated under the laws of India	100%	2007-08
Zero Octa Recruitment And Training Private (India) Limited, India	A Subsidiary of Zero Octa UK Limited incorporated under the laws of India	100%	2007-08

* Composition of the Board is controlled by Kale hence consolidated.

2. Summary of significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Act and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. The financial statements are presented in Indian Rupees.

b) Basis of consolidation

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed under AS 21- 'Consolidated Financial Statements' for the purpose of preparation and presentation of consolidated financial statements.

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Minority interests' share of profits or losses is adjusted against income to arrive at the net income attributable to the Company's shareholders. Minority interests' share of net assets is disclosed separately in the balance sheet.

The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group.

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future period.

Schedules to the consolidated financial statements

d) Revenue recognition

Revenue is derived primarily from transaction processing, sale of software license, related implementation and maintenance service.

Transaction processing service ie airline ticket and coupon processing charges is recognized based on the rate fixed in the contract entered with client based on the work completed.

Arrangement with customer for software development and related implementation services are fixed-price contract. Revenue from maintenance service is on a time and material basis.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, however in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion.

Revenue from fixed-price where there is no uncertainty as to measurement or collectability of consideration, is recognized based on the percentage of completion. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and estimated earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and estimated earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues.

The revenue from the transaction processing service is recognized based on the rate fixed in the contract entered with client. Revenue from airline ticket and coupon processing charges is recognized on the basis of the work completed.

Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

Interest income is recognized using the time proportion method based on the underlying interest rate.

Dividend income is recognized when the right to receive dividend is established.

e) Goodwill on consolidation

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the carrying value of the identifiable assets and liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses, if any.

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

f) Fixed assets and depreciation (including intangible assets)

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Cost includes freight, duties, taxes and incidental expenditure relating to the acquisition and installation of fixed assets incurred up to the date the asset is ready for its intended use.

Depreciation is provided pro rata for the period of use on the straight-line method ('SLM'). The depreciation rates prescribed in Schedule XIV of the Act are considered as the minimum rates.

Assets costing less than Rs. 5,000 are fully charged to the profit and loss account in the year of acquisition.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets.

Depreciation on fixed assets is provided pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act, 1956) as summarised below:

Goodwill	Annual impairment test whenever there is indication that goodwill may be impaired
Leasehold improvement	To be amortized over the lesser of the period of lease and the useful life of the asset
Building	30 years
Plant and machinery	6 years
Computer equipments	4 years
Furniture, fixture, equipments and Other Assets	6 years
Software acquired/developed	3 to 5 years
Vehicles	10 years

Schedules to the consolidated financial statements

g) **Research and Development cost**

Research costs are expensed as incurred. Software product development cost are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has intention and the ability to complete and use or sell the software and the costs can be measured reliably.

h) **Asset impairment:**

In accordance with AS 28-'Impairment of Assets', where there is an indication of impairment of the Company's asset, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account.

i) **Investments**

Long term investments are carried at cost. Provision for diminution, is made to recognize a decline, other than temporary in the value of long term investments and is determined separately for each individual investment. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

j) **Leases**

Operating lease

Lease rentals under an operating lease, are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

Finance Lease

Assets acquired under finance lease have been recorded as an asset and liability at the inception of the lease and have been recorded at an amount equal to lower of fair value of the leased asset and the present value of the future minimum lease payments.

k) **Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

The functional currency of Kale consultants Limited is the Indian Rupees. The functional currencies for Zero Octa UK and Kale Revenue Assurance Services Limited are pound and Kale Softech Inc is dollars. The translation of financial statements of non integral subsidiaries from the local currency to functional currency is performed for assets and liabilities using rate prevailing at the date of the balance sheet. The items in the profit and loss account are translated at the average exchange rate during the period. Goodwill arising on the acquisition of non-integral operation is translated at exchange rates prevailing at the date of the balance sheet. The difference arising out of the translations are transferred to foreign currency translation reserve under reserves and surplus.

l) **Employee benefits**

Defined Contribution Plan

Company's contributions during the year to Provident Fund are recognized in the profit and loss account.

