

M/S. INFOTECH GEOSPATIAL (INDIA) PRIVATE
LIMITED
HYDERABAD

ANNUAL REPORT 2013-14

REGISTERED OFFICE:

PLOT NO. 11,
SOFTWARE UNITS LAYOUT,
INFOCITY, MADHAPUR,
HYDERABAD – 500 081

STATUTORY AUDITORS:

G. P. ASSOCIATES
CHARTERED ACCOUNTANT
FLAT NO. 603, 6TH FLOOR,
CYBER HEIGHTS,
ROAD NO. 2, BANJARA HILLS,
HYDERBAD – 500 033.
PH. NO. 040-23540822, 844, 866
FAX NO. 040-23540377
EMAIL : gpasoc@gmail.com
gpasoc@hotmail.com



G.P. ASSOCIATES **CHARTERED ACCOUNTANTS**

603, 6th Floor, "Cyber Heights"
Plot No. 13, Behind TDP Office, Road No. 2,
Banjara Hills, Hyderabad - 500 034.
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Website : www.gpassociates.in

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Infotech Geospatial (India) Private Limited
(Formerly called Infotech Geospatial (India) Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Infotech Geospatial (India) Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

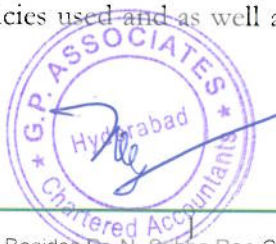
Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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





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

Opinion

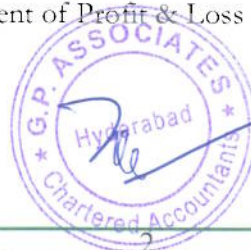
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Profit and Loss Account, of the **Loss** for the period ended on that date;
- and

"We draw attention to Note 28 in the Financial Statements. The Company incurred a net loss of ₹1,99,28,282/- during the year ended March 31, 2014 and, as of that date, the Company's current liabilities exceeded its current assets by ₹3,42,70,907/- and its total liabilities exceeded its total assets by ₹84,87,163/-. The accumulated losses of ₹4,84,87,163/- as at March 31, 2014 resulting in erosion of Net worth. Based on the future projections of the Company, management is confident that the Company will be able to generate sufficient profits in future years. Infotech Enterprises Limited (the "Holding Company") is committed to infuse the required funds to meet any obligation as they arise. In view of the above, the Company will be able to meet the operational requirements as they arise, the financial statements have been prepared on a going concern basis."

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet and Statement of Profit & Loss dealt with by this Report are in agreement with the books of account ;





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- (d) In our opinion, the Balance Sheet and Statement of Profit and Loss account comply with the Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Companies Act'1956;
- (e) On the basis of the written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act,1956;
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company;

Place: Hyderabad
Date : 16.04.2014

For G.P. ASSOCIATES
Chartered Accountants
Firm Reg. No. 006734S



(CA G V B CHOWDARY)
PARTNER
M.No. 027465



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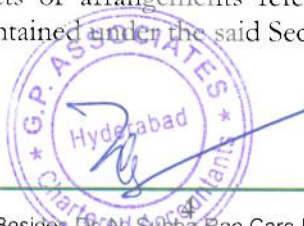
Annexure to the Auditors' Report

[Referred to in Paragraph 3 of the Auditors' Report of even date to the members of INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED (Formerly called INFOTECH GEOSPATIAL (INDIA) LIMITED) on the Financial Statement for the Year ended March 31, 2014]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the act. As the Company has not granted any loans, secured or unsecured, to companies, firms etc., listed in the register maintained under Section 301 of the Act, clauses (iii) (b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the company do not involve purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. In respect of contracts or arrangements entered in the Register maintained in pursuant of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

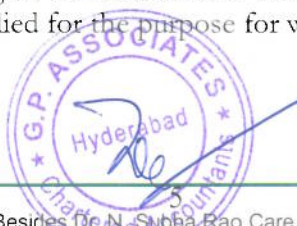




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- (b) Where each of such transaction is in excess of ₹5lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. According to the information and explanations given to us and records of the company examined by us, in our opinion:
- (a) The company has generally been regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty and other material statutory dues as applicable with the appropriate authorities. As explained to us, the company did not have any dues on account of excise duty and cess.
- (b) There was no undisputed amounts payable in respect of Income-tax, service tax, customs duty, wealth-tax and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
8. According to Financial Statements, the Company has incurred accumulated losses as at March 31, 2014 and it has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year. As a result of accumulated losses, the Net worth of the company is eroded as at March 31, 2014.
9. According to the information and explanation given to us, and in our opinion the company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet.
10. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
12. In our opinion, and according to the information and explanations given to us, on an overall basis, the loans have been applied for the purpose for which they were obtained.





