



DELIVERY LOCATIONS (CHENNAI)

- ❖ VSI 1: Type II, Unit 5, Dr VSI Estate, Tiruvanmiyur, Chennai-600041
- ❖ VSI 2 : Type II, Unit 6, Dr VSI Estate, Tiruvanmiyur, Chennai -600041
- ❖ MEPZ: B-17, Phase II, Second Main Road, MEPZ Chennai- 600045

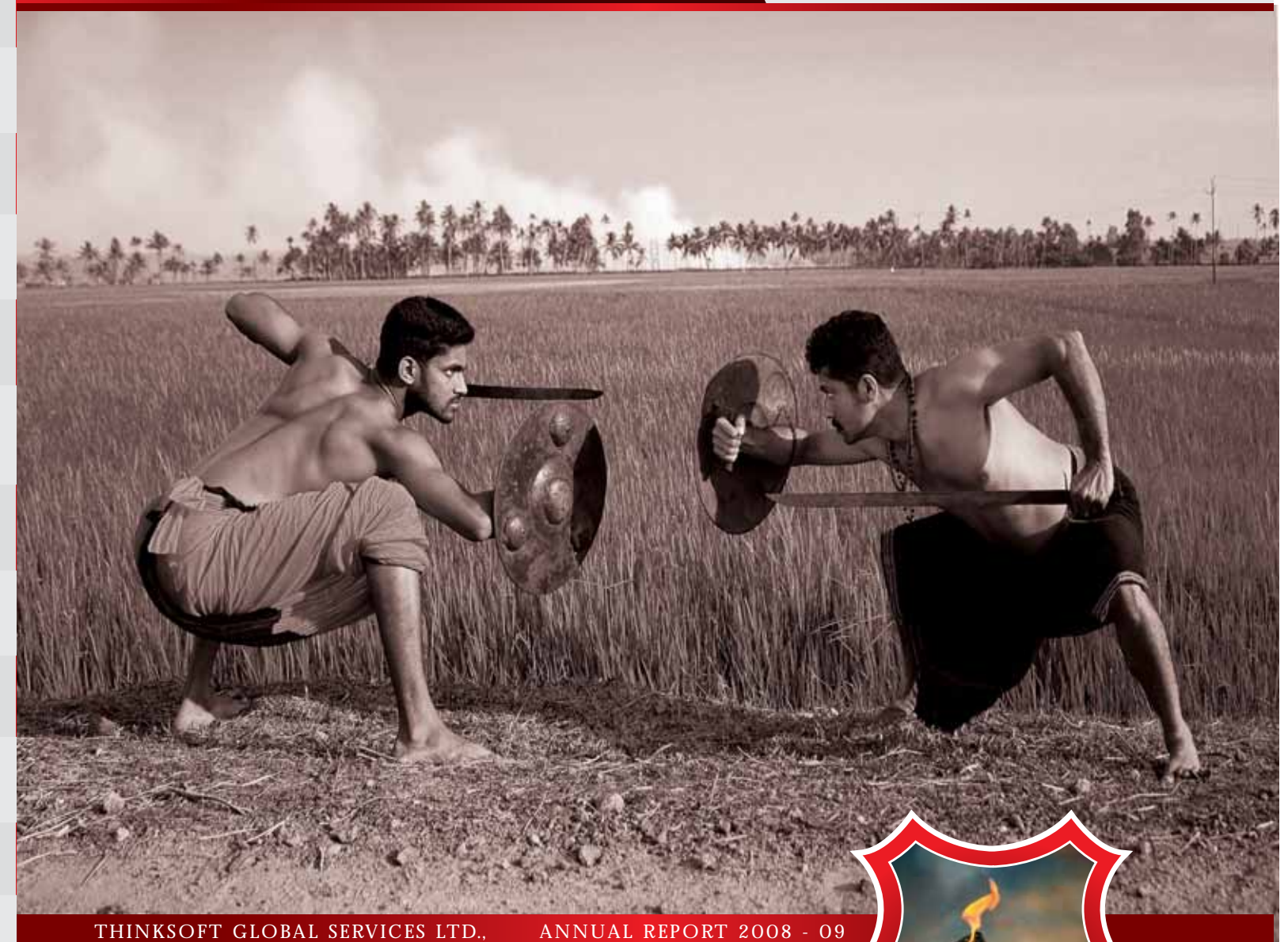
SALES OFFICES

- ❖ India: 264 / 265, 18th E Main, HAL II Stage, Bangalore - 560 008
- ❖ U.A.E.: PO Box: 82840, Dubai, UAE
- ❖ U.K.: 6th Floor, Fleet House, 8 - 12, New Bridge St., London EC4V 6AL
- ❖ Singapore: 1 North Bridge Road, #1904-05, High Street Centre, Singapore - 179094
- ❖ U.S.A.: 33, Wood Avenue South, Metropark Center - Suite 600, Iselin, NJ 08830

BRANCHES AND PLACES OF BUSINESS:

- ❖ Hongkong
- ❖ Perth
- ❖ Belgium
- ❖ Frankfurt

www.thinksoftglobal.com



THINKSOFT GLOBAL SERVICES LTD., ANNUAL REPORT 2008 - 09



Table of CONTENTS

▶ Philosophy and Values	01
▶ Thinksoft Global Services Limited	03
▶ Signposts and Milestones	04
▶ Decade at a Glance	05
▶ Financial Indicators	06
▶ Global foot print Infrastructure and Clients	07
▶ Tables and Figures	08
▶ Letter to Shareholders	13
▶ Directors' Report	16
▶ ODYSSEY - Our Perspective Planning Framework	33
▶ Leadership Matrix	38
▶ Odyssey - Team	39
▶ Profile of Directors	40
▶ Financials - Stand Alone	42
▶ Consolidated Financials	85

Kalarippayattu (Malayalam കളരിപ്പയറ്റ്, Tamil: களரிப்பயத்து pronounced [kaɭəɾipːajətːɪ]), is a Dravidian martial art originating from Kerala in south India. Possibly one of the oldest fighting systems in existence, it is practiced in Kerala and contiguous parts of Tamil Nadu and Karnataka as well as northeastern Sri Lanka and among the Malayalee community of Malaysia. The word is spelled variously as kalarippayatta, kalaripayatte, kalari payatt and many others depending on the dialect and romanisation system used. It includes strikes, kicks, grappling, preset forms, weaponry and healing methods.

Source: Wikipedia

Philosophy and Values

▶ Earn the respect of customers by anticipating their current and future requirements and delivering value by exceeding expectations.

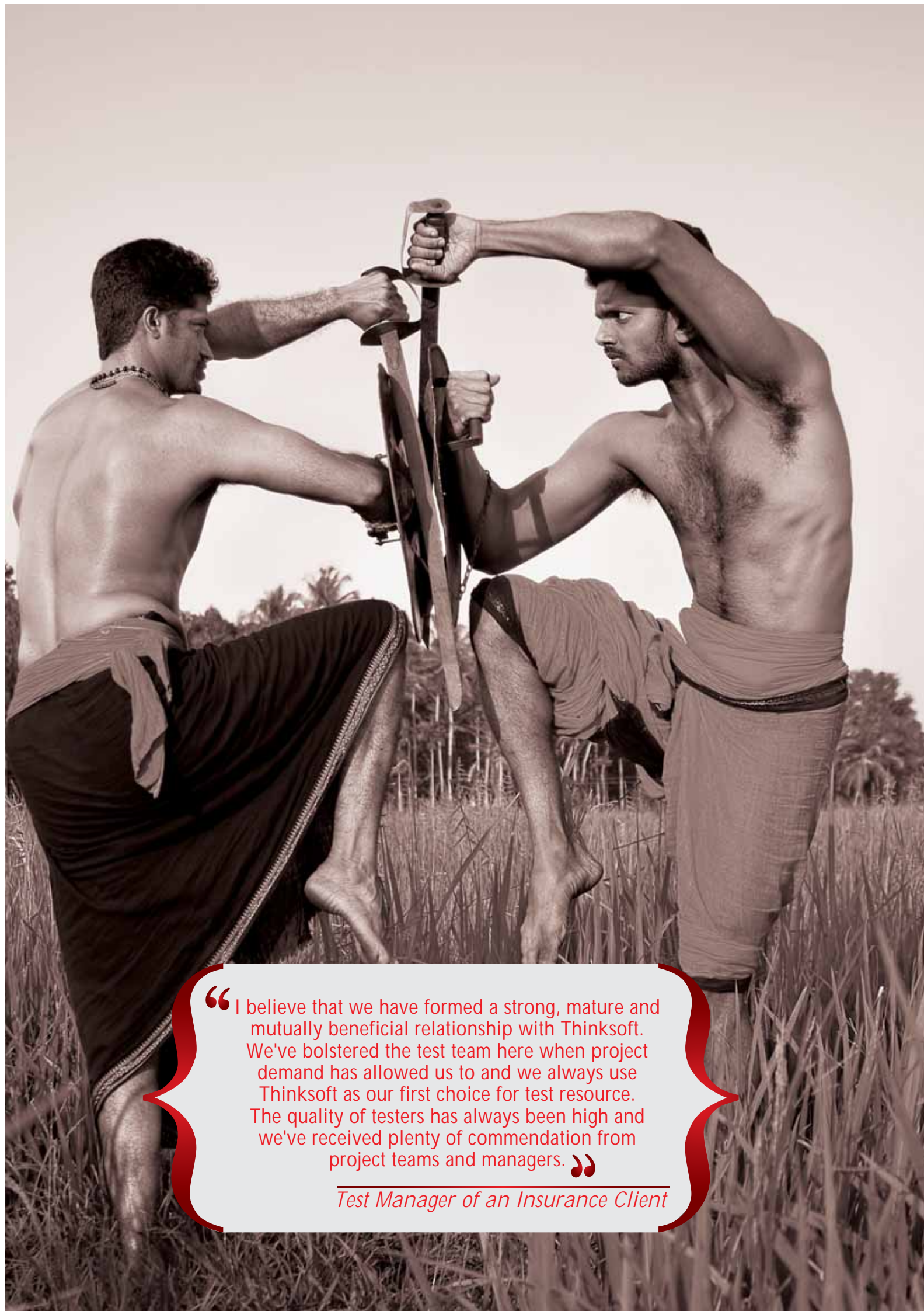
▶ Obtain the best possible return on Investors' equity in our chosen business and markets.

▶ Be an equal opportunity employer, respecting individuals, promoting diversity, fostering excellence, rewarding high performance, encouraging innovation and nurturing leadership

▶ Carry on its business with high standards of ethics, integrity and transparency in governance.

▶ Recognize and be sensitive to our responsibilities towards our immediate and larger community.

▶ Contribute in the best possible manner to the preservation and sustainability of the environment through optimized use of energy and resources.



“I believe that we have formed a strong, mature and mutually beneficial relationship with Thinksoft. We've bolstered the test team here when project demand has allowed us to and we always use Thinksoft as our first choice for test resource. The quality of testers has always been high and we've received plenty of commendation from project teams and managers.”

Test Manager of an Insurance Client

THINKSOFT GLOBAL SERVICES LIMITED

BOARD OF DIRECTORS

Vanaja Arvind _____ Executive Director
Dr. S. Rajagopalan _____ Director
Mohan Parvatikar _____ Director
C. N. Madhusudan _____ Director
K. Kumar _____ Director
A.V. Asvini Kumar _____ Chairman and Managing Director

COMPANY SECRETARY:

S. Akila

AUDITORS

PKF Sridhar and Santhanam, Chartered Accountants, Chennai - 600004.

INTERNAL AUDITORS

A. Murali and Associates, Chartered Accountants, Chennai - 600 094.

BANKERS

The Lakshmi Vilas Bank Ltd, Cathedral Road, Chennai - 600 086.
ICICI Bank Ltd, Bazulla Road, T. Nagar, Chennai - 600 017.
Citi Bank NA, Club house Road, Chennai - 600 002.

LEGAL ADVISORS

SRS Associates, Chennai - 600004.

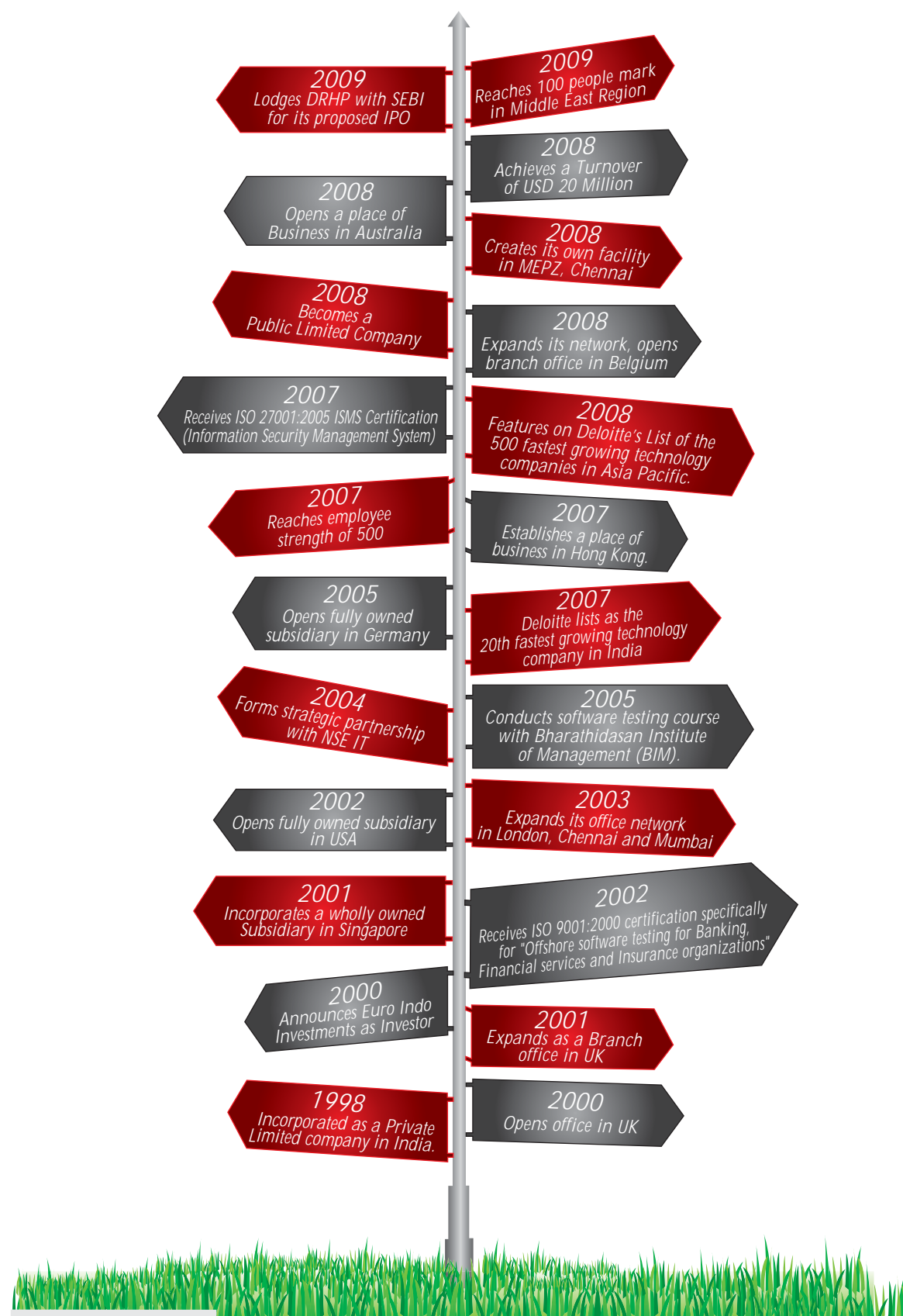
FACILITATORS

Software Technology Park (STPI), Chennai - 600041.
Madras Export Processing Zone (MEPZ), Tambaram, Chennai - 600045.

REGISTERED OFFICE

Type II, Unit 5, Dr. V.S.I. Estate, Thiruvanmiyur, Chennai 600 041.
www.thinksoftglobal.com

SignPosts and Milestones



Decade at a Glance

PARTICULARS	INR In Millions									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
GROSS REVENUE	922.62	749.24	588.62	366.91	217.37	123.79	156.01	133.34	109.69	14.43
E B I D T A	178.73	122.16	122.36	48.59	27.04	(0.56)	38.22	34.23	38.70	6.20
Profit Before Tax	160.62	108.15	103.57	40.07	18.90	(11.91)	28.02	25.41	32.68	6.19
Profit After Tax	144.89	99.65	94.61	36.22	15.62	(11.87)	24.94	23.20	32.22	5.66
Fixed Assets: Gross Block	90.15	88.51	69.89	63.78	44.19	41.53	28.54	28.15	20.66	0.16
Fixed Assets: Net Block	33.49	28.17	22.13	27.73	11.44	11.16	6.58	14.29	14.73	0.16
Share Capital	87.02	76.63	72.45	70.68	70.68	70.68	70.66	70.66	1.72	1.10
Reserves and surplus	381.94	246.55	160.03	82.05	53.89	43.11	59.77	42.81	91.26	5.66
Networth	468.96	328.99	232.48	152.73	124.57	113.79	130.43	113.47	92.98	11.04
Sundry Debtors	238.57	203.70	186.43	98.50	59.80	24.61	55.24	19.71	46.50	15.07
Cash and Bank Balances	265.60	147.25	76.56	47.36	58.40	116.67	70.24	77.81	35.86	2.50
Current Assets	600.34	419.98	291.00	184.08	139.25	164.03	145.49	111.67	92.56	18.20
Current Liabilities	171.09	122.58	81.98	59.84	25.99	18.18	21.49	11.00	12.85	6.95
Working Capital	429.24	297.40	209.02	124.24	113.26	145.85	124.00	100.67	79.71	11.25
No of Equity Shares ('000)	8,702	7,663	7,245	7,068	7,068	7,068	7,066	7,066	172	110
Earnings Per Share (Diluted) (Rs.)	17.62	13.38	13.21	5.12	2.21	(1.68)	3.53	4.87	240	3,275
Book Value per Share (Rs.)	53.89	42.93	32.09	21.61	17.63	16.10	18.46	16.06	539.51	100.58

FINANCIAL INDICATORS

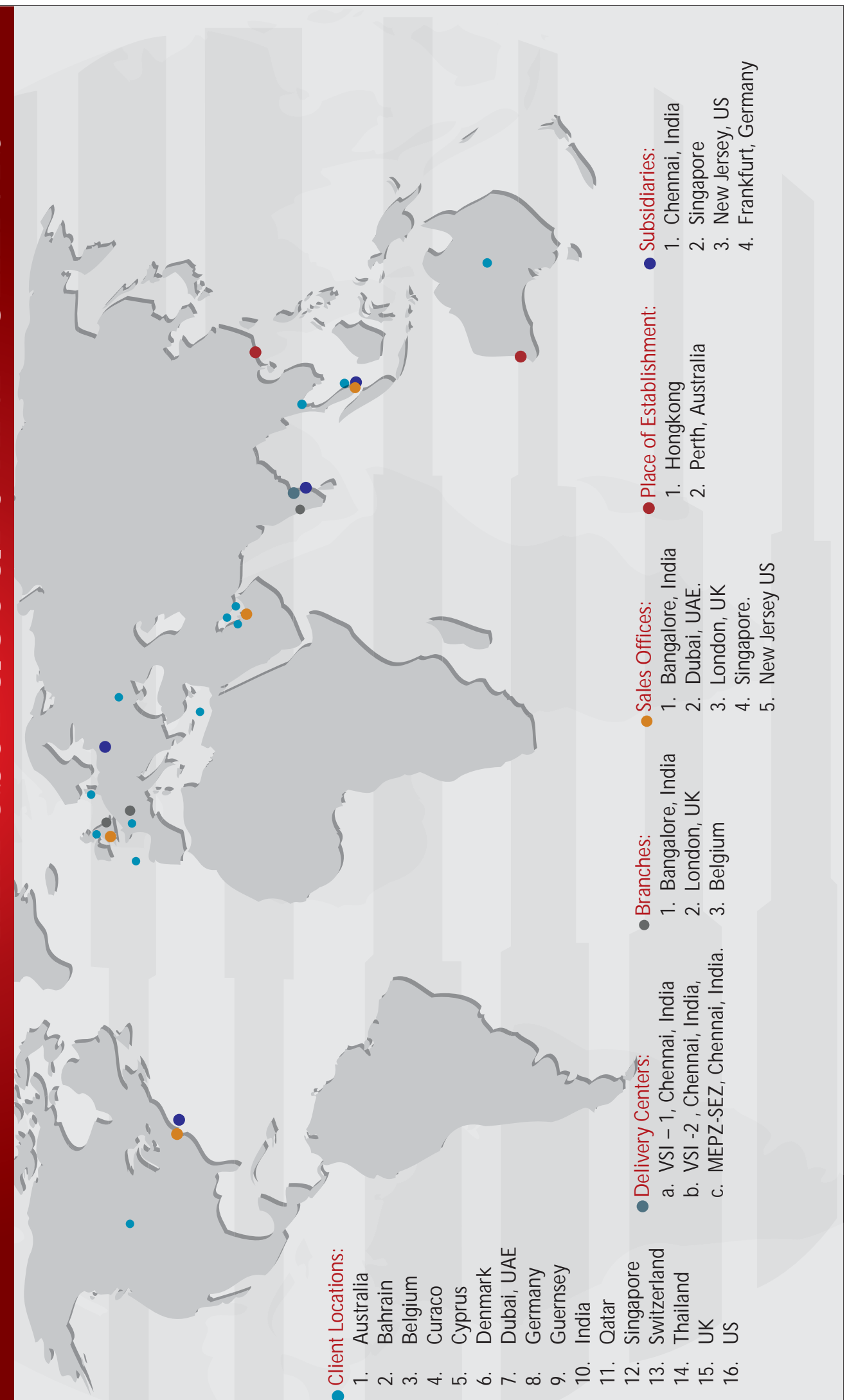
TABLE - 1

No.	TYPE	FORMULA	31st March - 09	31st March -08
1.	Current assets / Current Liabilities	No.	3.51	3.43
2.	EBIDTA to Sales	%	19.41	16.46
3.	Profit Before Tax to Sales	%	17.44	14.57
4.	Profit After Tax to Sales	%	15.73	13.42
5.	Return on equity	%	36.58	35.87
6.	Earnings per share	INR	17.62	13.38
7.	Average Collection period	Days' sales Outstanding	94	100

“We have benefited by the knowledge transfer of testing best practices presented by your team and by the capability and speed with which the onshore and offshore teams were able to support our often changing testing requirements. Throughout the engagement, your team was constantly productive and well-focused to provide us with valuable deliverables.”