Defined Benefit Plan

Company's liability towards gratuity and leave encashment is determined by independent actuaries, using the projected unit credit method. The Company's net obligation in respect of the gratuity is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated

Schedules to the consolidated financial statements

absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

m) Provision for taxation

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The profits pertaining to units situated at Software Technology Park, Mumbai, Pune and Goa of the Company are exempt from taxes under the Income tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park. Under Section 10A / 10B of the Income tax Act, 1961, the Company can avail of an exemption of profits from income tax for a period ended 31 March 2011 in relation to its undertakings set up in the Software Technology Park.

The Income tax Act, 1961 allows credit in respect of MAT paid under section 115JB to be carried forward up to seven succeeding assessment years. The amount of MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income tax Act 1961, and such tax is in excess of MAT for that year. The amount of set-off would be to the extent of excess of normal income-tax over the amount of MAT calculated as if Section 115JB had been applied for that assessment year for which the set-off is being allowed.

In accordance with the guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income tax Act, 1961 " issued by the Institute of Chartered Accountants of India, minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax within the eligible period and the asset can be measured reliably.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result from differences between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

n) Earnings per share ('EPS')

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earning per share, and also the weighted average number of equity shares which may be issued on conversion of all dilutive potential shares, unless the results would be anti – dilutive.

o) Provisions and contingent liabilities

Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in financial statements. However contingent assessed continuously and if it is virtually certain on economic benefit will arise, the assets and related income are recognized in the period in which the changes occur.

p) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

q) Employee stock options

The company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

Schedules to the consolidated financial statements
as at 30 June 2011
(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 3 : SHARE CAPITAL		
Authorised capital:		
20,000,000 (previous year 15,000,000) equity shares of Rs. 10 each	200,000,000	150,000,000
Issued, subscribed and paid-up		
15,880,087 (previous year 13,814,019) equity shares of Rs. 10 each fully paid up (of the above 6,000 equity shares of Rs. 1,000 each allotted as fully paid bonus shares by way of capitalisation of accumulated profit were split into 600,000 equity shares of Rs. 10 each) [refer note 5 of Schedule 19]	158,800,870	138,140,190
Forfeited Shares	6,050	6,050
	158,806,920	**138,146,240**
SCHEDULE 4 : RESERVE AND SURPLUS		
Securities premium		
Balance as per last balance sheet	384,809,174	369,584,620
Add: premium on share allotted	67,661,862	15,224,554
	452,471,036	384,809,174
General reserve		
Balance as per last balance sheet	31,621,281	17,036,464
Add: transferred from profit and loss account	13,326,006	14,584,817
	44,947,287	31,621,281
Foreign currency translation reserve		
Balance at the beginning of the year	3,243,992	(4,024,986)
Movement during the year	(37,210,123)	7,268,978
	(33,966,131)	3,243,992
Profit and loss brought forward from Profit and loss account	821,239,999	665,561,162
	1,284,692,191	**1,085,235,609**
SCHEDULE 5 : SECURED LOANS		
Cash credit from bank	-	10,346,598
Lease from financial institutions	11,282,457	30,701,947
(Secured by underlying assets)		
[Amount payable within one year is Rs. 7,968,997/- and previous year Rs. 12,983,187/-]		
Vehicle loan from banks	2,603,574	4,951,577
(Secured by underlying assets)		
[Amount payable within one year is Rs. 1,134,696/- and previous year Rs. 2,958,696/-]		
	13,886,031	**46,000,122**

(Cash Credit facility from bank secured by hypothecation of the book debts of the Company and charge over fixed assets and office premise situated at 1st Floor, Sharada Arcade, Satara Road, Pune.)

Schedules to the consolidated financial statements

SCHEDULE 6 : FIXED ASSETS

(Currency: Indian rupees)