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13. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
14. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the act during the year.
15. The company has not issued debentures and hence requirement of reporting regarding creation of security in respect of debentures issued does not arise.
16. The company has not raised any money by public issue during the year.
17. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

The other clauses, 4(ii), (viii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order 2001, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Place: Hyderabad
Date : 16.04.2014

For G.P. ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No. 006734S



(CA. G.V.B. CHOWDARY)
PARTNER
M.No.027465

M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

BALANCE SHEET AS AT 31.03.2014

Particulars	Note No.	₹	As at 31/03/2014 ₹	₹	As at 31/03/2013 ₹
EQUITY AND LIABILITIES					
1 Shareholders' Funds					
a Share Capital	3	40,000,000		40,000,000	
b Reserves & Surplus	4	(48,487,163)	(8,487,163)	(28,558,881)	11,441,119
2 Non-Current Liabilities					
Long Term Provisions	5	256,766	256,766	230,509	230,509
3 Current Liabilities					
a Short term Borrowings	6	-		3,197,774	
b Trade Payables	7	34,486,376		34,640,996	
c Other Current Liabilities	8	3,205,582		1,924,598	
d Short term Provisions	9	136,711	37,828,670	121,956	39,885,324
TOTAL			29,598,272		51,556,952
ASSETS					
1 Non-current Assets					
a Fixed Assets	10				
Tangible Assets		1,320,061		2,483,938	
Intangible Assets		18,400,797	19,720,858	25,359,926	27,843,864
b Deferred tax Asset			755,168		593,298
c Long term loans and advances	11		5,564,484		9,111,656
2 Current Assets					
a Trade receivables	12	362,372		2,550,154	
b Cash and cash equivalents	13	2,432,749		3,951,612	
c Short term loans and advances	14	742,111		762,001	
d Other Current assets	15	20,530	3,557,762	6,744,367	14,008,134
TOTAL			29,598,272		51,556,952
See accompanying notes forming part of the financial statements	1 - 30				

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

For G P ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No. 006734S



(CA. G V B CHOWDARY)
Partner
M.No. 027465



For and on behalf of Board of Directors


(AJAY AGGARWAL)
DIRECTOR


(SANJAY SAHAY)
DIRECTOR



Place: Hyderabad
Date : 16.04.2014

M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2014

Particulars	Note No.	For the year ended 31/03/2014	For the year ended 31/03/2013
REVENUE FROM OPERATIONS			₹
Sale of Services		9,083,000	26,060,036
Other income	16	1,426,871	882,194
Total Revenue		10,509,871	26,942,230
EXPENSES			
Employee benefits	17	2,169,153	889,255
Finance costs	18	255,420	189,509
Depreciation	10	7,412,195	2,562,922
Other expenses	19	19,498,992	31,029,248
Total Expenses		29,335,759	34,670,934
Profit before exceptional and extraordinary items and tax		(18,825,889)	(7,728,704)
Prior Period Items		-	-
Profit before extraordinary items and tax		(18,825,889)	(7,728,704)
Extraordinary Items		-	-
Profit before tax		(18,825,889)	(7,728,704)
Tax expenses			
(1) Current tax		-	-
(2) Earlier taxes		1,264,263	-
(3) Deferred tax		(161,870)	(493,458)
(4) MAT Credit		-	-
Profit/(Loss) for the period from continuing operations		(19,928,282)	(7,235,246)
Profit/(Loss) for the period		(19,928,282)	(7,235,246)
Earnings per equity share			
a. Basic		-4.98	-1.81
See accompanying notes forming part of the financial statements	1 - 30		

This is the Profit & Loss account referred to in our report of even date.

