Thinksoft
EXPERTO CREDE

Thinksoft Global Services Limited

Annual Report 2010 - 2011

EXPERTISE

Collaborating with the global financial sector
to foster defect free, business ready systems

Thinksoft Global Services Limited
Board of Directors

Mr. K KUMAR
Non-Executive and Independent Director

Ms. VANAJA ARVIND
Executive Director

Mr. MOHAN PARVATIKAR
Whole Time Director

Dr. S RAJAGOPALAN
Non-Executive and Independent Director

Mr. A V ASVINI KUMAR
Chairman and Managing Director

Mr. C N MADHUSUDAN
Non-Executive and Independent Director

Corporate Information

Board of Directors	VANAJA ARVIND Executive Director
	Dr. S RAJAGOPALAN Director
	MOHAN PARVATIKAR Whole Time Director
	C N MADHUSUDAN Director
	K KUMAR Director
	A V ASVINI KUMAR Chairman and Managing Director
Company Secretary	V RAJKUMAR
Auditors	PKF Sridhar and Santhanam Chartered Accountants, Chennai 600004
Internal Auditors	A Murali & Associates Chartered Accountants, Chennai 600094
Bankers	The Lakshmi Vilas Bank Ltd. Cathedral Road, Chennai 600086
	ICICI Bank Ltd T. Nagar, Chennai 600017
	Citibank NA Anna Salai, Chennai 600002
Legal Advisors	SRS Associates, Chennai 600004
Registrar and Share Transfer Agents	Karvy Computershare Private Limited Cyber Villa, Plot No. 17-24, Vittalrao Nagar Madhapur, Hyderabad 500081
Facilitators	Madras Export Processing Zone (MEPZ) Tambaram, Chennai 600045
	Software Technology Park (STPI) Chennai 600041
	Tidel Park Limited Taramani, Chennai 600113
	Velankani Tech Park Electronic City, Bangalore 560100
Registered Office	Type II, Unit-5, Dr. VSI Estate Thiruvanmiyur, Chennai 600041
Website	www.thinksoftglobal.com

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Chairman's Letter

Dear Shareholders,

I trust that the Annual Report for the year (2010-11) just gone by is now with you. A review of the numbers and figures shows that not only did we have a flat year in terms of revenue growth but also a lower net profit quantum. Revenues were affected due to delays in customer project starts and a slower pace of new customer acquisitions, while profits took a hit due to lower employee utilization levels, higher sales expenses, higher payroll costs and one time infrastructure expenses.

The silver lining is that our delivery margins were maintained and we managed to make a humble profit for the year.

I am happy to report that the outlook for the coming year looks optimistic, going by the trends in projects starts, customer budget commitments and as evidenced by the steady pace of customer enquiries and proposal requests.

This will serve, to a certain extent, as an antidote to all the above challenges excepting for burgeoning payroll costs. The latter needs to be managed both in terms of seeking better pricing for projects/rates and also by prudently balancing the company's talent and resource mix model.

According to the recently released 2011 NASSCOM report on the Software Testing Industry, independent testing services from India are poised to grow at an yearly rate of 15.5% from the current USD 3.4 billion in 2010 to USD 14.3 billion in 2020. Further, the share of the 'independent BFSI testing' market may be roughly projected as growing 411% - from USD 800 million to about USD 4.3 billion in the same period, an yearly rate of 17.7%.

However, the best news for your company's prospects would be emanating from the 30% annual growth rate which can be extrapolated for the "specialized offerings component" of the industry for the next decade, as we are already positioned well in this segment.

Some of our key focused efforts, to capitalize on these prospects, would relate to:

1. Leveraging and incorporating new tech trends like cloud computing
2. Developing new super specialized offerings for automated testing for leading products
3. Expanding into the mobile apps testing space
4. Branding and positioning the company as a unique service provider to BFSI sector
5. Exploring newer engagement models, alliances and partnerships

I would also like to bring to your attention the following significant milestones achieved during this year:

- MEPZ Delivery Centre: As per plan, we have completed our infrastructure project in MEPZ (Madras Export Processing Zone) and it is now a fully fledged delivery centre and expected to bring in steady cost benefits in future years.
- PCI DSS/BITS AUP: To pro-actively meet our clients' expectations, we are among a few select organizations world-wide, to have successfully initiated and completed these compliance/certifications, which will enable us to meet stringent global standards in information security, data privacy and customer data security.

In conclusion then, I would like to quote the famous lines from H W Longfellow:

"Let us then be up and doing,
With a heart for any fate,
Still achieving, still pursuing,
Learn to labor and to wait"

On behalf of the Board of Directors, I take this opportunity to express our appreciation towards all our stakeholders, who have reposed their trust in us and looking forward to your continued support in the coming year.

Yours Sincerely,

A V Asvini Kumar
Chairman & Managing Director

Performance Highlights: Decade at a glance

(INR in million)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Gross Revenue	829.27	828.63	922.62	749.24	588.62	366.91	217.37	123.79	156.01	133.34
E B I D T A	60.87	105.08	178.73	122.16	122.36	48.59	27.04	(0.56)	38.22	34.23
Profit Before Tax	32.04	90.64	160.62	108.15	103.57	40.07	18.90	(11.91)	28.02	25.41
Profit After Tax	18.72	82.33	144.89	99.65	94.61	36.22	15.62	(11.87)	24.94	23.20
Fixed Assets: Gross Block	194.18	101.16	90.15	88.51	69.89	63.78	44.19	41.53	28.54	28.15
Fixed Assets: Net Block	111.50	42.44	33.49	28.17	22.13	27.73	11.44	11.16	6.58	14.29
Share Capital	100.52	100.52	87.02	76.63	72.45	70.68	70.68	70.68	70.66	70.66
Reserves and surplus	599.17	592.17	381.94	246.55	160.03	82.05	53.89	43.11	59.77	42.81
Net worth	699.68	692.68	468.96	328.99	232.48	152.73	124.57	113.79	130.43	113.47
Sundry Debtors	228.96	159.31	238.57	203.70	186.43	98.50	59.80	24.61	55.24	19.71
Cash and Bank Balances	400.33	513.95	265.60	147.25	76.56	47.36	58.40	116.67	70.24	77.81
Current Assets	762.18	789.18	600.34	419.98	291.00	184.08	139.25	164.03	145.49	111.67
Current Liabilities	183.32	149.27	171.09	122.58	81.98	59.84	25.09	18.18	21.49	11.00
Working Capital	578.87	639.90	429.24	297.40	209.02	124.24	113.26	145.85	124.00	100.67
No of Equity Shares ('000)	10,052	10,052	8,702	7,663	7,245	7,068	7,068	7,068	7,066	7,066
Earnings Per Share (Diluted) (INR)	1.86	8.83	17.62	13.38	13.21	5.12	2.21	(1.68)	3.53	4.87
Book Value per Share (INR)	69.61	68.91	53.89	42.93	32.09	21.61	17.63	16.10	18.46	16.06

Directors' Report

To the Members,

We are presenting the report on our business and operations for the year ended March 31, 2011.

1. Financial highlights for the year ended March 31, 2011

(INR in million)

	Consolidated		Stand Alone	
Description	2010-11 Current Year	2009-10 Previous Year	2010-11 Current Year	2009-10 Previous Year
Export Revenues	775.39	782.92	559.25	699.88
Domestic Revenues	53.88	45.71	53.88	45.71
Total Revenue	829.27	828.63	613.13	745.59
Delivery expenses	557.10	507.04	432.50	464.82
Funds from Operations	272.17	321.59	180.63	280.77
Selling and Marketing expenses	119.16	111.95	44.31	92.41
General and Administrative expenses	125.64	115.79	109.11	100.83
Profit before Interest, Depreciation & Taxes	27.37	93.85	27.21	87.53
Less: Depreciation	27.88	12.78	27.56	12.78
Operating Profit Before Taxes	(0.51)	81.07	(0.35)	74.75
Other Income	32.55	9.57	26.44	9.57
Net profit before taxes	32.04	90.64	26.09	84.32
Provision for taxation	(12.30)	(12.42)	(7.62)	(8.42)
Deferred Tax	(1.02)	4.11	(1.02)	4.11
Net Profit after tax	18.72	82.33	17.45	80.01
Profit brought forward from previous year	413.34	350.76	379.02	318.78
Profit available for appropriation	432.06	433.09	396.48	398.79
Appropriations: Interim Dividend	–	10.05	–	10.05
Transfer to General Reserve	–	8.00	–	8.00
Proposed Final Dividend	10.05	–	10.05	–
Tax on Dividend	1.67	1.71	1.67	1.71
Profit carried to Balance sheet	420.34	413.33	394.81	379.03
EPS basic	1.86	8.83	1.74	8.58
EPS diluted	1.86	8.83	1.74	8.58

2. Business and Operations review - Consolidated

- Total revenues increased, in Rupee terms by 0.1%, to INR 829.27 million this year, from INR 828.63 million last year (In US dollar terms this amounts to an increase in revenues of 4%).
- Profit after tax at INR 18.72 million constituted 2.26% of revenues as against INR 82.33 million (9.94%) for the previous year. 'Exchange Gain' contributed to INR 15.05 million.
- Geographically, 53.64% of the revenues came from Europe (last year 43.09%), 31.11% from IMEA (last year 39.78%), 15.25% from America (last year 17.13%).
- The proportion of onsite to offshore revenues stood at 44.35%/55.65% compared to 59.47%/40.53% last year. This is reflected in a decrease of 25% in onsite Revenue from INR 492.82 million to INR 367.78 million during the year.
- Delivery expenses have increased to 67.18% against 61.19% in 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 decreased to 66.9%, compared to 71.8% in the previous year.
- The Gross Profit (Funds from Operations) at INR 272.17 million worked out to 32.82% of total revenues (excluding other income) compared with 38.81% last year, while the PBITDA was at 3.30% as against 11.33% for the previous year. After Tax profits (including other income decreased to 2.26% (last year 9.94%).

- General and Admin Expenses registered a increased in absolute terms. It was INR 125.64 million and 15.15% as against INR 115.79 million and 13.97% last year.
- The company increased its investments in S&M activity, consequently, sales and marketing costs increased in absolute terms at INR 119.16 million and 14.37% versus 111.95 million and 13.51% recorded last year.
- Revenues from repeat business increased to 90% compared to 72% in the previous year
- Employee strength was 661 (women 29.8%) at the end of the year compared to 499 last fiscal. The attrition rate registered an increase of 31.2% for the year ended March 2011, compared to 17.90% during the previous year.

3. Capital expenditure

During the year, we capitalized INR 79.36 million to our gross block comprising of INR 19.37 million on technology infrastructure, INR 13.85 million on physical infrastructure, 46.14 addition on intangible assets, as against capitalization to our gross block of INR 14.21 during the previous year comprising of INR 4.01 million on technology infrastructure, INR 10.20 million on physical infrastructure.

4. Utilization of IPO proceeds

The shareholders had approved the revised utilisation of IPO Proceeds vide Postal Ballot resolution passed on May 14, 2010 as detailed below:

(INR in lakhs)

Description	Cost of Project
Public Issue Expenses	155.99
Setting up of new Testing centres	679.23
Towards normal Capital Expenditure and Working Capital requirements of the Company.	852.28
Total	1,687.50

Out of INR 1531.51 lakhs raised through IPO, INR 963.61 lakhs has been utilized for setting up the testing facility at TIDEL Park and MEPZ, Chennai as on March 31, 2011 and balance amount INR 567.90 lakhs is available in bank as fixed deposits.

(Note: The TIDEL Park facility with a capacity of 281 seats has been functioning from September 30, 2010 while the MEPZ Delivery facility with a capacity of 278 seats, is operational from May 31, 2011)

5. Liquidity

The company continues to be debt-free, and maintain sufficient cash to meet our strategic objectives. The liquid assets at the end of the year stood at INR 629.29 million (as against INR 673.26 million last years). Year end Account Receivables stood at INR 228.96 million (101 days sales).

6. Share capital

As at the end of the financial year the Company's Equity Share Capital stands at INR 100.52 million, consisting of 10,051,581 fully paid up Equity Shares of INR 10 each.

7. Net worth

The net worth of the Company rose to INR 699.68 million as at March 31, 2011 from INR 692.68 million at the end of the previous fiscal.

8. Dividend

Your Board has recommended a final dividend of INR 1/= per share for the fiscal 2010-11, subject to the approval of the Shareholders in the ensuing Annual General Meeting.

9. Subsidiaries

The company is having its global presence through its subsidiaries, branches and places of business.

The company has the following five wholly owned subsidiaries

a. Thinksoft Global Services Pte. Ltd., Singapore

b. Thinksoft Global Services Inc., USA

c. Thinksoft Global Services (Europe) GmbH, Germany

d. Thinksoft Global Services UK Limited, UK (incorporated on April 1, 2010)

e. Thinksoft Global Services FZE, UAE *(incorporated on June 15, 2010)

* The wholly owned subsidiary in UAE is yet to commence the operations.

Winding up of Thinksoft (India) Services Private Ltd:
The Office of the Registrar of Companies vide their notice under section 560 (5) of the Companies Act 1956, dated January 1, 2011, confirmed striking off the name of the wholly owned subsidiary, Thinksoft (India) Services Private Ltd, from the Register of Companies under the 'Easy Exit Scheme 2010'.

10. Financial statements of subsidiaries

As per Section 212 of the Companies Act, 1956, your Company required to attach the Directors' Report, Balance Sheet, and Profit and Loss account of our subsidiaries. Ministry of Corporate Affairs vide its General Circular no. 02/2011 dated February 8, 2011, exempted Companies from attaching the Financial Statements of Subsidiary Companies (refer Annexure I). However, as per said circular the Companies are required to provide consolidated financial statement in the Annual Report. Accordingly, the Annual Report contain the consolidated financial statements. The Audited Annual Accounts and related information of subsidiaries, which ever applicable, will be made available to shareholders upon request and will also be available for inspection during business hours at the registered office.

11. Changes in tax benefits:

The Company was enjoying tax holiday for its export earnings under section 10A of the Income tax Act 1961 till the financial year 2009-10 by virtue of being 100% Export Oriented Unit registered under Software Technology Parks of India. However the unit situated in SEZ may continue to get its tax benefits as applicable.

12. Directors

Mr. C N Madhusudan, Director who was appointed as a Director on September 17, 2008, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers for re-appointment as Director.

13. Auditors

M/s. PKF Sridhar & 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 April 29, 2011 has recommended the re-appointment of M/s. PKF Sridhar & Santhanam, Chartered Accountants, Chennai.

14. Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo.

The particulars as prescribed under Sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are provided in the Annexure 2 to the Directors' Report section.