	Gross Block (At cost)				Accumulated Depreciation/Amortisation				Net Block	
Particulars	As at 1 April 2010	Additions during the period	Deletions/ Disposals during the period	As at 30 June 2011	As at 1 April 2010	For the period	On Deletions/ Disposals during the period	As at 30 June 2011	As at 30 June 2011	As at 31 March 2010
Intangible Asset										
Software										
Developed software	330,279,634	41,231,754	164,501,256	207,010,132	159,964,849	96,173,901	99,620,531	156,518,219	50,491,913	170,314,785
Software	150,564,123	29,145,251	8,733,869	170,975,504	127,858,946	20,945,418	3,130,693	145,673,672	25,301,833	22,705,177
Commercial Right	12,000,000	-	-	12,000,000	12,000,000	-	-	12,000,000	-	-
Tangible Asset										
Building	63,259,128	-	-	63,259,128	27,536,762	(1,363,269)	-	26,173,493	37,085,635	35,722,366
Plant and Machinery *	231,120,311	27,899,186	34,593,872	224,425,625	175,143,594	35,317,225	25,285,720	185,175,099	39,250,526	55,976,717
Furniture and Fixture	45,385,024	2,147,804	1,428,882	46,103,946	32,735,762	9,100,618	922,722	40,913,658	5,190,288	12,649,262
Vehicles	19,776,620	2,263,318	7,567,638	14,472,300	11,918,384	4,215,519	5,695,100	10,438,803	4,033,497	7,858,236
Leasehold Improvement	18,313,268	-	4,305,300	14,007,968	15,263,789	2,704,986	4,305,210	13,663,564	344,404	3,049,479
Total	**870,698,108**	**102,687,313**	**221,130,817**	**752,254,604**	**562,422,086**	**167,094,398**	**138,959,975**	**590,556,509**	**161,698,094**	**308,276,022**
Previous year	1,008,654,148	83,769,450	221,725,490	870,698,108	642,695,796	139,686,306	219,960,016	562,422,086	308,276,022	
Capital Work in progress	-	-	-	-	-	-	-	-	**37,759,183**	2,788,142

(Refer note 10 and 17 of schdule 19)

*** The above assets include assets taken on lease having gross block of Rs. 59,404,341/- (31 March 2010 Rs. 61,075,245/-) and net block of Rs. 11,282,234/- (31 March 2010 Rs. 28,985,316/-).**

Schedules to the consolidated financial statements

as at 30 June 2011

(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 7 : INVESTMENTS (at cost, unless otherwise stated)		
Investments in Shares of Banks (unquoted)		
Rupee Co-op. Bank Ltd.		
5,000 equity shares of Rs. 10 each fully paid up	50,000	50,000
(Previous year 5,000 equity shares of Rs. 10 each fully paid up)		
Saraswat Co-op. Bank Ltd.		
1,000 equity shares of Rs. 10 each fully paid up	10,000	10,000
(Previous year 1,000 equity shares of Rs. 10 each fully paid up)		
	60,000	**60,000**
SCHEDULE 8 : DEFERRED TAX ASSET		
Deferred tax asset:		
Arising on account of timing difference in:		
Depreciation	30,016,739	(1,203,445)
Provision for leave	17,979,622	11,902,655
Provision for doubtful debts	10,200,019	-
Expenses deductible for tax in later years	1,593,199	-
	59,789,579	**10,699,209**
SCHEDULE 9 : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	23,597,995	41,557,907
Considered doubtful	13,536,827	8,707,867
Other debts		
Considered good	317,686,310	344,055,570
Considered doubtful	24,775,963	881,887
	379,597,095	395,203,231
Less: Provision for doubtful debts	38,312,790	9,589,754
	341,284,305	**385,613,477**
SCHEDULE 10 : CASH AND BANK BALANCE		
Balance with scheduled banks		
-in Current Accounts	183,733,082	290,319,483
-in deposit accounts	223,072,500	25,601,950
-Margin money deposit*	8,983,297	31,565,639
*(represent deposit with banks given to various authorities amounting to Rs. 8,958,874/- Previous year of Rs. 31,375,639/-)		
	415,788,879	**347,487,072**
SCHEDULE 11 : LOANS AND ADVANCE (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	130,027,528	9,826,134
[Advances recoverable include Rs. 114,002,105/- due from parties under 370 (1)B of the Companies Act, 1956 (Previous Year Nil)]		
(Maximum outstanding during the year Rs.114,002,105/-) (Previous Year Rs. Nil)		
Advance tax including tax deducted at source	55,548,765	41,305,153
(net of provision for tax Rs. 92,503,211/- previous year Rs. 109,741,964/-)		
MAT credit entitlement	32,760,870	51,180,306
Prepaid expenses	15,896,318	20,813,439
Deposits	49,220,097	54,644,835
	283,453,578	**177,769,867**

Schedules to the consolidated financial statements
as at 30 June 2011
(Currency: Indian rupees)