For G P ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No. 006734S

(CA. G V B CHOWDARY)
Partner
M.No. 027465

Place: Hyderabad
Date : 16.04.2014



For and on behalf of Board of Directors

(AJAY AGGARWAL)
DIRECTOR

(SANJAY SAHAY)
DIRECTOR



M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(18,825,889)	(7,728,704)
<u>Adjustments for :</u>		
Depreciation and amortisation expense	7,412,195	2,562,922
Loss/ (profit) on sale of fixed assets sold / written-off (net)	645,311	-
Finance costs	15,944	95,299
Interest income	(640,072)	(742,433)
Liabilities / provisions no longer required written back	-	-
Provision for unbilled revenue	-	6,604,557
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	(3,983)
Operating profit before working capital changes	(11,392,511)	787,658
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Trade receivables	2,187,781	5,211,315
Short-term loans and advances	19,890	(450,421)
Long-term loans and advances	3,547,171	3,660,835
Other current assets	6,723,837	(1,665,303)
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	(154,620)	240,792
Other current liabilities	1,280,984	(1,550,935)
Short-term provisions	14,755	(183,170)
Long-term provisions	26,257	(307,011)
Cash generated from operations	2,253,546	5,743,761
Net income tax paid	1,264,263	-
Net cash flow from operating activities (A)	989,283	5,743,761
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital	-	(2,769,262)
Proceeds from sale of fixed assets	65,501	-
Interest received	640,072	742,433
Net cash flow used in investing activities (B)	705,573	(2,026,829)



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M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term borrowings	(3,197,774)	(3,361,903)
Finance costs	(255,420)	(189,509)
Net cash flow used in financing activities (C)	(3,453,194)	(3,551,412)
Net increase in cash and cash equivalents (A + B + C)	(1,518,863)	259,730
Cash and cash equivalents at the beginning of the year		
Effect of exchange differences on translation of foreign currency Cash and cash equivalents	3,951,612	3,691,881
Cash and cash equivalents at the end of the year (Refer Note (i) below)	2,432,749	3,951,612
Notes:		
(i) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	1,919,417	3,530,402
Less: In earmarked accounts (refer note (ii) below)		
- Unpaid dividend accounts	-	-
- Balances held as margin money/security for bank	513,332	421,210
Cash and cash equivalents at the end of the year*	2,432,749	3,951,612
* Comprises:		
(a) Cash on hand	-	-
(b) Balances with banks		
(i) In current accounts	1,919,417	13,121
(ii) In EEFC accounts	-	-
(iii) In deposit accounts	513,332	3,938,491
(c) Remittances in transit		
	2,432,749	3,951,612

(ii) The earmarked account balances with banks can be utilised only for the specific identified purposes.

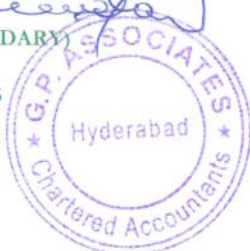
(iii) Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 "Cash Flow Statement".

See accompanying notes forming part of the financial statements

In terms of our report attached.

For G P ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No. 006734S

(CA. G V B CHOWDARY)
Partner
M.No. 027465
Place: Hyderabad
Date : 16.04.2014



For and on behalf of Board of Directors
(AJAY AGGARWAL)
DIRECTOR

(SANJAY SAHAY)
DIRECTOR



INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE NO.1

1.1 Company Overview

Infotech Geospatial (India) Private Limited is incorporated in India in 2006 and it is wholly subsidiary company of Infotech Enterprises Limited. The company is located at Hyderabad in the premises of Infotech Enterprises Limited. The Company providing global technology services and solutions specialised in Geospatial. The operating location of the Company is at Gujarath, Shimla, Hyderabad and Karnataka.

1.2 Method of Accounting:

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles ("GAAP"), and materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

NOTE NO.2

SIGNIFICANT ACCOUNTING POLICIES:

2.1 Use of estimates:

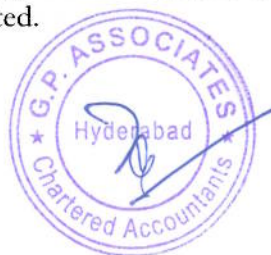
The preparation of financial statements in conformity with the GAAP requires Management to make estimates that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure during the reported year. Examples include provisions for doubtful debts, employee benefits, provision for income taxes.