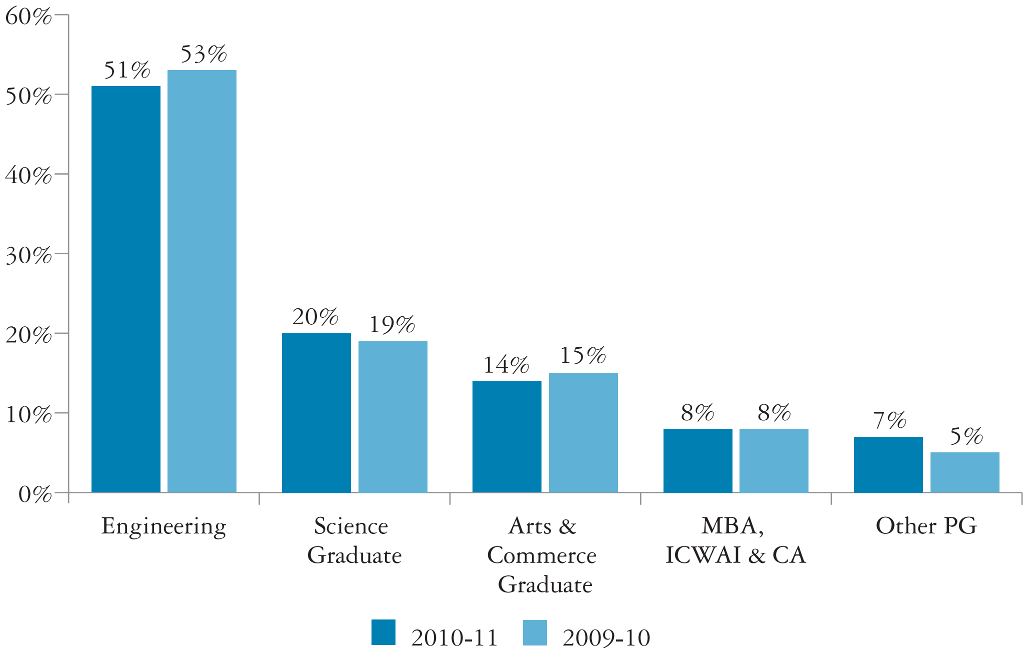
15. Particulars of employees

In terms of provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, none of our employees are covered under the above section.

16. Human potential:

The overall employee strength increased from 500 to 660 during the end of the year.

Education profile of the employees



The Company strongly believes that organisational effectiveness can be significantly enhanced by focusing on the human side of the enterprise.

As part of its ongoing regular training programs, during the year, about 117 training programs were conducted for the employees, clocking an average of 43 hours training per employee per year.

The company further endeavours through its special talent management initiatives, to make its key employees result oriented and business savvy.

A Resource Management group is mandated with the task of optimising 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	%
Banking	24%
Credit Cards	53%
Capital Markets and Treasury	15%
Insurance	7%
Total	100%

17. Quality, technology and systems

Thinksoft's offshore TCoE (Testing Centre of Excellence) in Tidel Park, Chennai has become compliant during this year 2010 -2011, the following:

BITS AUP: Banking Industries Technology Secretariat – Agreed upon Procedures requirements

The BITS AUP Shared Assessments Program being pursued by more than 60 different organizations, it is the most trusted single program that is referred to whilst making large-scale outsourcing decisions. It is now used as a standardized framework that rates organisational capability in comparison with the industry's leading information security best practices

PCI DSS: Payment Card Industry Data Security Standard

PCI DSS is a worldwide information security standard defined by the Payment Card Industry Security Standards Council. Thinksoft's compliance with PCI DSS implies Completely Secured Physical/Logical Work Environments, Multilayer Encryption for data at Receipt, Processing and Storage, Comprehensive Privacy Framework, Detailed Risk Assessment Methodology, Wireless Intrusion and Prevention System, Enhanced HR Security Controls, Intensive Vulnerability Management Program by Authorized Scan Vendors (ASV), Business Continuity Program meeting BS 25999 standards

Thinksoft Global is currently one of the few companies that can count this among its achievements. Through this compliance and certification the company has reinforced its commitment to its BFSI customers of its ability to meet the stringent global standards on of information security, data privacy, data security and business continuity in its offshore delivery centres. As pioneer in Independent Testing services Thinksoft has proven that it is ahead of the market in proactively meeting client's expectations

18. Environmental awareness

The Company continues its 'go green' initiatives to conserve resources and also reduce its carbon footprint and create sustainable alternatives wherever feasible.

All steps required for conserving power across all delivery centres are being undertaken. During the current year Desktop power management configuration has been extended to almost 50% of the desktops used in the delivery centres.

Video conferencing (VC) usage has increased steadily this year, which in turn has reduced the travel cost and improved energy savings. The Company continues "go green" initiatives within its office buildings to reduce our electrical power, water and paper consumption.

Towards contributing for Green IT for a safe environment, the e-waste generated in-house are being discarded through vendors who adopt "Safe disposal practices", recycle and re-manufacture the used e-waste like printers, toners and cartridges. These initiatives will be taken forward at a sustained pace.

19. Corporate Governance

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with National Stock Exchange of India (NSE) and Bombay Stock Exchange of India (BSE) is included in the Annual Report.

20. Status of application money refund

Your company already sent two reminders for the refund of application money which is lying in the account as on March 31, 2011 amounting to INR 93,000/- for 92 members. The members who had not availed the refund have been asked to correspond with the Registrar and Transfer Agent for the same.

21. Fixed deposits

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

22. Corporate social responsibility

Involvement:

- Thinksoft works closely with Vidya Sagar (formerly known as the Spastic Society of India), an NGO dedicated to the welfare and development of Spastics Children
- The Company has been organizing Blood bank campaign in its premises in collaboration with Jeevan Blood Bank and Research Centre
- The Company has been working with the Make a Wish Foundation, India for terminally ill children in which our employees encouraged to participate and donate gifts and money at the time of festivals.

Contributions:

- INR 0.30 million to the 'Sadhya' Program & INR 0.17 million to Vidhya Sagar's Spastics society.
- INR 0.01 million to Ability foundation as co-sponsor for Employability – 2010. INR 0.025 million to Ananya Arogyadhara Nidhi, Bangalore for the Medical support of Musician and Dancer through Kala Nadam festival.
- The Company sponsored a section of the "Cards and Payments Awards" function held in London UK, through which 'Make a Wish Foundation' in UK was benefited

23. Directors' responsibility statement as required under Section 217 (2AA) of the Companies Act, 1956.

Pursuant to Section 217(2AA) of the Companies Act, 1956, 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 above mentioned 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

24. Acknowledgments

We thank our Customers, Vendors, Investors and Bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

We thank the Governments of various countries where we have operations. We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Customs, Central Excise and Service Tax Departments, the Income Tax Department, the Ministry of Commerce, the Ministry of Finance, the Reserve Bank of India, the State Governments, the Madras Export Processing Zone (MEPZ), the Software Technology Park of India (STPI) and other Government Agencies for their support, and look forward to their continued support in the future.

For and on behalf of Board of Directors of
Thinksoft Global Services Limited

Place: Chennai	A V Asvini Kumar	Vanaja Arvind
Date: April 29, 2011	Managing Director	Executive Director

Annexure 1

Statement of subsidiaries under Section 212 of the Companies Act 1956				
Name of the Subsidiary	Thinksoft Global Services Pte Ltd, Singapore	Thinksoft Global Services Inc, USA	Thinksoft Global Services (Europe) GmbH, Germany	Thinksoft Global Services (UK) Limited, UK
The Financial Year of the Subsidiary company ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Holding Company	Thinksoft Global Services Limited	Thinksoft Global Services Limited	Thinksoft Global Services Limited	Thinksoft Global Services Limited
Holding Company interest	100%	100%	100%	100%
Shares held by the Holding company in the Subsidiary	100,000 equity shares of SGD 1/- each fully paid up	3,000 equity shares of USD 0.01/- each fully paid up	EUR 50,000/-	350,000 equity shares of GBP 1/- each fully paid up
Net aggregate amount of Profit of the subsidiary so far as it concerns the members of holding company and is not deal with in the Accounts of Holding Company				
for the financial year ended on March 31, 2011 (INR million)	(2.29)	(7.11)	4.75	7.13
for the previous financial years of the subsidiary since it became a Subsidiary (INR million)	24.18	7.96	0.91	NA
Net aggregate amount of profit/(Losses) of the subsidiary so far as it concerns the members of holding company and is dealt with in the Accounts of Holding Company				
for the financial year ended on March 31, 2011 (INR million)	NA	NA	NA	NA
for the previous financial years of the subsidiary since it became a Subsidiary (INR million)	NA	NA	NA	NA

For and on behalf of Board of Directors of Thinksoft Global Services Limited

Place: Chennai	A V Asvini Kumar	Vanaja Arvind	V Rajkumar
Date: April 29, 2011	Managing Director	Executive Director	Company Secretary

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Asset	Total Liabilities	Investment other than subsidiary investment	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
Thinksoft Global Services Pte Ltd.	SGD	35.98	0.36	2.10	3.24	0.79	–	0.73	(0.54)	0.00	(0.54)	–	Singapore
Thinksoft Global Services Inc.	USD	44.65	0.45	0.26	1.42	0.71	–	7.90	(0.71)	–	(0.71)	–	USA
Thinksoft Global Services (Europe) GmbH	EUR	63.24	0.32	0.51	2.45	1.62	–	2.17	0.68	0.23	0.45	–	Germany
Thinksoft Global Services UK limited	GBP	71.93	2.52	0.62	4.21	1.07	–	11.06	0.87	0.25	0.62	–	UK
Thinksoft (India) Services Pvt Ltd *	INR	–	–	–	–	–	–	–	–	–	–	–	India

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2011

2. The financial year of all the subsidiary companies ends on 31st March.

* Had applied for Voluntary wind-up under Easy Exit Scheme 2010 and has been wound up on January 1, 2011

For and on behalf of Board of Directors of Thinksoft Global Services Limited

Place: Chennai	A V Asvini Kumar	Vanaja Arvind	V Rajkumar
Date: April 29, 2011	Managing Director	Executive Director	Company Secretary

Annexure 2

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

A. Details of conservation of energy	
	The Company's current operations do not require high energy consumption and the company continues its drive in taking up various: measures to optimise energy usage, for example, a) Consolidation of operations through reduction in the number of Data centres. 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 & D carried out by the Company	The company continues its efforts in the areas of enhancing its existing repositories, test automation frameworks and methodologies through constant innovations and enhancing its offerings to the customers. The company also is practicing consistent internal process automation to improve internal methodologies and productivity.
2. Benefits derived as a result of the above R & 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
3. Future plan of action	We will continue to focus on creation more automated test framework and use of tools for such testing environment, which would enhance our intellectual asset base and also improve our offering on client specific requirements.
4. Expenditure on R & D	While the expenditure incurred on R & D was nil, however the company has spent approximately an amount of INR 5.39 million 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.	In a move to leverage the growing demand for testing services, Thinksoft had adopted a slew of measures. The company participated in several events across the globe and in varying capacities; to enhance brand visibility, increase pipeline for the different practices. The participation included many domain-specific events viz., Cards, Banks and Payment Systems. These events were held in different regions like India, Singapore, Europe, Asia and United States. Some of the premier events that we took part in the last year include European Cards Acquiring event, European Banking Forum, Asian Financial Services Congress, CIO Financial services Forum and Banking Technology Conference 2010. As a branding exercise, the company also sponsored an award in the following category: "Best Use of IT in Retail Banking (International)" at an international event that witnessed the participation of top-notch BFSI institutions. Process and systems were in place a demonstrated consistent improvement as evident in the yearly audits conducted by Underwriter Laboratories for our certifications (ISO27001:2005 and ISO 9001:2008).
2. Total Foreign exchange used and earned FOB (Current year figure)	(a) Total foreign exchange earned INR 559.33 million. (b) Total foreign exchange used INR 131.10 million.

For and on behalf of Board of Directors of
Thinksoft Global Services Limited

Place: Chennai	A V Asvini Kumar	Vanaja Arvind
Date: April 29, 2011	Managing Director	Executive Director

How do we capitalize on the anticipated strong growth of the 'testing' industry?

NASSCOM has recently released its 2011 White Paper "Software Testing - shifting from Functional to Business Assurance". The report covers broad market trends, structure, size, workforce deployment, challenges faced by companies, evolving expectations of customers and the impact of technological and business innovations.

From the table below, it is clear that while the overall global market is growing at a compounded 5.24%, the proportion of work done by customers in-house is declining, the outsourcing component increasing by a compounded 9.5% and the India offshore revenue is growing in a range of 15.58% to 17.71% on a yearly compounded basis. This in effect means that the market will expand to 3.5 to 4 times from its present size, over the next decade. Notice also that the Indian domestic market is expanding very fast.

Market Segments, size and growth (Derived from data presented in the NASSCOM report)

Testing Services Market	2010	2020	Absolute growth	CAGR
	USD Bn	USD Bn	Percentage	Percentage
A. Total global market size	30.0	50.0	67%	5.24%
B. In-house component (65% of A)	19.5	24.0	23%	2.10%
C. Outsourced component (35% of A)	10.5	26.0	148%	9.49%
D. India offshore share (32% of C)	3.4	14.3	326%	15.58%
E. Independent testing share (60% of D)	2.0	8.6	326%	15.58%
F. BFSI testing India (50% of D)	1.7	7.2	326%	15.58%
G. Independent BFSI testing India (50% of F)	0.8	4.3	411%	17.71%
H. Indian domestic testing services market	0.2	1.5	650%	22.32%

On further analysis and extrapolations, we can find that the revenues of the Independent BFSI outsourced India based testing market (G) above, are split up between basic services and specialized service and that the market for the latter is growing 25 to 30% compared to the market for basic testing services.

According to the report also shows that the total workforce in this market increased from 31,000 people in 2006 to 63,000 people in 2010, growing at 18.73% CAGR. Further, extrapolating from the revenue/employee ratio in 2010, we arrive at a total workforce requirement of 268,000 for the year 2020, which means a massive increase of more than 200,000 people coming in.

More specifically, with respect to the independent BFSI testing component – there is a need to create a qualified, highly specialized and skilled workforce of 81,250 people (up from the present 15,900).

This is very good news from the perspective of our company's prospects, since it does make the goals of aggressive growth very much feasible once again. However, it does present a formidable set of challenges to our management team.

In order to elicit the views of 35 key members from Team Thinksoft, we conducted a quick dipstick survey,to profile their thinking on key enabling factors for us to achieve high growth in the next 3 to 4 years. Respondents were asked to rate a set of 9 focus areas in order of criticality (1 highest, 9 lowest).