	30 June 2011	31 March 2010
SCHEDULE 12 : OTHER CURRENTS ASSETS		
Interest accrued on bank deposits	4,182,059	1,851,476
	4,182,059	**1,851,476**
SCHEDULE 13 : CURRENT LIABILITIES		
Sundry creditors		
- dues to micro and small enterprises		
- dues to others	184,371,461	171,625,562
Advances from customers	7,376,640	18,737,501
Income received in advance	6,350,367	5,745,168
Deposits received	2,330,361	2,833,401
Other liabilities	29,731,792	33,287,510
Unpaid Dividend	1,459,852	1,238,035
Purchase consideration payable for acquisition of Zero Octa UK	-	81,912,000
	231,620,473	**315,379,177**

Note: There are no amounts due and outstanding to be credited to Investor education and protection fund

	30 June 2011	31 March 2010
SCHEDULE 14 : PROVISIONS		
Proposed Dividend	31,760,189	27,628,038
Tax on Proposed Dividend	5,152,279	4,589,020
Leave encashment	53,572,011	33,105,164
Gratuity	5,448,778	1,343,328
Provision for Tax	9,338,948	-
(Net of Advance Tax of Rs. 10,668,694/- previous year Rs. Nil)		
	105,272,205	**66,665,550**

Schedules to the consolidated financial statements
for the period 1 April 2010 ended 30 June 2011
(Currency: Indian rupees)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
SCHEDULE 15 : OTHER INCOME		
Interest income on fixed deposit (Tax deducted at source Rs. 661,906/- Previous year Rs. 439,400/-)	10,704,712	5,554,872
Interest on income tax refund	2,870,159	-
Foreign exchange gain, net	6,430,414	-
Credit balances written back	11,525,365	-
Common amenities recharged	2,946,003	-
Dividend income	2,000	7,600
Profit on sale of asset (net)	1,695,220	-
Miscellenous income	9,269,153	4,884,052
	45,443,026	**10,446,524**
SCHEDULE 16 : PERSONNEL COST		
Salaries, wages and allowances	1,059,999,429	750,055,254
Contribution to provident fund and other funds	42,710,231	21,986,937
Staff welfare expenses	54,714,833	43,104,195
	1,157,424,493	**815,146,386**

Schedules to the consolidated financial statements

for the period 1 April 2010 ended 30 June 2011
(Currency: Indian rupees)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
SCHEDULE 17 : OPERATING, ADMINISTRATION AND OTHER EXPENSES		
Contractor charges	8,677,452	13,024,925
Connectivity charges	15,512,978	16,137,720
Computer consumables	1,631,670	2,338,793
Software and maintenance	23,119,290	18,051,659
Data processing charges	16,171,972	17,620,166
Directors' sitting and committee fees	160,000	145,000
Director commission	300,000	300,000
Auditors remuneration (refer note 3 of schedule 19)	3,750,068	2,616,936
Travelling and conveyance	72,271,295	49,389,712
Printing and stationery	3,719,977	4,914,388
Communication charges	29,941,160	22,378,552
Repairs and maintenance :		
- Machinery	3,388,702	3,034,746
- Other assets	28,326,787	23,749,475
Donation	1,344,355	719,450
Membership and subscription	25,903,080	16,392,198
Rent (refer note 9 of schedule 19)	122,555,615	94,291,461
Advertisement and sales promotion	18,809,188	18,348,963
Commission and brokerage	61,769,707	28,166,438
Insurance	4,936,007	5,039,230
Technical consultants charges	82,450,166	42,158,040
Legal and professional	14,647,205	10,911,336
Power, fuel and water charges	35,050,718	31,454,377
Rates and taxes	7,214,921	2,678,334
Recruitment expenses	11,562,759	6,409,510
Loss on sale of fixed assets,net	-	1,148,979
Bad debts written off	7,249,830	2,160,326
Foreign exchange loss, net	-	21,990,316
Provision for doubtful debts, (net of bad debt written off of Rs 4,059,054)	31,000,919	7,303,573
Miscellaneous expenses	13,374,479	13,266,781
	644,840,300	**476,141,384**
SCHEDULE 18 : INTEREST AND FINANCE CHARGES		
Other interest	1,047,165	357,351
Finance charges	8,895,919	10,339,174
	9,943,084	**10,696,525**

Schedules to the consolidated financial statements

SCHEDULES 19 : Notes to accounts

1. Commitments and contingent liabilities

a. Commitments

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided (net of advances)	11,854,342	9,620,431

b. Contingent liability

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Bank Guarantee in favor of Customs Department	186,000	186,000
Bank Guarantee of GBP 1.2 mn on behalf of its subsidiary company viz. Kale Revenue Assurance Services Limited in respect of payment obligation towards acquisition of Zero Octa UK Ltd.	-	81,912,000
Claims against the Company pertaining to Sales Tax with Asst. Commissioner of Sales Tax, (Appeals)		
- For F.Y. 2001-02(disallowance of Software services and maintenance of software)	7,870,739	7,870,739