2.2 Revenue Recognition:

Revenue recognition from sale of services depends on the arrangements with the customer which are either on "Time and material" or on a "Time bound fixed-price" basis.

Revenue from software services performed on a "time and material" basis is recognized as and when services are performed.

The Company also performs work under "Time bound fixed-price" arrangements, under which customers are billed, based on completion of specified milestones as per terms of the Contracts. Revenue from such arrangement is recognized over the life of the contract using the percentage of completion method. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses on such engagement is made in the year in which such loss becomes probable and can be reasonably estimated.



Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

Income from interest is stated at gross and recognized on a time proportion basis taking into account the amount outstanding and rate applicable in the transaction.

2.3 Fixed Assets:

Fixed Assets are stated at actual cost, less accumulated depreciation and impairment, if any. The actual cost capitalized comprises material cost, inward freight, installation cost, duties and taxes and other incidental expenses incurred to acquire/construct/install the assets.

The cost and the accumulated depreciation for fixed assets old, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Statement of Profit and loss.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

2.4 Depreciation:

Depreciation is provided using the Written down value method based on useful lives of the assets as estimated by Management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

2.5 Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities. Expenses incurred on development of software are charged to revenue in the same year.

2.6 Foreign Currency Transactions:

a) Initial Recognition

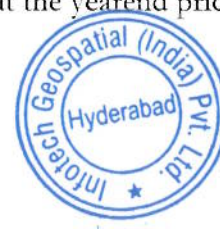
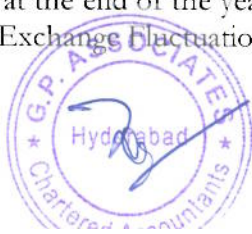
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items if any which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Exchange differences

Any variations in the sale proceeds on conversion into Indian currency upon actual receipt during the year is accounted as foreign Exchange Fluctuation and the value of Foreign Currency receivable as at the end of the year are accounted at the yearend price and balance transferred to Foreign Exchange Fluctuation Account.



2.7 Retirement Benefits:

Provident fund

The Company contributes to Provident Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis to Statement Profit & Loss Account.

Compensated absences

The employees are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company 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 based on actuarial valuation made by an independent actuary as at the balance sheet date on project unit credit method.

Gratuity

The Company also provides for other retirement benefits in the form of gratuity. The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method.

2.8 Leases:

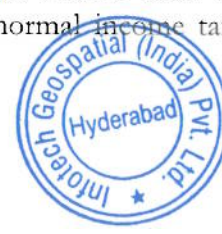
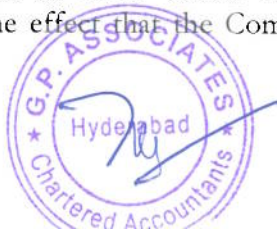
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

2.9 Deferred Tax:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

In accordance with the Accounting Standard 22, 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountant of India, the deferred Tax Asset for the year ended 31.03.2014 amounting to ₹1,61,870/- has been credited to Profit & Loss Account and accumulated balance is shown as Deferred Tax Asset in the Balance Sheet separately.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternate Tax, issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.



2.10 Earning per Share (EPS):

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

2.11 Provisions and Contingencies

The Company creates a provision if there is a present obligation as a result of past events, the settlement of which results in an outflow economic benefits and a reliable estimate can be made of the amount of obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

2.12 Service Tax input credit

Service tax input credit is accounted for in the books is the period in which the underlying service rendered is accounted and when there is no uncertainty in availing/utilizing the credits.



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M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31/03/2014 ₹	As at 31/03/2013 ₹
Note No. 3		
SHARE CAPITAL		
Authorised:		
50,00,000 Equity shares of ₹10/- each	50,00,000	50,00,000
Issued, Subscribed and Paid up		
40,00,000 Equity Shares of ₹10/- each fully paidup	40,00,000	40,00,000
	<u>40,00,000</u>	<u>40,00,000</u>

Notes:

A. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;

Particulars	Equity Shares as at 31/03/2014		Equity Shares as at 31/03/2013	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	4,000,000	40,000,000	4,000,000	40,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,000,000	40,000,000	4,000,000	40,000,000

B. Equity Shares in the company held by its holding company

40,00,000 Equity Shares (31/03/2014) are held by the Infotech Enterprises Limited, the holding company

C. Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below:

Name of the share holder	As at 31/03/2014		As at 31/03/2013	
	%	Number of shares	%	Number of shares
INFOTECH ENTERPRISES LIMITED	100%	4,000,000	100%	4,000,000

Note No. 4

RESERVES & SURPLUS

a. General Reserve

Opening Balance	246,486	246,486
Add: Transfer from Current Year Profits	-	-
Closing Balance	<u>246,486</u>	<u>246,486</u>

b. Profit & Loss Account

Opening Balance	(28,805,367)	(21,570,122)
Add: Net Profit/(Loss) for the current Year	<u>(19,928,282)</u>	<u>(7,235,246)</u>
Closing Balance	<u>(48,733,649)</u>	<u>(28,805,367)</u>

Total

<u>(48,487,163)</u>	<u>(28,558,881)</u>
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M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>As at</u> <u>31/03/2014</u> ₹	<u>As at</u> <u>31/03/2013</u> ₹
Note No. 5		
LONG TERM PROVISIONS		
Provision for employee benefits		
Compensated absences - Long term	85,626	84,338
Gratuity	171,140	146,171
	<u>256,766</u>	<u>230,509</u>
Note No. 6		
SHORT TERM BORROWINGS		
Secured		
Working Capital Loans	-	397,774
Unsecured		
- From Department of Science & Technology	-	2,800,000
	<u>-</u>	<u>3,197,774</u>
Note No. 7		
TRADE PAYABLES		
Trade Payables	34,486,376	34,640,996
	<u>34,486,376</u>	<u>34,640,996</u>
Notes: Out of the said amount ₹nil (March 31, 2013: ₹nil) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Enterprises Development Act 2006 based on the information available with the Company. Interest payable to such parties as at 31 March 2014 amounts to ₹Nil (March 31, 2013 : ₹ Nil).		
Note No. 8		
OTHER CURRENT LIABILITIES		
Unearned Revenue	-	762,081
Other Liabilities		
- Statutory Remittances	135,728	201,827
- Employee Related payables	21,472	23,375
- Other Payables	3,048,383	937,315
	<u>3,205,582</u>	<u>1,924,598</u>
Note No. 9		
SHORT TERM PROVISIONS		
Provision for Employee benefits		
Bonus Payable	96,207	100,583
Gratuity payable	24,574	6,585
Compensated absences	15,930	14,788
	<u>136,711</u>	<u>121,956</u>



M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
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HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 10

FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2013	Additions	Deletions	As on 31.03.2014	Upto 01.04.2013	For the Period	Adjustments	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
TANGIBLE ASSETS										
Furniture & Fixtures	2,152,164	-	2,117,261	34,903	1,559,014	92,232	1,621,657	29,590	5,313	593,149
Electrical Fittings	297,707		297,707	-	181,560	13,854	195,415	0.00	(0.00)	116,147
Fire Extinguishing System	24,825		24,825	-	15,529	1,109	16,637	0.00	(0.00)	9,295
UPS	415,192		-	415,192	229,273	25,861	-	255,134	160,058	185,919
Computers	2,825,071	-	-	2,825,071	2,528,487	118,633	-	2,647,121	177,950	296,584
Office Equipment	611,514		314,112	297,402	350,601	33,937	209,384	175,153	122,248	260,913
Computer Printers	374,280	-	-	374,280	277,348	38,773	-	316,120	58,160	96,932
Air Conditioners	178,553		-	178,553	93,939	11,770	-	105,709	72,844	84,614
Digital Cameras	104,960		-	104,960	45,331	8,294	-	53,625	51,335	59,629
Survey Equipment	1,336,023		-	1,336,023	669,943	92,652	-	762,595	573,428	666,080
Generator	175,000		-	175,000	60,324	15,951		76,276	98,724	114,676
	8,495,288	-	2,753,905	5,741,383	6,011,349	453,066	2,043,093	4,421,323	1,320,061	2,483,938
INTANGIBLE ASSETS										
Software	4,584,497	-	-	4,584,497	4,248,325	134,469	-	4,382,794	201,703	336,172
	4,584,497	-	-	4,584,497	4,248,325	134,469	-	4,382,794	201,703	336,172
Current Year Totals	13,079,785	-	2,753,905	10,325,880	10,259,675	587,535	2,043,093	8,804,117	1,521,764	2,820,110
Previous year Totals	13,040,737	39,048	-	13,079,785	9,402,917	856,757	-	10,259,675	2,820,110	3,637,820