The Table below summarizes the overall teams' perception (34 respondents)

Focus Area	No. of persons who gave	
	Rank 1	Rank 2
Deeper Specialization and more Differentiation in our offerings	6	5
Having the right Marketing strategy, compelling branding, proper positioning and market presence in key financial centres	9	10
Capabilities and frameworks for end to end talent management	2	4
Leveraging new technologies like cloud computing, open source tools, mobile apps etc	2	1
Account growth thorough client management and relationship building	3	7
IP creation through innovation based on our existing track record and knowledge resulting in delivery excellence	2	1
Handling competitive landscape through pricing, partnerships etc	5	3
Having a proven Business Model, Methods, tools and secure test labs with connectivity,	4	3
Having Near-shore centres and using local resourcing	1	0

We found that in order of importance the respondents felt:

a. Overwhelmingly, that 'Having a right Marketing Strategy' is the key enabling factor to drive our growth, followed by 'Specialization and Differentiation in our offering'.

b. Also, they rated the next two important factors as "Account growth through relationship building and" "IP creation through Innovation".

We will use these results as part of the inputs for structuring the discussions during our next Annual Planning meet 'ODYSSEY'.

Team Thinksoft at ODYSSEY 2010

Growth Mantras: Team Speak

Aarti	IP which helps us deliver faster, better with less effort
Anand Vyas	Partner Channels ensures reaching customer base faster and wider
Anupam	Near-shore centers and local resourcing would enhance global presence
Arun	A higher component of the off-shoring component
Ashok	Adding more clients is the only mantra that can fuel our growth
Ganesan	A "global brand" and one image across locations
Hema	Tools and secure test labs with connectivity is key
Jagadeeswaran	Build strong Relationships with the existing clients
John Kiley	Testing of Mobile apps will strongly differentiate us
Kailash	Relationship building holds the key for account growth
Kanchanamala	Strong Partnership is the need of the hour
Karthikeyan	Explore new technologies
Meera	Go to the market with a compelling strategy
Murali	Consider more aggressive pricing
Nandkishore	Partnerships and alliances are key to crack new accounts
Nikhil	Branding Strategy and positioning in the market is key
Paul Rolfe	Ability to effectively market our unique selling points
Phani	Strong Marketing strategy and effective branding creates the visibility
Pushpa	Focus on specialized product areas
Rajesh	Target our client's competitors
Rajiv Gada	Develop specialization and niche positions
Ram Gudur	An immense potential for Thinksoft in the Indian market
Ramki	Innovate and create more differentiators
Rizwan	Leveraging new technologies like cloud computing
Satish	Concentrate on strengthening our relationship with these clients
Sreenivasan (N S)	Ready to go test tools are very necessary
Srinath	Provide better and faster turnaround time
Srini (R)	Proper talent management will lead to good delivery and good CRMs and lead to account growth vide relationship
Subramanian	Established brand image can lead to more specialization
Sudhakiran	Better positioning and compelling proposition
Taral	Deep domain expertise will give us the edge
Vaidyanathan	Focused & Aggressive Marketing, strategy
Vasanth	Domain driven sales may throw up better opportunities
Venkatesh	Market presence in key financial centers is important

Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance

Thinksoft is committed to maintaining high standards of Corporate Governance, protecting Customers', Shareholders' and other Stakeholders' interests. In line with this philosophy, Thinksoft Global Services Limited endeavours to maintain transparency at all levels through adoption of best Corporate Governance Practices. The following is a report on the status and progress on major aspects of Corporate Governance.

2. Board of Directors

The Directors of the Company possess highest professional ethics, integrity and values, and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgment on behalf of the Company.

The Board has an optimum combination of Executive and Non Executive & Independent Directors, which ensures proper governance and management. The Chairman of the Board is an Executive Promoter Director. As on March 31, 2011, the Company has six Directors with an Executive Chairman. Of the six Directors, three are Non-Executive Independent Directors (i.e. 50%). The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

As mandated under Clause 49 of the Listing Agreement with the Stock Exchanges, none of the Directors is a member of more than ten Board level Committees nor is any of them is a Chairman of more than five Board level committees, in which they are members.

Composition of the Board and Directorships & Membership held as at March 31, 2011

Name of the Director	Category of Director	Number of Board Meetings during the year 2010-11		Whether attended last AGM held on September 3, 2010	No. of Directorship held in other Companies		Number of Committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. A V Asvini Kumar	Promoter and Executive	4	4	No	–	1	–	–
Ms. Vanaja Arvind	Promoter and Executive	4	4	No	–	1	–	–
Mr. Mohan Parvatikar	Promoter and Executive	4	4	Yes	–	2	–	–
Mr. K Kumar	Independent & Non Executive	4	3	Yes	–	–	–	–
Mr. C N Madhusudan	Independent & Non Executive	4	4	Yes	–	–	–	–
Dr. S Rajagopalan	Independent & Non Executive	4	4	Yes	–	2	–	–

Notes:

1. Excluding Directorship in Thinksoft Global Services Limited.

2. Excluding Directorship in Foreign Companies, Section 25 Companies, Private Limited Companies and Alternate Directorship.

3. As required by Clause 49 of the Listing Agreement, the disclosure includes only Memberships/Chairpersonship of Audit Committee and Investor Grievance Committee only in Indian public companies (listed and unlisted).

Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said Meetings were held are as follows:

April 30, 2010; July 29, 2010; October 28, 2010 and January 28, 2011.

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

Post meeting follow-up mechanism

Important decisions taken at the Board/Committee Meetings are promptly communicated to the concerned departments. Action Taken Report on decisions/minutes of previous meetings is placed at the succeeding meetings of the Board/Committee for noting.

3. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Committee was constituted on September 17, 2008. The Statutory Auditors and Internal Auditors are invited to attend the Audit Committee meetings as and when necessary and the Company Secretary acts as the Secretary of the Committee.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board along with the Board Agenda.

I. The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment of any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
- Review with management of the annual financial statements before submission to the Board, focusing primarily on
    - Any changes in accounting policies and practices;
    - Major accounting entries based on exercise of judgment by management;
    - Qualifications in draft audit report;
    - Significant adjustments arising out of audit;
    - The going concern assumption;
    - Compliance with accounting standards;
    - Any related party transactions as per Accounting Standard 18;
    - Compliance with stock exchange and legal requirements concerning financial statements (upon listing of shares);
    - Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
    - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights.
- Issue and making appropriate recommendations to the Board to take up steps in the matter.

Mr. K Kumar, Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on September 3, 2010.

II. Composition, name of Members and Chairperson and meeting held & attendance

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Status	Number of meeting during the year 2010-11	
		Held	Attended
Dr. S Rajagopalan	Member	4	4
Mr. C N Madhusudan*	Member	4	4
Mr. Mohan Parvatikar	Member	4	4
Mr. K Kumar	Chairman	4	3

* Appointed with effect from April 30, 2010.

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

April 30, 2010; July 29, 2010; October 28, 2010; January 28, 2011

The necessary quorum was present for all the meetings.

4. Remuneration Committee

Remuneration Committee is not mandatory as per clause 49 of the Listing Agreement. The Committee was originally constituted on September 17, 2008 and was reconstituted by the Board of Directors at their meeting held on July 23, 2009.

I. Brief description of terms of reference

The terms of reference of the Remuneration Committee are broadly as under:

a. To review the Company's remuneration policy on specific remuneration packages to Executive Directors including pension rights and any compensation payment while striking a balance with the interest of the Company and the shareholders.

b. To approve the Annual Remuneration Plan of the Company.

c. *To formulate the Employees Stock Option Scheme in accordance with the relevant regulations/guidelines for the time being in force and recommend the same to the Board for its consideration.

d. *Administration of ESOP Scheme as stipulated under SEBI (ESOS & ESOP) Guidelines, 1999.

*point no. (c) and (d) are inserted vide resolution passed by the Board at its meeting held on January 28, 2011.

II. Composition, name of Members and Chairperson and attendance during the year

The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

Name	Status	Number of Meetings during the year 2010-11	
		Held	Attended
Mr. C N Madhusudan	Chairman	1	1
Mr. K Kumar	Member	1	Nil
Dr. S Rajagopalan	Member	1	1

Meeting of the Remuneration Committee was held on April 30, 2010.

The Company does not have any Employee Stock Option Scheme. Board at its meeting held on January 28, 2011 advised Remuneration Committee to come out with suitable Employee Stock Option Plan. Remuneration Committee at its meeting held on April 29, 2011 reviewed and recommended ESOP plan to the Board for its consideration. Board has considered the ESOP and put forth for members approval at the ensuing Annual General Meeting. The grant of option is subject the approval of members at the Annual General Meeting.

III. Remuneration policy:

To reward the Performance and Achievements of the employees by review at periodic intervals and are in consonance with the industry practice.

IV. Details of Remuneration for the year ended March 31, 2011:

a. Non-Executive Directors

Payment of commission to Non-Executive Directors has been approved by the shareholder in the Annual General Meeting for the year 2009-10, held on September 3, 2010. Your company had applied to Central Government for payment of commission to Non-Executive Directors. Central Government granted its approval for payment of commission to Non-Executive Directors vide letter ref. no. SRN A95479655/4/2011–CL-VII dated February 4, 2011.

(Amounts in INR)

Name	Commission	Sitting Fees
Dr. S Rajagopalan	90,000	220,000
Mr. K Kumar	90,000	140,000
Mr. C N Madhusudan	90,000	200,000

b. Executive Directors

Compensation to the Managing Director, Executive Director and Whole Time Director are paid as per the Service Agreements entered with them subject to the limits specified as per the provisions of the Companies Act, 1956.

(Amounts in INR)

Name of the Directors	Salary & Perquisites	Commission	Total
A V Asvini Kumar	3,600,000	Nil	3,600,000
Vanaja Arvind	3,600,000	Nil	3,600,000
Mohan Parvatikar	1,500,000	Nil	1,500,000

5. Shareholders'/Investor Grievance Committee

The Shareholders'/Investor' Grievance Committee was originally constituted on September 17, 2008 and re-constituted by the Board of Directors at their meeting held on July 23, 2009.

The Company has a Shareholders'/Investor' Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

One meeting of the Shareholders/Investors Grievance Committee was held during the year on April 30, 2010.

The composition of the Shareholders'/Investor' Grievance Committee and the details of meetings attended by its members are given below:

Name of the Director	Status	No. of meeting	
		Held	Attended
Dr. S Rajagopalan	Chairman	1	1
Mr. Mohan Parvatikar	Member	1	1
Mr. K Kumar	Member	1	Nil

Name and Designation of Compliance Officer:

Mr. Rajkumar V, Company Secretary

e-mail for investor grievances: investor@thinksoftglobal.com

Number of share holder complaints received:

During the year, the Company has received 5 complaints from the shareholders and no complaint was pending as on March 31, 2011.

6. General body meetings

I. Location and time of Last three Annual General Meeting

Details	Date	Time	Venue
Annual General Meeting 2007-08	July 22, 2008	10.30 am	Registered Office
Annual General Meeting 2008-09	August 28, 2009	4.30 pm	Registered Office
Annual General Meeting 2009-10	September 3, 2010	3.30 pm	The Music Academy Mini Hall, No. 168 TTK Road Royapettah Chennai 600014

II. Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year.

III. Postal Ballot

During the year 2009-10, notice was issued on March 26, 2010, pursuant to Section 192A(2) of the Companies Act, 1956, for revising the purpose of utilization of IPO proceeds by passing the Resolution by Postal Ballot. The Postal Ballot were despatched to the Members on April 7, 2010. Mr. V Suresh, Company Secretary in practice, has been appointed as the scrutiniser to receive and scrutinize the completed ballot forms received from the Members and for conducting the Postal ballot process in a fair and transparent manner. The last day fixed for return of Postal Ballot forms duly filled in by the Members is May 8, 2010. The result of the postal ballot was announced on May 14, 2010. Description of the result of the postal ballot is detailed below

Resolution

Description of resolution

Ordinary Resolution to accord the consent of the Shareholders for revising the purpose of utilization of IPO proceeds.

Voting	Number of Votes	Percentage of Total Votes
Votes in Favour	5,526,694	99.96%
Votes not in Favour	640	0.01%
Invalid Votes	1,799	0.03%
Total	5,529,133	100.00%

The detail of revised utilisation of IPO proceeds is tabled below:

(INR in lakhs)

Description	Cost of Project
Public Issue Expenses	155.99
Setting up of new Testing centres	679.23
Towards normal Capital Expenditure and Working Capital requirements of the Company	852.28
Total	1,687.50

During the current year there are no other resolutions that are proposed to be passed through postal Ballot.

IV. Special resolutions passed in the last three Annual General Meetings

10th Annual General Meeting for the year 2007-08 held on July 22, 2008

No Special resolutions were passed

11th Annual General Meeting for the year 2008-09 held on August 28, 2009

Special Resolution was passed approving the payment of Commission for the year 2007-08 to Mr. Mohan Parvatikar, Director and payment of remuneration by way of commission not exceeding 1% of the net profits of the Company as may be decided by the Board.

12th Annual General Meeting for the year 2009-10 held on September 3, 2010

1. Special Resolution was passed approving the payment of minimum remuneration to the Whole Time Directors in the event of loss or inadequate profit.

2. Special Resolution was passed approving the payment of Commission from April 1, 2009 to March 31, 2014 for all Non-Executive Directors put together not exceeding 1% of the net profits of the Company as may be decided by the Board.

7. Disclosures

I. Related party transaction

Transactions with related parties are disclosed in detail in Note no. 15.3.15 of Schedule annexed to the financial statements for the year. These transactions were not in conflict with the interest of the Company.

II. Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital markets during the last three years.

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by Securities and Exchange Board of India, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

III. Whistle Blower Policy

Your company has formulated and adopted a Whistle Blower policy vide the Board of Directors resolution passed by circulation dated September 22, 2010 and confirmed at its meeting held October 28, 2010.

IV. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all mandatory requirements laid down by the Clause 49, as applicable. Though the company has not adopted any non-mandatory requirements, its compliance was disclosed at appropriate place.

8. Means of communication to Shareholders

I. Quarterly results and news paper wherein results published

During the year, quarterly, half yearly and Annual Financial Results on the Standalone basis and Consolidated basis of the Company were submitted to the Stock Exchanges soon after approved by Board of Director. The Financial Results are also published in 2 leading newspapers Financial Express (English) and Makkal Kural (Tamil). These were also promptly displayed on the Company's website www.thinksoftglobal.com. All official news release of relevance to the investors are also made available on the Company's website for a reasonable period of time.

9. General Shareholder information

I. Annual General Meeting Date, Time and Venue

13th Annual General Meeting

Date and Time : Friday, July 29, 2011 at 3.30 pm

Venue : Esthell Continental Hotels and Resorts, No.1, Royal Enclave, Besant Avenue, Adyar, Chennai 600020

II. Financial calendar

Tentative Financial Calendar for the year 2011-12

Financial Year	April 1, 2011 to March 31, 2012
First Quarter Results	On or before July 29, 2011
Half Yearly Results	On or before November 15, 2011
Third Quarter Results	On or before February 15, 2012
Fourth Quarter Results and Annual	On or before May 31, 2012

III. Date of book closure

July 16, 2011 to July 29, 2011 (Both days inclusive)

IV. Dividend payment date

The Dividend proposed to be declared for the year 2010-11 will be paid on or before August 27, 2011.