Chief Application Officer, A large US Bank

GLOBAL FOOT PRINT Infrastructure AND CLIENTS



TABLES AND FIGURES

FIGURE - 1

DISTRIBUTION OF REVENUES BY GEOGRAPHY

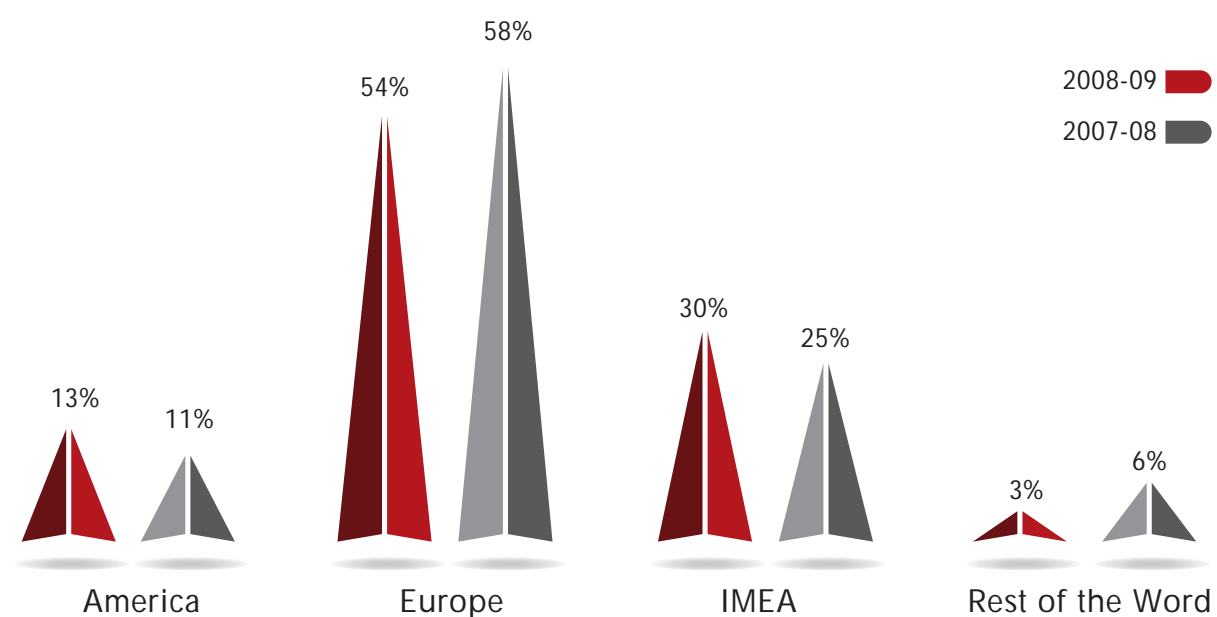


FIGURE - 2

DISTRIBUTION OF REVENUES BY PRACTICE

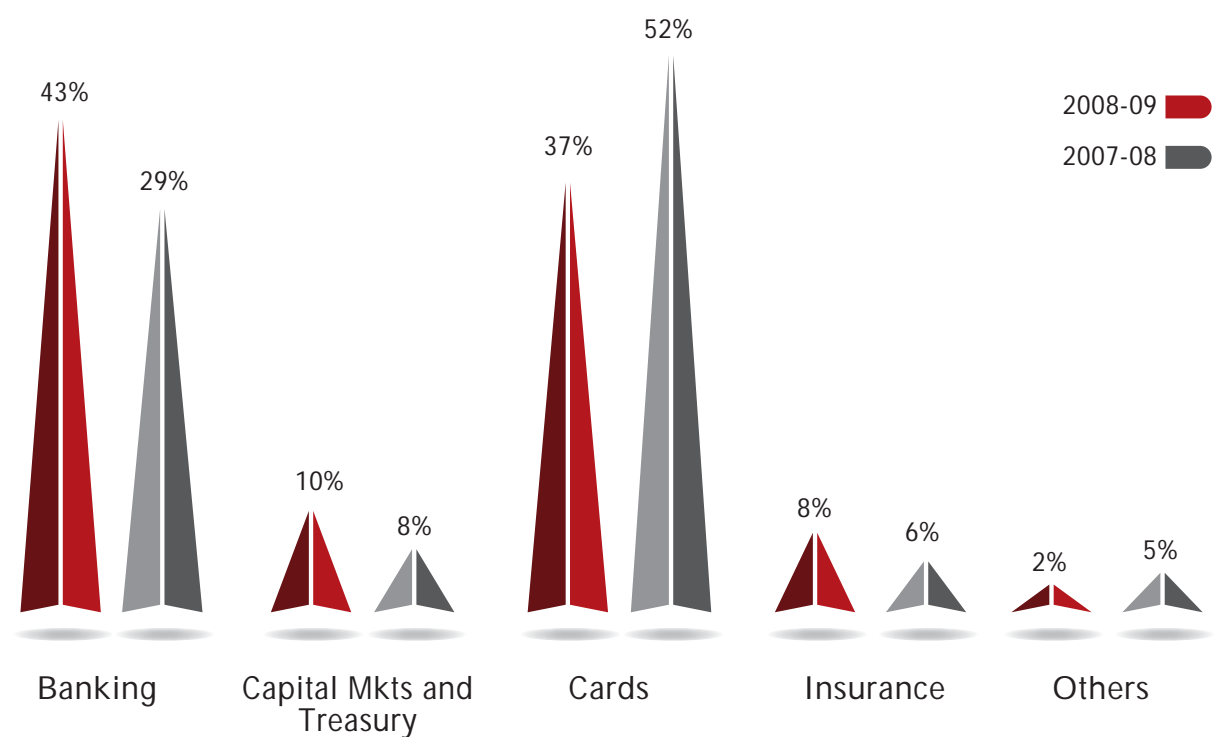
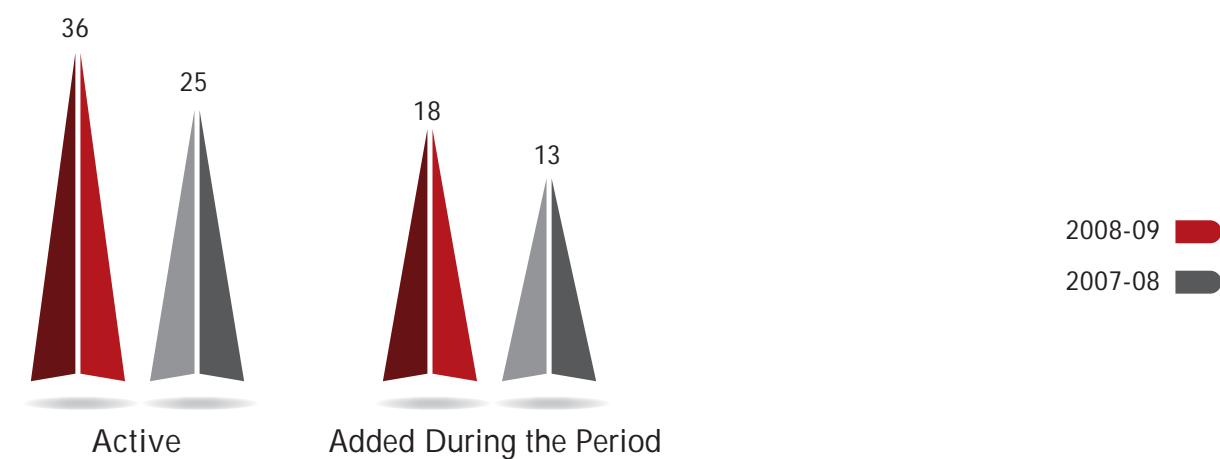


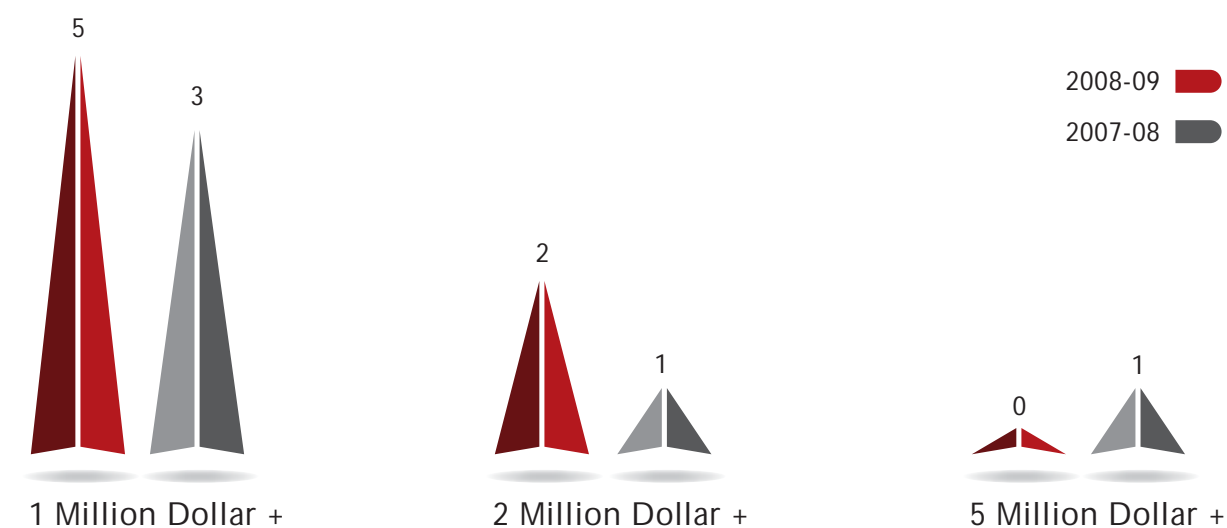
FIGURE - 3

CLIENT PROFILE

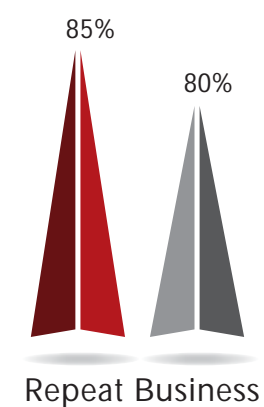
NUMBER OF CLIENTS



NUMBER OF MILLION DOLLAR CLIENTS



REPEAT BUSINESS



“Thinksoft team has done excellent quality job during the UAT of Mudarabah. I would like to mention that they have proved themselves as experts in the functionalities and are now guiding the bank users in many of their queries. They have helped us complete UAT on time, in spite of various constraints by their innovative approach. We would like to retain the team members and extend the engagements.”

C. I. O of a reputed Middle East Islamic Bank

FIGURE - 4

EDUCATIONAL PROFILE OF EMPLOYEES

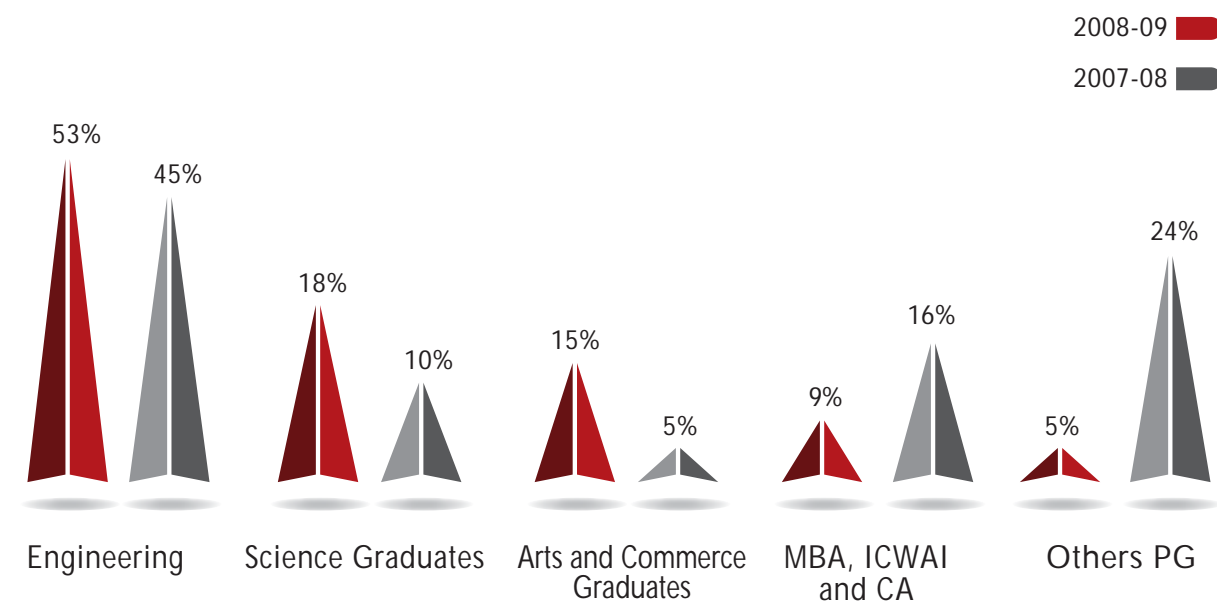


FIGURE - 5

DISTRIBUTION OF EMPLOYEE BY GEOGRAPHY

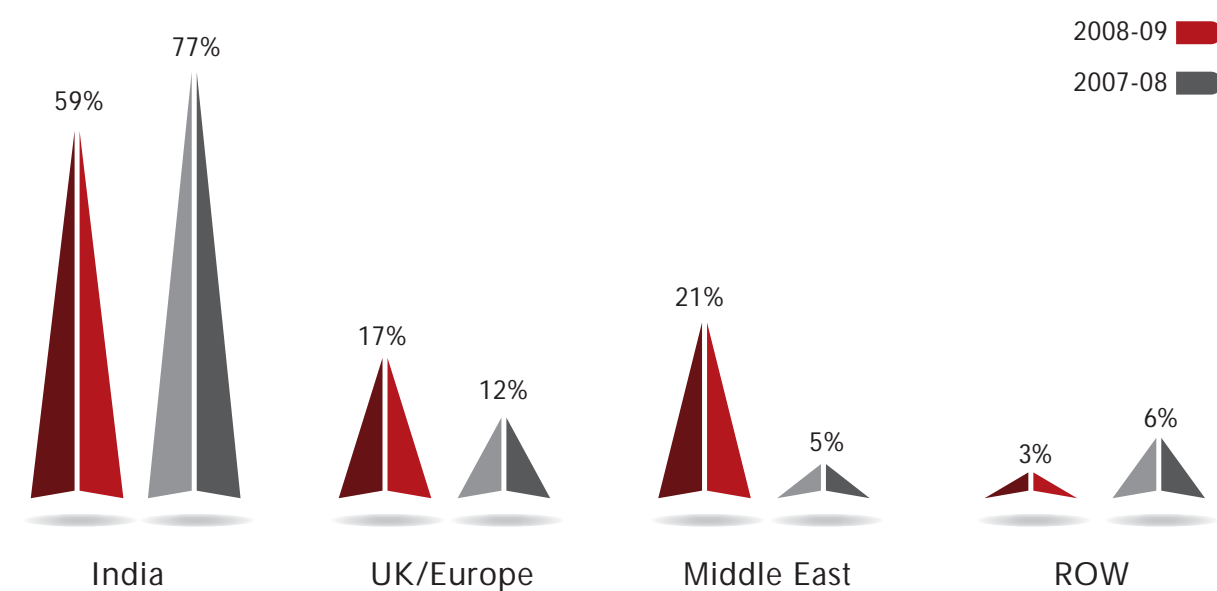


FIGURE - 6

DISTRIBUTION OF EMPLOYEE BY PRACTICE

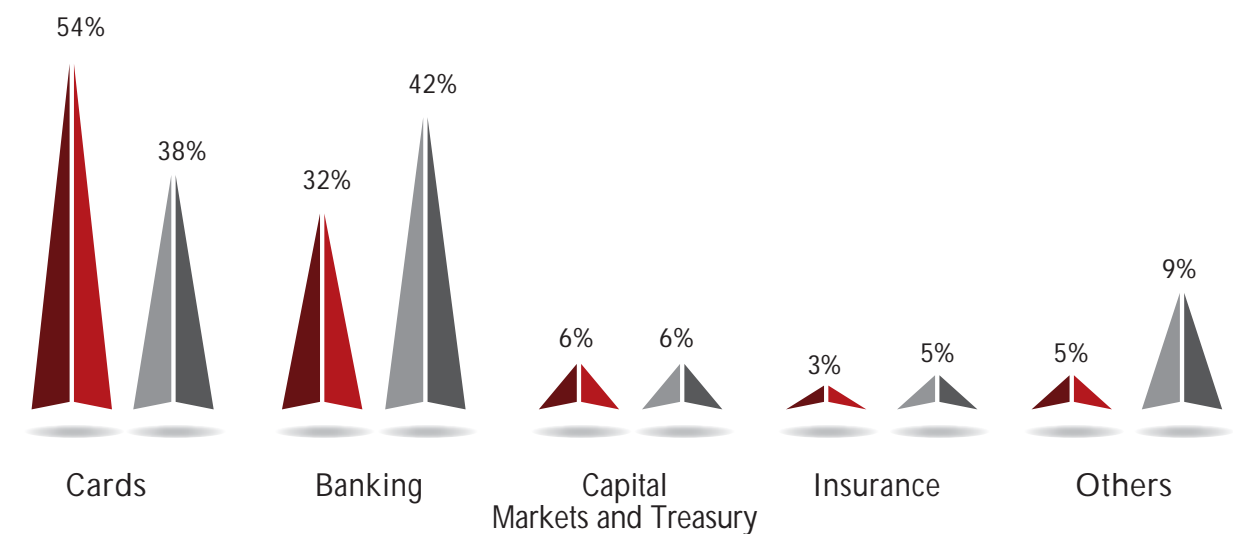
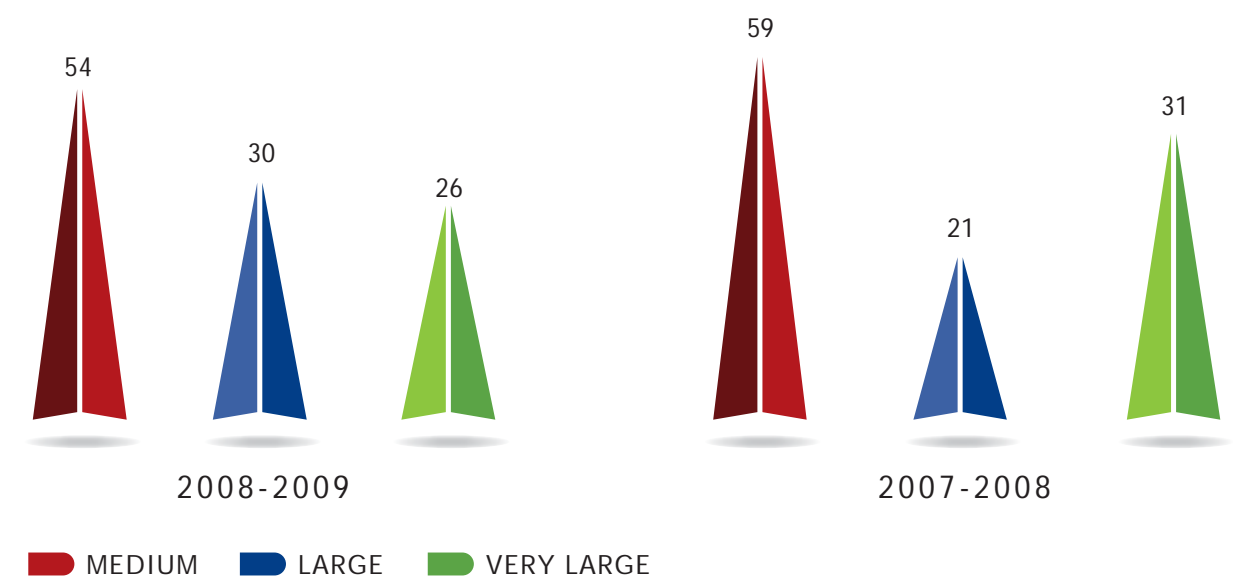


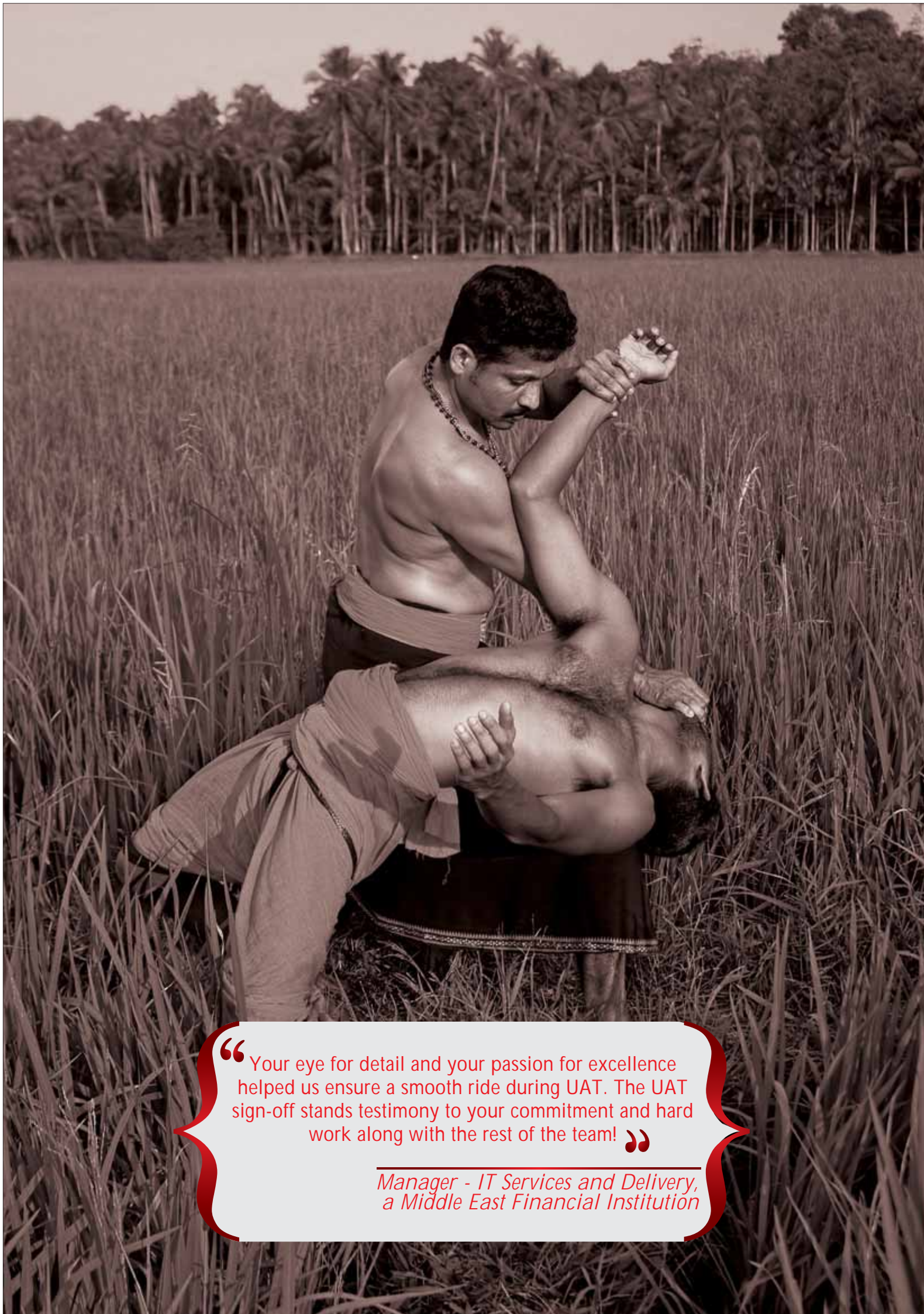
FIGURE - 7

NO. OF PROJECTS EXECUTED



“The Odyssey process sets the organization on a voyage to the Blue Ocean. Thus, it is about both growth and repositioning, which makes it quite exciting. I am sure the organization would remain steadfast to these goals, despite the current turbulence in the market. Leading one of the key initiative as part of this voyage, I could plan my career growth aligned to organization plans.”