Amortization

UPOR Project

Amortized



M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
(Formerly called M/s INFOTECH GEOSPATIAL (INDIA) LIMITED)
HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>As at</u> <u>31/03/2014</u> ₹	<u>As at</u> <u>31/03/2013</u> ₹
Note No. 11		
LONG TERM LOANS & ADVANCES		
Other Loans and advances		
(Unsecured, considered good)		
a. Deposit	60,000	171,200
b. Other Loans & Advances		
Advances taxes, net of provision for taxation	4,849,383	8,015,809
MAT Credit entitlement	542,459	542,459
Service tax recoverable	112,643	382,188
	<u>5,564,484</u>	<u>9,111,656</u>
Note No. 12		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Debtors outstanding for a period of		
- less than six months	362,372	2,550,154
	<u>362,372</u>	<u>2,550,154</u>
Note No. 13		
CASH AND CASH EQUIVALENTS		
Balances with Banks		
- On current account	1,919,417	13,121
- On deposit account	-	3,517,281
- Margin Money - UPOR SP	513,332	421,210
	<u>2,432,749</u>	<u>3,951,612</u>
Note No. 13.1:		
(i) Balances with banks include deposits of ₹NIL/- (As at March 31, 2013 ₹35,17,281/-) which have an original maturity of less than 12 months.		
(ii) Balances with banks include Margin Money of ₹4,21,210/- (As at March 31, 2013 ₹4,21,210/-) which have an original maturity of more than 12 months from date of Balance sheet date.		
Note No. 14		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans & Advances to Employees	-	18,378
Advances to Suppliers	-	738,579
Other Loans & Advances	742,111	5,044
	<u>742,111</u>	<u>762,001</u>
Note No. 15		
OTHER CURRENT ASSETS		
Unbilled Revenue	-	6,604,557
Interest accrued but not received	20,530	139,810
	<u>20,530</u>	<u>6,744,367</u>



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M/s INFOTECH GEOSPATIAL (INDIA) PRIVATE LIMITED
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HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>As at 31/03/2014</u>	<u>As at</u> <u>31/03/2013</u>
	₹	₹
Note No. 16		
OTHER INCOME		
Interest on Deposits	318,802	339,133
Interest on Income tax refund	321,270	403,300
Provision no longer required	786,799	135,778
	<u>1,426,871</u>	<u>882,194</u>
Note No. 17		
EMPLOYEE BENEFITS		
Salaries, Wages, Bonus and others	2,001,824	651,509
Contribution to Provident Funds and others	165,400	59,951
Staff welfare expenses	1,929	177,795
	<u>2,169,153</u>	<u>889,255</u>
Note No. 18		
FINANCE COST		
Interest on Working Capital Loans	15,944	95,299
Interest on Others	239,476	94,210
	<u>255,420</u>	<u>189,509</u>
Note No. 19		
OTHER EXPENSES		
Rent, Rates & Taxes	366,631	584,449
Electricity charges	249,348	65,965
Office maintenance	341,030	175,880
Work Execution Expenses	16,489,788	29,187,637
Printing & Stationery	585,404	415,674
Legal, Professional & Consultancy charges	370,750	93,759
Repairs & Maintenance	28,491	100,227
Miscellaneous Expenses	124,651	255,638
Auditor's Remuneration		
- Statutory Audit Fee	75,000	75,000
- Tax Audit Fee	25,000	100,000
Communication Expenses	155,538	11,573
Business Promotion	42,050	38,446
Loss on sale of assets	645,311	-
	<u>19,498,992</u>	<u>31,029,248</u>



20. Quantitative Details:

The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

21. Employee Benefits

21.1 Provident Fund

The Company makes provident fund contribution to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expenditure recognized during the year aggregated ₹1,10,647/- (2012-13 - ₹45,916/-)

21.2 Defined Benefit Plans

Gratuity

Gratuity expense for the Company for the year ended March 31, 2014 is ₹42,958/- (2012-13 NIL).