V. Listing of Stock Exchanges and Stock Code

10,051,581 equity shares of INR 10/- each is listed at

Name of the Stock Exchange	Stock Symbol
National Stock Exchange of India Limited	THINKSOFT
Bombay Stock Exchange Limited	533121

The Company has paid the annual listing fees for the year 2011-12 on both the above Stock Exchanges.

VI. Market price data

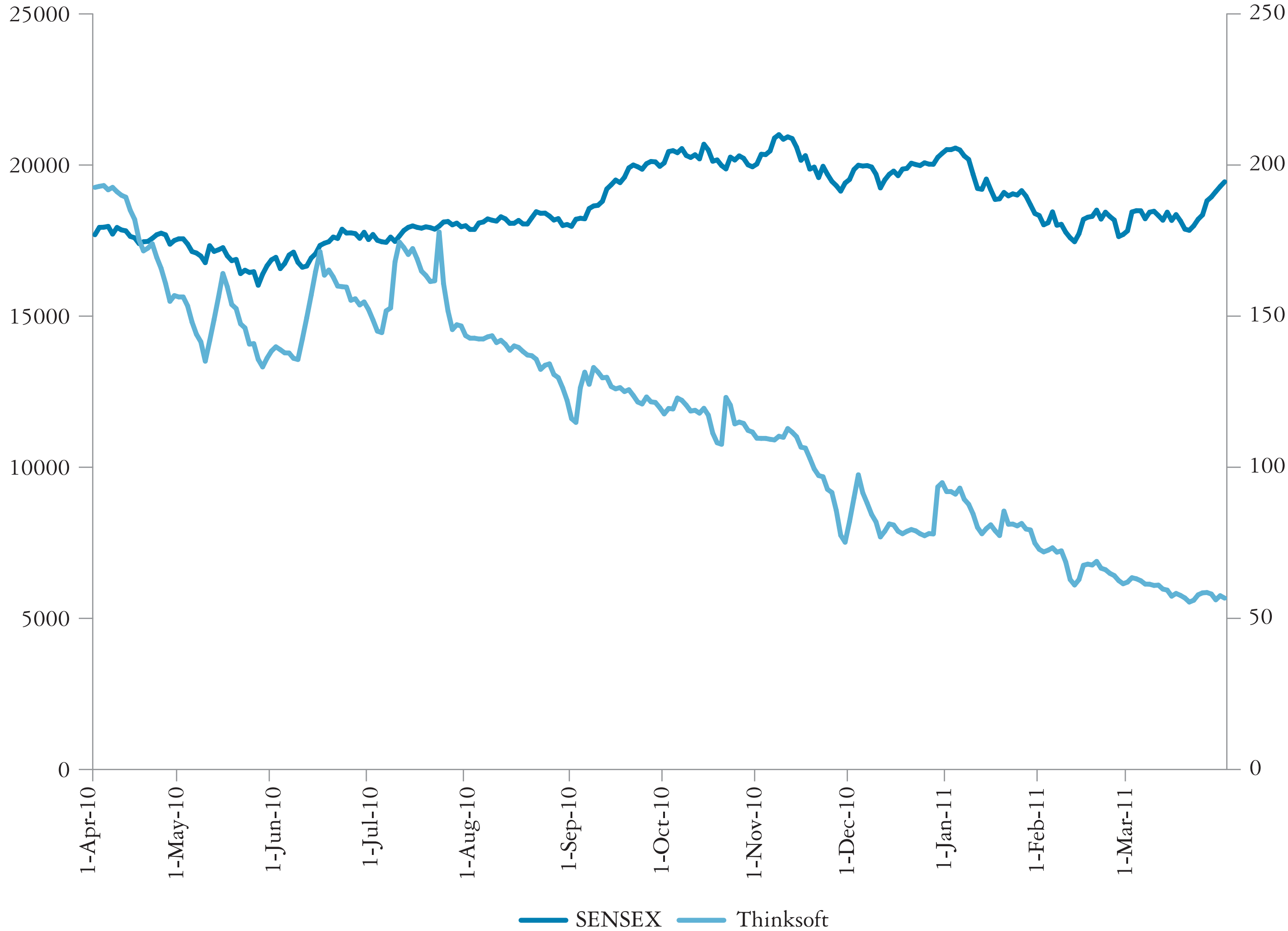
The closing market price of equity shares on March 31, 2011 (last trading day of the year) was INR 56.55/- on NSE and INR 56.70/- on BSE.

The monthly movement of equity share prices during the year at NSE and BSE are summarized herein below:

VII. Monthly share price movement during 2010-11 at NSE & BSE

Month	NSE			BSE		
	High (INR)	Low (INR)	Volume	High (INR)	Low (INR)	Volume
April 10	203.20	154.05	473,041	200.00	154.00	285,816
May 10	173.95	129.45	394,045	172.30	127.50	196,985
June 10	173.95	134.00	744,071	172.95	133.30	415,126
July 10	187.30	140.80	6,543,971	186.00	140.30	3,264,171
August 10	148.00	113.20	1,971,095	147.50	113.10	845,024
September 10	138.00	113.10	2,031,008	139.00	113.70	1,002,341
October 10	130.00	94.05	3,808,040	129.00	105.00	1,860,530
November 10	116.50	72.00	1,592,797	116.75	72.55	774,247
December 10	104.90	72.55	4,257,449	100.90	73.00	1,853,852
January 11	96.25	63.30	2,986,679	96.80	70.00	1,444,682
February 11	77.20	59.55	993,945	77.00	59.40	449,576
March 11	65.85	55.00	857,061	65.00	55.15	295,863
Total			26,653,202			12,392,350

The performance of the equity share price of the Company vis-à-vis the NIFTY at NSE and SENSEX at BSE is as under:



VIII. Registrar and transfer agents

The Registrar & Share Transfer Agent deals with all shareholders communications regarding change of address, transfer of shares, change of mandate, demat of shares, non-receipt of dividend etc. The address of the Registrar & Share Transfer Agent is as under:-

Name and Address of Registrar and Share Transfer Agent	Karvy Computershare Private Limited Cyber Villa, Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad 500081, Andhra Pradesh
Tel	+91 40 23420815
Fax	+91 40 23431551
e-mail ID	einward.ris@karvy.com
Website	www.kcpl.karvy.com

IX. Share transfer system

The shares of the company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of 30 days from the date of lodgment, subject to documents being correct, valid and complete in all respects.

X. Distribution of shareholding as at March 31, 2011

Number of Shares	No. of Shareholders	% of Shareholders	Shares held	Amount (INR)	% of Amount
1 – 5,000	21,680	99.66%	3,248,704	32,487,040	32.32%
5,001 – 10,000	34	0.16%	236,854	2,368,540	2.36%
10,001 – 20,000	15	0.07%	200,496	2,004,960	1.99%
20,001 – 30,000	4	0.02%	113,807	1,138,070	1.13%
30,001 – 40,000	4	0.02%	139,468	1,394,680	1.39%
40,001 – 50,000	4	0.02%	183,985	1,839,850	1.83%
50,001 – 100,000	2	0.01%	169,127	1,691,270	1.68%
100,001 & above	10	0.05%	5,759,140	57,591,400	57.30%
Total	21,753	100%	10,051,581	100,515,810	100%

XI. Dematerialisation of securities and liquidity

As on March 31, 2011, 47.35% shares of the Company were held in dematerialised form. The demat security (ISIN) code for the equity share is INE201K01015.

XII. Outstanding GDRs/ADRs/warrants/any other convertible instruments

The Company has not issued instruments of the captioned type.

XIII. Locations

The Company has three Delivery Centres in Chennai, one in Bangalore and one Sales office cum Delivery Centre in Mumbai. The Company also has a branch office in Belgium and opened a branch at Cyprus. The Company has Place of Establishments in Hong Kong and Australia. The addresses of these offices are available on your Company's website.

Address for Correspondence
Thinksoft Global Services Limited
Type II, unit 5, Dr. VSI Estate
Thiruvanmiyur, Chennai 600041
Telephone: 91 044 43923200
Fax: 91 044 43923258
Website: www.thinksoftglobal.com
e-mail: investor@thinksoftglobal.com

XIV. Address for correspondence:

Thinksoft Global Services Limited
Type II, Unit 5, Dr. VSI Estate, Thiruvanmiyur, Chennai 600041
Telephone: +91 44 43923200
Fax: +91 44 43923258
Website: www.thinksoftglobal.com

Compliance Certificate

To the Members of Thinksoft Global Services Limited

We have examined the compliance of the conditions of Corporate Governance by Thinksoft Global Services Limited, for the year ended March 31, 2011 as stipulated in clause 49 of Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures & implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management and we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned listing agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company to Investor Grievance Committee, as on March 31, 2011, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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

For PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No.: 003990S

T V Balasubramanian
Partner
Membership No. 27251

Place: Chennai
Date: April 29, 2011

Declaration by the CEO under Clause 49(I)(D)(ii) of the listing agreement

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended March 31, 2011.

For Thinksoft Global Services Limited

Place: Chennai
Date: April 29, 2011

A V Asvini Kumar
Managing Director

CEO & CFO Certification under clause 49(v) of the Listing Agreement

We, A V Asvini Kumar, Managing Director and N Vaidyanathan, Chief Financial Officer, responsible for the finance function certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended March 31, 2011 are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware of have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d.

   i. There has not been any significant change in internal control over financial reporting during the year under reference;

   ii. There has not been significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. We are not aware of any instance during the year of significant fraud with involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai	A V Asvini Kumar	N Vaidyanathan
Date: April 29, 2011	Managing Director	Chief Financial officer

Auditors' Report

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, Thiruvanmiyur, Chennai 600041 as at March 31, 2011, 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.

   (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 March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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, 2011;

      (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 & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

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 March 31, 2011

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 program 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 Section 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 services. 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.

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, service tax, cess and other material statutory dues applicable to it with the appropriate authorities. Statutory dues in respect of sales tax, excise duty and investor education and protection fund 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 March 31, 2011 for a period of more than six months from the date they became payable.

c. Dues relating to sales tax/excise duty/cess/Income tax/service tax, which have not been deposited on account of disputes with the related authorities, are stated in the table below:

(INR in lakhs)

Name of the statute	Period	Amount	Forum where the dispute is pending
Service tax	FY 2004 to FY 2006	72.18	Customs, Excise and Service Tax Appellate Tribunal (South Zone bench)

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.

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 Section 301 register during the year.

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

xx. The Company has raised money by way of public issue during the previous year and has disclosed the end use of the money raised by public issue vide Note No. 15.3.20 forming part of the financial statements and the same has been verified by us.

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 March 31, 2011.

For PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

Balance Sheet
as at March 31, 2011

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

	Schedules	As at March 31, 2011	As at March 31, 2010
Sources of funds			
Shareholders' funds			
Share capital	1	100,515,810	100,515,810
Reserves and surplus	2	563,592,679	557,861,110
		664,108,489	658,376,920
Application of funds			
Fixed Assets	3		
Gross block		165,746,891	91,612,801
Less: Accumulated depreciation		82,357,304	58,717,115
Net block		83,389,587	32,895,686
Capital work in progress including capital advances		27,757,264	9,535,818
		111,146,851	42,431,504
Investments	4	34,166,197	10,098,197
Deferred Tax Asset (refer note no. 15.3.18)		9,317,601	10,339,412
Current Assets, Loans and Advances			
Sundry debtors	5	204,865,967	178,520,189
Cash and bank balances	6	341,514,535	456,394,166
Other current assets	7	16,980,482	8,607,401
Loans and advances	8	176,249,073	110,831,988
		739,610,057	754,353,743
Less: Current Liabilities and Provisions	9		
Current Liabilities		187,316,748	124,185,423
Provisions		42,815,468	34,660,514
Net current assets		509,477,841	595,507,807
		664,108,489	658,376,920
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 & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

For and on behalf of the Board of Directors

A V Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Profit and Loss Account
for the year ended March 31, 2011

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

	Schedules	Year ended March 31, 2011	Year ended March 31, 2010
Income			
Software Services	10	613,126,818	745,594,965
Other income	11	26,444,908	9,566,795
		639,571,726	755,161,760
Expenditure			
Personnel expenses	12	399,400,607	438,329,798
Operating and other expenses	13	185,761,288	218,103,521
Financial expenses	14	754,846	1,635,728
Depreciation/amortization	3	27,560,346	12,775,473
		613,477,087	670,844,520
Profit before tax		26,094,639	84,317,240
Provision for tax			
Current tax		7,620,211	17,560,740
Deferred Tax (refer note no. 15.3.18)		1,021,811	(4,112,305)
Minimum Alternate Tax credit		–	(9,138,323)
Total Tax Expense		8,642,022	4,310,112
Profit after tax		17,452,617	80,007,128
Balance brought forward from previous year		379,029,809	318,782,530
Profit available for appropriation		396,482,425	398,789,658
Appropriations:			
Interim dividend		–	10,051,581
Final dividend		10,051,581	–
Tax on dividend		1,669,467	1,708,268
Transferred to General Reserve		–	8,000,000
Surplus carried to Balance Sheet		384,761,377	379,029,809
Notes to accounts	15		
Earnings per share - (refer note no. 15.3.19)			
basic/diluted		1.74	8.58
Nominal value per equity share		10.00	10.00

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No. 003990S

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

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Place: Chennai
Date: April 29, 2011