2. Managerial Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Salary	34,288,253	20,513,692
Perquisites	969,265	1,204,195
Commission to independent director	300,000	300,000
Sitting Fees to independent director	160,000	145,000
Total	**35,647,518**	**22,163,887**

Salaries and Perquisites for the period ended June 30, 2011 includes Rs.3,746,567 towards arrears for the year 2009-10.

The above remuneration does not include provision for gratuity and compensated absences as separate actuarial valuation figures are not available.

3. Auditors Remuneration

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Audit Fees	3,633,973	2,500,841
Other services (Tax Audit and certification)	60,000	60,000
Out of pocket expenses	40,225	56,095
Total	**3,750,068**	**2,616,936**

Schedules to the consolidated financial statements

4. Employees' Stock Option Plan (ESOP)-2003

The Company did not grant any options during the year under Kale Consultants Limited ESOP Scheme 2003.

	2011	2010
Outstanding at the beginning of the year	498,489	616,911
Granted during the year	-	-
Forfeited (Lapsed) during the year	17,010	39,186
Exercised during the year	481,479	79,236
Outstanding at the end of the year	-	498,489

Under Kale Consultants Limited ESOP Scheme, during the period 481,479 options were exercised (Previous year 79,236) giving rise to 481,479 fully paid up equity shares of Rs. 10/- each. All the 481,479 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

Employees' Stock Option Plan (ESOP)-2006

The Company did not grant any options during the period under Kale Consultants Limited ESOP Scheme 2006.

	2011	2010
Outstanding at the beginning of the year	886,125	900,000
Granted during the year	-	-
Forfeited (Lapsed) during the year	27,061	10,000
Exercised during the year	859,064	3,875
Outstanding at the end of the year	-	886,125

Under Kale Consultants Limited ESOP Scheme during the period 859,064 options were exercised (Previous year 3,875) giving rise to 859,064 fully paid up equity shares of Rs. 10/- each. All the 859,064 equity shares have been listed on the National Stock Exchange Limited, Bombay Stock Exchange limited and Pune Stock Exchange Limited.

5. Preferential Allotment

On 11 June 2010, a total number of 725,525 warrants were converted into 725,525 fully paid equity shares of Rs. 10 each. A sum of Rs. 11 per share, being 25% of the price fixed, was paid by the allottees before allotment of warrants. The balance amount of Rs. 33.01 per equity share was paid by the allottees before conversion of warrants.

6. Retirement Benefits to Employees

Gratuity: In accordance with Accounting Standards 15 (Revised) on Employee Benefits and applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC). LIC administers the plan and determines the contribution required to be paid by the Company.

Changes in present value of obligations	1 April 2010 to 30 June 2011	1 April 2009 to 1 March 2010
a) Liability recognised in the Balance Sheet		
i) Present value of obligation		
Opening Balance	24,138,979	15,296,162
Prior period expense	184,595	-
Current Service Cost	8,448,226	8,148,891

Schedules to the consolidated financial statements

	Changes in present value of obligations	1 April 2010 to 30 June 2011	1 April 2009 to 1 March 2010
	Past Service Cost	3,783,169	-
	Interest cost	2,328,791	1,181,029
	Actuarial loss on obligations	2,930,846	847,406
	Benefits Paid	(6,256,037)	(1,334,509)
	Closing Balance	**35,558,569**	**24,138,979**
ii)	Fair value of plan assets		
	Opening Balance	23,212,181	17,780,110
	Expected return on plan assets	3,101,239	1,914,363
	Employer’s Contributions	11,238,167	4,956,729
	Actuarial Gain / (Loss) on Plan assets	(1,185,759)	(633,187)
	Benefits paid	(6,256,037)	(805,834)
	Fair value of plan assets at the end of year	**30,109,791**	**23,212,181**
	Amount recognised in Balance Sheet(i)-(ii)	(5,448,778)	(926,798)
b)	**Expenses Recognised in statement of Profit & loss**		
	Current Service Cost	8,448,226	4,449,848
	Past Service Cost	3,783,169	-
	Interest Cost	2,328,791	927,188
	Expected return on plan assets	(3,101,239)	(1,434,347)
	Net Actuarial (gain)/Loss recognised in the year	4,116,605	1,149,022
	Expenses recognised in statement of Profit & loss	**15,575,552**	**5,091,711**
c)	**Break up of Plan assets**		
	LIC of India - Insurer Managed Fund	100.00%	100.00%
d)	**Principal actuarial assumptions**		
	Rate of Discounting	8.30%	8.40%
	Expected Return on Plan Assets	9.25%	9.25%
	Rate of increase in basic salary	6.00%	5.00%
	Attrition Rate	15.00%	15.00%
	Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
	Normal retirement age	58 years	58 years