Delivery Manager-1



“Your eye for detail and your passion for excellence helped us ensure a smooth ride during UAT. The UAT sign-off stands testimony to your commitment and hard work along with the rest of the team!”

*Manager - IT Services and Delivery,
a Middle East Financial Institution*

Letter to Shareholders

July 2nd 2009

Dear Shareholders,

We are now into our 12th year of incorporation as an Indian Company and our 10th year into running a sharply focused services organization. In this period we have grown 20 fold - both in terms of revenues and employee strength.

The global economy is in the midst of the worst financial crisis since the Great Depression and all of you are aware of the grim scenario all round us. The North American and Western European economies have been gripped by a severe recession for the past 6 quarters. The World's GDP is all set to clock a negative growth rate this coming year.

“It would indeed be a pity if circumstances forced us to learn and adapt to the newly unfolding game.

The far better option is to pro-actively transform ourselves and create significant differentiation vis-à-vis the competition.”



Here in India, for the financial year ended March 2009 we had 2 quarters in parallel with the crisis and for the coming year ending March 2010 we have the full year exposed to the crisis. Our country's own macro economic scenarios has also turned tough, with India's GDP growth rate being significantly downgraded.

Reduction in Global IT spending resulting in delayed spending and cancellation of non priority projects, tremendous pricing pressure, stretched receivable cycles, volatility of the Rupee/Dollar exchange rate and vendor consolidation by global clients.- all these are for real.

*What challenges does it put on the table in front of us?
Are the rules of the game changing?
Can we maintain our profitability?
Can we sustain our cash flows?*

Letter to Shareholders

Are our customers happy?
Are our employees motivated?
How far does the market recognize our differentiation and positioning?

Let us attempt to look at these questions:

Managing the cost structure : Most India based firms are projecting a flat year in terms of revenues and have unveiled plans to restrict payroll, sales and administrative expenses in an effort to stay profitable.

The focus has, thus, shifted to managing the cost base. We too cannot ignore this reality and for the year gone by we have managed to increase revenues and profits both in absolute and percentage terms. We have also put an extra focus into cash flow management to mitigate the risks arising out of lengthened receivables cycles. The overall aim is to achieve "Operational Excellence "within a viable cost structure.

“The quality of work produced combined with dedication and commitment to the project was outstanding. A clear evidence of this is the fact that very few functional code issues were identified during the UAT testing carried out by our client. And probably one of the very few occasions where we achieved 100% test completion.”

Test Manager, Large UK Bank

On the positive side , the good news is still flowing :

- a) **We are still able to wow! our customers :** Recently a Global 100 client was so delighted by our project performance that he took the whole team of 40 for a fully expense paid dinner and dance riverboat cruise. Yet another No 1. Regional customer has chosen us as the testing services vendor of choice.
- b) **Employees remain committed:** even as management was contemplating on strategies to manage burgeoning payroll costs without resorting to indignities, key senior employees were on their own thinking about offering a voluntary contribution from their monthly salaries. There was unanimous endorsement about the fairness of our approach.
- c) **We are still desirable:** We continue being invited to participate in the bidding parade by several reputed Global 500 Finance sector organizations and they continue to be pleasantly surprised at the options we bring to the table for them.

Letter to Shareholders

But there is no getting away from the penultimate question: Are the rules changing ??

The answer is an emphatic and thumping YES!! Going forward, clients will only partner with those who can demonstrate significant value addition. As a corollary , IT services organizations have to be staffed with the right set of people, possessing the capabilities to thrive in a competitive, performance oriented and innovative culture. The Mantra would be "partnering with Customers to deliver best value in a cost effective manner"

Do we have a plan to ride out this storm?

It would indeed be a pity if circumstances forced us to learn and adapt to the newly unfolding game.

The far better option is to pro-actively transform ourselves and create significant differentiation vis-à-vis the competition. It is with this in view that we have institutionalized the participation of our key employees in our perspective planning process, ODYSSEY 2012 (**). The previous ODYSSEY 2012 sessions held in August and December 2008 have helped to us formulate a considered and energetic response to the challenges faced by us and which will enable us to position ourselves as a respected and best in class value creator by the year 2012.

We would like to end on this sanguine note.

We wish you, your families and friends a peaceful happy, joyous and productive year ahead.

VANAJA ARVIND

MOHAN PARVATIKAR

ASVINI KUMAR

(**Refer to the Section "Odyssey - Our Perspective Planning Frame Work" for a more detailed report on ODYSSEY 2012 initiatives).

Before acting resolve all doubts through consideration of these five: Cost, means, time, place and the action itself.

(Thirukkural: Verse 675)

பொருள்கருவி காலம் வினையிடனொடு ஐந்தும்
இருள்தீர எண்ணிச் செயல்.
(திருக்குறள்: 675)

Directors' Report

Dear Members,

We have great pleasure in presenting this Report on the business and operations of the company for the year ended March 31, 2009.

A) Financial Highlights for the Year Ended 31st March 2009

INR Millions	CONSOLIDATED		STAND ALONE	
DESCRIPTION/HEAD	2008-09 Current Year	2007-08 Previous Year	2008-09 Current Year	2007-08 Previous Year
Export Revenues	889.14	682.89	857.81	638.27
Domestic Revenues	31.78	59.45	31.78	59.45
Total Revenue	920.92	742.34	889.59	697.72
Delivery expenses	565.48	423.13	539.60	398.04
Funds from Operations	355.44	319.21	349.99	299.68
Selling and Marketing expenses	91.75	72.91	89.81	64.86
General and Administrative expenses	120.71	126.20	117.93	120.09
Profit before Interest, Depreciation and Taxes	142.98	120.10	142.25	114.73
Financial Expenses	2.26	0.73	2.24	0.71
Depreciation	15.85	13.28	15.85	13.28
Operating Profit Before Taxes	124.87	106.09	124.16	100.74
Add: Other Income	35.74	2.06	30.27	2.01
Net profit before taxes	160.61	108.15	154.43	102.75
Provision for taxation	15.36	10.23	15.28	9.58
Provision for Fringe Benefit Tax	3.17	2.29	3.17	2.29
Add: Deferred Tax	2.81	4.02	2.81	4.02
Net Profit after tax	144.89	99.65	138.79	94.90
Profit brought forward from previous year	216.05	144.33	190.17	123.20
Profit available for appropriation	360.94	243.98	328.96	218.10

Directors' Report

INR Millions	CONSOLIDATED		STAND ALONE	
DESCRIPTION/HEAD	2008-09 Current Year	2007-08 Previous Year	2008-09 Current Year	2007-08 Previous Year
Appropriations: Interim Dividend	-	15.33	-	15.33
Transfer to General Reserve	-	10.00	-	10.00
Proposed Final Dividend	8.70	-	8.70	-
Tax on dividend	1.48	2.60	1.48	2.60
Profit carried to Balance sheet	350.76	216.05	318.78	190.17
Earnings Per Share basic (Rs.)	17.62	13.53	16.88	12.89
Earnings Per Share diluted (Rs.)	17.62	13.38	16.88	12.75

B) Business and Operations Review - Consolidated

- ❖ Total revenues went up, in Rupee terms by 24 %, to INR 920.92 million this year, from INR 742.33 million last year (In US dollar terms this amounts to an increase in revenues of 7.8 %).
- ❖ Profit after tax at INR 144.89 million constituted 15.7% of revenues as against INR 99.65 million at 13.4 % for the previous year. The component attributable to INR / USD depreciation works out to INR 26.54 million for the year.
- ❖ Geographically, 54% of the revenues came from Europe (last year 58%), 30% from IMEA (last year 25%), 13% from America (last year 11%).and 3% from Rest of the World (last year 6%). Thus the growth rates recorded were Europe (4%), IMEA 5% America 2 % and ROW (3)%. Though Europe's share of revenue dropped in the current year, the share of IMEA increased substantially. With America also showing a modest increase in its share of revenues, the resultant trend points to a healthy spread of revenues across different geographical markets.
- ❖ The proportion of onsite to offshore revenues stood at 63% / 37% compared to 42% / 58% last year. This is reflected in an increase of 21% in onsite Revenue from INR 318 Million to INR 581 Million during the year. This increase in the share of onsite revenues can be attributed to the increase in number of new clients added this year.

Directors' Report

- ❖ Delivery expenses for the year increased to 61.4% compared to 57.0 % for last year. This is a result of a combination of higher proportion of revenues from onsite projects and also lower offshore utilization factors. The overall utilization of all billable employees was at 59%, compared to 65% in the previous year,
- ❖ The Gross Profit (Funds from Operations) at INR 355.45 million worked out to 38.6% of total revenues (excluding other income) compared with 43.0% last year, while the PBITDA was at 15.28 % as against 16.08% for the previous year. However, after Tax profits (by including other income and Rupee weakness) increased to 15.73% (last year 13.42%).
- ❖ General and Admin. Expenses registered a decrease both in absolute and percentage terms. It was INR 122.97 million and 13.35 % of revenue as against INR 126.92 million and 17.10 % last year. This is attributable to rationalization of infrastructure, travel costs and general admin expenses.
- ❖ Sales and marketing costs (using a figure of Sales net of commissions) increased in absolute terms at INR 74.99 million and 8.23 % of revenue versus INR 66.24 million and 8.95 % recorded last year. While revenues from repeat business increased to 85 % from 80 % for the year gone by, the increased costs is attributable to increase in the cost of acquisition of new clients (total number of clients increased to 37 from 25 during the last year)
- ❖ Employee strength was 538 (women 28%) at the end of the year compared to 580 last fiscal. The attrition rate registered a small drop to 14.9% for the year ended March 2009, compared to 15.6% during the previous year.
- ❖ The installed infrastructure capacity stood almost constant at 609 (859*) seats (49500 sq.ft) at the end of the year (last year 639 seats / 50800 sq.ft).

**The MEPZ centre has the potential to house additional 250 seats.*

C) Capital Expenditure

The Company incurred, during the year, INR 5.16 million on technology infrastructure, INR 17.70 million on physical infrastructure, INR 1.55 million on intangible assets. During the previous year the amounts were INR 10.74 million INR 1.14 million INR 5.08 million respectively.

During the year 2008-09, the company has been allotted land by MEPZ authorities on long term lease basis for setting up of an EOU by the company.

Directors' Report

D) Liquidity

During the year gone by the company managed to meet all its working capital requirements, capital expenditure, investments in subsidiaries and dividend payments, solely through internal cash accruals and has thus remained debt free.

The liquid assets at the end of the year stood at INR 504.16 million (as against INR 350.95 million last year) and all available surplus cash balances have been deposited with banks. Year end Account Receivables stood at INR 238.57 million (94 days sales).

E) Share Capital

During the year under review the Company has issued 1,62,500 and 6220 equity shares towards the exercise of ESOPs held by the employees under ESOP Scheme 2007 and ESOP Series 2001 and 2002.

The Company also issued 8,70,156 fully paid up Bonus Shares in the proportion of one equity share for every nine existing shares (1:9). Also, 2 equity shares were issued towards consolidation of the residuary fractional entitlements arising out of the bonus issue.

The Company's Equity Share Capital stands at INR.87.02 million, consisting of 8,701,581 fully paid up Equity Shares of INR 10 each at the end of this financial year.

F) Net Worth

The net worth of the Company rose to INR 468.96 million as at 31st March 2009 from INR 328.99 million at the end of the previous fiscal.

G) Dividend

The Board has recommended a final dividend of INR.1.00 per equity share (10% on par value of INR.10/- each) on the equity capital of the Company for the financial year 2008-09 (Previous year 20%). This will amount to INR 10.18 million, including dividend tax.

H) Subsidiaries ,Branches , Places of Business

The Company has fully owned subsidiaries in USA, Singapore and Germany and Branches in UK and Belgium. In Australia and Hong Kong it has place of business.

Directors' Report

The total investments, revenues and profits from these subsidiaries stood at total assets of INR. 42.10 Million as at March 31, 2009 (previous year 35.98 Millions), total revenues of INR. 31.33 Million (Previous year 44.61 Million) and total net profit INR 5.9 Million (4.65 Millions) for the year.

The statement on the subsidiaries under Section 212 of the Companies Act, 1956 is enclosed, as Annexure 1.

Note: The Company's 100% Indian subsidiary, Thinksoft (India) Services Private Limited, has applied for members' voluntary winding-up and the liquidation is in process. However, there is no material impact on the realization value of the investments carried in the Balance Sheet.

During the financial year 2008-09, the company established a Branch in Belgium and received a certificate issued by Government of Belgium vide certificate no. 0899.558.895 dated 08th August 2008.

I) Tax Exempted operations

The Company continues to be a 100% Export Oriented Unit ("EOU") registered with the Software Technology Parks of India ("STPI"). The Company enjoys a tax holiday for its export earnings under Section 10A of the Income Tax Act, 1961 till the financial year 2009-10. The new Delivery centre at Dr. VSI Estate housing about 275 employees is covered under the STPI registration.

The company has been allotted land by MEPZ authorities on long term lease basis for setting up of an EOU by the company. The Company has entered into a license cum agreement to lease on 22nd January 2009 with MEPZ Special Economic Zone for a period of 15 years. The Company proposes to commence operations out of the new unit during the financial year 2009-10.

The MEPZ centre has the potential to house additional 250 seats.

J) Directors

Mr. Mohan Parvatikar, Director is liable to retire by rotation at the ensuing annual general meeting and being eligible offers for reappointment as Director.

Directors' Report

Mr. Vinod Ganjoor, Director and Mr. N. S. Raghuram, Alternate Director to Mr. Vinod Ganjoor have placed their resignation from the Board of Directors of the Company with effect from 12th September 2008. The Board has accepted the resignation and places on record its appreciation for the services rendered by them.

The Board of Directors at its meeting held on 17th September 2008 appointed Prof. K. Kumar, Mr. C.N. Madhusudan and Dr. S. Rajagopalan as Additional Directors of Company. In terms of Section 260 of the Companies Act, 1956, they will be holding office up to the ensuing Annual General Meeting, and, being eligible offer themselves for re-appointment.

K) Auditors

M/s. PKF Sridhar and Santhanam, Chartered Accountants, Chennai retire as the Auditors of the Company at conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Audit Committee in their meeting held on 2nd July 2009 has recommended the reappointment of M/s. PKF Sridhar and Santhanam, Chartered Accountants, Chennai.

L) Conservation of Energy, Technology Absorption, Forex Earnings and Outgo

As required under Section 217(1) of the Companies Act, 1956, and Rules made therein, the particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I, which is attached hereto and forms part of the Directors Report.

M) Delivery Excellence

The Company successfully deploys the Global Delivery Model for its customer engagements. This is supported by the three main offshore delivery centers at Chennai and with onsite presence in customer locations abroad supplemented by our offices in Dubai, London, Singapore and New Jersey.

The offerings span is from Business Requirements Review through various life cycle testing activities to User acceptance testing and Performance testing. The end goal is for the Company to build and operate a "Testing Centre of Excellence" for its clients to manage both 'upside' and 'downside' risks for the customer.

Directors' Report

The Company has been steadily building its Technical competency in non-functional Testing Practices to widen its scope of its offering to cover Performance, Security, Mobile Commerce Testing and Financial Sector Technologies (ATM, POS, etc.)

The Delivery organization handled projects involving about 600,000 person hours during the year bringing our cumulative testing track records to 8.30 Million person hours.

A Resource Management group is mandated with the task of optimizing the deployment of resources across practices and geographies. The table below shows the average distribution of resources by practice and regions for the year.

Practices	%	Regions	%
Banking	32	India-Chennai	59
Credit Cards	54	Middle-East	21
Capital Markets and Treasury	6	Europe	17
Insurance	3	Rest of the world	3
Others	5		
Total	100	Total	100

Some of the key recent engagements were:

- User Acceptance Testing for the Core Banking solution for a Top tier bank in Middle East
- System integration Testing for a Fortune 50 Financial Institution in the UK
- Test design and planning for a large Global Bank in Europe
- Rigorous independent validation for a Mobile Banking application for one of India's largest banks
- Operating on site Testing services for an Iconic Financial institution in India

N) Employees' Stock Option Plan (ESOP)

As on March 31, 2008 there were 1,93,720 employee stock options that were pending conversion into equity shares. Out of the said 1,93,720 employee stock options, 1,68,720 options were exercised by the Company's employees and the Board had at its meeting held on September 12, 2008 issued and allotted 1,68,720 equity shares against the conversion of same number of employee stock options. The balance 25,000 employee stock options issued by the Company had lapsed. As of date there are no employee stock options outstanding under any of the ESOP Schemes under the various Series (see enclosed annexure 2) . The Board has terminated all the ESOP Schemes by passing resolutions in their meeting held on 17th September 2008.

Directors' Report

O) Particulars of Employees

The information required under section 217(2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, forms part of this report as Annexure 3. The Department of Company Affairs has amended the Companies (Particulars of Employees) Rules 1975 to the effect that particulars of employees engaged in Information technology sector posted and working outside India, not being directors or their relatives, drawing more than INR.24 Lakh per financial year or INR.2 Lakh per month, as the case may be, need not be included in the statement. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

P) Replies to Audit Observations:

Auditors have observed that there was a delay in the remittance of Rs. 81.34 Lakhs of Provident Fund dues for International workers; vide clause IX (a), annexure to the Auditors Report. During the year there was an amendment to the Provident Fund Act incorporating special provisions for International Workers. Even though the effective date was from 1st November 2008, the detailed guidelines were issued much later, providing clarity to the issue. It took time to understand the applicability of the provisions to us and after due consultations the company has since covered the applicable employees and remitted a sum of Rs. 81.34 Lakhs.

Q) People Development :

The fundamental credo of the company is "respect for merit "and it strives to inculcate this in relationships with employees and all other stakeholders. We are an equal opportunity employer and are sensitive to every employee's right to be given a level playing field to rise to their full potential.

Through its flagship capability building platform "SAMURAI" the company provides a structured progressive career growth path to entry and junior level employees. We encourage employees to take the initiative to get themselves certified through relevant professional courses, by absorbing the fees invested by them on successful course completion.

The Delivery arm holds regular monthly sessions "DISCOVERY SEMINARS" to present and share project experiences with a view to exchange information on best practices, learn/update knowledge, improve productivity and innovate to enhance delivery processes.

Various in-house projects, launched with a view to upgrade our knowledge base, streamline in-house / Delivery operations, provide employees with opportunities to participate, broaden and deepen their skill sets.

Directors' Report

The company has in place a Business Leadership Team constituted from among key employees which meets twice every year to participate in ODYSSEY 2012, the company's Perspective Planning exercise.

The Company also holds periodic TOWNHALLS to brief employees on Company performance and other initiatives.

Thinksoft maintains a good Alumni interaction and are open to re-integrate them into its fold and a specific HR referral policy is in place for this purpose.

R) Quality, Technology and Systems

The company has been maintaining its ISO 9001:2000 and ISO 27001:2005 certifications on a continuous basis including this year. All infrastructure and technology systems are geared to maintain data integrity, Confidentiality and data security straddling both the customer and in-house domains. This has also been successfully meeting Clients' Audit requirements.

A suite of Test Engineering Automation tools are being maintained and upgraded regularly and an active Process Group is in place to assist the delivery team to achieve operational excellence.

The Company maintains a disaster recovery centre at Bangalore which has the ability to quickly take over and run critical projects in disaster situations.

To streamline in-house operations the Payroll, Travel Desk and Leave management processes have been automated. The company perceives the need to look at the installation of an ERP system in the near future.

S) Branding and Recognition

The company regularly participates in important trade shows and events of particular relevance to its business and had a presence in SIBOS (Vienna 2008) , MEFTEC (Bahrain 2008) etc.

In continuation of the same recognition won in 2007, the company has once again been adjudged as belonging to Deloitte TechFast500 ASIAPAC 2008 group.

Messrs. Underwriter Labs Inc. USA (Quality Registrar, Bangalore) have completed their audit / assessments and have certified the company's compliance to ISO 9001:2000 (Independent validation assurance for Global Banking firms) and ISO 27001:2005 (Information Security Management System).

During the year the Company found mention in the reports published by reputed analyst firms like Gartner, Frost and Sullivan and Nelson Hall.

Directors' Report

T) Environmental awareness

The Company is keenly aware of the need to conserve resources, reduce its carbon emissions and create sustainable alternatives wherever feasible. Towards this end we endeavor to educate and motivate all stakeholders towards applying the REDUCE, RECYCLE, RE-USE, RE-ENGINEER approach.

Some of the measures taken by the company include - Consolidation of operations through reduction in the number of Data centers, replacement of flat monitors in the place of CRT monitors, reduced number of network devices for multiple clients, Optimization of storage devices.

The Company has also introduced various "go green" initiatives within its office buildings to reduce our electrical power water and paper consumption like: switching off the air conditioners on a budgeted hours basis, converting over to CFL lightings, replacement of plastic/ paper cups,/plastic bottles with ceramic cups/ glass bottles, Rain water harvesting, use of organic pesticides and eco-friendly housekeeping consumables, storing scanned records in our servers to save paper and considerably save paper through reduced printing. Installation of Video conferencing in our offices has brought down Travel Costs.