Cash Flow Statement
for the year ended March 31, 2011

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

	Year ended March 31, 2011	Year ended March 31, 2010
Cash flow from operating activities		
Net profit/(loss) before taxation	26,094,639	84,317,240
Adjustments for:		
Depreciation/Amortisation	27,560,346	12,775,474
Loss/(Profit) on sale of fixed assets	(280,700)	(562,308)
Unrealised forex exchange loss/(gain), net	(39,564,640)	53,205,125
Interest income	(11,303,464)	(5,018,712)
Provision for bad and doubtful debts	(5,765,068)	(3,985,774)
Operating profit before working capital changes	(3,258,888)	140,731,044
(Increase)/Decrease in sundry debtors	(4,695,486)	36,395,557
(Increase)/Decrease in Deferred tax Asset	1,021,811	(4,112,305)
(Increase)/Decrease in loans and advances/other current assets	(72,786,700)	(15,557,889)
Increase/(Decrease) in current liabilities (Refer note c below)	59,869,262	(4,575,657)
Increase/(Decrease) in provisions	7,385,292	2,630,453
Cash generated from operations	(12,464,708)	155,511,203
Direct taxes paid (net of refunds)	(9,541,826)	(7,946,267)
Net cash from/(used in) operating activities	(22,006,535)	147,564,936
Cash flows from investing activities		
Purchase of fixed assets	(96,919,537)	(21,764,343)
Proceeds from sale of fixed assets	924,544	607,499
Interest received	12,085,715	2,548,342
Investment in Subsidiaries	(24,068,000)	–
Fixed deposits matured/(invested) during the year	(110,872,296)	(17,569,903)
Net cash from/(used in) investing activities	(218,849,573)	(36,178,405)
Cash flows from financing activities		
Proceeds from Issue of Shares	–	153,151,324
Dividends paid	(10,051,581)	(8,701,581)
Tax on dividend paid	–	(3,187,151)
Net cash (used in)/from financing activities	(10,051,581)	141,262,592
Net increase in cash and cash equivalents	(250,907,689)	252,649,123
Cash and cash equivalents at the beginning of the year	422,692,122	195,064,401
Effect of changes in exchange rate on cash and cash equivalents	25,155,761	(25,021,402)
Cash and cash equivalents at the end of the year	196,940,194	422,692,122
a) The reconciliation to the cash and bank balances as given in the Balance Sheet is as follows:		
Cash and bank balances, per Schedule 5	341,514,535	456,394,167
Less: Fixed deposits with maturity over 90 days	(144,574,341)	(33,702,045)
Cash and cash equivalents, end of year	196,940,194	422,692,122

Cash Flow Statement (continued)
for the year ended March 31, 2011

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

	Year ended March 31, 2011	Year ended March 31, 2010
b) Components of cash and cash equivalents		
Cash on hand	38,466	49,904
Balances with banks		
in current accounts	8,991,556	22,931,459
in deposit accounts	2,518,147	152,776,657
in current accounts in foreign currency	135,425,165	211,559,881
HDFC Bank – Unpaid application money due for refund	93,000	195,375
HDFC Bank – Unpaid dividend account	91,803	
Balances with non-scheduled banks:-		6,653,012
in current account – ICICI Bank, London	2,118,732	13,606,000
in deposit account – ICICI Bank, London	14,386,000	14,919,835
in current account – ING Bank, Belgium	33,277,324	–
	196,940,194	422,692,122

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 & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

For and on behalf of the Board of Directors

A V Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Schedules to the Financial Statements

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

	As at March 31, 2011	As at March 31, 2010
1. Share capital		
Authorised	120,000,000	120,000,000
12,000,000 (Previous year 12,000,000) equity shares of INR 10/- each		
Issued, Subscribed and Paid Up	100,515,810	100,515,810
10,051,581 (Previous year 10,051,581) equity shares of INR 10/- each fully paid		

Of the above;

a. 6,893,720 equity shares have been issued during financial year 2001-02 and 870,156 equity shares have been issued during the financial year 2008-09 as fully paid bonus shares by capitalisation of securities premium and profits.

b. 1,350,000 equity shares have been issued during the financial year 2009-10 through public issue.

	As at March 31, 2011	As at March 31, 2010
2: Reserves and surplus		
General Reserve		
Balance at the beginning of the year	30,071,695	22,071,695
Add: Additions during the year	–	8,000,000
Balance at the end of the year	30,071,695	30,071,695
Securities Premium Account		
Balance at the beginning of the year	148,759,606	9,108,281
Add: Premium received on shares alloted in the event period	–	155,250,000
Less: Utilised towards for IPO Expenses	–	(15,598,677)
Balance at the end of the year	148,759,606	148,759,606
Balance in Profit and Loss Account	384,761,377	379,029,809
	563,592,679	557,861,110

3. Fixed assets

Schedule 3 on fixed assets is set out on the following page.

	As at March 31, 2011	As at March 31, 2010
4. Investments long term (at cost)		
Unquoted, Trade		
In wholly-owned Subsidiary Companies (fully paid up)		
Nil equity shares (Previous year – 10,000) of INR 10/- each in Thinksoft (India) Services Private Limited, India	–	100,000
100,000 equity shares (Previous year – 100,000) of SGD 1/- each in Thinksoft Global Services Pte. Ltd., Singapore	2,658,023	2,658,023
3,000 equity shares (Previous year – 3,000) of USD 0.01/- each in Thinksoft Global Services, Inc., USA	4,625,400	4,625,400
EUR 50,000/- (Previous year – EUR 50,000) in Thinksoft Global (Europe) GmbH, Germany	2,714,774	2,714,774
350,000 equity shares (Previous year – Nil) of GBP 1/- each in Thinksoft Global Services UK Ltd, UK	24,168,000	–
	34,166,197	10,098,197

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

3: Fixed assets

Description	Gross block				Depreciation/Amortization				Net book value	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	For the year	Deductions during the year	As at March 31, 2011	As at March 31, 2011	As at April 1, 2010
a. Tangible Assets										
Leasehold rights & Improvements	9,504,000	–	–	9,504,000	1,425,600	950,400	–	2,376,000	7,128,000	8,078,400
Buildings	7,421,627			7,421,627	561,267	376,235	–	937,502	6,484,125	6,860,360
Plant, machinery and equipment	5,869,916	2,000,829	114,918	7,755,827	2,916,761	2,061,837	114,918	4,863,680	2,892,147	2,953,155
Computer equipment	46,022,296	19,147,706	2,916,974	62,253,028	39,172,171	8,895,912	2,834,821	45,233,262	17,019,767	6,850,125
Furniture and fittings	4,068,289	5,975,051	–	10,043,340	730,495	2,878,581	–	3,609,076	6,434,264	3,337,794
Office equipment	6,328,928	1,739,967	1,172,123	6,896,772	4,412,313	1,324,099	736,834	4,999,578	1,897,194	1,916,615
Vehicles	2,753,681	3,689,134	76,148	6,366,667	1,366,707	596,664	76,148	1,887,223	4,479,444	1,386,974
Temporary partitions	438,020	94,803	–	532,823	438,020	94,803	–	532,823	–	–
b. Intangible Assets										
Computer Software	9,206,044	46,050,601	283,838	54,972,807	7,693,781	10,381,815	157,435	17,918,161	37,054,646	1,512,263
Total	**91,612,801**	**78,698,091**	**4,564,001**	**165,746,891**	**58,717,115**	**27,560,346**	**3,920,157**	**82,357,304**	**83,389,587**	**32,895,686**
Previous year ended March 31, 2010	88,184,093	14,195,713	10,767,005	91,612,801	56,663,454	12,775,473	10,721,811	58,717,115	32,895,686	31,520,639

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

	As at March 31, 2011	As at March 31, 2010
5. Sundry debtors (Unsecured)		
Considered Good		
Debts outstanding for a period exceeding six months	5,288,735	–
Other debts	199,577,232	178,520,189
	204,865,967	178,520,189
Considered Doubtful		
Debts outstanding for a period exceeding six months	1,505,394	7,270,462
Other debts	–	–
	1,505,394	7,270,462
Less: provision for Doubtful Debts	(1,505,394)	(7,270,462)
	–	–
	204,865,967	178,520,189
Included in Sundry Debtors are:		
a) Dues from companies under the same management:		
Thinksoft Global Services Pte Ltd, Singapore	1,208,928	1,081,920
Thinksoft Global Services Inc, USA		
*Maximum amount outstanding during the year		
Thinksoft Global Services Pte Ltd, Singapore	1,224,048	1,081,920
Thinksoft Global Services Inc, USA	36,807,488	26,817,710

	As at March 31, 2011	As at March 31, 2010
6. Cash and bank balances		
Cash on hand	38,466	49,903
Balances with scheduled banks	–	–
in current accounts	8,991,556	22,931,459
in deposit accounts	147,092,488	186,478,702
in current accounts in foreign currency	135,425,165	211,559,881
Unpaid application money due for refund	93,000	195,375
Unpaid dividend account	91,803	
Balances with non-scheduled banks:-	–	–
in current account – ICICI Bank, London	2,118,733	6,653,011
in deposit account – ICICI Bank, London	14,386,000	13,606,000
in current account – ING Bank, Belgium	33,277,324	14,919,835
	341,514,535	456,394,166
Maximum balance held during the year in accounts with non-scheduled banks:-		
in current account – ICICI Bank, London	13,395,464	31,000,470
in deposit account – ICICI Bank, London	14,558,000	36,617,944
in current account – ING Bank, Belgium	35,067,623	16,649,475

	As at March 31, 2011	As at March 31, 2010
7. Other current assets (Unsecured and considered good)		
Unbilled revenue	8,366,397	5,260,223
Interest accrued on deposits & Loans	2,124,261	2,906,513
Other Current Assets	6,489,824	440,665
	16,980,482	8,607,401

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

	As at March 31, 2011	As at March 31, 2010
8. Loans and advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	25,966,316	24,876,871
Prepaid expenses	8,569,374	6,011,540
Minimum Alternate Tax credit entitlement	28,398,035	28,398,035
Deposits	32,221,747	39,267,538
Due from Subsidiaries	65,056,590	5,327,311
Input Tax credit	16,037,011	6,689,846
Other advances	–	260,847
	176,249,073	110,831,988
Included in Loans and Advances are:		
a) Dues from companies under the same management:		
Thinksoft Global Services Pte Ltd, Singapore	5,352,770	2,108,734
Thinksoft Global (Europe) GmbH, Germany	4,498,301	3,218,578
Thinksoft Global Services UK Ltd, UK	55,205,519	–
*Maximum amount outstanding during the year		
Thinksoft Global Services Pte Ltd, Singapore	5,352,770	2,198,453
Thinksoft Global (Europe) GmbH, Germany	4,498,301	3,218,578
Thinksoft Global Services UK Ltd, UK	55,205,519	–

9. Current liabilities and provisions

Current liabilities		
Sundry creditors		
(i) Dues of Micro and Small Enterprises	–	–
(ii) Dues of Other Creditors	5,721,545	4,613,294
Advances received from customers	807,504	52,026
Unpaid application money received for allotment of securities and due for refund **	93,000	195,375
Unpaid Dividend **	91,803	
Subsidiary Companies	75,223,124	22,959,247
Other liabilities		
provision for expenses	96,795,543	88,307,349
withholding and other taxes payable	8,530,476	7,989,911
others ***	53,752	68,221
	187,316,747	124,185,422
Provisions		
Provision for taxation (net of advance tax payments)	6,519,313	7,419,118
Provision for gratuity	24,575,107	17,189,815
Provision for dividend	10,051,581	10,051,581
Provision for corporate tax on dividend	1,669,467	–
	42,815,468	34,660,514

*** includes amount due to Managing Director INR 53,752 (Previous year INR 68,218)

** No amount is due to Investor Education and Protection fund.

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

	Year ended March 31, 2011	Year ended March 31, 2010
10. Software services		
Within India	53,883,429	45,712,068
Rest of the World	559,243,389	699,882,897
	613,126,818	745,594,965
11. Other income		
Interest received on deposits with banks**	11,209,955	4,449,613
Interest received from others**	93,509	569,100
Profit on sale of fixed assets	280,700	562,308
Provisions no longer required	5,765,068	3,985,774
Exchange gain (Net)	9,033,020	–
Miscellaneous income	62,656	–
	26,444,908	9,566,795
**Tax Deducted at Source -- INR 1,056,266/- (Previous Year - INR 268,489/-)		
12. Personnel expenses		
Salaries, bonus and allowances	364,288,386	410,090,594
Contribution to provident and other funds	29,352,983	24,749,132
Staff welfare	5,759,238	3,490,072
	399,400,607	438,329,798
13. Operating and other expenses		
Software expenses	10,297,420	5,821,392
Consultancy charges	8,610,338	17,281,153
Travel expenses	66,375,044	73,637,759
Power and fuel	10,258,274	5,847,249
Rent	41,215,238	27,984,598
Insurance	3,282,656	2,984,977
Loss on Investments in Subsidiary	100,000	–
R &M		
Buildings	6,014,314	2,204,423
Plant and machinery	2,266,907	2,596,837
Others	745,086	729,480
Communication expenses	6,912,069	7,613,505
Audit Remuneration *	985,000	805,300
Sales Commission (Other than sole selling agent)	4,558,770	8,986,175
Marketing and selling expenses	5,276,526	8,926,804
Cash Discount	–	719,255
Donation	502,690	488,970
Training and recruitment	947,385	1,620,950
Directors Sitting Fee	560,000	660,000
Professional fees	11,641,646	12,119,493
Miscellaneous expenses	4,797,434	2,901,011
* consists of Audit fee INR 500,000 (PY 300,000)	185,761,288	218,103,521
Tax audit INR 100,000 (PY 100,000)		
Certification INR 310,000 (PY 200,000)		
Other Services INR 75,000 (PY 205,300)		
14. Financial expenses		
Bank charges	754,846	1,635,728
	754,846	1,635,728

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 August 19, 2008. The Company had made an Initial Public Offering (IPO) on September 24, 2009 (issue open date) as approved by the members in the Extra Ordinary General Meeting held on September 17, 2008. The Shares under IPO were allotted on October 14, 2009 and the Company shares have been listed in National Stock exchange and Bombay Stock exchange on October 26, 2009.

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 five wholly owned subsidiaries in India, Singapore, USA, Germany and UK for market development in the respective regions. The Subsidiary of the company in India has been wound up during the year on January 1, 2011.

15.2 Significant accounting policies:

a. Basis of preparation of financial statements

The financial statements of the company have been prepared and presented under historical cost convention on the accrual basis of accounting as a going concern and materially comply with the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards and the relevant provisions of the Companies Act, 1956, to the extent applicable. The accounting policies applied by the Company 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.

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. The rates currently applied are as follows:

Asset description	Percentage
Buildings	5%
Plant, machinery and equipment	33.33%
Computer equipment	33.33%
Intangible assets – Computer software	33.33%
Intangible assets – Software tools	20%
Furniture and fittings	33.33%
Office equipment	33.33%
Vehicles	25.00%
Temporary partitions	100.00%
Leasehold rights & Improvements	Tenure of Lease period or 10 years whichever is less

Fixed assets individually costing INR 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

a. 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.

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

e. Investment

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, 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 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)

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 & 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 and MAT credit. Current income 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.

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 recognized 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 recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

The company has got two 100% Export Oriented Unit ("EOU") registered with the Software Technology Parks of India ("STPI") one in Chennai and another in Bangalore. The Company has operations in Special Economic Zone (SEZ) – MEPZ Tambaram, also from the financial year 2009-10.

The Company enjoyed tax holiday for Export earnings relating to its EOU in Chennai under Section 10A of the Income Tax Act, 1961 till the financial year 2009-10. Such tax holiday is available for the financial year 2010-11 also in respect of export earnings relating to its EOU in Bangalore. Income from MEPZ's is fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five years subject to fulfilling certain conditions.

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.

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. Realised/unrealised 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.