Schedules to the consolidated financial statements

Experience Adjustment	As on 30 June 2011	As on 31 March 2010
Present value of obligation	24,835,090	26,603,372
Plan Assets	23,672,373	23,084,238
Surplus (Deficit)	(1,162,717)	(3,519,134)
Experience adjustments on plan liabilties -(loss)/ gain	3,292,420	(1,196,040)
Experience adjustments on plan assets -(loss)/ gain	(268,786)	(543,820)

Compensated absences

In accordance with Accounting Standards 15 (Revised) on Employee Benefits, the Company provides for leave salary on the basis of actuarial valuation.

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Principal actuarial assumptions		
Rate of Discounting	8.30%	7.50%
Rate of increase in cost to company	12.00%	5.00%
Attrition Rate	15.00%	15.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Normal retirement age	58 years	58 years

7. Segmental Reporting

The Company has one business segment which addresses the Travel and Transportation vertical. This, in context of Accounting Standard 17 (AS17) on segment reporting, is considered to constitute one single segment.

Geographic segments

Sr No	Continents	Country
1	Asia Pacific	India, China, New Zealand, Japan, Hong Kong, Singapore and Indonesia
2	Middle East and Africa	Mauritius, Zimbabwe, Kenya and Tanzania
3	Americas	United States of America, Canada, Argentina and Mexico
4	Europe	Germany, Holland, France, Portugal, Italy, United Kingdom, Austria, Belgium, Germany and Switzerland.

Segment revenues

Revenues are attributable to individual geographic segments based on location of the end customer.

Capital Employed

Capital employed comprises debtors, unbilled revenue, income received in advance, expense recoverable from clients, goodwill, fixed assets and other direct liabilities classified by reportable segments. The Company believes that it is currently not practicable to provide segment disclosures relating to other assets and liabilities apart from above and hence, has been included under unallocated.

Schedules to the consolidated financial statements

Continent wise geographical revenue

Continent	Revenue		Capital Employed	
	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010	As at 30 June 2011	As at 31 March 2010
Asia Pacific	802,444,737	592,940,060	356,714,407	321,779,043
Middle East and Africa	657,652,449	550,129,229	98,773,558	85,653,131
Americas	470,276,094	309,617,897	115,864,850	60,558,092
Europe	280,529,272	206,515,539	419,018,334	440,160,025
Un-allocable assets			482,853,347	388,409,455
Total	**2,210,902,552**	**1,659,202,725**	**1,473,224,496**	**1,296,559,746**

8. Related Party Transactions

[A] Related party disclosures

Related parties where control exists:	Name
Key Management Personnel	Vipul Jain Narendra Kale Prakash Alkutkar
Enterprises where Key Management personnel Interested	Kale Logistics Solutions Private Ltd.

[B] Related party disclosures

	Key Management Personnel	Enterprises where Key Management personnel Interested
Issue of equity shares (Previous year)	39,388,950 -	- -
Remuneration paid (Previous year)	35,257,518 (21,717,887)	- -
Claim raised for Expenses Incurred (Previous year)	- -	3,628,710 -
Transfer of Business Asset to Kale Logistics Solutions Pvt. Ltd (Previous year)	- -	81,467,638 -
Amount Paid on Behalf of Kale Logistics Solutions Pvt. Ltd (Previous year)	- -	73,911,882 -
Balances outstanding		
Payable (Previous year)	750,000 -	- -
Receivable (Previous year)	- -	114,002,105 -

Schedules to the consolidated financial statements

[C] Transactions with Related Parties

Of the above items, transactions in excess of 10% of the total related party transactions are as under:-		
Nature of Transaction	**1 April 2010 to 30 June 2011**	**1 April 2009 to 31 March 2010**
Salary/Remuneration		
- Vipul Jain	27,160,578	14,950,195
- Narendra Kale	5,106,375	4,249,125
- Prakash Alkutkar	2,990,565	2,518,567