U) IPO Plans

The Shareholders of the Company in their meeting held on 22nd July 2008 passed a resolution for conversion of the company from Private Limited to Public Limited in view of the Company's plan to come out with Initial Public Offer. The Certificate of Incorporation reflecting the new name was issued on August 19, 2008 by the Registrar of Companies, Tamilnadu, Chennai, Andaman and Nicobar Islands

The Company proposes to offer a total of 36,46,000 equity shares in an IPO in the second quarter of fiscal 2009-2010. This consists of a fresh issue of 13,50,000 equity shares and an offer for sale of 22,96,000 equity shares by other selling shareholders consisting mainly of EURO INDO INVESTMENTS. M/s Karvy Investor Services Limited has been appointed as the Merchant Bankers to the proposed issue, M/s Karvy Computershare Pvt. Ltd. as the Registrar and Share Transfer Agents of our Company and M/s ALMT Legal as the legal advisors of the issue. M/s. PKF Sridhar and Santhanam, Chartered Accountants, the auditors of the Company were requested to issue necessary certificates in connection with the IPO.

A resolution was passed in the Meeting of Board of Directors held on 14th March 2009 adopting the Draft Red Herring Prospectus (DRHP). The DRHP was filed with SEBI, Chennai on 16th March 2009 and with the National Stock Exchange and Bombay Stock Exchange on 17th March 2009. The Company is awaiting approval of the DRHP by the Stock Exchanges and SEBI.

During the year 2008-09 an additional amount of INR 3.30 million was incurred towards IPO expenses.

Directors' Report

V) Risk Management

The company's enterprise risk management approach consists of the following:

- ❖ Quarterly Internal Audit by an independent outside firm
- ❖ Regular process compliance audits for ISO 9001 and ISO 27001 standards conducted by external Auditor
- ❖ Periodic audits of compliance to other regulatory frameworks
- ❖ Annual Capital and Revenue Budget Planning followed by monthly reviews
- ❖ Annual Sales Planning with monthly monitoring
- ❖ Annual Perspective and Strategic planning exercise with half yearly update
- ❖ Conservative approach to funds planning with zero debt and no forex hedging

W) Corporate Governance

The company wishes to ensure adherence to the principles of accountability and transparency in the conduct of its business. In furtherance of this objective, the company has appointed three independent Directors to its Board (from a total 6 Directors) in keeping with Clause 49 of SEBI.

Further, the following committees of the Board have been constituted, comprising a majority of independent directors.

Audit Committee
Remuneration Committee
Shareholder / Investor Grievance committee

“ We heard about the value proposition brought by Thinksoft in an earlier project at Bank (cards project). Interaction with your key people also enhanced our confidence in the capability of your team for UAT planning and execution. In retrospection, we think that it has been a good decision to have Thinksoft on board for UAT.”

*Head, International Project Group,
Large Private Sector Bank India*

X) Corporate Social Responsibility

- ❖ During the year the company contributed INR 0.30 Million to the 'Sadhya' Program of Vidhya Sagar's Spastics society, an NGO dedicated to the welfare and development of Spastics Children.
- ❖ The Company is also in discussions with 'Ability' Foundation to create employment opportunities within the company for differently abled people.

Directors' Report

- ❖ The Company has also decided to set aside certain percentage of its profits towards contributions for such activities in the coming years.

Y) Directors' Responsibility

Pursuant to Section 217(2AA) of the Companies Act, 2000, the Directors confirm that:

- (i) They accept responsibility for the integrity and objectivity of these accounting statements
- (ii) The financial statements are prepared in accordance with the guidelines and standards of the ICAI and Companies Act 1956, to the extent applicable. There are no material departures from the abovementioned standards;
- (iii) such standard accounting policies have been applied consistently, except as otherwise stated,
- (iv) the judgments and estimates have been made on a reasonable and prudent basis so that the financial statements provide a true and fair view of the state of affairs of the Company at the end of the financial year
- (v) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (vi) the Annual Accounts are prepared on a going concern basis and on an accrual basis

Z) Acknowledgements

The Directors' wish to place on record their appreciation and thanks for the support given by their Customers, Vendors, Bankers and Government Agencies. In particular, the directors wish to acknowledge the continued support from Messrs. Lakshmi Vilas Bank, Chennai and Messrs. ICICI Bank, Chennai, STPI - Chennai, and Messrs. MEPZ-, Tambaram. We also express our gratefulness to our employees who have played their parts with dedication and commitment.

For and on behalf of Board of Directors

A V ASVINI KUMAR
Managing Director

VANAJA ARVIND
Executive Director

Place: Chennai
Date: 2nd July, 2009.

Directors' Report

Annexure 1

Statement of Subsidiaries under Sec 212 of the Companies Act 1956.

Name of the Subsidiary	Thinksoft Global Services Pte Ltd, Singapore.	Thinksoft Global Services Inc, USA	Thinksoft (India) Services Private Limited., India	Thinksoft Global (Europe) GmbH, Germany
The Financial Year of the Subsidiary Company ended on	March 31,2009	March 31,2009	March 31,2009	March 31,2009
Holding Company	Thinksoft Global Services Limited	Thinksoft Global Services Limited	Thinksoft Global Services Limited	Thinksoft Global Services Limited
Holding Company's interest	100%	100%	100%	100%
Shares held by the Holding Company in the Subsidiary	100,000 equity shares of \$5 1/- each fully paid up	3,000 equity shares of \$0.01/- each fully paid up	10,000 equity shares of Rs.10/- each fully paid up	Euro 50,000/-
Net aggregate amount of Profit of the Subsidiary so far as it concerns the Members of the Holding Company and is not dealt with in the Accounts of the Holding Company				
a. for the financial year ended on March 31, 2009 (Rs. Mn)	5.53	0.56	(0.08)	0.10
b. for the previous financial years of the Subsidiary since it became a Subsidiary (Rs.Mn)	24.46	0.86	1.37	(0.82)
Net aggregate amount of Profits / (Losses) of the Subsidiary so far as it concerns the Members of the Holding Company dealt with or provided for in the Accounts of the Holding Company:				
a. for the financial year ended on March 31, 2009 (Rs. Mn.)	N.A	N.A	N.A	N.A
b. for the previous financial years of the Subsidiary since it became a Subsidiary (Rs. Mn.)	N.A	N.A	N.A	N.A

Directors' Report

Annexure 2

ESOP Schemes under various series:

ESOP - PLAN 2001

	2007-08	2006-07
Options outstanding at the beginning of the year	3,220	9,900
Options granted during the year	0	0
Options exercised during the year	3,220	0
Options lapsed during the year	0	6,680
Options outstanding at the end of the year	0	3,220

ESOP - PLAN 2002

	2007-08	2006-07
Options outstanding at the beginning of the year	3,000	3,000
Options granted during the year	0	0
Options exercised during the year	3,000	0
Options lapsed during the year	0	0
Options outstanding at the end of the year	0	3,000

ESOP - PLAN 2007

	2007-08	2006-07
Options outstanding at the beginning of the year	187,500	0
Options granted during the year	0	187,500
Options exercised during the year	162,500	0
Options lapsed during the year	25,000	0
Options outstanding at the end of the year	0	187,500

Note : ESOP 2003 plan does not have any outstanding balance at the beginning of the year and all the options granted had already lapsed.

Directors' Report

Annexure 3

Statement of particulars pursuant to the provisions of section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975.

Employed through out the year and in receipt of remuneration of not less than INR.24,00,000/- p.a.

Sl. No.	Name	Designation	Age	Gross Remuneration INR.	Qualification	Experience (years)	Date of Appointment	Designation - Previous Employment
1.	Asvini Kumar A.V.	Managing Director	56	12,200,000	B Sc, PGDM (IIMB)	29	17-Dec-99	Managing Consultant - Thinksoft
2.	Vanaja Arvind	Executive Director	61	12,000,000	MS., (Info. Sc.), Pittsburgh	25	1-Oct-01	Whole Time Director-Thinksoft (India) Services Private Limited
3.	Vaidyanathan N	Chief Financial Officer	56	4,465,695	BSc. FCA;	33	1-Sep-05	Sr. Vice President and CFO - Polaris Software Lab Ltd.,
4.	Nandkishore. D	Vice President - Marketing	36	3,233,286	BE, MBA	14	14-Feb-02	Manager - Marketing Planning, Caltex

Employed for part of the year and in receipt of remuneration of not less than INR.2,00,000/- p.m.

Sl. No.	Name	Designation	Age	Gross Remuneration INR.	Qualification	Experience (years)	Date of Appointment	Designation - Previous Employment
1.	Kamal Kumar Bhagi	President Delivery Services	49	3,004,948	B.E.,	22	6-Aug-08	I Gate Global Solutions - Centre Head and IT Delivery

Directors' Report

Annexure 4

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

1. Details of conservation of energy

The Company is keenly aware of the need to conserve resources, reduce its carbon emissions and create sustainable alternatives wherever feasible. Towards this end we endeavor to educate and motivate everyone towards applying the REDUCE, RECYCLE, RE-USE, RE-ENGINEER approach.

Even though the operations do not warrant high energy consumption, the Company continuously takes measures to optimize energy usage, for example,

a) Consolidation of operations through reduction in the number of Data centers. b) reduced number of network devices for multiple clients, c) replacement of flat monitors in the place of CRT monitors d) Optimization of storage devices switching over to CFL lightings, e) switching off the air conditioners on a budgeted hours basis.

B. Technology absorption

1) Special Areas in which R and D carried out by the Company

The company has practiced and encouraged innovation in the areas of Domain based Repository creation, implemented Process Automation and has been Continuously improving its methodologies and service offerings to differentiate in the market.

2) Benefits derived as a result of the above R and D

- Improved throughput
- Enhanced productivity
- Greater accuracy
- Increased Customer satisfaction
- Higher Functional coverage
- Effective resource utilization
- More reliable planning and tracking
- Sharpened competitive advantage in the market

Directors' Report

Annexure 4

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988

3) Future plan of action	The Company is in the process of preparing a road map for the creation of R and D division to create Intellectual Assets.
4) Expenditure on R and D	While the expenditure incurred on R and D was nil, however the company has spent approximately an amount of INR 1.40 Mn towards such innovation.
C. Foreign Exchange earnings and outgo	
1) Activities relating to export initiatives taken to Increase exports developments of new markets for product and services and export plans.	<p>Company has participated in international banking events and trade shows to market its services. Focused Lead generation programs for export markets are being carried out.</p> <p>The company regularly participates in important trade shows and events of particular relevance to its business and had a presence in SIBOS (Vienna 2008) , MEFTEC (Bahrain 2008) etc.</p> <p>The company has once again been adjudged as belonging to Deloitte TechFast500 ASIAPAC 2008 group.</p> <p>Messrs. Underwriter Labs Inc. USA (Quality Registrar, Bangalore) have completed their audit / assessments and have certified the company's compliance to ISO 9001:2000 (Independent validation assurance for Global Banking firms) and ISO 27001:2005 (Information Security Management System).</p> <p>During the year the Company found mention in the reports published by reputed analyst firms like Gartner, Frost and Sullivan and Nelson Hall</p>
2) Total Foreign exchange used and earned FOB	<p>(a) Total Foreign Exchange Earned INR 885.91 million.</p> <p>(b) Total Foreign Exchange used INR 304.95 million.</p>

ODYSSEY - Our Perspective Planning Framework

The company's Business Model of Domain Based Testing services was conceived in 1999-2000 by observing the following challenges in various IT projects for systems implementation, migration, up gradation and Application roll outs:

- ❖ Significant delays in systems implementation is due to Business Requirements not being clearly articulated, documented or understood by all stakeholders.

In a highly competitive environment it becomes necessary to regularly review and re-validate the Business model against the current market conditions to keep it current and updated.

“In a highly competitive environment it becomes necessary to regularly review and re-validate the Business model against the current market conditions to keep it current and updated.”



- ❖ The software developers are technology focused and lack sufficient business knowledge to understand requirements resulting in introduction of critical defects in applications
- ❖ Structured and rigorous testing methodologies are not followed resulting in serious production problems which is damaging both to customers and to business reputation
- ❖ Given this environment validating business functions of such application systems requires the requisite domain knowledge
- ❖ As IT systems become more complex, even assessing performance and usability of such systems cannot be done without good understanding of the business fundamentals.

While in the past this was done as part of our annual target planning exercise, it was decided to make this activity a formal process christened as 'ODYSSEY' in April 2008 and a Business Leadership Team was constituted comprising of managers from all functions, to participate in this process.

The first workshop Odyssey 2012 - the journey towards achieving significant growth in the next 3 years was initiated in August 2008. This was more an introductory workshop for the team to come to an understanding of the tasks before them, identify key initiatives which had to be started to progress on Odyssey. A sequel to this was held in December 2008.

On both occasions the participants (Business Leadership team) gathered for two intensive days to

ODYSSEY -

Our Perspective Planning Framework

- ❖ review the business environment - economic, industry, competition, regulatory trends
- ❖ look at current revenue patterns and formulate Revenue goals for the next 3 years
- ❖ perform a SWOT analysis and competitor profiling
- ❖ decide the business directions and initiatives to be taken to address the revenue gaps
- ❖ list out a set of prioritized /action items to be implemented over the immediate and medium term horizons.

The deliberations were anchored and orchestrated by a senior strategy consultant.

The proceedings of ODYSSEY 2012 can be taken as a representation of the management's view of the road map and the strategy and tactics to be used in the game plan leading up to it. In other words, it would form the basis for the company's detailed medium term Business Plan.

A summary of the key elements of the deliberations and proceedings are presented here.

BUSINESS ENVIRONMENT

The Global economic crisis has been well and widely documented and we will not dwell upon it here.

MARKET TRENDS

Though BFSI sector world-wide is perceived to be affected, this may mainly apply to Commercial Banking, Project Finance, Investment Banking,

Mortgages, etc. However specific domain areas like Payment Systems, Treasury, Islamic banking, Core Banking and Asset Management are likely to exhibit strong growth.

Consolidation of firms within the Banking sector and the need to rationalize global IT assets will result in increased integration / migration projects. Financial Products and package implementation will see a positive growth.

The thrust by GCC countries to position themselves as alternate Financial hubs has lead to the spurt in upgrading, revamping of the IT systems, applications and infrastructure of the top tier financial firms in the region. This would drive robust growth in that region.

Similar trends likely to be observed in India and the ASEAN region.

Financial services IT spending in Western Europe and US will remain subdued and may even demonstrate a down ward trend.

Off shore IT services will increase due to shrinking IT budgets of the global BFSI clients. High volumes however will be the order of the day with much reduced billing rates. There will also be increased demand for SAaS, 'pay-as-you-go' and other transaction based pricing models which will result in the lower upfront capex budgeting for clients.

Increasing unemployment rates in developed countries will lead to more stringent work permit regime, with other non-tariff barriers thrown in (higher minimum wages for foreign IT workers, points systems for work permits etc).

ODYSSEY -

Our Perspective Planning Framework

Increased focus on cash flow and working capital management as a result of the deteriorating trend of Days' Sales Outstanding (DSO). Service providers also need to safeguard themselves against the risk of bad debts.

Nature of competition will change in the present scenario of a market meltdown with everyone including IT majors and MNC's aggressively going after the same pie. The important categories of competition are:

- ❖ *Testing vendors both pure play and horizontal*
- ❖ *Mid tier Indian IT Companies*
- ❖ *Domain consulting firms and specialized BPO's*
- ❖ *Large consulting Companies*
- ❖ *International Staff Augmentation vendors.*

“ The ODYSSEY workshop was excellent during both the iterations. It brought out the areas to concentrate and improve on to reach the desired goal. The best part is that we were able to see the positive effects of recession on companies of our profile.”

Delivery Manager-2

STRENGTHS, OPPORTUNITIES, CHALLENGES

The Company will continue to maintain its capabilities in its traditional strength areas of Functional Testing in the domains of Banking , Credit Card, Treasury, Mortgages, Payment systems across a wide range of Products (Note: Trademarks of respective Owners) like

Vision +, Tsys Prime, Flexcube, Finacle, T24, Banks24, Genius, Falcon, Triad, Kondor +, Finnone.

The Company will also focus on strengthening competencies in Insurance, Capital Markets and non-functional testing areas - eg. Performance load, stress testing / security testing, Data Migration / "Middle Ware" testing. There will also be a focus on building methodologies for Testing in SOA, Agile and similar development environments etc.,

BUSINESS DIRECTION AND INITIATIVES

To reap the maximum benefits from our specialization and to position ourselves competitively against the scale players, a set of high priority initiatives have been mapped out.

SALES AND MARKETING

- ❖ Account Management: To develop "Account Management Framework" as a Core Competency
- ❖ Broad based Marketing program - Image building for visibility to get more and larger RFPs and build Professional Relationships
- ❖ Research reports as 'Thought Leadership' tool aimed at target Clients.

“My 6 years of association with Thinksoft has been full of growth and learning. Apart from project level participation, I got opportunity to understand the organization level view and contribute to the growth of the company in various areas by participating in forums like Business Leadership Team Meet and Odyssey.”

Senior Project Manager - 1



ODYSSEY - Our Perspective Planning Framework

- ❖ To strengthen Pre-Sales Capability by setting up Pursuit Team model for large bids
- ❖ Alliances / Teaming/ Channel Partnerships: With Product Vendors / Large Global System Integrators, Product Companies, Test Tool vendors
- ❖ Setting up Knowledge Management portal for streamlining Pre-sales efforts

DELIVERY

- ❖ Organize along Practices / Domains / Verticals
- ❖ Setting up Security Testing and Performance Testing practice
- ❖ Create demo pack to showcase core competencies
- ❖ Design Certification Health check offering
- ❖ Create Reusable test packs for Core Banking Credit Cards / Mortgages and Islamic banking
- ❖ Building Mobile commerce, Internet, Mobile banking competency
- ❖ Flexi Work Force to provide 'Multi-shore' 'On-off' Local Recruitment Capability

AREAS FOR INNOVATION IN THE NEAR TERM FUTURE

- ❖ Test Enabled Services: Training / Help Desk
- ❖ Product guarantee service

- ❖ QA certification for product Co's
- ❖ Application certification service
- ❖ Consulting Practices - Test Process and - Program Management
- ❖ Utility / Result/transaction based - Pricing
- ❖ "TEST" outsourcing as a Shared Service

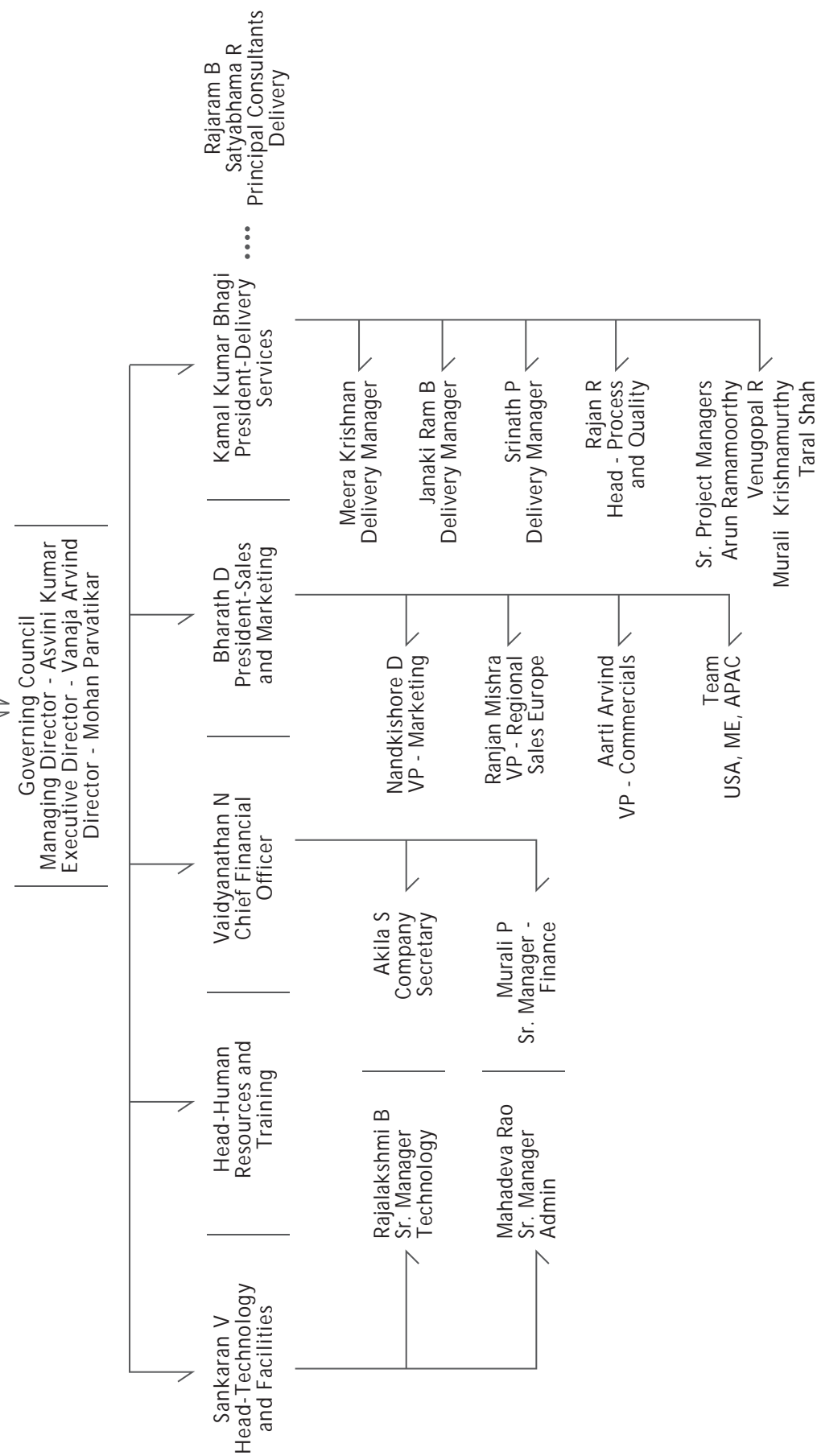
CREATION OF GLOBAL FOOTPRINT

Three years from now the company should have a presence in all the important financial centers where our potential clients are located:
New York / London / Singapore / Dubai / Mumbai / Hong Kong / Zurich / Frankfurt / Sydney

“I think the management's approach to managing payroll costs is quite prudent and pragmatic. Conserving cash during the present period of financial crisis is in the overall interests of the organization and its employees. This is well appreciated by and one and all and boosted everyone's confidence in our ability to weather this storm.”