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 revenue:

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.

15.3 Other notes

15.3.1 Winding up of the Indian subsidiary

Thinksoft (India) Services Private Limited, a wholly owned subsidiary had applied for its voluntary winding up on August 13, 2010 and has been wound up on January 1, 2011. Accordingly the Investment of INR 100,000 made in the share capital of this subsidiary has been written off as loss on investment in the current year.

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 & 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, Hong Kong, Velankani Technology Park (VTP) and Cyprus.

15.3.4 CIF value of imports

(Amounts in INR)

	Year ended March 31, 2011	Year ended March 31, 2010
Capital goods/software	52,585,660	1,432,533
	52,585,660	1,432,533

15.3.5 Earnings in foreign exchange (on accrual basis)

(Amounts in INR)

	Year ended March 31, 2011	Year ended March 31, 2010
Income from software services	559,243,389	699,882,897
Interest income	89,712	183,414
	559,333,101	700,066,311

15.3.6 Expenditure in foreign currency (on cash basis)

(Amounts in INR)

	Year ended March 31, 2011	Year ended March 31, 2010
Travel expenses	54,061,213	68,541,851
Marketing and selling expenses	3,660,970	8,152,177
Professional fees	4,565,354	13,211,646
Rent	–	3,647,818
Salary	64,073,720	146,514,606
Sales commission	595,215	12,382,021
Others	4,141,055	13,905,862
	131,097,527	266,355,981

15.3.7 Managerial remuneration:

(Amounts in INR)

	Year ended March 31, 2011	Year ended March 31, 2010
A. Director sitting fees	560,000	660,000
B. Other remuneration		
Salaries	8,700,000	8,300,000
Commission to Whole Time Director	–	600,000
Commission to Independent Director	270,000	600,000
	8,970,000	9,500,000

Note: Salaries to Directors has been paid in accordance with Schedule XIII of the Companies Act 1956, in view of inadequacy of profits as computed below:

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

(Amounts in INR)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax from ordinary activities	17,452,617	80,007,128
Add:		
Managerial Remuneration	8,700,000	8,300,000
Provision for commission to Whole Time Directors	–	600,000
Provision for commission to Independent Directors	270,000	600,000
Depreciation as per books of accounts	27,560,346	12,775,473
Provision for Tax	8,642,022	4,310,112
	62,624,985	106,592,713
Less:		
Depreciation as envisaged under section 350 of the Companies Act 1956*	27,560,346	12,775,473
Profit on sale of Fixed Assets	280,700	562,308
Provision no longer required	5,765,068	3,985,774
	33,606,114	17,323,555
Net profit on which commission is payable	29,018,871	89,269,158
Max remuneration payable - 11%	3,192,076	9,819,607

*Though depreciation as per books of accounts is higher than that envisaged under section 350, no adjustment has been carried out for the purpose of computing Net profit under section 349.

15.3.8 Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small 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 set out in the following disclosures:

	2010-11	2009-10
Principal amount remaining unpaid to any supplier as at the period end	–	–
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 does not have any Employees' Stock Option Plan currently in operation.

15.3.10 Dividend remitted in foreign currencies

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

	March 31, 2011 Interim Dividend	March 31, 2010 Final Dividend
Period to which it relates	2009-10	2008-09
Number of nonresident share holders	99	4
Number of shares	559,604	2,835,959
Amount remitted	559,604	2,835,959

15.3.11 Commitments and contingencies

(Amounts in INR)

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	16,242,586	9,269,128
Service tax related matters	7,218,676	7,218,676
Income tax related matters	5,339,067	–
Counter Guarantees issued to the Bank for the Bank Guarantees obtained:	14,680,000	17,669,900

The Service Tax Authorities had made a demand for INR 3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to December 2005. Management contends that the Company has sufficient grounds to defend its position and is filing an appeal before Customs, Excise and Service tax appellate Tribunal, furnishing the necessary explanations/responses to support its position. Consequently, no provision has been made for the same in these financial statements.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of INR 5,339,067 for fiscal year 2001-02, 2002-03 and 2005-06. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2001-02, 2002-03 and 2005-06 is pending before Income tax Appellate Tribunal (ITAT). Management believes that its position is likely to be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand.

15.3.12 Exposure in foreign currency:

a. The company has not entered into any Foreign Currency or 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 follows:

		(Amounts in FCY)	(Amounts in INR)	(Amounts in FCY)	(Amounts in INR)
		March 31, 2011		March 31, 2010	
	FCY				
Sundry debtors	GBP	971,337	69,868,254	472,912	32,172,203
Sundry debtors	USD	1,660,944	74,161,157	1,824,257	82,346,961
Sundry debtors	AED	189,051	2,336,670	443,823	5,441,270
Sundry debtors	CHF	36,971	1,821,561	32,812	1,388,604
Sundry debtors	EUR	370,989	23,461,357	145,608	8,818,020
Sundry debtors	SGD	33,600	1,208,928	81,600	2,627,520
Sundry debtors	AUD	348,490	16,312,817	868,797	35,968,196
Sundry debtors	BHD	–	–	1,050	126,032
Loans and advances	USD	246,183	10,992,076	174,714	7,886,590
Loans and advances	EUR	88,265	5,581,879	38,744	2,346,337
Loans and advances	GBP	774,182	55,686,940	40,933	2,784,672
Loans and advances	AUD	13,722	642,327	100,133	4,145,506
Loans and advances	SGD	155,525	5,595,790	18,056	581,403

		(Amounts in FCY)	(Amounts in INR)	(Amounts in FCY)	(Amounts in INR)
		March 31, 2011		March 31, 2010	
	FCY				
Loans and advances	AED	379,923	4,695,852	80,307	984,564
Other current assets	USD	116,114	5,266,081	Nil	Nil
Sundry creditors	GBP	6,006	432,012	7,346	499,748
Sundry creditors	AUD	1,710	80,045	342	14,159
Sundry creditors	USD	55,055	2,458,206	6,184	279,146
Sundry creditors	EUR	13,643	862,783	3,124	189,189
Payable to Subsidiary	USD	Nil	Nil	508,634	22,959,247
Payable to Subsidiary	GBP	1,045,782	75,223,124	Nil	Nil

15.3.13 Leases (Rent)

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

(Amounts in INR)

Particulars	March 31, 2011	March 31, 2010
Lease payments recognized in the profit and loss account for the year	41,215,238	27,984,598
Minimum Lease Payments		
Not later than one year	42,963,183	46,766,275
Later than 1 year but not later than 5 years	42,235,402	71,110,690
Later than 5 years	–	–
Total	**85,198,585**	**117,787,965**

15.3.14 Segment reporting

Segmental information

Sales Revenue by Geographical Market

(Amounts in INR)

	March 31, 2011	March 31, 2010
Within India	53,883,429	45,712,068
Outside India	559,243,389	699,882,897
Total	**613,126,818**	**745,594,965**

15.3.15 Related party disclosures (not disclosed elsewhere in these financial statements)

1. Subsidiaries

   Thinksoft (India) Services Private Limited (dissolved on January 1, 2011)
   Thinksoft Global Services Pte Ltd, Singapore
   Thinksoft Global Services Inc, USA
   Thinksoft Global Services (Europe) GmbH, Germany
   Thinksoft Global Services (UK) Limited, UK

2. Key management personnel

   Mr. A V Asvini Kumar – Managing Director
   Ms. Vanaja Arvind – Executive Director
   Mr. Mohan Parvatikar – Whole Time 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
   Mr. C V Rajan

Transactions and balances with related parties:

(Amounts in INR)

Particulars	Nature of Relationship	Name of the Related party	Year ended March 31, 2011	Year ended March 31, 2010
Income:				
Income from services rendered	Subsidiary	Thinksoft Global Services, Inc., USA	26,546,427	26,559,471
	Subsidiary	Thinksoft Global Services Pte Ltd, Singapore	2,034,900	1,137,534
Expenses:				
Managerial remuneration	Key Management Personnel	Mr. A V Asvini Kumar	3,600,000	3,850,000
		Ms. Vanaja Arvind	3,600,000	3,850,000
		Mr. Mohan Parvatikar	1,500,000	1,200,000
Rent	Key Management Personnel	Mr. A V Asvini Kumar	59,400	237,600
	Relative of Key Management Personnel	Mr. A K Krishna	193,500	180,000
	Relative of Key Management Personnel	Ms. A K Latha	193,500	180,000
Salary	Relative of Key Management Personnel	Ms. Aarti Arvind	2,856,000	2,323,009
Professional Services	Relative of Key Management Personnel	Mr. C V Rajan	Nil	15,000
Expenses for services rendered	Subsidiary	Thinksoft Global Services, Inc., USA	42,899,364	54,363,167
		Thinksoft Global Services, UK Ltd	75,223,124	Nil
Proposed Final Dividend	Key Management Personnel	Mr. A V Asvini Kumar	3,642,777	Nil
	Key Management Personnel	Ms. Vanaja Arvind	1,050,662	Nil
	Key Management Personnel	Mr. Mohan Parvatikar	138,853	Nil
	Relative of Key Management Personnel	Ms. A K Latha	243,722	Nil
	Relative of Key Management Personnel	Ms. Lalitha Devi	11,389	Nil
	Relative of Key Management Personnel	Mr. A K Krishna	227,778	Nil
	Relative of Key Management Personnel	Ms. Aarti Arvind	33,333	Nil
	Relative of Key Management Personnel	Mr. C V Rajan	2,222	Nil
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	6,111	Nil
Interim Dividend	Key Management Personnel	Mr. A V Asvini Kumar	Nil	3,642,777
	Key Management Personnel	Ms. Vanaja Arvind	Nil	1,050,662
	Key Management Personnel	Mr. Mohan Parvatikar	Nil	138,853
	Relative of Key Management Personnel	Ms. A K Latha	Nil	243,722
	Relative of Key Management Personnel	Ms. Lalitha Devi	Nil	11,389
	Relative of Key Management Personnel	Mr. A K Krishna	Nil	227,778
	Relative of Key Management Personnel	Ms. Aarti Arvind	Nil	33,333
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	Nil	11,111
	Relative of Key Management Personnel	Mr. C V Rajan	Nil	2,222
Sundry Debtors	Subsidiary	Thinksoft Global Services Pte Ltd	1,208,928	1,081,920
	Subsidiary	Thinksoft Global services Inc., USA	Nil	26,817,710

(Amounts in INR)

Particulars	Nature of Relationship	Name of the Related party	Year ended March 31, 2011	Year ended March 31, 2010
Loans and advances	Subsidiary	Thinksoft Global Services Pte Ltd, Singapore	5,352,770	2,108,734
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	4,498,301	3,218,578
	Subsidiary	Thinksoft Global Services UK Ltd, UK	55,205,519	Nil
Other Current Assets	Subsidiary	Thinksoft Global services Inc, USA	5,266,081	Nil
Sundry Creditors	Subsidiary	Thinksoft Global services Inc, USA	Nil	22,959,247
	Subsidiary	Thinksoft Global Services UK Ltd, UK	75,223,124	Nil
Sundry Creditors	Key Management Personnel	Mr. A V Asvini Kumar	53,752	68,218
Provision for expenses	Key Management Personnel	Mr. A V Asvini Kumar	Nil	250,000
	Key Management Personnel	Ms. Vanaja Arvind	Nil	250,000
	Key Management Personnel	Mr. Mohan Parvatikar	Nil	700,000
Final Dividend Payable	Key Management Personnel	Mr. A V Asvini Kumar	3,642,777	Nil
	Key Management Personnel	Ms. Vanaja Arvind	1,050,662	Nil
	Key Management Personnel	Mr. Mohan Parvatikar	138,853	Nil
	Relative of Key Management Personnel	Ms. A K Latha	243,722	Nil
	Relative of Key Management Personnel	Ms. Lalitha Devi	11,389	Nil
	Relative of Key Management Personnel	Mr. A K Krishna	227,778	Nil
	Relative of Key Management Personnel	Ms. Aarti Arvind	33,333	Nil
	Relative of Key Management Personnel	Mr. C V Rajan	2,222	Nil
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	6,111	Nil
Interim Dividend Payable	Key Management Personnel	Mr. A V Asvini Kumar	Nil	3,642,777
	Key Management Personnel	Ms. Vanaja Arvind	Nil	1,050,662
	Key Management Personnel	Mr. Mohan Parvatikar	Nil	138,853
	Relative of Key Management Personnel	Ms. A K Latha	Nil	243,722
	Relative of Key Management Personnel	Ms. Lalitha Devi	Nil	11,389
	Relative of Key Management Personnel	Mr. A K Krishna	Nil	227,778
	Relative of Key Management Personnel	Ms. Aarti Arvind	Nil	33,333
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	Nil	11,111
	Relative of Key Management Personnel	Mr. C V Rajan	Nil	2,222
Investments	Subsidiary	Thinksoft (India) Services Private Limited	Nil	100,000
	Subsidiary	Thinksoft Global Service Pte Ltd, Singapore	2,658,023	2,658,023
	Subsidiary	Thinksoft Global Services Inc, USA	4,625,400	4,625,000
	Subsidiary	Thinksoft Global Services UK Ltd, UK	24,168,000	Nil
	Subsidiary	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774

15.3.16 Disclosure pursuant to accounting standard – 15

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:

(INR in thousands)

	Current Year	Previous Year
Liability at the beginning of the year	7,523	7,523
Leave salary relating to opening year adjusted to general reserves directly	–	–
Leave salary cost accounted for the year	247	–
Total liability as at year end	7,770	7,523

ii. Defined contribution plan – provident fund:

(INR in thousands)

	Current Year	Previous Year
Employers contribution to Provident Fund Organization	17,084	12,785

iii. Defined benefit plan – gratuity

(INR in thousands)

	Current Year	Previous Year
I. Change in benefit obligation		
Liability at the beginning of the year	18,954	16,187
Interest cost	1,403	1,267
Current service cost	10,281	3,879
Past service cost (Vested benefit)	–	–
Past service cost (Non vested benefit)	–	–
Benefit paid	(2,822)	(701)
Actuarial (gain)/loss on obligations	(1,325)	(1,678)
Liability at the end of the year	26,491	18,954

(INR in thousands)

	Current Year	Previous Year
II. Fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,766	1,628
Expected return on plan assets	30	109
Contributions	–	–
Benefit paid	(2,822)	(701)
Actuarial gain/(loss) on plan assets	2,942	730
Fair value of plan assets at the end of the year	1,916	1,766

(INR in thousands)

	Current Year	Previous Year
III. Actual return on plan assets		
Expected return on plan assets	30	109
Actuarial gain/(loss) on plan assets	2,942	730
Actual return on plan assets	2,972	839

(INR in thousands)

	Current Year	Previous Year
IV. Amount recognised in the balance sheet		
Present value of the obligation	26,491	18,954
Fair value of plan assets	1,916	1,766
Difference (funded status)	24,575	17,188
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	–	–
Amount recognised in the balance sheet	24,575	17,188

(INR in thousands)

	Current Year	Previous Year
V. Expenses recognised in the income statement		
Current service cost	10,281	3,879
Interest cost	1,403	1,267
Expected return on plan assets	(30)	(109)
Net actuarial (gain)/loss to be recognised	(4,267)	(2,408)
Transitional liability recognized	–	–
Past service cost – non vested benefits	–	–
Past Service Cost – vested benefits	–	–
Expense recognised in P & L	7,387	2,629

(INR in thousands)

	Current Year	Previous Year
VI. Balance sheet reconciliation		
Opening net liability as per books	17,188	14,559
Transitional liability adjusted to opening reserves and deferred taxes	–	–
Expense as above	7,387	2,629
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	–	–
Contribution paid	–	–
Amount recognised in balance sheet	24,575	17,188

	Current Year	Previous Year
VII. Actuarial assumptions: For the period/year		
Discount rate current	8.00%	8.00%
Expected rate of return on plan assets	8.50%	8.00%
Salary escalation current	10.50%	11.00%
Attrition rate	25.00%	17.80%

	Current Year	Previous Year
VIII. Investment details – as at period/year end		
Funds managed by Company	100%	100%

Actuarial valuation:

a. Experience adjustments

(INR in thousands)

Particulars	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	26,491	18,954	16,187	11,187
Plan assets	1,916	1,766	1,628	1,635
Surplus/(deficit)	(24,575)	(17,188)	(14,559)	(9,552)
Exp. adj. on plan liabilities	(1,325)	(1,678)	3,586	173
Exp. adj. on assets	2,942	730	823	65

Estimated contribution towards gratuity for next year – INR 100 lakhs.