9. Lease

Finance lease

1. Assets acquired under finance lease comprise of Computer Hardware. There are no exceptional/restrictive covenants in the lease agreements.
2. The minimum lease payment outstanding and their present value at the Balance Sheet date that have been capitalized are as follows:

Particulars	1 April 2010 to 30 June 2011		1 April 2009 to 31 March 2010	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
- Not later than one year	9,059,332	7,968,997	15,505,129	12,983,187
- Later than one year but not later than five years	3,597,547	3,313,460	19,826,458	17,718,760

Particulars	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Minimum lease payments as above	12,656,879	35,331,587
Less: finance charges	1,374,422	4,629,640
Present Value of Lease Payments	11,282,457	30,701,947

The lease rental for office premises, guest house and godown acquired under operating leases and charged to profit and Loss account aggregates to Rs. 122,555,615/- (previous year Rs. 94,291,461/-).

Future lease commitments in respect of non cancellable operating leases:

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
- not later than one year	46,002,254	58,243,463
- later than one year and not later than five years	9,428,931	70,207,999

10. Intangible Assets

During the current period, management reassessed its internal policy of capitalizing payroll and consultancy charges on software development and revised the policy to capitalize only those cost that related to development project which results in development of new software or new version of existing software. Consequently, the written down value of internally developed software amounting to Rs. 40,376,614/- as at 1 April 2010 has been fully depreciated during the period.

Schedules to the consolidated financial statements

11. Dividend

The Board of Directors of the parent company recommended a dividend of Rs. 2/-per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting.

12. Earnings Per Share (EPS)

	1 April 2010 to 30 June 2011	1 April 2009 to 31 March 2010
Number of shares (face value Rs 10 each)	15,880,087	13,814,019
Profit after tax	209,446,234	260,293,474
Weighted average number of shares considered for basic EPS	15,292,864	13,383,050
Weighted average number of shares considered for diluted EPS	15,292,864	14,386,469
Basic and Diluted EPS:		
Basic earnings per share	13.70	19.45
Diluted earnings per share	13.70	18.09

13. Prior period expense

The Company has written off an amount of Rs. 34,604,893/- (Net) as Prior Period Items.

Leave travel expense	6,035,194
Incentives	38,404,292
Cenvat credit availed	(5,525,204)
Excess provision of tax for prior years adjusted	(4,309,389)
Total	34,604,893

14. Exceptional items

a The Board of Directors of the Company, at its meeting held on 6 September 2010, authorised a resolution approving the sale of the Logistics Business of the Company to Kale Logistics Solutions Private Limited, as a going concern, on a slump sale basis, with effect from 1 October 2010. The loss on account of this sale amounting to Rs. 44,654,807/- has been included in the profit and loss account under the head "Exceptional Item" .

b During the period Kale Technologies Limited, UK, a subsidiary of the Company was wounded up. The resultant gain of Rs. 10,509,605/- representing the surplus over the carrying value of the investment has been recorded as a gain on disposal of investments under the head "Exceptional Item"

15. Product development cost capitalized include payroll cost of Rs. 25,892,913/- (previous year of Rs. 19,997,857/-), Consultants fee of Rs. 5,995,418/- (previous year of Rs. nil), and Other Direct Costs of Rs. 2,012,373/- (previous year Rs. 10,834,707/-).

16. The company has paid dividend for financial year 2009-10 including dividend tax of Rs 2,656134/- in the current year to existing equity shareholders and have been disclosed under the "Dividend paid (09-10)" in profit and loss account.

17. Change in accounting policies

1. During the period ended 30 June 2011, the Company has changed its policy for recognition of revenue from sale of license fee, implementation and customization services from a billing /milestone based method to a proportionate completion method, effective 1 April 2010. Had the Company continued to apply its earlier policy for revenue recognition, revenue for fifteen months ended 30 June 2011 would have been lower by Rs. 5,080,055/-.

2. During the period ended 30 June 2011, effective 1 April 2010, the Company changed its method of providing depreciation on certain fixed assets, from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956, to Straight Line Method ("SLM") at the rates based on management's estimates of

Schedules to the consolidated financial statements

useful life of the fixed assets. Had the Company continued to use the earlier basis of providing for depreciation charge, the depreciation charge for the fifteen month period ended 30 June 2011 would have been lower by Rs. 1,438,562/-, and the net block of fixed assets would correspondingly have been higher by Rs. 1,438,562/-.