Delivery Manager-3

BOARD OF DIRECTORS



ODYSSEY-TEAM

Sl.No.	NAME	QUALIFICATION	YEARS IN CO.	ROLE
1	Venugopal R	B.E, MBA	2.2	Senior Project Manager
2	Vasant Narayan	B.Sc.	1.0	Account Manager
3	Vaidyanathan N	B.Sc, FCA	3.8	Chief Financial Officer
4	Tara Shah	B.Com, PGDCA	5.5	Senior Project Manager
5	Sudha Kiran	B.Tech	7.9	Senior Functional Consultant
6	Srinath P	B.Com, AICWA	9.1	Delivery Manager
7	Satyabhama R	B.Com, MBA	9.6	Principal Consultant
8	Sankaran V	B.Com, CISA	2.2	Head-Technologyand Facilities
9	Ranjan Mishra	B.Com, MBA	6.4	Vice President, Sales-UK and Europe
10	Ram Gudur	B.Com. PGDBA	1.2	Senior Manager- Sales and Marketing
11	Rajaram B	B.Tech. MBA	8.6	Principal Consultant
12	Rajan R	M.Sc, MBA	4	Head - Process and Quality
13	Rajalakshmi B	B.Sc, AICWA,MS	4.3	Senior Manager - Technology
14	Nandkishore D	B.E, MBA	7.4	Vice President - Marketing
15	Murali P	BA, FCA	3.4	Senior Manager - Finance
16	Murali Krishnamurthy	B.Sc, MBA	3.5	Senior Project Manager
17	Meera Krishnan	M. Sc, DCS	8	Delivery Manager
18	Mahadeva Rao K G	M.A, M. Phil	3.5	Senior Manager - Administration
19	Kamal Kumar Bhagi	B.E	0.9	President-Delivery Services
20	Janakiram B	B.Sc, A.D.S.M	1.4	Delivery Manager
21	Bharath Dorairaja	B.Tech, MBA	3.7	President - Sales and Marketing
22	Arun Ramamoorthy	B.Com, MBA	3.7	Senior Project Manger
23	Aarti Arvind	B.Sc, MBA	8.5	Vice President – Commercial

“I’ve been associated with Thinksoft for the last 8 years and it’s been a tremendous experience in terms of learning. I’ve worked across departments in diverse areas and I feel that this has given me a complete picture of the organization which I would not have got if I was just involved in a set area. This has been possible because we don’t have barriers which define that you can work only in one area and there is a lot of scope to work and learn in diverse areas.”

Vice President

PROFILE of Directors

MS. VANAJA ARVIND - Executive Director, an M.A Sociology (University of Madras) and M.S (University of Pittsburgh). After a stint with a Chennai headquartered NBFC, she co- founded and ran her own software consulting firm for a few years before joining Citibank in 90. During her stint in Citibank she successfully spearheaded efforts to obtain an SEI CMM level 3 certification. After another brief tenure as the CEO of an Indian ISP, she moved on to IBM Global Services (India) where she held many roles, first as the Head of Quality, then as a key member of its outsourcing team in New Jersey and lastly as their India Country Manager (SMB Services). Ms. Vanaja teamed up with Mr. Asvini and Mr. Mohan to re-structure and re-orient Thinksoft in early 2000.



Dr. RAJAGOPALAN .S is a Non-Executive and Independent Director of the Company. He is Bachelor of Technology (B.Tech) in Chemical Engineering from Indian Institute of Technology, Delhi, Post Graduate Diploma in Management from Indian Institute of Management, Bangalore and he has earned Doctorate titled "Innovations in Multi Organizational Settings" from Indian Institute of Technology, Kanpur. He was the Chief Executive Officer of the Karnataka State Council for Science and Technology for 14 years and also was founder and Chairman of Technology Informatics Design Endeavour (TIDE), a non-profit organization. He was awarded the Ashoka Fellowship in the year 1984, Fellow of the Salzburg Seminar in 1999, and finalist of Social Entrepreneur of India award of year in year 2006. Dr.S Rajagopalan was elected as one of the 50 pioneers of change by India Today Magazine in the year 2008. Currently, he is a professor at the International Institute of Information Technology, Bangalore.



Mr. MOHAN PARVATIKAR is a Promoter - Non-Executive Director of the Company. Mr. Mohan graduated from IIT - Delhi and later enrolled at IIM, Bangalore to get his MBA. After working for major Indian financial sector Organisations for many years (SBI, ICICI and KSFC) Mohan re-invented himself as a stockbroker on the Bangalore Stock Exchange. He became associated with Thinksoft in late 1999, participating in its re-structuring and fund raising activities and has remained an active and key contributor to its strategic planning dimension.



PROFILE of Directors

Mr. MADHUSUDAN C.N. is a Non-Executive and Independent Director of the Company. He is a Bachelor of Science from St. Joseph's College, Bangalore and has a Post-Graduate Diploma in Management from Indian Institute of Management, Ahmadabad. He is an accomplished executive with over 25 years of experience in setting up, acquiring and operating businesses in Europe, India and USA. His expertise areas include launching new businesses, turnaround management, outsourcing, strategic investments and mergers and acquisitions. He is the founder and CEO of Vector Span Inc., an enterprise that enables companies to develop and implement their growth/exit strategy, engineer inorganic growth and make integration and cross border transactions. He held key roles at NIIT including oversight of Bangalore and Mumbai operations, leadership of HR, IS and Corporate planning groups, President and COO of US operations and President of NIIT Ventures.



Mr. KUMAR K. is a Non-Executive and Independent Director of the Company. Kumar holds a Bachelor's degree in Electrical and Electronics Engineering (Madurai Kamaraj University) which he followed up earning both the PGDM and Fellowship (Doctoral level) qualifications from the Indian Institute of Management, Bangalore (IIM-B). In his current role as a Professor of Entrepreneurship and Chairperson of the NS Raghavan Centre for Entrepreneurial Learning (NSRCEL) at Indian Institute of Management Bangalore (IIM-B) , he works closely with many start ups and growth seeking businesses. Kumar has over two decades of experience as a corporate manager, consultant, entrepreneur and academic. His corporate experience includes a Consulting role at TCS (1991-95) and as CEO(1995-2001) and President (2005-2006) of Trigent Software Ltd.



Mr. ASVINI KUMAR A V - Chairman and Managing Director, holds a Bachelors of Science degree in Physics (Osmania University) and a PGDM from IIM, Bangalore (1981). He, along with 3 other IIM batch mates co-founded and ran a consulting startup for 2 years (1981-83). This was followed by a 1 year assignment at IIM - Bangalore to help set up and upgrade their student and faculty computing facilities and later by a 5 year stint with PSI Data Systems, as Product Support Manager. He founded Thinksoft with the objective of providing value added IT consulting services, mainly in the areas of testing, documentation and domain consulting. In 1999, he along with two others re-structured Thinksoft as a Private Company with Venture Capital funding to promote the offshore model for software testing.



THINKSOFT GLOBAL SERVICES LTD

FINANCIALS - STAND ALONE

2008-09

AUDITORS' REPORT

PKF SRIDHAR AND SANTHANAM
Chartered Accountants

No.98, A IVth Floor,
Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004, India.
Tel: +91 44 28478 701/02,
Fax : 0091 - 44 - 28478705
E-mail: ssca@vsnl.com

AUDITOR'S REPORT TO THE MEMBERS OF THINKSOFT GLOBAL SERVICES LIMITED

To

The Members of THINKSOFT GLOBAL SERVICES LTD

1. We have audited the attached Balance Sheet of THINKSOFT GLOBAL SERVICES LTD, Type 2, Unit 5, Dr. Vikram Sarabhai Instronics Estate, Thiruvannamiyur, Chennai – 600041 as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company, including for the branches for which also books are centrally maintained at the head office, so far as appears from our examination of the books.

AUDITORS' REPORT

(iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

(v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2009;
- (b) In the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date

For PKF Sridhar and Santhanam
Chartered Accountants

T. V. Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: 02.07.09

AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT TO THE MEMBERS OF THINKSOFT GLOBAL SERVICES LTD ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

- (I)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The company has a regular programme of verifying fixed assets every year which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. All Fixed assets have been physically verified by the management along with Internal Auditors during the year. As informed, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) There was no substantial disposal of fixed assets during the year.
- (II) Having regard to the nature of the company's business, clause (ii) of this order is not applicable
- (III)
 - (a) The company has not granted any loan to the parties covered under Sec 301 register.
 - (b) In the case of fully owned subsidiaries, expenses reimbursable accounts do not have any stipulation with regard to payment or other terms.
 - (c) According to the information and explanations given to us, the Company has, during the year, not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (IV) 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 with regard to the purchase of fixed assets and sale of service. On the basis of our examination and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the aforesaid internal control system.
- (V)
 - (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

AUDITORS' REPORT

- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements exceeding the value of five Lakh rupees have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (VI) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules made there under.
- (VII) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business
- (VIII) The Company is not required to maintain cost records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (IX)
- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, income-tax, customs duty, cess and other material statutory dues applicable to it with the appropriate authorities ***except for a sum of Rs. 81,34,634 relating to provident fund contribution (both employer and employee share) for international workers made applicable from November 08. This has since been remitted in June '09.*** Statutory dues in respect of sales tax, excise duty, investor education and protection fund and employees state insurance are not applicable to the company.
- (b) According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, Customs Duty and cess were in arrears, as at 31st March 2009 for a period of more than six months from the date they became payable.
- (X) The Company has no accumulated losses at the end of the year and has not incurred cash losses in the current year and the immediately preceding financial year.
- (XI) Based on our audit procedure and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, accordingly paragraph 4 (xii) of the Order is not applicable.
- (XIII) The Company is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund etc., are applicable, accordingly paragraph 4 (xiii) of the Order is not applicable.
- (XIV) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.

AUDITORS' REPORT

- (XV) According to the information and explanations given to us, the company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (XVI) In our opinion and according to the information and explanations given to us, the Company has not taken any term loan during the year.
- (XVII) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that, during the year, short-term funds have not been used to finance long-term investments.
- (XVIII) The Company has not made any preferential allotment of shares to parties covered under Sec 301 register during the year.
- (XIX) The Company has not issued any debentures during the year.
- (XX) The Company has not raised any money by way of public issue during the year.
- (XXI) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year ended 31st March 2009.

For PKF Sridhar and Santhanam
Chartered Accountants

Place: Chennai
Date: 02.07.09

T. V. Balasubramanian
Partner
Membership No.: 27251

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Balance Sheet as at 31st March 2009
(All amounts are in Indian Rupees, unless otherwise stated)

SCHEDULE	31.03.2009	31.03.2008
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital 1	87,015,810	76,627,030
Employees Stock Options Outstanding	-	5,812,500
Reserves and Surplus 2	349,962,506	220,665,647
	436,978,316	303,105,177
APPLICATION OF FUNDS		
Fixed Assets 3		
Gross Block	88,184,093	83,711,108
Less: Accumulated Depreciation	56,663,454	60,337,249
Net Block	31,520,639	23,373,859
Capital work in progress including Capital Advances	1,967,188	4,800,000
Investments 4	33,487,827	28,173,859
Deferred Tax Asset (refer note No.15.3.17)	10,098,197	10,098,197
	6,227,107	3,407,377
Current Assets, Loans and Advances		
Sundry debtors 5	235,403,822	201,705,023
Cash and Bank Balances 6	211,196,546	99,441,820
Other Current Assets 7	1,151,248	2,550,073
Loans and Advances 8	105,524,815	72,149,434
	553,276,431	375,846,350
Less: Current Liabilities and Provisions 9		
Current Liabilities	129,361,554	103,571,457
Provisions	36,749,692	10,849,149
Net Current Assets	387,165,185	261,425,744
	436,978,316	303,105,177

Notes to Accounts 15

The schedules referred to above and the notes on accounts form an integral part of the Balance Sheet

As per our report of even date

PKF Sridhar and Santhanam Chartered Accountants	For and on behalf of the Board of Directors		
T V Balasubramanian Partner Membership No: 27251	A.V. Asvini Kumar Managing Director	Vanaja Arvind Executive Director	S Akila Company Secretary
Chennai Date: 02.07.09	Chennai Date: 02.07.09	Chennai	Chennai

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Profit and Loss Account for the year ended 31st March 2009
(All amounts are in Indian Rupees, unless otherwise stated)

SCHEDULE	Year ended March 31,2009	Year ended March 31,2008
INCOME		
Software Services 10	889,595,460	697,726,042
Other income 11	30,274,099	2,012,373
	919,869,559	699,738,415
EXPENDITURE		
Personnel expenses 12	496,846,433	393,411,678
Operating and other expenses 13	250,493,295	189,585,614
Financial expenses 14	2,244,619	714,411
Depreciation / amortization 3	15,850,576	13,277,002
	765,434,923	596,988,705
Profit before tax	154,434,636	102,749,710
Provision for tax		
- Current tax	27,706,503	16,594,390
- Fringe benefit tax (net of recoveries Rs.17,14,375/-)	3,171,534	2,289,557
- Deferred Tax (refer note no. 15.3.17)	(2,819,730)	(4,024,377)
- Excess tax provision reversed	-	(164,130)
- Minimum Alternate Tax credit	(12,414,989)	(6,844,723)
Total Tax Expense	15,643,318	7,850,717
Profit after tax	138,791,318	94,898,993
Balance brought forward from previous year	190,171,676	123,202,644
Profit available for appropriation	328,962,994	218,101,637
Appropriations:		
Interim dividend	-	15,325,408
Final dividend	8,701,581	-
Tax on dividend	1,478,883	2,604,553
Transferred to General Reserve	-	10,000,000
Surplus carried to Balance Sheet	318,782,530	190,171,676
Notes to Accounts 15		
Earnings per share - (refer note no 15.3.18)		
- basic	16.88	12.89
- diluted	16.88	12.75
Nominal value per equity share	10.00	10.00

The schedules referred to above and the notes on accounts form an integral part of the Profit and Loss Account

As per our report of even date

PKF Sridhar and Santhanam Chartered Accountants	For and on behalf of the Board of Directors		
T V Balasubramanian Partner Membership No: 27251	A.V. Asvini Kumar Managing Director	Vanaja Arvind Executive Director	S Akila Company Secretary
Chennai Date: 02.07.09	Chennai Date: 02.07.09	Chennai	Chennai

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Cash flow statement for the year ended 31st March, 2009
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flow from operating activities		
Net profit/(loss) before taxation	154,434,636	102,749,710
Adjustments for:		
Depreciation/amortisation	15,850,576	13,277,002
Loss/(profit) on sale of fixed assets	(6,276,773)	-
Contribution to Gratuity	-	1,816,000
Unrealised forex exchange loss/(gain), net	(33,686,409)	10,114,878
ESOP Provision exercised	-	5,812,500
Leave Salary 2006-07	-	(4,124,131)
Interest income	(2,915,050)	(2,012,373)
Provision for bad and doubtful debts	11,256,233	-
Operating profit before working capital changes	138,663,213	127,633,586
(Increase)/Decrease in sundry debtors	(23,879,988)	(34,672,247)
(Increase)/Decrease in Deferred tax Asset	(2,819,730)	(4,024,377)
(Increase)/Decrease in loans and advances / other current assets	(28,995,764)	(47,442,722)
Increase/(Decrease) in current liabilities (Refer note c below)	26,742,523	37,253,465
Increase/(Decrease) in provisions	7,659,104	3,932,151
Cash generated from operations	117,369,358	82,679,856
Direct taxes paid (net of refunds)	(7,582,335)	(6,107,706)
Net cash from/(used in) operating activities	109,787,023	76,572,150

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Cash flow statement for the year ended 31st March, 2009
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flows from investing activities		
Purchase of fixed assets	(21,592,662)	(19,694,006)
Proceeds from sale of fixed assets	6,704,891	-
Interest received	2,661,555	1,926,130
Purchase of Investments	-	-
Fixed deposits matured/(invested) during the year	28,846,534	(34,528,675)
Net cash from/(used in) investing activities	16,620,318	(52,296,551)
Cash flows from financing activities		
Proceeds from issuance of shares	5,262,285	13,377,856
Dividends paid	-	(18,947,731)
Tax on dividend paid	-	(3,220,167)
Net cash (used in)/from financing activities	5,262,285	(8,790,042)
Net increase in cash and cash equivalents	131,669,627	15,485,557
Cash and cash equivalents at the beginning of the year	54,463,145	41,670,734
Effect of changes in exchange rate on cash and cash equivalents	8,931,629	(2,693,146)
Cash and cash equivalents at the end of the year	195,064,401	54,463,145

FINANCIALs

Notes:

a) The reconciliation to the cash and bank balances as given in the Balance Sheet is as follows:

	Year Ended March 31st, 2009	Year Ended March 31st, 2008
Cash and bank balances, as per Schedule 6	211,196,546	99,441,820
Less : Fixed deposits with maturity over 90 days	(16,132,145)	(44,978,675)
Cash and cash equivalents, end of year	195,064,401	54,463,145
b) Components of cash and cash equivalents		
Cash on hand	57,655	77,859
Balances with banks		
in current accounts	8,467,122	13,125,379
in current accounts in foreign currency	171,293,379	22,300,955
Balances with non-scheduled banks		
in current account - ICICI Bank, London	7,960,245	18,958,952
in deposit account - ICICI Bank, London	7,286,000	
	195,064,401	54,463,145

c) Adjustments for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

As per our report of even date

PKF Sridhar and Santhanam Chartered Accountants	For and on behalf of the Board of Directors		
T V Balasubramanian Partner Membership No: 27251	A.V. Asvini Kumar Managing Director	Vanaja Arvind Executive Director	S Akila Company Secretary
Chennai Date: 02.07.09	Chennai Date: 02.07.09	Chennai	Chennai

FINANCIALs

Thinksoft Global Services Limited

(formerly Thinksoft Global Services Pvt. Ltd.)

Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements

(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
1. Share capital		
Authorised 12,000,000 (Previous year 12,000,000) equity shares of Rs.10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid Up 8,701,581 (Previous year 7,662,703) equity shares of Rs. 10/ each of the above, 6,893,720 equity shares have been issued during the year ended March 31st 2002 & 870,156 equity shares have been issued during the year ended March 31st 2009 as fully paid bonus shares by capitalisation of securities premium and profits	87,015,810	76,627,030
2. Reserves and surplus		
General Reserve		
Balance at the beginning of the year	21,296,695	14,221,826
Add: Additions during the year	-	10,000,000
Less: Leave Salary Adjustment as of 31.03.07	-	(4,124,131)
Add : ESOP Options Lapsed	775,000	-
Add : Gratuity Adjustment as of 31.03.07	-	1,199,000
Balance at the end of the year	22,071,695	21,296,695
Securities Premium Account		
Balance at the beginning of the year	9,197,276	-
Add: Premium received on shares allotted in the event period	8,612,565	9,197,276
Less: Utilised in issue of Bonus Shares	(8,701,560)	-
Balance at the end of the year	9,108,281	9,197,276
Balance in Profit and Loss Account	318,782,530	190,171,676
	349,962,506	220,665,647

FINANCIALS

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
3. Fixed assets		
Schedule 3 on fixed assets is set out on the following page.		
4. Investments Long Term		
Unquoted, Trade In wholly-owned Subsidiary Companies (fully paid up)		
10,000 equity shares (Previous year - 10,000) of Rs.10/- each in Thinksoft India Services Private Limited	100,000	100,000
100,000 equity shares (Previous year - 100,000) of \$\$.1/- each in Thinksoft Global Service Pte. Ltd., Singapore	2,658,023	2,658,023
3,000 equity shares (Previous year - 3,000) of \$0.01/- each in Thinksoft Global Service Inc., USA	4,625,400	4,625,400
Euro 50,000 (Previous year - Euro 50,000) in Thinksoft Global (Europe) GmbH	2,714,774	2,714,774
	10,098,197	10,098,197

FINANCIALS

Thinksoft Global Services Limited (formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

3. Fixed Assets

Description	Gross Block			Depreciation / Amortization			Net Block	
	As at April 1, 2008	Additions during the Period	Deletions during the Period	As at Mar 31, 2009	As at April 1, 2008	For the year	As at Mar 31, 2009	As at April 1, 2008
a. Tangible Assets								
Leasehold rights & Improvement		9,504,000	-	9,504,000		475,200	9,028,800	-
Buildings		7,421,627		7,421,627		185,032	7,236,595	-
Plant, Machinery and equipment	4,209,208	444,559	1,665,552	2,988,215	3,009,267	848,465	460,717	1,199,941
Computer equipment	52,835,202	3,584,817	6,778,742	49,641,277	37,381,666	9,546,283	9,452,938	15,453,536
Furniture and fittings	5,825,536	-	5,504,730	320,806	4,260,719	1,513,700	46,368	1,564,817
Office equipment	4,623,395	1,490,757	575,716	5,538,436	3,915,109	977,322	1,172,802	708,286
Vehicles	2,832,153	103,403	404,223	2,531,333	1,977,774	313,222	644,560	854,379
Temporary partitions	5,693,837	323,544	5,023,526	993,855	5,693,837	323,544	-	-
b. Intangible Assets								
Computer Software	7,691,777	1,552,767	-	9,244,544	4,098,877	1,667,808	3,477,859	3,592,900
Total	83,711,108	24,425,474	19,952,489	88,184,093	60,337,249	15,850,576	31,520,639	23,373,859
Previous year ended 31.03.08	67,447,698	16,960,725	697,315	83,711,108	47,757,562	13,277,002	23,373,859	19,690,136

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements

(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
5. Sundry debtors (Unsecured)		
Considered Good		
Debts outstanding for a period exceeding six months	8,539,542	665,282
Other debts	226,864,280	201,039,741
	235,403,822	201,705,023
Considered Doubtful		
Debts outstanding for a period exceeding six months	561,401	-
Other debts	10,694,832	-
	11,256,233	-
Less: provision for Doubtful Debts	(11,256,233)	-
	235,403,822	201,705,023
included in Sundry Debtors are:		
a) Dues from companies under the same management:		
Thinksoft Global Services Pte Ltd, Singapore	411,840	7,414,428
Thinksoft Global (Europe) GmbH	-	-
Thinksoft Global Services Inc	458,550	5,213,687
Thinksoft (India) Services Private Ltd	-	-
Maximum amount outstanding during the year		
Thinksoft Global Services Pte Ltd, Singapore	7,414,428	7,414,428
Thinksoft Global (Europe) GmbH	-	-
Thinksoft Global Services Inc	5,555,440	5,213,687
Thinksoft (India) Services Private Limited	-	-