15.3.17 Disclosure made in terms of clause 32 of the listing agreement with stock exchange:

Particular	Name of the company	Amount outstanding as on March 31, 2011 INR	Maximum amount due at any one time during the year INR
A. Loans and advances			
Loans and advances in the nature of loans made to subsidiary company.			
Loans and advances in the nature of loans where there is.			
a. No repayments schedule or repayment beyond seven year (or)	Nil	Nil	Nil
b. No Interest or interest below section 372A of the Companies Act.			
Loans and advances in the nature of loans made to firms/companies in which Directors of the company are interested.			

Particular	Name of the company	Amount INR	Maximum amount of investment INR
B. Investments by the company			
I) In Subsidiary Company	Thinksoft (India) Services Private Limited, India	–	100,000
II) In Subsidiary Company	Thinksoft Global Service Pte Ltd, Singapore	2,658,023	2,658,023
III) In Subsidiary Company	Thinksoft Global Services Inc, USA	4,625,400	4,625,400
IV) In Subsidiary Company	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
V) In Subsidiary Company	Thinksoft Global Services UK Ltd, UK	24,168,000	24,168,000
a. Investment by the loanee in the shares of the parent company and subsidiary company when the company has made a loan or advance in the nature of Loan		Nil	Nil

15.3.18 Deferred tax

The breakup of net deferred tax asset is as under:

Deferred tax assets arising on timing differences on account of:

	Current Year INR	Previous Year INR
Net deferred tax asset as at beginning of the year	10,339,412	6,227,107
Deferred tax (provision)/credit during the year	(1,021,811)	4,112,305
Net deferred tax asset as at year end made of up:	9,317,601	10,339,412
On account of timing difference in claiming Depreciation allowance	855,783	2,025,364
On account of timing difference in claiming provision for Gratuity and Doubtful Debts	8,461,818	8,314,048

15.3.19 Earnings per share:

	March 31, 2011	March 31, 2010
Net profit after tax (in INR)	17,452,617	80,007,128
Weighted average number of equity shares @ INR 10/- each outstanding	10,051,581	9,320,534
Basic earnings per share (in INR)	1.74	8.58
Potential equity shares	–	–
Weighted average number of shares used as denominator for Diluted earnings per share	10,051,581	9,320,534
Diluted earnings per share (in INR)	1.74	8.58

15.3.20 Utilization of IPO proceeds:

(INR in lakhs)

Particulars	Approved Amount*	Actual Utilisation
Public issue expenses	155.99	155.99
Setting up a new testing centre MEPZ, Chennai	507.26	298.12
Delivery centre TIDEL, Chennai	171.97	171.97
Normal capital expenditure & working capital requirements	852.28	475.34
Net amount available in fixed deposit	–	586.08

The revised plan for utilization of IPO proceeds has been approved by shareholders through postal ballot on May 14, 2010

15.3.21 Prior period comparatives

Prior year figures have been reclassified/regrouped wherever necessary to conform to the current periods Classification.

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

For and on behalf of the Board of Directors

A V Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Balance sheet abstract and company's general profile

I. Registration details

Registration number	066604	State Code	18
Balance Sheet date	March 31, 2011	CIN	U64202TN1998PLC066604

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

Public issue	Rights issue
–	–
Bonus issue	**Private placement**
–	–

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

	Total liabilities	Total assets
	664,108	664,108
Sources of funds	Paid-up capital	Reserves and surplus
	100,516	563,592
	Secured loans	Unsecured loans
	–	–
	Deferred tax liability	
	–	
Application of funds	Net fixed assets	Accumulated Losses
	111,147	–
	Deferred tax asset	Investments
	9,318	34,166
	Net current assets	Misc. Expenditure
	509,478	–

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

Total turnover	Total expenditure
639,572	613,477
Profit/(loss) before tax	Profit/(loss) after tax
26,095	17,453
Earnings per share in INR	Dividend rate
1.74	10.00%

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

Item code number	NA
Product description	Software testing services

For and on behalf of Board of Directors of
Thinksoft Global Services Limited

Place: Chennai	A V Asvini Kumar	Vanaja Arvind	V Rajkumar
Date: April 29, 2011	Managing Director	Executive Director	Company Secretary

Auditors' Report

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, 2011, 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 INR 697.41 lakhs as at March 31, 2011, total revenues of INR 2221.72 lakhs and total net cash outflow of INR 11.58 lakhs 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, as mandated by Companies (Accounting Standards) Rules 2006 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, 2011;

   (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 & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

Consolidated Balance Sheet
as at March 31, 2011

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

	Schedules	As at March 31, 2011	As at March 31, 2010
Sources of funds			
Shareholders' funds			
Share capital	1	100,515,810	100,515,810
Reserves and surplus	2	599,167,697	592,167,507
		699,683,507	692,683,317
Application of funds			
Fixed Assets	3		
Gross block		166,425,264	91,625,647
Less: Accumulated depreciation		82,683,023	58,721,175
Net block		83,742,241	32,904,472
Capital work in progress including capital advances		27,757,264	9,535,818
		111,499,505	42,440,290
Deferred Tax Asset (refer note no. 14.3.10)		9,317,601	10,339,412
Current Assets, Loans and Advances			
Sundry debtors	4	228,959,598	159,309,319
Cash and bank balances	5	400,329,384	513,954,427
Other current assets	6	10,490,658	8,166,736
Loans and advances	7	122,402,606	107,744,554
		762,182,246	789,175,036
Less: Current Liabilities and Provisions	8		
Current Liabilities		130,076,841	109,537,755
Provisions		53,239,004	39,733,666
Net current assets		578,866,401	639,903,615
		699,683,507	692,683,317
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 & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

For and on behalf of the Board of Directors

A V Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Consolidated Profit and Loss Account
for the year ended March 31, 2011

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

	Schedules	Year ended March 31, 2011	Year ended March 31, 2010
Income			
Software Services	9	829,269,212	828,629,084
Other income	10	32,549,424	9,566,794
		861,818,636	838,195,878
Expenditure			
Personnel expenses	11	573,386,738	489,891,647
Operating and other expenses	12	227,563,670	243,217,265
Financial expenses	13	947,036	1,662,975
Depreciation/amortization	3	27,882,003	12,779,534
		829,779,447	747,551,421
Profit before tax		32,039,189	90,644,457
Provision for tax			
Current tax		12,296,140	21,560,940
Deferred Tax (refer note no. 14.3.10)		1,021,811	(4,112,305)
Minimum Alternate Tax credit		–	(9,138,323)
Total Tax Expense		13,317,951	8,310,312
Profit after tax		18,721,238	82,334,145
Balance brought forward from previous year		413,336,207	350,761,911
Profit available for appropriation		432,057,445	433,096,056
Appropriations:			
Interim dividend		–	10,051,581
Proposed final dividend		10,051,581	–
Tax on dividend		1,669,467	1,708,268
Transferred to General Reserve		–	8,000,000
Surplus carried to Balance Sheet		420,336,397	413,336,207
Notes to accounts	14		
Earnings per share - (refer note no. 14.3.11)			
basic/diluted		1.86	8.83
Nominal value per equity share		10	10

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No. 003990S

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

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Place: Chennai
Date: April 29, 2011

Consolidated Cash Flow Statement
for the year ended March 31, 2011

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

	Year ended March 31, 2011	Year ended March 31, 2010
Cash flow from operating activities		
Net profit/(loss) before taxation	32,039,189	90,644,457
Adjustments for:		
Depreciation/Amortisation	27,882,003	12,779,534
Loss/(Profit) on sale of fixed assets	(280,700)	(562,308)
Unrealised forex exchange loss/(gain), net	(41,682,043)	53,488,511
Interest income	(11,370,243)	(5,018,712)
Provision for bad and doubtful debts	(5,765,068)	(3,985,774)
Operating profit before working capital changes	823,138	147,345,707
(Increase)/Decrease in sundry debtors	(47,106,377)	58,229,154
(Increase)/Decrease in Deferred tax Asset	1,021,811	(4,112,305)
(Increase)/Decrease in loans and advances/other current assets	(20,005,136)	(17,010,357)
Increase/(Decrease) in current liabilities (Refer note c below)	20,114,502	(26,715,750)
Increase/(Decrease) in provisions	7,385,296	2,630,446
Cash generated from operations	(37,766,766)	160,366,896
Direct taxes paid (net of refunds)	(8,867,377)	(7,942,730)
Net cash from/(used in) operating activities	(46,634,142)	152,424,166
Cash flows from investing activities		
Purchase of fixed assets	(97,585,064)	(21,777,968)
Proceeds from sale of fixed assets	924,544	608,277
Interest received	12,152,494	2,548,342
Fixed deposits matured/(invested) during the year	(110,872,296)	(17,569,903)
Net cash from/(used in) investing activities	(195,380,321)	(36,191,252)
Cash flows from financing activities		
Proceeds from Issue of Shares	–	153,151,324
Dividends paid	(10,051,581)	(8,701,581)
Tax on dividend paid	(1)	(3,187,151)
Net cash (used in)/from financing activities	(10,051,582)	141,262,592
Net increase in cash and cash equivalents	(252,066,045)	257,495,505
Cash and cash equivalents at the beginning of the year	480,252,382	249,464,667
Effect of changes in exchange rate on cash and cash equivalents	27,568,704	(26,707,790)
Cash and cash equivalents at the end of the year	255,755,042	480,252,382
a) The reconciliation to the cash and bank balances as given in the Balance Sheet is as follows:		
Cash and bank balances, per Schedule 5	400,329,384	513,954,427
Less: Fixed deposits with maturity over 90 days	(144,574,342)	(33,702,045)
Cash and cash equivalents, end of year	255,755,042	480,252,382

Consolidated Cash Flow Statement (continued)
for the year ended March 31, 2011

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

	Year ended March 31, 2011	Year ended March 31, 2010
b) Components of cash and cash equivalents		
Cash on hand	38,466	50,276
Balances with banks		
in current accounts	8,991,556	23,913,437
in deposit accounts	2,518,147	152,776,657
in current accounts in foreign currency	135,425,165	211,559,881
HDFC Bank – Unpaid application money due for refund	93,000	195,375
HDFC Bank – Unpaid dividend account	91,803	
Balances with non-scheduled banks:-		
in current account – ICICI Bank, London	14,128,833	6,653,012
in deposit account – ICICI Bank, London	14,386,000	13,606,000
in current account – ING Bank, Belgium	33,277,324	14,919,835
in current account – HSBC, USA	300,195	17,712,314
in current account – OCBC, Singapore	31,438,334	31,240,941
in current account – Dresdner, Germany	15,066,220	7,624,654
	255,755,042	480,252,382

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 & Santhanam
Chartered Accountants
Firm Registration No. 003990S

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

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

Place: Chennai
Date: April 29, 2011

Schedules to the Consolidated Financial Statements

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

	As at March 31, 2011	As at March 31, 2010
1. Share capital		
Authorised	120,000,000	120,000,000
12,000,000 (Previous year 12,000,000) equity shares of INR 10/- each		
Issued, Subscribed and Paid Up	100,515,810	100,515,810
10,051,581 (Previous year 10,051,581) equity shares of INR 10/- each fully paid		

Of the above;

a. 6,893,720 equity shares have been issued during financial year 2001-02 and 870,156 equity shares have been issued during the financial year 2008-09 as fully paid bonus shares by capitalisation of securities premium and profits

b. 1,350,000 equity shares have been issued during the financial year 2009-10 through public issue.

	As at March 31, 2011	As at March 31, 2010
2: Reserves and surplus		
General Reserve		
Balance at the beginning of the year	30,071,695	22,071,695
Add: Additions during the year	–	8,000,000
Balance at the end of the year	30,071,695	30,071,695
Securities Premium Account		
Balance at the beginning of the year	148,759,605	9,108,281
Add: Premium received on shares alloted in the event period	–	155,250,000
Less: Utilised towards for IPO Expenses	–	(15,598,676)
Balance at the end of the year	148,759,605	148,759,605
Balance in Profit and Loss Account	420,336,397	413,336,207
	599,167,697	592,167,507

3. Fixed assets

Schedule 3 on fixed assets is set out on the following page.