18. Unbilled revenue include revenue based on Percentage of completion bases Rs. 73,375,933/- previous year Rs. 2,569,901/-.

19. Subsequent event

Subsequent to the balance sheet date effective 1 July 2011, pursuant to share purchase agreement dated 1 July 2011 the company has sold its entire investment in Synetairos Technologies Limited a subsidiary to Saksoft Limited resulting into a gain of Rs. 7,688,319/- approximately.

20. Quantitative Details

The Company is engaged in providing software solution services to global airline industry. The sale of such software solution service cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C, and 4D of Part II of Schedule VI of the Act.

21. Prior period comparatives

The Company changed its financial year end from 31 March 2011 to 30 June 2011, covering a period of 15 months. Accordingly, the financial statements for the period ended 31 March 2011 are for a period of 15 months as compared to the financial statements for the year ended 31 March 2010.

Financial statements of company for the previous year ended 31 March 2010 were audited by a firm of chartered accountants other than B S R & Co. Previous year's figures have been regrouped/ reclassified to conform to current year's presentation as set out in table below.

Financial statements of company for the previous year ended 31 March 2010 were audited by a firm of chartered accountants other than B S R & Co. Previous year's figures have been regrouped/ reclassified to conform to current year's presentation as set out in table below.

Sr. no	Account head transferred from	Account head transferred to	Amount
1	Income Received in Advance	Sundry Debtors	6,318,113
2	Other Current Asset	Unbilled Revenue	73,042,561
3	Provision for Tax	Loans & Advances	100,229,387
4	Other Liabilities	Provisions	33,105,164
5	Other Liabilities	Deposit received	2,812,401
6	Other Liabilities	Sundry Creditors	139,813,670
7	Operating, administration and other expenses	Personnel cost	1,157,424,494
8	Operating, administration and other expenses	Interest Expenses	7,306,583

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Board of Directors

Bhavesh Dhupelia
Partner
Membership No: 042070

Ninad Umranikar
Company Secretary

Vipul Jain
Managing Director

K. K. Nohria
Director

Gurudas Shenoy
Chief Financial Officer

Place: Mumbai
Date : 29 July 2011

Statement pursuant to Section 212 of the Companies Act, 1956

Sr. No.	Particulars	Kale Softech Inc.	Synetairos Technologies Limited#	Kale Revenue Assurance Services Limited	Zero Octa UK Limited*	Zero Octa Selective Sourcing India Private Limited*	Zero Octa Recruitment and Training (India) Private Limited*
		(USA)	(INDIA)	(UK)	(UK)	(INDIA)	(INDIA)
1	Financial Year Ended	30 June 2011	30 June 2011	30 June 2011	30 June 2011	30 June 2011	30 June 2011
2	Shares of Subsidiary held by the Company directly or through its subsidiary companies as on 30 June 2011						
a.	Number of Shares and face value	1,300,000 Class A voting common stock of USD 0.01 each and 450,000 5% Redeemable Preferred stock of USD 1 each	42,036 equity shares of Rs. 10 each	4,150,000 Share of GBP 1 each	111,000 Ordinary Shares of GBP 0.01 each	150,000 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each
b.	Extent of Holding	100%	49%	100%	100%	100%	100%
3	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Kale Consultants Ltd. for the current financial year.						
a.	Dealt with in the accounts of Kale Consultants Limited	Nil	Nil	Nil	Nil	Nil	Nil
b.	Not dealt with in the accounts of Kale Consultants Limited	USD 505,571	Rs. 5,921,053	GBP 244,794	GBP 366,479	Rs. 33,129,905	Rs. (212,883)
4	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Kale Consultants Ltd. for the previous financial year						
a.	Dealt with in the accounts of Kale Consultants Limited	Nil	Nil	NA	NA	NA	NA
b.	Not dealt with in the accounts of Kale Consultants Limited	USD 676,375	Rs. 7,609,048	GBP 107,662	GBP 82,400	Rs. 16,427,674	Rs. (63,507)

The Company controls the composition of the Board of Directors.
* By virtue of Section 4(1)(c) of the Companies Act, 1956, these are subsidiaries of the Company.