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements

(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
6. Cash and bank balances		
Cash on hand	57,655	77,859
Balances with banks		
in current accounts	8,467,122	13,125,379
in deposit accounts*	16,132,145	31,060,925
in current accounts in foreign currency	162,582,520	22,300,955
Balances with non-scheduled banks:-		
in current account - ICICI Bank, London	7,960,245	18,958,952
in deposit account - ICICI Bank, London	7,286,000	13,917,750
in current account - Ing Bank, Belgium	8,710,859	-
*Includes Rs 4,532,145/- lodged with banks towards Margin Deposit (Previous year Rs 250,000)		
	211,196,546	99,441,820
Maximum balance held during the year in accounts with non-scheduled banks:-		
in current account - ICICI Bank, London	44,914,278	38,115,361
in deposit account - ICICI Bank, London	38,856,200	24,617,500
in current account - Ing Bank, Belgium	8,710,859	-
7. Other current assets (Unsecured and considered good)		
Unbilled revenue	715,106	2,367,426
Interest accrued on Deposits and Loans	436,142	182,647
	1,151,248	2,550,073

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements

(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
8. Loans and advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	38,573,166	19,743,969
Prepaid expenses	3,507,173	2,106,430
Minimum Alternate Tax credit entitlement	19,259,712	6,844,723
Advance taxes	203,868	135,436
Deposits	24,565,563	30,506,054
Due from Subsidiaries*	14,703,124	12,408,542
Input Tax credit	4,712,209	404,280
	105,524,815	72,149,434
Included in Loans and Advances are:		
a) Dues from companies under the same management:		
Thinksoft Global Services Pte Ltd, Singapore	2,056,341	8,291,581
Thinksoft Global (Europe) GmbH	143,027	146,369
Thinksoft Global Services Inc, USA	12,503,756	3,970,592
Thinksoft (India) Services Private Ltd	-	-
* Maximum amount outstanding during the year		
Thinksoft Global Services Pte Ltd, Singapore	8,354,048	13,482,427
Thinksoft Global (Europe) GmbH	1,756,659	146,369
Thinksoft Global Services Inc, USA	20,024,114	9,230,919
Thinksoft (India) Services Private Limited	-	-
Virtus Advisory Services Pvt Ltd	-	13,830,623

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements

(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
9. Current Liabilities and Provisions		
Current liabilities		
Sundry creditors		
(i) Dues of Micro and Small Enterprises	10,171	4,965
(ii) Dues of Other Creditors	12,157,462	5,084,764
Advances received from customers	887,740	676,292
Other liabilities		
provision for expenses	105,743,033	89,329,951
withholding and other taxes payable	10,257,169	7,495,146
others ***	305,979	980,339
	129,361,554	103,571,457
Provisions		
Provision for taxation (net of advance tax payments)	12,009,859	3,948,884
Provision for gratuity	14,559,369	6,900,265
Provision for dividend	8,701,581	-
Provision for corporate tax on dividend	1,478,883	-
	36,749,692	10,849,149
*** includes amount due to Managing Director Rs. 181,673/- (Previous Year 170,011/-)		

FINANCIALs

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Financial Statements for the Year ended March 31, 2009

Schedules to the Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2009	Year ended March 31, 2008
10. Software Services		
Within India	31,789,405	59,452,252
Rest of the World	859,509,405	645,616,835
Less: Sales discount	(1,703,350)	(7,343,045)
	889,595,460	697,726,042
11. Other income		
Interest received on deposits with banks**	2,371,740	1,334,269
Interest received from others**	543,310	678,104
Profit on sale of fixed assets	6,276,773	-
Exchange gain (Net)	21,072,276	-
Miscellaneous income	10,000	-
	30,274,099	2,012,373
**Tax Deducted at Source - Rs. 238,877/- (Previous Year - Rs. 309,560/-)		
12. Personnel expenses		
Salaries, Bonus and allowances	463,886,946	368,113,324
Contribution to provident and other funds	29,872,585	22,653,183
Staff welfare	3,086,902	2,645,171
	496,846,433	393,411,678

FINANCIALs

	Year ended March 31, 2009	Year ended March 31, 2008
13. Operating and other expenses		
Software expenses	6,942,984	9,352,731
Consultancy charges	16,244,504	18,203,496
Travel expenses	111,791,055	63,354,654
Power and fuel	10,161,556	10,487,137
Rent	34,132,839	27,909,117
Insurance	3,307,308	4,022,097
Repairs and maintenance - Buildings	8,686,124	4,049,834
- plant and machinery	3,582,142	3,668,977
- others	581,213	562,336
Communication expenses	7,496,361	9,135,018
Audit Fees *	616,299	662,500
Sales Commission (Other than sole selling agent)	9,811,603	2,075,511
Marketing and selling expenses	7,660,048	8,183,733
Rates and taxes	1,095,573	1,537,279
Donation	310,000	340,000
Training and recruitment	1,067,187	1,484,566
Directors Sitting Fee	160,000	-
Professional fees	12,282,370	11,676,344
Exchange loss (Net)	-	11,032,645
Provision for Doubtful Debts	11,256,233	-
Miscellaneous expenses	3,307,896	1,847,639
	250,493,295	189,585,614
*includes Taxation matters - NIL (PY 62,500), Tax audit - Rs.100,000/- (PY 100,000), Certification Rs.100,000 (PY 100,000), Other services Rs.116,299 (PY NIL)		
14. Financial expenses		
Bank charges	2,244,619	708,101
Interest on others	-	6,310
	2,244,619	714,411

The schedules referred to above and the notes on accounts form an integral part of the Financial Statements for the Year ended March 31, 2009

As per our report of even date

PKF Sridhar and Santhanam
Chartered Accountants

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No: 27251

A.V. Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai
Date: 02.07.09

Chennai

Chennai

Notes to accounts

15. NOTES TO ACCOUNTS

15.1 BACKGROUND

Thinksoft Global Services Limited ("Thinksoft" or "the Company") was incorporated on June 8, 1998 under the Companies Act, 1956 as a private limited company. The Company has been converted into a public limited company with effect from 19th August 2008. The necessary new certificate of incorporation has been issued by the Registrar of Companies, Chennai.

The Company is an India based software service provider primarily delivering software validation and verification services to the banking and financial services industry worldwide. The Company has invested in four wholly owned subsidiaries in India, Singapore, USA and Germany for market development in the respective regions.

The Board of Directors of the Company, at their meeting held on August 2, 2007, have accorded their in principle approval for the Company to go for an Initial Public Offering ('IPO') and the same has been approved by the members in the extra ordinary General Meeting held on 17th September 2008. Company has filed Draft Red Herring Prospectus (DRHP) with Securities Exchange Board of India, Chennai (SEBI) on 16.03.2009 and with National Stock Exchange and Bombay Stock Exchange on 17.03.2009.

15.2 SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of financial statements

The financial statements of Thinksoft have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis as a going concern. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and notes thereto and the reported amounts of revenues and expenses during the accounting period. Examples of such estimates include provision for doubtful debts, economic useful lives of fixed assets, etc. Actual results could differ from those estimates.

Notes to accounts

c) Fixed assets and depreciation

Fixed assets

Fixed assets, including acquired intangible assets, are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of qualifying fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher as follows:

ASSET DESCRIPTION	PERCENTAGE
Buildings	5%
Plant, machinery and equipment	25 - 33.33 %
Computer equipment	33.33%
Intangible assets – Computer software	33.33%
Furniture and fittings	33.33%
Office equipment	33.33%
Vehicles	25.00%
Temporary partitions	100.00%
Leasehold rights and Improvements	Tenure of Lease period or 10 years whichever is less

Fixed assets individually costing Rs 5,000 or less are entirely depreciated in the year of acquisition. Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use and advances paid to acquire the fixed assets.

Notes to accounts

d) Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

f) Revenue recognition

Software services income

Revenue from software testing on time-and-materials contracts is recognized based on software tested and billed to clients as per the terms of specific contracts. On fixed-price contracts, revenue is recognized on the proportionate completion method on the basis of the work completed. Revenue from software testing includes reimbursement of expenses billed as per the terms of contracts.

Interest Income

Interest on deployment of surplus funds is recognized using the time-proportion method.

g) Retirement and other employee benefits (in accordance with AS-15 revised 2005)

- i. Retirement benefits in the form of Provident Fund / Social Security payments is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions are made to the concerned authorities. The Company has no further obligations under the plan beyond its periodic contributions.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the Projected unit credit method. Actuarial Gains/Losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in Profit and Loss Account as Income/Expense.
- iii. The Company does not allow leave encashment on retirement. However, appropriate provision based on estimates has been made for the accrued and unavailed leave entitlements which are short-term in nature.

h) Taxation

Tax expense comprises current, deferred, MAT credit and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in

Notes to accounts

accordance with the relevant tax laws of each country. 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.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The Company is a 100% Export Oriented Unit ("EOU") registered with the Software Technology Parks of India ("STPI"). The Company enjoys a tax holiday for its export earnings under Section 10A of the Income Tax Act, 1961 till the financial year 2009-10.

MAT Credit is measured at the amounts of Minimum Alternative Tax payable for the year, which is adjustable against regular tax payable in subsequent years and is recognized to the extent considered probable of such adjustment.

i) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

j) Foreign currency transactions

(i) 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.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items 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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Notes to accounts

(iv) Forward Contracts in foreign currency

The Company uses, to a limited extent, foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The company does not use the foreign currency forward contracts for speculation purposes. Realized/unrealized gains and losses on forward contracts are accounted in the profit and loss account for the period. Premium/Discount on forward contracts are accounted over the contract period.

k) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l) Leases

Where the Company is the lessee

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 as per the terms of the agreements over the lease term.

m) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The Fringe Benefit Tax on ESOPs is recoverable from the employees.

n) Segment Information

Business Segments :

The Company's operations predominantly relate to software validation and verification services relating to banking and financial services industry and, accordingly, this is the only primary reportable segment.

Geographical Segments:

The segmental information is provided on geographical basis classified as export and domestic.

o) Cash Flow

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Cash and Cash equivalents

Cash and cash equivalents, in the statement of cash flow, comprise cash at bank and in hand and fixed deposits with maturity of maximum 90 days.

Notes to accounts

15.3 OTHER NOTES

15.3.1 WINDING UP OF THE INDIAN SUBSIDIARY

The company's 100% Indian subsidiary, Thinksoft India Services Private Limited, has applied for voluntary winding-up of the subsidiary and the liquidation is in process. However, there is no material impact on the realization of the investments carried in the Balance Sheet.

15.3.2 SECURED LOANS

The Company has a cash credit facility with Lakshmi Vilas Bank, Chennai, which is secured by hypothecation of fixed assets, book debts of the Company both present and future and also by personal guarantee of two Directors of the Company. The Company has not utilized this facility either in the current year or in the previous year.

15.3.3

This Balance Sheet and Profit and Loss account include figures pertaining to Head office and Branches/Places of Business located at MEPZ (Madras Export Processing Zone, Chennai) India, United Kingdom, Australia, Belgium and Hong Kong.

15.3.4 CIF VALUE OF IMPORTS

	31-Mar-09	31-Mar-08
Capital goods	1,362,721	5,423,640
	1,362,721	5,423,640

15.3.5 EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)

	31-Mar-09	31-Mar-08
Income from software services	857,806,055	638,273,790
Interest income	1,127,366	544,878
	858,933,421	638,818,668

Notes to accounts

15.3.6 EXPENDITURE IN FOREIGN CURRENCY (ON CASH BASIS)

	31-Mar-09	31-Mar-08
Travel expenses	102,685,225	46,794,687
Marketing and selling expenses	76,75,436	2,164,629
Professional fees	77,84,475	7,338,891
Rent	25,02,458	2,300,586
Salary	168,338,809	98,427,254
Sales commission	70,57,888	1,721,612
Others	89,08,685	502,362
	304,952,976	159,250,021

15.3.7 PAYMENT TO DIRECTORS

The aggregate managerial remuneration under the Section 198 of the Companies Act 1956, to the directors (including Managing Director)

	31-Mar-09	31-Mar-08
Salaries	12,000,000	5,400,000
Commission	7,530,000	14,700,000
Directors Sitting fees	160,000	-
	19,690,000	20,100,000

Notes to accounts

Computation of net profit in accordance with Section 349 of the Companies Act,1956, and calculation of commission payable

Particulars	Year ended March 31, 2009
Net Profit after tax from ordinary activities	138,791,318
ADD: Monthly Remuneration Paid	12,000,000
Provision for commission	7,530,000
Directors sitting fees	160,000
Provision for bad and doubtful debts	11,256,233
Depreciation as per books of accounts	15,850,576
Provision for Tax	15,643,318
	201,231,445
LESS: Depreciation as envisaged under section 350 of the Companies Act 1956	15,850,576
Profit on sale of Fixed Assets	6,276,773
	22,127,349
Net profit on which commission is payable	179,104,096
Max remuneration payable - 11%	19,701,451

Conversion into a Public Limited Company took place during the current year, hence previous figures are not presented.

Notes to accounts

15.3.8 DUES TO MICRO AND SMALL AND MEDIUM ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in the following disclosures:

	2009	2008
Principal amount remaining unpaid to any supplier as at the period end	10,171	4,965
Interest due thereon	-	-
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 period.	-	-
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 period) but without adding the interest specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-

15.3.9 EMPLOYEES' STOCK OPTION PLAN (ESOP)

The Company has ESOP 2001 Plan, ESOP 2002 Plan and ESOP 2007 plan in operation. ESOP 2001 plan and ESOP 2002 plan were issued in pursuance of the approval of the shareholders in the General Meeting held on July 30, 2001 and ESOP 2007 plan was approved by the shareholders in the General Meeting held on January 25, 2007. A compensation committee comprising of members of the Board of Directors and Senior Management Personnel administers all the ESOP Plans. ESOP 2003 plan does not have any balance and all the options granted under the plan had already lapsed.

Notes to accounts

ESOP - Plan 2001 And ESOP - Plan 2002

Options granted under the 2001 and 2002 plans entitle the holder thereof to apply for one equity share of the Company at an exercise price of Rs 10/- per share. The equity shares covered under these options vest in a graded manner, and are exercisable, over a period ranging from twelve to sixty months from the date of vesting.

The movement in the options granted under ESOP Plan 2001 and ESOP Plan 2002 are given below.

ESOP - PLAN 2001

	March 31st, 2009	March 31st, 2008
Options outstanding at the beginning of the period/year	3,220	9,900
Options granted during the period/year	-	-
Options exercised during the period/year	3,220	-
Options lapsed during the period/year	-	6,680
Options outstanding at the end of the period/year	-	3,220

ESOP - PLAN 2002

	March 31st, 2009	March 31st, 2008
Options outstanding at the beginning of the period/year	3,000	3,000
Options granted during the period/year	-	-
Options exercised during the period/year	3,000	-
Options lapsed during the period/year	-	-
Options outstanding at the end of the period/year	-	3,000

Notes to accounts

ESOP PLAN 2007

Options granted under the 2007 plan entitle the holder thereof to apply for one equity share of the Company at an exercise price of Rs 32/- per share. All the options issued under this plan have vested in November 2007. The Exercise Period shall be 3 years from the Date of Vesting of Options or the date the Company communicates its decision to go for an Initial Public Offer, whichever is earlier.

The movement in the options granted under ESOP Plan 2007 plan is given below.

	March 31st, 2009	March 31st, 2008
Options outstanding at the beginning of the period/year	187,500	-
Options granted during the period/year	-	187,500
Options exercised during the period/year	162,500	-
Options lapsed during the period/year	25,000	-
Options outstanding at the end of the period/year	-	187,500

The amount of compensation cost charged off to Profit and Loss account on account of ESOP Plan during the year is Rs. NIL (PY Rs. 58,12,500)

Consequent to exercise of 1,62,500 options in the current year Rs 50,37,500 has been transferred to Securities Premium account. The balance of Rs 7,75,000 has been transferred to General Reserve

15.3.10 DIVIDEND REMITTED IN FOREIGN CURRENCIES

Details of dividend remitted during the year to non-resident shareholders are as follows:-

	March 31st, 2009	March 31st, 2008
<i>Interim dividend</i> Period to which it relates	NIL	2007-08
Number of non - resident share holders	NIL	3
Number of shares	NIL	2,527,363
Amount remitted	NIL	5,054,726

Notes to accounts

	March 31st, 2009	March 31st, 2008
<i>Final dividend</i> Period to which it relates	NIL	2006-07
Number of non - resident share holders	NIL	3
Number of shares	NIL	2,527,363
Amount remitted	NIL	1,263,682

15.3.11 COMMITMENTS AND CONTINGENCIES:

	31-Mar-2009	31-Mar-2008
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,409,147	11,001,827
Service tax related matters	3,609,338	3,609,338
Income tax related matters	-	2,182,033
Counter Guarantees issued to the Bank for the Bank Guarantees obtained:	15,300,000	14,650,000

The Company has received a show cause notice dated July 18, 2007 requiring the Company to show cause as to why service tax (including cess) of Rs 3,609,338 along with interest and penalty should not be demanded from the Company relating to an earlier period. Management contends that the Company has sufficient grounds to defend its position and has filed its reply to the Department furnishing the necessary explanations / responses to support its position. Consequently, no provision has been made for the same in these financial statements.

15.3.12 EXPOSURE IN FOREIGN CURRENCY

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank.

Notes to accounts

(a) Forward contracts pending as at the Balance Sheet are as below:

Particulars	31-Mar-2009	31-Mar-2008
Number of Contracts (Sell)	NIL	NIL
Value in Foreign currency	NIL	NIL
Value in INR	NIL	NIL

The company has not entered into any other derivative instruments during the year.

(b) The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

		31-Mar-09		31-Mar-08	
	FCY	Amount in FCY	Amount in Rs.	Amount in FCY	Amount in Rs.
Sundry Debtors	GBP	863,876	62,942,005	540,992	43,025,094
Sundry Debtors	USD	2,153,290	109,710,126	2,743,268	109,648,422
Sundry Debtors	AED	2,192,215	31,151,375	-	-
Sundry Debtors	CHF	39,793	1,807,796	38,084	1,529,453
Sundry Debtors	Euro	202,072	13,635,819	147,265	9,290,949
Sundry Debtors	SGD	65,700	2,254,824	664,860	19,241,048
Sundry Debtors	AUD	257,084	9,167,615	88,653	3,250,019
Loans and advances	USD	34,298	1,747,501	288,845	11,545,139
Loans and advances	Euro	8,985	606,323	2,320	146,369
Loans and advances	GBP	75,463	5,498,291	37,121	2,952,262
Loans and advances	AUD	3,250	115,902	10	349
Loans and advances	SGD	-	-	286,509	8,291,582
Loans and advances	AED	144,776	2,057,267	-	-
Loans and advances	HKD	-	-	46,000	255,760

Notes to accounts

		31-Mar-09		31-Mar-08	
	FCY	Amount in FCY	Amount in Rs.	Amount in FCY	Amount in Rs.
Sundry Creditors	GBP	5,779	421,067	8,820	701,488
Sundry Creditors	AUD	5,762	205,473	1,320	48,391
Sundry Creditors	Euro	5,090	343,448	-	-

15.3.13 LEASES (RENT)

Operating leases - Leasing arrangements in the capacity of a Lessee:

Particulars	31-Mar-09	31-Mar-08
Lease payments recognized in the profit and loss account for the year	34,132,839	27,909,117
Minimum Lease Payments Not later than one year	24,842,219	7,289,889
Later than 1 year but not later than 5 years	51,152,204	87,627,142
Later than 5 years	2,905,896	-
Total	78,900,319	94,917,031

15.3.14 SEGMENT REPORTING

Segmental information

Sales Revenue by Geographical Market	31-Mar-09	31-Mar-08
Within India	31,789,405	59,452,252
Outside India	857,806,055	638,273,790
Total	889,595,460	697,726,042

Notes to accounts

15.3.15 RELATED PARTY DISCLOSURES *(not disclosed elsewhere in these financial statements)*

1. Subsidiaries

Thinksoft (India) Services Private Limited
Thinksoft Global Services Pte Ltd, Singapore
Thinksoft Global Services Inc, USA
Thinksoft Global Services (Europe) GmbH, Germany

2. Key Management personnel

Mr. A.V. Asvini Kumar - Managing Director
Mrs. Vanaja Arvind - Executive Director

3. Relatives of Key Management personnel

Ms. Aarti Arvind
Ms. A K Latha
Mr. A K Krishna
Ms. Lalitha Devi
Mr. Chalapathi Rao Peddineni

4. Investor having significant influence

M/s. Euro Indo Investments

5. Companies in which Directors have significant influence

M/s. Virtus Advisory Services Private Limited

Notes to accounts

Transactions and balances with related parties:

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Income: Income from services rendered	Subsidiary	Thinksoft Global Services, Inc.	881,010	5,213,687
	Subsidiary	Thinksoft Global Services Pte Ltd	1,312,160	7,414,428
Interest Income	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	556,792
Expenses: Managerial remuneration	Key Management Personnel	Mr. A V Asvini Kumar	8,950,000	8,000,000
		Ms. Vanaja Arvind	8,950,000	9,600,000
Rent	Key Management Personnel	Mr. A V Asvini Kumar	223,200	180,000
	Relative of Key Management Personnel	Ms. A K Latha	180,000	96,000
	Relative of Key Management Personnel	Mr. A K Krishna	180,000	96,000
Salary	Relative of Key Management Personnel	Ms. Aarti Arvind	1,060,302	2,209,997
Professional Services	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	902,500	368,750
Other Transactions: Interim Dividend Paid	Key Management Personnel	Mr. A V Asvini Kumar	NIL	6,465,926
	Key Management Personnel	Ms. Vanaja Arvind	NIL	1,769,620
	Investor having significant influence	M/s. Euro Indo Investments	NIL	4,469,000

Notes to accounts

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
	Relative of Key Management Personnel	Ms. A K Latha	NIL	438,700
	Relative of Key Management Personnel	Ms. V Lalitha Devi	NIL	20,500
	Relative of Key Management Personnel	Mr. A K Krishna	NIL	410,000
	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	836,116
Proposed Final Dividend	Key Managerial Personnel	Mr. A V Asvini Kumar	3,642,777	NIL
	Key Managerial Personnel	Ms. Vanaja Arvind	1,050,662	NIL
	Investor having significant influence	M/s. Euro Indo Investments	2,482,778	NIL
	Relative of Key Managerial Personnel	Ms. A K Latha	243,722	NIL
	Relative of Key Managerial Personnel	Ms. Lalitha Devi	11,389	NIL
	Relative of Key Managerial Personnel	Mr. A K Krishna	227,778	NIL
	Relative of Key Managerial Personnel	Ms. Aarti Arvind	33,333	NIL
	Relative of Key Managerial Personnel	Mr. Chalapathi Rao Peddineni	11,111	NIL
	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	13,400,000
Loans made by the Company	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	13,400,000
Refund of Loans to the Company	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	13,400,000