In accordance with the payment of Gratuity under 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by Group Company (Infotech Enterprises Limited) own trust which has subscribed to the "Group Gratuity Scheme" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plan – as per actuarial valuation as at March 31, 2014 and March 31, 2013 for the Company:

Particulars	As at March 31, 2014	As at March 31, 2013
Value of accrued past service liability	1,95,714	1,52,756
Discount Rate	9.00%	8.00%
Expected Rate of Return on Assets	NA	NA
Employee Turnover	15%	15%



Compensated absences

Particulars	As at March 31, 2014	As at March 31, 2013
Value of accrued past service liability	1,01,556	99,126
Discount Rate	9.00%	8.00%
Rate of withdrawal	15%	15%

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at period-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to the Statement of Profit and Loss in the period determined.

22. Names of Related Parties and Description of Relationship:

- i. Enterprises with Substantial interest : Infotech Enterprises Limited
- ii. Key Management Personnel : AJAY AGGARWAL, DIRECTOR
SANJAY SAHAY, DIRECTOR

Particulars	Enterprises
-------------	-------------

I. Transactions During The Year

Sales – Domestic 1,15,07,398

II. Balances as on 31.03.2014

Amount Payable 3,15,75,363

23. Lease payments made under operating aggregating to ₹3,66,000/- (2012-13 - ₹5,38,064/-) have been recognized as an expense in the Statement of Profit and Loss. The future minimum lease commitments of Company under non-cancellable operating leases are as follows:

Total of future maximum lease payments in following period: (Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Not later than one year	3,66,000	2,40,000
Later than one year but not later than five years	-	--
TOTAL	<u>3,66,000</u>	<u>2,40,000</u>



24. Earnings per Share (EPS)**(Amount in ₹)**

Particulars	March 31, 2014	March 31, 2013
Profit after taxation	(18,819,320)	(77,28,704)
Basic:		
Number of shares outstanding	40,00,000	40,00,000
Earnings per share (₹)	--	--

25. Taxes**25.1 Current Tax**

The Company has incurred losses. No provision has been made towards current tax in respect of its operations for the year ended March 31, 2014.

25.2 Deferred Taxes**(Amount in ₹)**

Particulars	As at March 31, 2014	Charged/ (Credited) to Statement of Profit and Loss	As at March 31, 2013
Provision for Gratuity and Compensated absences	(1,34,570)	12,673	(1,47,243)
Depreciation	(6,20,598)	(1,74,543)	(4,46,055)
Total	(7,55,168)	(1,61,870)	(5,93,298)

25.3 MAT Alternative Tax**(Amount in ₹)**

Particulars	March 31, 2014	March 31, 2013
Opening MAT credit entitlement	---	--
Add: made during the year	---	5,42,429
Less: utilized during the year	---	--
Closing MAT credit entitlement	---	5,42,429

26. Contingent Liability provided for:

The company issued Bank Guarantees to Government of Karnataka on 29th January 2010 ₹17,50,000/- valid upto 02.12.2016.



27. Intangible Assets

In 2010, the Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey settlement and Land records to undertake the Urban Property Ownership Records project. The project would operate on a Public Private Partnership (PPP) model. The Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till December, 2012 is `2,67,29,919/- (March 31, 2012 - `2,39,99,705/-) included in "Intangible assets under development" towards hardware/software and other operating costs and the same has capitalized as Intangible Assets as per AS – 26 issued by ICAI on January 1, 2013 and it is amortised over remaining life of asset i.e. 47months.

28. Current Year Losses and Net worth

The company has incurred a net loss of `1,99,28,282/- during the year ended March 31, 2014 and, as of that date, the Company's current liabilities exceeded its current assets by `3,42,70,907/- and its total liabilities exceeded its total assets by `84,87,163/-. The accumulated losses of the company as at March 31, 2014 is `4,84,87,163/-.

29. Debit and Credit Balances are subject to confirmation.

30. Previous year's figures are regrouped/rearranged wherever necessary.

This is the Notes to Accounts
referred to in our report of even date.

For G. P. ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No. 006734S

(CA G. V. B. CHOWDARY)
PARTNER
M. No. 027465

Place: Hyderabad
Date: 16.04.2014



By and on behalf of Board of Directors

(AJAY AGGARWAL)
DIRECTOR

(SANJAY SAHAY)
DIRECTOR