Notes to accounts

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Outstanding balances: Sundry Debtors	Subsidiary	Thinksoft Global Services Pte Ltd	411,840	7,414,428
	Subsidiary	Thinksoft Global services Inc	458,550	5,213,687
Loans and advances	Subsidiary	Thinksoft Global Services Pte Ltd	2,056,341	8,291,581
	Subsidiary	Thinksoft Global services Inc	12,503,756	3,970,592
	Subsidiary	Thinksoft Global Services (Europe) GmbH	143,027	146,369
Sundry Creditors	Key Management Personnel	Mr. A V Asvini Kumar	181,673	170,011
Provision for expenses	Key Management Personnel	Mr. A V Asvini Kumar	2,950,000	6,200,000
	Key Management Personnel	Ms. Vanaja Arvind	2,950,000	6,000,000
Dividend Payable	Key Managerial Personnel	Mr. A V Asvini Kumar	3,642,777	NIL
	Key Managerial Personnel	Ms. Vanaja Arvind	1,050,662	NIL
	Investor having significant influence	M/s. Euro Indo Investments	2,482,778	NIL
	Relative of Key Managerial Personnel	Ms. A K Latha	243,722	NIL
	Relative of Key Managerial Personnel	Ms. Lalitha Devi	11,389	NIL
	Relative of Key Managerial Personnel	Mr. A K Krishna	227,778	NIL

Notes to accounts

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Investments	Relative of Key Managerial Personnel	Ms. Aarti Arvind	33,333	NIL
	Relative of Key Managerial Personnel	Mr. Chalapathi Rao Peddineni	11,111	NIL
	Subsidiary	Thinksoft (India) Services Private Limited	100,000	100,000
	Subsidiary	Thinksoft Global Service Pte Ltd	2,658,023	2,658,023
	Subsidiary	Thinksoft Global Services Inc	4,625,400	4,625,400
	Subsidiary	Thinksoft Global Services (Europe) GmbH	2,714,774	2,714,774

15.3.16 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED)

The Company has adopted Accounting Standard 15(Revised 2005) on Employee Benefits effective 1st April 2007. Pursuant to this the company has reassessed the liabilities on various employee benefits as on date and the additional liability arising thereon has been charged to the Profit and Loss Account

(i) Short Term Plan - Compensated Absence

There is no leave encashment facility. Provision towards leave availment in subsequent periods have been estimated and accounted as under:

(Rs. In thousands)

	Current Year	Previous Year
Liability at the beginning of the year	6,211	
Leave salary relating to opening year adjusted to general reserves directly	-	4,124
Leave salary cost accounted for the year	1,312	2,087
Total liability as at year end	7,523	6,211

Notes to accounts

(ii) Defined Benefit Plan - Gratuity

Change in Benefit Obligation	Current Year	Previous Year
Liability at the beginning of the year	8,397	2,891
Interest Cost	635	222
Current Service Cost	4,493	3,831
Past Service Cost (Vested Benefit)	-	-
Past Service Cost (Non Vested Benefit)	-	-
Benefit Paid	(924)	(244)
Actuarial (gain)/loss on obligations	3,586	1,697
Liability at the end of the year	16,187	8,397

(II) Fair Value of Plan Assets

Fair Value of plan assets at the beginning of the year	1,635	1,740
Expected Return on Plan Assets	94	129
Contributions	-	-
Benefit Paid	(924)	(244)
Actuarial gain/(loss) on Plan Assets	823	10
Fair Value of plan assets at the end of the year	1,628	1,635

(III) Actual Return on Plan Assets

Expected Return on Plan Assets	94	129
Actuarial gain/(loss) on Plan Assets	823	10
Actual Return on Plan Assets	917	139

(IV) Amount Recognised in the balance Sheet

Present value of the obligation	16,187	8,397
Fair Value of Plan Assets	1,628	1,635
Difference (Funded Status)	14,559	6,762

Notes to accounts

	Current Year	Previous Year
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	139
Amount Recognised in the Balance Sheet	14,559	6,901

(V) Expenses Recognised in the Income Statement

Current Service Cost	4,493	3,831
Interest Cost	635	222
Expected Return on Plan Assets	(94)	(129)
Net Actuarial (Gain)/loss to be recognised	2,763	1,688
Transitional Liability recognized	-	-
Past service cost – non vested benefits	-	-
Past Service Cost – vested benefits	-	-
Expense Recognised in P and L	7,797	5,611

(VI) Balance Sheet Reconciliation

Opening Net Liability as per books	6,762	2,968
Transitional liability adjusted to opening reserves and deferred taxes	-	(1,816)
Expense as above	7,797	5,611
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	139
Contribution Paid	-	-
Amount Recognized in Balance Sheet	14,559	6,902

(VII) Actuarial Assumptions: For the period/year

Discount Rate Current	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation Current	10.00%	7.00%
Attrition rate	10.00%	30.00%

(VIII) Investment details - as at period / year end

Funds Managed by Company	100%	100%
--------------------------	------	------

Notes to accounts

15.3.17 DEFERRED TAX

The breakup of net deferred tax asset is as under:
Deferred tax assets arising on timing differences on account of:

	Current Year	Previous Year
Net Deferred Tax Asset as at beginning of the year	3,407,377	-
Deferred Tax on opening reserve adjustment on gratuity liability (AS 15 revised)	-	617,000
Deferred Tax credit to the CY P and L	2,819,730	4,024,377
Net Deferred Tax Asset as at year end, made up of:	6,227,107	3,407,377
- Depreciation on Fixed Assets	1,278,377	1,061,977
- Provision for Gratuity	4,948,730	2,345,400

15.3.18 EARNINGS PER SHARE

	31-Mar-09	31-Mar-08
Net Profit after tax	138,791,318	94,898,993
Weighted average number of equity shares @ Rs 10/- each outstanding	8,223,255	7,364,256
Basic earnings per share (in Rupees)	16.88	12.89
Potential equity shares	-	81,220
Weighted average number of shares used as denominator for Diluted earnings per share	8,223,255	7,445,476
Diluted earnings per share (in Rupees)	16.88	12.75

15.3.19 PRIOR PERIOD COMPARATIVES

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current period's classification.

PKF Sridhar and Santhanam Chartered Accountants For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No: 27251

A.V. Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai
Date: 02.07.09

Chennai

Chennai

Abstract

THINKSOFT GLOBAL SERVICES LIMITED (formerly Thinksoft Global Services Pvt. Ltd.)

Balance Sheet abstract and company's general profile

I. Registration details

Registration No.	66604	State Code	18
Balance Sheet	March 31, 2009	CIN	U64202TN1998PLC066604

II. Capital raised during the year (Amount in Rupees thousands)

Public issue	-	Rights issue	-
Bonus issue	-	Private placement	10,389

III. Position of mobilisation and deployment of funds (amount in Rupees thousands)

Total liabilities	436,978	Total assets	436,978
-------------------	---------	--------------	---------

Source of funds

Paid up capital	87,016	Reserves and surplus	349,963
Secured loans	-	Unsecured loans	-
Deferred tax liability	-		

Application of funds

Net fixed assets	33,488	Investments	10,098
Deferred tax asset	6,227	Misc. Expenditure	-
Net current assets	387,165		
Accumulated Losses	-		

IV. Performance of the Company (amount in Rupees thousands)

Total turnover	919,870	Total expenditure	765,435
Profit/(loss) before tax	154,435	Profit/(loss) after tax	138,791
Earnings per share in Rs.	16.88	Dividend rate	10.00%

V. Generic names of three principal products/services of Company (as per monetary terms)

Item code number	NA
Product description	Software testing

For and on behalf of the Board of Directors

AV Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai

Chennai

THINKSOFT GLOBAL SERVICES LTD CONSOLIDATED FINANCIALS 2008-09

AUDITORS' REPORT

PKF SRIDHAR AND SANTHANAM
Chartered Accountants

No.98, A IVth Floor,
Dr. Radhakrishnan Salai,
Mylapore, Chennai 600 004, India.
Tel: +91 44 28478 701/02,
Fax : 0091 - 44 - 28478705
E-mail: ssca@vsnl.com

To
The Board of Directors of THINKSOFT GLOBAL SERVICES LTD

We have audited the attached consolidated Balance Sheet of THINKSOFT GLOBAL SERVICES LTD ('the Company') and its subsidiaries (collectively called 'the Thinksoft Group') as at March 31, 2009, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 420.95 Lacs as at March 31, 2009, total revenues of Rs. 390.01 Lacs and total net cash inflows of Rs 65.95 Lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements 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 these subsidiaries and associates, is based solely on the report of the other auditors.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Thinksoft Global Services Limited and its subsidiaries.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements, of Thinksoft Global Services Limited and its subsidiaries, in our opinion, 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 Thinksoft Group as at March 31, 2009;
 - (ii) in the case of consolidated Profit and Loss Account, of the profit of the Thinksoft Group for the year ended on that date; and
 - (iii) in the case of consolidated Cash Flow Statement, of the cash flows of the Thinksoft Group for the year ended on that date.

For PKF Sridhar and Santhanam
Chartered Accountants

T. V. Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: 02.07.09

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended March 31, 2009

Balance Sheet as at 31st March 2009
(All amounts are in Indian Rupees, unless otherwise stated)

	SCHEDULE	31.03.2009	31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	87,015,810	76,627,030
Employees Stock Options Outstanding		-	5,812,500
Reserves and surplus	2	381,941,887	246,544,588
		468,957,697	328,984,118
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		88,184,093	83,711,108
Less: Accumulated Depreciation		56,663,454	60,337,249
Net Block		31,520,639	23,373,859
Capital work in progress including Capital Advances		1,967,188	4,800,000
		33,487,827	28,173,859
Deferred Tax Asset (refer note no. 14.3.9)		6,227,107	3,407,377
Current Assets, Loans and Advances			
Sundry debtors	4	238,568,979	203,699,818
Cash and bank balances	5	265,596,811	147,247,450
Other current assets	6	2,036,704	2,550,073
Loans and advances	7	94,133,961	66,487,194
		600,336,455	419,984,535
Less : Current Liabilities and Provisions	8		
Current Liabilities		134,229,168	110,816,338
Provisions		36,864,524	11,765,315
Net current assets		429,242,763	297,402,882
		468,957,697	328,984,118

Notes to Accounts

14

The schedules referred to above and the notes on accounts form an integral part of the Balance Sheet

As per our report of even date

PKF Sridhar and Santhanam
Chartered Accountants

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No: 27251

A.V. Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai
Date: 02.07.09

Chennai

Chennai

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Profit and Loss Account for the year ended March 31, 2009
(All amounts are in Indian Rupees, unless otherwise stated)

	SCHEDULE	Year Ended March 31, 2009	Year Ended March 31, 2008
INCOME			
Software Services	9	920,921,452	742,342,749
Other income	10	35,738,801	2,056,574
		956,660,253	744,399,323
EXPENDITURE			
Personnel expenses	11	515,581,470	416,043,086
Operating and other expenses	12	262,351,828	206,199,644
Financial expenses	13	2,260,617	729,393
Depreciation / amortization	3	15,850,576	13,277,002
		796,044,491	636,249,125
Profit before tax		160,615,762	108,150,198
Provision for tax			
- Current tax		27,787,189	17,234,241
- Fringe benefit tax (net of recoveries Rs.17,14,375/-)		3,171,534	2,289,557
- Deferred Tax (refer note no. 14.3.9)		(2,819,730)	(4,024,377)
- Excess tax provision reversed		-	(164,130)
- Minimum Alternate Tax credit		(12,414,989)	(6,844,723)
- Tax Relating to Earlier years		-	9,823
Total Tax Expense		15,724,004	8,500,391
Profit after tax		144,891,758	99,649,807
Balance brought forward from previous year		216,050,617	144,330,771
Profit available for appropriation		360,942,375	243,980,578
Appropriations:			
Interim dividend		-	15,325,408
Final dividend		8,701,581	-
Tax on dividend		1,478,883	2,604,553
Transferred to General Reserve		-	10,000,000
Surplus carried to Balance Sheet		350,761,911	216,050,617

Notes to Accounts 14

Earnings per share - (refer note no 14.3.10)		
- basic	17.62	13.53
- diluted	17.62	13.38

Nominal value per equity share 10.00 10.00

The schedules referred to above and the notes on accounts form an integral part of the Profit & Loss Account

As per our report of even date

PKF Sridhar and Santhanam For and on behalf of the Board of Directors
Chartered Accountants

T V Balasubramanian
Partner
Membership No: 27251

A.V. Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai
Date: 02.07.09

Chennai

Chennai

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Cash flow statement for the year ended 31st March, 2009
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flow from operating activities		
Net profit/(loss) before taxation	160,615,762	108,150,198
Adjustments for:		
Depreciation/amortisation	15,850,576	13,277,002
Loss/(profit) on sale of fixed assets	(6,276,773)	-
Contribution to Gratuity	-	1,816,000
Unrealised forex exchange loss/(gain), net	(33,686,409)	10,114,877
ESOP Provision exercised	-	5,812,500
Leave Salary 2006-07	-	(4,124,131)
Interest income	(2,915,050)	(2,017,548)
Provision for bad and doubtful debts	11,256,233	-
Operating profit before working capital changes	144,844,339	133,028,898
(Increase)/Decrease in sundry debtors	(24,374,057)	(23,611,035)
(Increase)/Decrease in Deferred tax Asset	(2,819,730)	(4,024,377)
(Increase)/Decrease in loans and advances / other current assets	(24,152,606)	(41,503,258)
Increase/(Decrease) in current liabilities (Refer note c below)	23,688,965	40,116,903
Increase/(Decrease) in provisions	7,659,104	3,893,125
Cash generated from operations	124,846,015	107,900,256
Direct taxes paid (net of refunds)	(8,464,363)	(7,970,569)
Net cash from/(used in) operating activities	116,381,652	99,929,687
Cash flows from investing activities		
Purchase of fixed assets	(21,592,662)	(19,694,006)
Proceeds from sale of fixed assets	6,704,891	-
Interest received	2,661,555	1,931,305
Purchase of Investments	-	-
Fixed deposits matured/(invested) during the year	28,846,534	(34,528,675)
Net cash from/(used in) investing activities	16,620,318	(52,291,376)

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Cash flow statement for the year ended 31st March, 2009
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flows from financing activities		
Proceeds from issuance of shares	5,262,285	13,377,856
Dividends paid	-	(18,947,731)
Tax on dividend paid	-	(3,220,167)
Net cash (used in)/from financing activities	5,262,285	(8,790,042)
Net increase in cash and cash equivalents	138,264,255	38,848,269
Cash and cash equivalents at the beginning of the year	102,268,775	66,113,652
Effect of changes in exchange rate on cash and cash equivalents	8,931,637	(2,693,146)
Cash and cash equivalents at the end of the year	249,464,667	102,268,775

Notes:

a) The reconciliation to the cash and bank balances as given in the Balance Sheet is as follows :

Cash and bank balances, as per Schedule 5	265,596,811	147,247,450
Less : Fixed deposits with maturity over 90 days	(16,132,144)	(44,978,675)
Cash and cash equivalents, end of year	249,464,667	102,268,775

b) Components of cash and cash equivalents

Cash on hand	92,347	107,171
Balances with banks		
in current accounts	9,534,358	14,267,490
in deposit accounts		
in current accounts in foreign currency	162,582,520	22,300,955
Balances with non-scheduled banks :-		
in current account - ICICI Bank, London	7,960,245	18,958,952
in deposit account - ICICI Bank, London	7,286,000	-
in current account - Ing Bank, Belgium	8,710,859	-
in current account - HSBC , USA	18,141,819	1,719,786
in current account - OCBC , Singapore	34,005,289	42,581,406
in current account - Dresdner , Germany	1,151,230	2,333,015
	<u>249,464,667</u>	<u>102,268,775</u>

Consolidated financials

c) Adjustments for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

As per our report of even date

PKF Sridhar and Santhanam
Chartered Accountants

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No: 27251

A.V. Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S. Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai
Date: 02.07.09

Chennai

Chennai

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
1. Share capital		
Authorised 12,000,000 (Previous year 12,000,000) equity shares of Rs.10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid Up 8,701,581 (Previous year 7,662,703) equity shares of Rs. 10/- each of the above,6,893,720 equity shares have been issued during the year ended March 31st 2002 & 870,156 equity shares have been issued during the year ended March 31st 2009 as fully paid bonus shares by capitalisation of securities premium and profits	87,015,810	76,627,030
2. Reserves and surplus		
General Reserve		
Balance at the beginning of the year	21,296,695	14,221,826
Add: Additions during the year	-	10,000,000
Less: Leave Salary Adjustment as of 31.03.07	-	(4,124,131)
Add : ESOP Options Lapsed	775,000	-
Add : Gratuity Adjustment as of 31.03.07	-	1,199,000
Balance at the end of the year	22,071,695	21,296,695
Securities Premium Account		
Balance at the beginning of the year	9,197,276	-
Add: Premium received on shares allotted in the event period	8,612,565	9,197,276
Less: Utilised in issue of Bonus Shares	(8,701,560)	-
Balance at the end of the year	9,108,281	9,197,276
Balance in Profit and Loss Account	350,761,911	216,050,617
	381,941,887	246,544,588

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
3. Fixed assets		
Schedule 3 on fixed assets is set out on the following page.		
4. Sundry debtors (Unsecured)		
Considered Good		
Debts outstanding for a period exceeding six months	9,171,167	665,282
Other debts	229,397,811	203,034,536
	238,568,979	203,699,818
Considered Doubtful		
Debts outstanding for a period exceeding six months	561,401	-
Other debts	10,694,832	-
	11,256,233	-
Less: provision for Doubtful Debts	(11,256,233)	-
	-	-
	238,568,979	203,699,818

Consolidated financials

Thinksoft Global Services Limited (formerly Thinksoft Global Services Pvt. Ltd.) Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements (All amounts are in Indian Rupees, unless otherwise stated)

3. Fixed Assets

Description	Gross Block			Depreciation / Amortization				Net Block	
	As at April 1, 2008	Additions during the Period	Deletions during the Period	As at Mar 31, 2009	As at April 1, 2008	For the year	Deductions during the year	As at Mar 31, 2009	As at April 1, 2008
a. Tangible Assets									
Leasehold rights & Improvement		9,504,000	-	9,504,000		475,200		9,028,800	-
Buildings		7,421,627	-	7,421,627		185,032		7,236,595	-
Plant, Machinery and equipment	4,209,208	444,559	1,665,552	2,988,215	3,009,267	848,465	1,330,234	460,717	1,199,941
Computer equipment	52,835,202	3,584,817	6,778,742	49,641,277	37,381,666	9,546,283	6,739,610	9,452,938	15,453,536
Furniture and fittings	5,825,536	-	5,504,730	320,806	4,260,719	1,513,700	5,499,981	46,368	1,564,817
Office equipment	4,623,395	1,490,757	575,716	5,538,436	3,915,109	977,322	526,797	1,172,802	708,286
Vehicles	2,832,153	103,403	404,223	2,531,333	1,977,774	313,222	404,223	644,560	854,379
Temporary partitions	5,693,837	323,544	5,023,526	993,855	5,693,837	323,544	5,023,526	-	-
b. Intangible Assets									
Computer Software	7,691,777	1,552,767	-	9,244,544	4,098,877	1,667,808	-	3,477,859	3,592,900
Total	83,711,108	24,425,474	19,952,489	88,184,093	60,337,249	15,850,576	19,524,371	31,520,639	23,373,859
Previous year ended 31.03.08	67,447,698	16,960,725	697,315	83,711,108	47,757,562	13,277,002	697,315	23,373,859	19,690,136

Consolidated financials

Thinksoft Global Services Limited (formerly Thinksoft Global Services Pvt. Ltd.) Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements (All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
5. Cash and bank balances		
Cash on hand	92,347	107,171
Balances with banks		
in current accounts	9,534,358	14,267,490
in deposit accounts	16,132,145	31,060,925
in current accounts in foreign currency	162,582,520	22,300,955
Balances with non-scheduled banks:-		
in current account - ICICI Bank, London	7,960,245	18,958,952
in deposit account - ICICI Bank, London	7,286,000	13,917,750
in current account - ING Bank, Belgium	8,710,859	-
in current account - HSBC, USA	18,141,818	1,719,786
in current account - OCBC, Singapore	34,005,289	42,581,406
in current account - Dresdner, Germany	1,151,230	2,333,015
	265,596,811	147,247,450
Maximum balance held during the year in accounts with non-scheduled banks:-		
in current account - ICICI Bank, London	44,914,278	38,115,361
in deposit account - ICICI Bank, London	38,856,200	24,617,500
in current account - ING Bank, Belgium	8,710,859	-
in current account - HSBC, USA	30,164,484	13,556,629
in current account - OCBC, Singapore	50,497,369	42,581,406
in current account - Dresdner, Germany	2,310,309	2,796,259
6. Other current assets (Unsecured and considered good)		
Unbilled revenue	1,600,562	2,367,426
Interest accrued on Deposits and Loans	436,142	182,647
	2,036,704	2,550,073

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	31.03.2009	31.03.2008
7. Loans and advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	39,146,672	24,190,851
Prepaid expenses	3,708,180	3,785,399
Minimum Alternate Tax credit entitlement	19,259,712	6,844,723
Advance taxes	610,844	542,412
Deposits	24,697,153	30,613,488
Input Tax credit	4,712,209	510,321
Other advances	1,999,191	-
	94,133,961	66,487,194
8. Current Liabilities and Provisions		
Current liabilities		
Sundry creditors		
(i) Dues of Micro and Small Enterprises	10,171	4,965
(ii) Dues of Other Creditors	12,484,525	5,105,885
Advances received from customers	887,740	676,292
Other liabilities		
provision for expenses	109,016,155	95,864,512
withholding and other taxes payable	10,790,176	7,810,343
others	1,040,401	1,354,341
	134,229,168	110,816,338
Provisions		
Provision for taxation (net of advance tax payments)	12,124,691	4,865,050
Provision for gratuity	14,559,369	6,900,265
Provision for dividend	8,701,581	-
Provision for corporate tax on dividend	1,478,883	-
	36,864,524	11,765,315

Consolidated financials

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	Year Ended March 31,2009	Year Ended March 31,2008
9. Software Services		
Within India	31,789,405	59,452,252
Rest of the World	890,835,397	689,785,112
Less: Sales discount	(1,703,350)	(6,894,615)
	920,921,452	742,342,749
10. Other income		
Interest received on deposits with banks	2,371,740	1,339,444
Interest received from others	543,310	678,104
Profit on sale of fixed assets	6,276,773	-
Exchange gain (Net)	26,536,978	-
Miscellaneous income	10,000	39,026
	35,738,801	2,056,574
11. Personnel expenses		
Salaries, Bonus and allowances	482,621,983	390,724,786
Contribution to provident and other funds	29,872,585	22,653,183
Staff welfare	3,086,902	2,665,117
	515,581,470	416,043,086

Consolidated financials

Notes to accounts

Thinksoft Global Services Limited
(formerly Thinksoft Global Services Pvt. Ltd.)
Consolidated Financial Statements for the Year ended 31.03.09

Schedules to the Consolidated Financial Statements
(All amounts are in Indian Rupees, unless otherwise stated)

	Year Ended March 31,2009	Year Ended March 31,2008
12. Operating and other expenses		
Software expenses	6,942,984	9,352,731
Consultancy charges	16,244,504	18,203,496
Travel expenses	116,129,731	74,497,556
Power and fuel	10,161,558	10,487,137
Rent	34,930,860	28,654,508
Insurance	3,642,606	4,053,707
Repairs and maintenance - buildings	8,757,234	4,082,157
- plant and machinery	3,582,142	3,668,977
- others	581,213	562,336
Communication expenses	7,549,390	9,140,597
Audit Fees	1,315,661	1,123,231
Sales Commission (Other than sole selling agent)	9,811,603	2,075,511
Marketing and selling expenses	8,362,239	8,199,883
Rates and taxes	1,123,037	1,608,888
Donation	310,000	340,000
Training and recruitment	2,911,962	1,704,454
Directors Sitting Fee	198,909	32,772
Professional fees	15,212,448	15,982,585
Exchange loss (Net)	-	10,533,997
Provision for Doubtful Debts	11,256,233	-
Miscellaneous expenses	3,327,514	1,895,121
	262,351,828	206,199,644
13. Financial expenses		
Bank charges	2,260,617	722,190
Interest on others	-	7,203
	2,260,617	729,393

14 NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS

14.1 BACKGROUND

Thinksoft Global Services Limited ("Thinksoft" or "the Company") was incorporated on June 8, 1998 under the Companies Act, 1956 as a private limited company. The Company has been converted into a public limited company with effect from 19th August 2008. The necessary new certificate of incorporation has been issued by the Registrar of Companies, Chennai.

The Company is an India based software service provider. Thinksoft and its wholly owned subsidiaries (together referred to as 'the group') are primarily delivering software validation and verification services to the banking and financial services industry worldwide. The subsidiaries in the group considered in the presentation of these consolidated financial statements are:

Name of Subsidiary	Country of Incorporation	Percentage of ownership
Thinksoft India Services Pvt Ltd	India	100%
Thinksoft Global Services Pte Ltd	Singapore	100%
Thinksoft Global Services, Inc	USA	100%
Thinksoft Global Services GmbH	Germany	100%

The company's 100% Indian subsidiary, Thinksoft India Services Private Limited, has applied for its voluntary winding-up and the liquidation is in process. However, there is no material impact on the realization of the assets carried in the Balance Sheet

The Board of Directors of the Company, at their meeting held on August 2, 2007, have accorded their in principle approval for the Company to go for an Initial Public Offering ('IPO') and the same has been approved by the members in the extra ordinary General Meeting held on 17th September 2008. Company has filed Draft Red Herring Prospectus (DRHP) with Securities Exchange Board of India, Chennai (SEBI) on 16.03.2009 and with National Stock Exchange and Bombay Stock Exchange on 17.03.2009.

14.2 SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of financial statements

The consolidated financial statements of the group have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis as a going concern. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Notes to accounts

Principles of Consolidation

The consolidated financial statements of the group are prepared in accordance with the principles and procedures for the preparation and presentation of the consolidated financial statements as laid down under AS 21- Consolidated Financial Statements prescribed by the ICAI. All inter group transactions and accounts are eliminated on consolidation.

The financial statements of the company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of costs, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits/losses in full.

Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances and where subsidiary company uses accounting policies different from those adopted by the holding company, appropriate adjustments, wherever required, have been made.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Any revision to the accounting estimates is recognized prospectively in the current and future periods. Examples of such estimates include provision for doubtful debts, economic useful lives of fixed assets, etc. The actual results could differ from those estimates.

c) Fixed assets and depreciation

Fixed assets

Fixed assets, including acquired intangible assets, are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of qualifying fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Notes to accounts

Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management as follows:

Asset description	Percentage
Buildings	5%
Plant, machinery and equipment	25 - 33.33%
Computer equipment	33.33%
Intangible assets - Computer software	33.33%
Furniture and fittings	33.33%
Office equipment	33.33%
Vehicles	25.00%
Temporary partitions	100.00%
Leasehold Rights and Improvements	Tenure of lease period or 10 yrs whichever is less

Fixed assets individually costing Rs 5,000 or less are entirely depreciated in the year of acquisition. Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use and advances paid to acquire the fixed assets.

d) Impairment

- The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Notes to accounts

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, any decline, other than temporary, in the value of the investments is charged to the profit and loss account.

f) Revenue recognition

Software services income

- Revenue from software testing and allied services comprises revenue from time and material contracts and fixed price contracts.

- Revenue from time-and-materials contracts is recognized based on time/efforts spent on software tested and billed to clients as per the terms of specific contracts.

- On fixed-price contracts, revenue is recognized on the proportionate percentage completion method on the basis of the work completed.

- Revenue from software testing includes reimbursement of expenses billed as per the terms of contracts.

Interest income

Interest on deployment of surplus funds is recognized using the time-proportion method.

g) Retirement and other employee benefits

- i. Retirement benefits in the form of Provident Fund / Social Security payments are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions are made to concerned authorities. The Company has no further obligations under the plan beyond its periodic contributions.

- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the Projected unit credit method. Actuarial Gains/Losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in Profit and Loss Account as Income/Expense.

- iii. Appropriate provision has been made for the accrued and unavailed leave entitlements which are short-term in nature

h. Taxation

Tax expense comprises current tax, deferred tax charge or credit, Minimum Alternate Tax credit and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax laws of each country. 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.

Notes to accounts

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

MAT Credit is measured at the amounts of Minimum Alternative Tax payable for the year, which is adjustable against regular tax payable in subsequent years and is recognized to the extent considered probable of such adjustment.

i) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

j) Foreign currency transactions and translations

i. 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. Income and expenditure transactions of the subsidiaries are recognized at the rate on transaction date/average rate applicable for the year.

ii. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items 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.

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences on account of conversion of subsidiary accounts are also recognized as income or as expenses in the year in which they arise.

iv. Forward Contracts in foreign currency:

The Company uses, to a limited extent, foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The company does not use the foreign currency forward contracts for trading or speculation purposes. Realized/unrealized gains and losses on forward

Notes to accounts

contracts are accounted in the profit and loss account for the period. Premium/Discount on forward contracts are accounted over the contract period.

k) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l) Leases

Where the Company is the lessee

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 as per the terms of the agreements over the lease term.

m) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis. The Fringe Benefit Tax on ESOP is recoverable from employees.

n) Segment Information

Business Segments :

The group's operations predominantly relate to software validation and verification services relating to banking and financial services industry and, accordingly, this is the only primary reportable segment.

Geographical Segments:

The segmental information is provided on geographical basis classified as India and Rest of the World.

o) Cash Flow

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

Cash and Cash equivalents

Cash and cash equivalents, in the statement of cash flow, comprise cash at bank and in hand and fixed deposits with maturity of maximum 90 days.

Notes to accounts

14.3 OTHER NOTES

14.3.1 SECURED LOANS

The Company has a cash credit facility with Lakshmi Vilas Bank, Chennai, which is secured by hypothecation of fixed assets, book debts of the Company both present and future and also by personal guarantee of two Directors of the Company. The Company has not utilized this facility either in the current period or in the previous year.

14.3.2 EMPLOYEES' STOCK OPTION PLAN (ESOP)

The Company has ESOP 2001 Plan, ESOP 2002 Plan and ESOP 2007 plan in operation. ESOP 2001 plan and ESOP 2002 plan were issued in pursuance of the approval of the shareholders in the General Meeting held on July 30, 2001 and ESOP 2007 plan was approved by the shareholders in the General Meeting held on January 25, 2007. A compensation committee comprising of members of the Board of Directors and Senior Management Personnel administers all the ESOP Plans. ESOP 2003 plan does not have any balance and all the options granted under the plan had already lapsed.

ESOP Plan 2001 and ESOP Plan 2002

Options granted under the 2001 and 2002 plans entitle the holder thereof to apply for one equity share of the Company at an exercise price of Rs 10/- per share. The equity shares covered under these options vest in a graded manner, and are exercisable, over a period ranging from twelve to sixty months from the date of vesting.

The movement in the options granted under ESOP Plan 2001 and ESOP Plan 2002 are given below.

ESOP – PLAN 2001

	Mar 31, 2009	Mar 31, 2008
Options outstanding at the beginning of the period/year	3,220	9,900
Options granted during the period/year	-	-
Options exercised during the period/year	3,220	-
Options lapsed during the period/year	-	6,680
Options outstanding at the end of the period/year	-	3,220

Notes to accounts

ESOP - PLAN 2002

	Mar 31, 2009	Mar 31, 2008
Options outstanding at the beginning of the period/year	3,000	3,000
Options granted during the period/year	-	-
Options exercised during the period/year	3,000	-
Options lapsed during the period/year	-	-
Options outstanding at the end of the period/year	-	3,000

ESOP - PLAN 2007

Options granted under the 2007 plan entitle the holder thereof to apply for one equity share of the Company at an exercise price of Rs 32/- per share. All the options issued under this plan have vested in November 2007. The Exercise Period shall be 3 years from the Date of Vesting of Options or the date the Company communicates its decision to go for an Initial Public Offer, whichever is earlier.

The movement in the options granted under ESOP Plan 2007 plan is given below

	Mar 31, 2009	Mar 31, 2008
Options outstanding at the beginning of the period/year	187,500	-
Options granted during the period/year	-	187,500
Options exercised during the period/year	162,500	-
Options lapsed during the period/year	25,000	-
Options outstanding at the end of the period/year	-	187,500

The amount of compensation cost charged off to Profit and Loss account on account of ESOP Plan during the year is Rs. NIL (PY Rs. 58,12,500-) .

Consequent to exercise of 162,500 options in the current year Rs.50,37,500/- has been transferred to Securities Premium Account. The Balance of Rs. 775,000/- has been transferred to General Reserve.

Notes to accounts

14.3.3 COMMITMENTS AND CONTINGENCIES

	31-Mar-09	31-Mar-08
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,409,147	11,001,827
Service tax related matters	3,609,338	3,609,338
Income tax related matters	-	2,182,033
Counter Guarantees issued to the Bank for the Bank Guarantees obtained :	15,300,000	14,650,000

The Company has received a show cause notice dated July 18, 2007 requiring the Company to show cause as to why service tax (including cess) of Rs 3,609,338 along with interest and penalty should not be demanded from the Company relating to an earlier period. Management contends that the Company has sufficient grounds to defend its position and has filed its reply to the Department furnishing the necessary explanations / responses to support its position. Consequently, no provision has been made for the same in these financial statements.

14.3.4 EXPOSURE IN FOREIGN CURRENCY

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank.

(a) Forward contracts pending as at the Balance Sheet are as below:

Particulars	Mar 31, 2009	Mar 31, 2008
Number of Contracts (Sell)	NIL	NIL
Value in Foreign currency	NIL	NIL
Value in INR	NIL	NIL

The company has not entered into any other derivative instruments during the year.

Notes to accounts

(b) The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

		31-Mar-09		31-Mar-08	
	FCY	Amount in FCY	Amount in Rs.	Amount in FCY	Amount in Rs.
Sundry Debtors	GBP	863,876	62,942,005	540,992	43,025,094
Sundry Debtors	USD	2,144,290	109,251,576	2,913,428	116,449,717
Sundry Debtors	AED	2,192,215	31,151,375	-	-
Sundry Debtors	CHF	39,793	1,807,796	38,084	1,529,453
Sundry Debtors	Euro	240,543	16,231,847	147,265	9,290,949
Sundry Debtors	SGD	95,644	3,282,502	498,775	14,434,549
Sundry Debtors	AUD	257,084	9,167,615	88,653	3,250,019
Loans and Advances	USD	42,245	2,152,360	325,129	12,995,410
Loans and Advances	SGD	4,656	159,794	26,941	779,673
Loans and Advances	GBP	75,463	5,498,291	37,121	2,952,262
Loans and Advances	AUD	3,250	115,902	10	349
Loans and Advances	HKD	-	-	46,000	255,760
Loans and Advances	Euro	8,985	606,323	1,891	119,290
Sundry Creditors	AUD	5,762	205,473	1,320	48,391
Sundry Creditors	GBP	5,779	421,067	8,820	701,488
Sundry Creditors	SGD	-	-	350	10,129
Sundry Creditors	USD	-	-	275	10,992
Sundry Creditors	Euro	9,955	670,511	-	-

Notes to accounts

14.3.5 OPERATING LEASES - LEASING ARRANGEMENTS IN THE CAPACITY OF A LESSEE:

Particulars	Mar 31, 2009	Mar 31, 2008
Lease payments recognized in the profit and loss account for the year	34,930,860	28,654,508
Minimum Lease Payments		
Not later than one year	25,360,043	7,622,437
Later than 1 year but not later than 5 years	51,152,204	87,627,142
Later than 5 years	2,905,897	-
Total	79,418,144	95,249,579

14.3.6 SEGMENT REPORTING

Segmental information

Sales Revenue by Geographical Market

	31-Mar-09	31-Mar-08
Within India	31,789,405	59,452,252
Outside India	889,132,047	682,890,497
Total	920,921,452	742,342,749

Notes to accounts

14.3.7 RELATED PARTY DISCLOSURES (NOT DISCLOSED ELSEWHERE IN THESE FINANCIAL STATEMENTS)

1. Key Management personnel

Mr. A V Asvini Kumar - Managing Director
Mrs. Vanaja Arvind - Executive Director

2. Relatives of Key Management personnel

Ms. Aarti Arvind
Ms. A K Latha
Mr. A K Krishna
Ms. Lalitha Devi
Mr. Chalapathi Rao Peddineni

3. Investor having significant influence

M/s. Euro Indo Investments

4. Companies in which Directors have significant influence

M/s. Virtus Advisory Services Private Limited

Notes to accounts

Transactions and balances with related parties:

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Income: Interest Income	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	556,792
Expenses: Managerial remuneration	Key Management Personnel	Mr. A V Asvini Kumar	8,950,000	8,000,000
		Ms. Vanaja Arvind	8,950,000	9,600,000
Rent	Key Management Personnel	Mr. A V Asvini Kumar	223,200	180,000
	Relative of Key Management Personnel	Ms. A K Latha	180,000	96,000
	Relative of Key Management Personnel	Mr. A K Krishna	180,000	96,000
	Relative of Key Managerial Personnel	Ms. Aarti Arvind	1,060,302	2,209,997
Salary	Relative of Key Managerial Personnel	Mr. Chalapathi Rao Peddineni	902,500	368,750
Professional Services	Relative of Key Managerial Personnel	Mr. Chalapathi Rao Peddineni	902,500	368,750
Other Transactions: Interim Dividend Paid	Key Management Personnel	Mr. A V Asvini Kumar	NIL	6,465,926
	Key Management Personnel	Ms. Vanaja Arvind	NIL	1,769,620
	Investor having significant influence	M/s. Euro Indo Investments	NIL	4,469,000
	Relative of Key Management Personnel	Ms. A K Latha	NIL	438,700
	Relative of Key Management Personnel	Ms. V Lalitha Devi	NIL	20,500
	Relative of Key Management Personnel	Mr. A K Krishna	NIL	410,000

Notes to accounts

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Proposed Final Dividend	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	836,116
	Key Managerial Personnel	Mr. A V Asvini Kumar	3,642,777	NIL
	Key Managerial Personnel	Ms. Vanaja Arvind	1,050,662	NIL
	Investor having significant influence	M/s. Euro Indo Investments	2,482,778	NIL
	Relative of Key Managerial Personnel	Ms. A K Latha	243,722	NIL
	Relative of Key Managerial Personnel	Ms. Lalitha Devi	11,389	NIL
	Relative of Key Managerial Personnel	Mr. A K Krishna	227,778	NIL
	Relative of Key Managerial Personnel	Ms. Aarti Arvind	33,333	NIL
	Relative of Key Managerial Personnel	Mr. Chalapathi Rao Peddineni	11,111	NIL
Loans made by the Company	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	13,400,000
Refund of Loans to the Company	Companies in which Directors have significant influence	M/s. Virtus Advisory Services Private Limited	NIL	13,400,000
Outstanding balances: Sundry Creditors	Key Management Personnel	Mr. A V Asvini Kumar	181,673	170,011
Provision for expenses	Key Management Personnel	Mr. A V Asvini Kumar	2,950,000	6,200,000

Notes to accounts

Particulars	Nature of Relationship	Name of the Related party	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Dividend Payable	Key Management Personnel	Ms. Vanaja Arvind	2,950,000	6,000,000
	Key Managerial Personnel	Mr. A V Asvini Kumar	3,642,777	NIL
	Key Managerial Personnel	Ms. Vanaja Arvind	1,050,662	NIL
	Investor having significant influence	M/s. Euro Indo Investments	2,482,778	NIL
	Relative of Key Managerial Personnel	Ms. A K Latha	243,722	NIL
	Relative of Key Managerial Personnel	Ms. Lalitha Devi	11,389	NIL
	Relative of Key Managerial Personnel	Mr. A K Krishna	227,778	NIL
	Relative of Key Managerial Personnel	Ms. Aarti Arvind	33,333	NIL
	Relative of Key Managerial Personnel	Mr. Chalapathi Rao Peddineni	11,111	NIL

14.3.8 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED)

The Company has adopted Accounting Standard 15(Revised 2005) on Employee Benefits effective 1st April 2007. Pursuant to this the company has reassessed the liabilities on various employee benefits as on date and the additional liability arising thereon has been charged to the Profit and Loss Account.

Notes to accounts

(i) Short Term Plan - Compensated Absence

There is no leave encashment facility. Provision towards leave availment in subsequent periods have been estimated and accounted as under:

(Rs. in thousands)

	Current Year	Previous Year
Liability at the beginning of the year	6,211	-
Leave salary relating to opening year adjusted to general reserves directly	-	4,124
Leave salary cost accounted for the year	1,312	2,087
Total liability as at year end	7,523	6,211

(ii) Defined Benefit Plan - Gratuity

	Current Year	Previous Year
Change in Benefit Obligation		
Liability at the beginning of the year	8,397	2,891
Interest Cost	635	222
Current Service Cost	4,493	3,831
Past Service Cost (Vested Benefit)	-	-
Past Service Cost (Non Vested Benefit)	-	-
Benefit Paid	(924)	(244)
Actuarial (gain)/loss on obligations	3,586	1,697
Liability at the end of the year	16,187	8,397

II. Fair Value of Plan Assets

Fair Value of plan assets at the beginning of the year	1,635	1,740
Expected Return on Plan Assets	94	129
Contributions	-	-
Benefit Paid	(924)	(244)
Actuarial gain/(loss) on Plan Assets	823	10
Fair Value of plan assets at the end of the year	1,628	1,635

Notes to accounts

(Rs. in thousands)

	Current Year	Previous Year
III. Actual Return on Plan Assets		
Expected Return on Plan Assets	94	129
Actuarial gain/(loss) on Plan Assets	823	10
Actual Return on Plan Assets	917	139

IV. Amount Recognised in the balance Sheet

Present value of the obligation	16,187	8,397
Fair Value of Plan Assets	1,628	1,635
Difference (Funded Status)	14,559	6,762
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	139
Amount Recognised in the Balance Sheet	14,559	6,901

V. Expenses Recognised in the Income Statement

Current Service Cost	4,493	3,831
Interest Cost	635	222
Expected Return on Plan Assets	(94)	(129)
Net Actuarial (Gain)/loss to be recognised	2,763	1,688
Transitional Liability recognized	-	-
Past service cost - non vested benefits	-	-
Past Service Cost – vested benefits	-	-
Expense Recognised in P and L	7,797	5,611

Notes to accounts

VI. Balance Sheet Reconciliation

	31-Mar-09	31-Mar-08
Opening Net Liability as per books	6,762	2,968
Transitional liability adjusted to opening reserves and deferred taxes	-	(1,816)
Expense as above	7,797	5,611
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	-	139
Contribution Paid	-	-
Amount Recognised in Balance Sheet	14,559	6,902

VII. Actuarial Assumptions : For the period/year

Discount Rate Current	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation Current	10.00%	7.00%
Attrition rate	10.00%	30.00%

VIII. Investment details - as at period / year end

Funds Managed by Company	100%	100%
--------------------------	------	------

Notes to accounts

14.3.9 DEFERRED TAX

The break up of net deferred tax asset is as under:
Deferred tax assets arising on timing differences on account of :

	Current Year	Previous Year
Net Deferred Tax Asset as at beginning of the year	3,407,377	-
Deferred Tax on opening reserve adjustment on gratuity liability (AS 15 revised)	-	617,000
Deferred Tax credit to the CY P and L	2,819,730	4,024,377
Net Deferred Tax Asset as at year end, made up of:	6,227,107	3,407,377
- Depreciation on Fixed Assets	1,278,377	1,061,977
- Provision for Gratuity	4,948,730	2,345,400

14.3.10 EARNINGS PER SHARE

	31-Mar-09	31-Mar-08
Net Profit after tax	144,891,758	99,649,807
Weighted average number of equity shares @ Rs 10/- each outstanding	8,223,255	7,364,256
Basic earnings per share (in Rupees)	17.62	13.53
Potential equity shares	-	81,220
Weighted average number of shares used as denominator for Diluted earnings per share	8,223,255	7,445,476
Diluted earnings per share (in Rupees)	17.62	13.58

14.3.11 PRIOR PERIOD COMPARATIVES

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current period's classification.

PKF Sridhar and Santhanam
Chartered Accountants

For and on behalf of the Board of Directors

T V Balasubramanian
Partner
Membership No: 27251

A.V. Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

S Akila
Company Secretary

Chennai
Date: 02.07.09

Chennai
Date: 02.07.09

Chennai

Chennai