	As at March 31, 2011	As at March 31, 2010
4. Sundry debtors (Unsecured)		
Considered Good		
Debts outstanding for a period exceeding six months	5,288,735	–
Other debts	223,670,863	159,309,319
	228,959,598	159,309,319
Considered Doubtful		
Debts outstanding for a period exceeding six months	1,505,394	7,270,462
Other debts	–	–
	1,505,394	7,270,462
Less: provision for Doubtful Debts	(1,505,394)	(7,270,462)
	–	–
	228,959,598	159,309,319

3: Fixed assets

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

Description	Gross block				Depreciation/Amortization				Net block	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	For the year	Deductions during the year	As at March 31, 2011	As at March 31, 2011	As at April 1, 2010
a. Tangible Assets										
Leasehold rights & Improvements	9,504,000	–	–	9,504,000	1,425,600	950,400	–	2,376,000	7,128,000	8,078,400
Buildings	7,421,627	–	–	7,421,627	561,267	376,235	–	937,502	6,484,125	6,860,360
Plant, machinery and equipment	5,173,834	2,000,829	114,918	7,059,745	2,916,761	2,061,837	114,918	4,863,680	2,196,065	2,257,073
Computer equipment	46,035,142	19,365,103	2,916,974	62,483,271	39,176,233	8,969,511	2,834,821	45,310,923	17,172,348	6,858,909
Furniture and fittings	4,764,371	5,975,058	–	10,739,429	730,496	2,878,581	–	3,609,077	7,130,352	4,033,875
Office equipment	6,328,928	2,096,996	1,172,123	7,253,801	4,412,313	1,491,737	736,834	5,167,216	2,086,585	1,916,615
Vehicles	2,753,681	3,689,133	76,148	6,366,666	1,366,705	596,664	76,149	1,887,220	4,479,446	1,386,976
Temporary partitions	438,020	94,803	–	532,823	438,020	94,803	–	532,823	–	–
b. Intangible Assets										
Computer Software	9,206,044	46,141,696	283,838	55,063,901	7,693,781	10,462,235	157,435	17,998,581	37,065,320	1,512,263
Total	**91,625,647**	**79,363,618**	**4,564,001**	**166,425,264**	**58,721,175**	**27,882,003**	**3,920,157**	**82,683,022**	**83,742,241**	**32,904,472**
Previous year ended March 31, 2010	88,184,093	14,209,338	10,767,784	91,625,647	56,663,454	12,779,534	10,721,812	58,721,175	32,904,472	31,520,639

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

	As at March 31, 2011	As at March 31, 2010
5. Cash and bank balances		
Cash on hand	38,466	50,276
Balances with scheduled banks		
in current accounts	8,991,556	23,913,437
in deposit accounts	147,092,488	186,478,702
in current accounts in foreign currency	135,425,165	211,559,881
Unpaid application money due for refund	93,000	195,375
Unpaid dividend account	91,803	–
Balances with non-scheduled banks:-		
in current account – ICICI Bank, London	14,128,833	6,653,012
in deposit account – ICICI Bank, London	14,386,000	13,606,000
in current account – ING Bank, Belgium	33,277,324	14,919,835
in current account – HSBC, USA	300,195	17,712,314
in current account – OCBC, Singapore	31,438,334	31,240,941
in current account – Dresdner, Germany	15,066,220	7,624,654
	400,329,384	513,954,427
6. Other current assets (Unsecured and considered good)		
Unbilled revenue	8,366,397	5,260,223
Interest accrued on deposits & Loans	2,124,261	2,906,513
	10,490,658	8,166,736
7. Loans and advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	30,472,805	25,350,540
Prepaid expenses	8,737,723	6,142,310
Minimum Alternate Tax credit entitlement	28,398,035	28,398,035
Advance taxes	5,397,113	1,538,232
Deposits	32,946,415	39,410,497
Input Tax credit	16,037,011	6,663,910
Other advances	413,504	241,030
	122,402,606	107,744,554
8. Current liabilities and provisions		
Current liabilities		
Sundry creditors		
(i) Dues of Micro and Small Enterprises	–	–
(ii) Dues of Other Creditors	6,309,809	4,907,328
Advances received from customers	807,504	52,026
Unpaid application money received for allotment of securities and due for refund	93,000	195,375
Unpaid Dividend	91,803	–
Other liabilities		
provision for expenses	106,626,141	94,331,194
withholding and other taxes payable	16,107,927	9,856,495
others	40,657	195,337
	130,076,841	109,537,755
Provisions		
Provision for taxation (net of advance tax payments)	16,942,845	12,492,270
Provision for gratuity	24,575,111	17,189,815
Provision for dividend	10,051,581	10,051,581
Provision for corporate tax on dividend	1,669,467	–
	53,239,004	39,733,666

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

	Year ended March 31, 2011	Year ended March 31, 2010
9. Software services		
Within India	53,883,429	45,712,068
Rest of the World	775,385,783	782,917,016
	829,269,212	828,629,084
10. Other income		
Interest received on deposits with banks	11,209,955	4,449,612
Interest received from others	160,288	569,100
Profit on sale of fixed assets	280,700	562,308
Provisions no longer required	5,765,068	3,985,774
Exchange gain (Net)	15,049,540	–
Miscellaneous income	83,873	–
	32,549,424	9,566,794
11. Personnel expenses		
Salaries, bonus and allowances	527,220,502	457,376,910
Contribution to provident and other funds	40,358,606	29,024,665
Staff welfare	5,807,630	3,490,072
	573,386,738	489,891,647
12. Operating and other expenses		
Software expenses	10,297,420	5,821,392
Consultancy charges	11,944,753	19,485,216
Travel expenses	76,727,780	85,668,670
Power and fuel	10,258,274	5,847,249
Rent	45,523,082	28,886,468
Insurance	4,297,752	3,838,834
R &M		
Buildings	6,078,422	2,331,230
Plant and machinery	2,271,556	2,596,837
Others	750,434	729,480
Communication expenses	8,292,546	7,930,156
Audit Fees	985,000	1,406,995
Sales Commission (Other than sole selling agent)	4,713,054	9,604,437
Marketing and selling expenses	15,220,364	10,271,126
Cash Discount	714,184	719,255
Rates and taxes	516,191	920,817
Donation	502,690	488,970
Training and recruitment	4,398,055	1,654,519
Directors Sitting Fee	602,054	698,640
Professional fees	18,426,937	14,913,617
Exchange loss (Net)	–	36,488,364
Miscellaneous expenses	5,043,122	2,914,993
	227,563,670	243,217,265
13. Financial expenses		
Bank charges	947,036	1,662,975
	947,036	1,662,975

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 August 19, 2008. The Company had made an Initial Public Offering (IPO) on September 24, 2009 (issue open date) as approved by the members in the Extra Ordinary General Meeting held on September 17, 2008. The Shares under IPO were allotted on October 14, 2009 and the Company shares have been listed in National Stock exchange and Bombay Stock exchange on October 26, 2009.

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%
Thinksoft Global Services UK Ltd**	UK	100%

*Thinksoft (India) Services Pvt Limited had applied for its voluntary winding up on August 13, 2010 and has been wound up on January 1, 2011. Consolidated financials includes the results of financial operations of Thinksoft India Pvt. Ltd for nine months period (April 2010 to December 2010).

** Thinksoft Global services UK Ltd was incorporated in UK on April 1, 2010.

14.2 Significant accounting policies:

a. Basis of preparation of financial statements

The financial statements of the company have been prepared and presented under historical cost convention on the accrual basis of accounting as a going concern and materially comply with the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards and the relevant provisions of the Companies Act, 1956, to the extent applicable. The accounting policies applied by the Company are consistent with those used in the previous year.

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. 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 unrealised 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.

Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management. The rates current applied as follows:

Asset description	Percentage
Buildings	5%
Plant, machinery and equipment	33.33%
Computer equipment	33.33%
Intangible assets – Computer software	33.33%
Intangible assets – Software tools	20%
Furniture and fittings	33.33%
Office equipment	33.33%
Vehicles	25.00%
Temporary partitions	100.00%
Leasehold rights & Improvements	Tenure of Lease period or 10 years whichever is less

Fixed assets individually costing INR 5,000 or less are entirely depreciated in the year of acquisition in case of companies incorporated in India.

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

a. 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.

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

e. Investment

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, 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.

Government Grant

Government grant is recognized upon confirmation of the entitlement of the grant.

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 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 & Loss Account as Income/Expense.

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

h. Taxation

Tax expense comprises current tax, deferred tax charge or credit and Minimum Alternate Tax credit. Current income 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.

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. Realised/unrealised 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 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.

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.

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 year or in the previous year.

14.3.2 Employees' Stock Option Plan (ESOP)

The Company does not have any ESOP Plan currently in operation.

14.3.3 Commitments and contingencies:

(Amounts in INR)

	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	16,242,586	9,269,128
Service tax related matters	7,218,676	7,218,676
Income tax related matters	5,339,067	–
Counter Guarantees issued to Bank for the Bank Guarantees obtained :	14,680,000	17,669,900

The Service Tax Authorities had made a demand for INR 3,609,338 along with interest and penalty for an equivalent amount, towards tax leviable for certain services rendered by the Company during the period July 2003 to December 2005. Management contends that the Company has sufficient grounds to defend its position and is filing an appeal before Customs, Excise and Service tax appellate Tribunal, furnishing the necessary explanations/responses to support its position. Consequently, no provision has been made for the same in these financial statements.

Contingent liabilities include demand from the Indian tax authorities for payment of additional tax of INR 5,339,067 for fiscal year 2001-02, 2002-03 and 2005-06. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company under Section 10A of the Income tax Act. The deductible amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2001-02, 2002-03 and 2005-06 is pending before Income tax Appellate Tribunal (ITAT). Management believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand.

14.3.4 Exposure in foreign currency

a. The company has not entered into any Foreign Currency or 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:

			March 31, 2011		March 31, 2010
	FCY	Amount in FCY	Amount in INR	Amount in FCY	Amount in INR
Sundry Debtors	GBP	1,025,472	73,762,228	472,912	32,172,203
Sundry Debtors	USD	1,920,989	85,772,159	1,361,689	61,466,641
Sundry Debtors	AED	189,051	2,336,670	443,823	5,441,270
Sundry Debtors	CHF	36,971	1,821,561	32,812	1,388,604
Sundry Debtors	EUR	513,254	32,458,202	191,032	11,568,898
Sundry Debtors	SGD	22,149	796,921	48,000	1,545,600
Sundry Debtors	AUD	348,490	16,312,817	868,797	35,968,196
Sundry Debtors	BHD	–	–	1,050	126,032
Loans & Advances	USD	141,844	6,333,336	186,083	8,399,787
Loans & Advances	SGD	6,754	243,009	18,883	608,033
Loans & Advances	GBP	11,295	812,449	40,993	2,788,754
Loans & Advances	AUD	13,722	642,327	100,133	4,145,506
Loans & Advances	AED	379,923	4,695,852	80,307	984,564
Loans & Advances	EUR	22,893	1,447,746	38,744	2,346,337
Sundry Creditors	AUD	1,710	80,045	342	14,159
Sundry Creditors	GBP	6,006	432,012	7,346	499,748
Sundry Creditors	SGD	–	–	220	7,084
Sundry Creditors	USD	57,381	2,562,062	6,184	279,146
Sundry Creditors	EUR	13,923	880,491	7,863	476,183

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

(Amounts in INR)

Particulars	March 31, 2011	March 31, 2010
Lease payments recognized in the profit and loss account for the year	45,523,082	28,886,468
Not later than one year	46,470,159	47,784,805
Later than 1 year but not later than 5 years	42,235,402	71,230,690
Later than 5 years	–	–
Total	**88,705,561**	**119,015,495**

14.3.6 Segment reporting

Segmental information

Sales Revenue by Geographical Market

(Amounts in INR)

	Year ended March 31, 2011	Year ended March 31, 2010
Within India	53,883,429	45,712,068
Outside India	775,385,783	782,917,016
Total	**829,269,212**	**828,629,084**

14.3.7 Related party disclosures (not disclosed elsewhere in these financial statements)

1. Key Management personnel

Mr. A V Asvini Kumar – Managing Director
Ms. Vanaja Arvind – Executive Director
Mr. Mohan Parvatikar – Wholetime 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
Mr. C V Rajan

Transactions and balances with related parties:

(Amounts in INR)

Particulars	Nature of Relationship	Name of the Related party	Year ended March 31, 2011	Year ended March 31, 2010
Expenses				
Managerial remuneration	Key Management Personnel	Mr. A V Asvini Kumar	3,600,000	3,850,000
		Ms. Vanaja Arvind	3,600,000	3,850,000
		Mr. Mohan Parvatikar	1,500,000	1,200,000
Rent	Key Management Personnel	Mr. A V Asvini Kumar	59,400	237,600
	Relative of Key Management Personnel	Ms. A K Latha	193,500	180,000
	Relative of Key Management Personnel	Mr. A K Krishna	193,500	180,000
Salary	Relative of Key Management Personnel	Ms. Aarti Arvind	2,856,000	2,323,009
Professional Services	Relative of Key Management Personnel	Mr. C V Rajan	Nil	15,000
Other Transactions				
Proposed Final Dividend	Key Management Personnel	Mr. A V Asvini Kumar	3,642,777	Nil
	Key Management Personnel	Ms. Vanaja Arvind	1,050,662	Nil
	Key Management Personnel	Mr. Mohan Parvatikar	138,853	Nil
	Relative of Key Management Personnel	Ms. A K Latha	243,722	Nil
	Relative of Key Management Personnel	Ms. Lalitha Devi	11,389	Nil
	Relative of Key Management Personnel	Mr. A K Krishna	227,778	Nil
	Relative of Key Management Personnel	Ms. Aarti Arvind	33,333	Nil
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	6,111	Nil
	Relative of Key Management Personnel	Mr. C V Rajan	2,222	Nil
Interim Dividend	Key Management Personnel	Mr. A V Asvini Kumar	Nil	3,642,777
	Key Management Personnel	Ms. Vanaja Arvind	Nil	1,050,662
	Key Management Personnel	Mr. Mohan Parvatikar	Nil	138,853
	Relative of Key Management Personnel	Ms. A K Latha	Nil	243,722
	Relative of Key Management Personnel	Ms. Lalitha Devi	Nil	11,389
	Relative of Key Management Personnel	Mr. A K Krishna	Nil	227,778
	Relative of Key Management Personnel	Ms. Aarti Arvind	Nil	33,333
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	Nil	11,111
	Relative of Key Management Personnel	Mr. C V Rajan	Nil	2,222
Outstanding balances				
Sundry debtors	Key Management Personnel	Mr. A V Asvini Kumar	53,752	68,218
Provision for expenses	Key Management Personnel	Mr. A V Asvini Kumar	Nil	250,000
	Key Management Personnel	Ms. Vanaja Arvind	Nil	250,000
	Key Management Personnel	Mr. Mohan Parvatikar	Nil	700,000

(Amounts in INR)

Particulars	Nature of Relationship	Name of the Related party	Year ended March 31, 2011	Year ended March 31, 2010
Final dividend payable	Key Management Personnel	Mr. A V Asvini Kumar	3,642,777	Nil
	Key Management Personnel	Ms. Vanaja Arvind	1,050,662	Nil
	Key Management Personnel	Mr. Mohan Parvatikar	138,853	Nil
	Relative of Key Management Personnel	Ms. A K Latha	243,722	Nil
	Relative of Key Management Personnel	Ms. Lalitha Devi	11,389	Nil
	Relative of Key Management Personnel	Mr. A K Krishna	227,778	Nil
	Relative of Key Management Personnel	Ms. Aarti Arvind	33,333	Nil
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	6,111	Nil
	Relative of Key Management Personnel	Mr. C V Rajan	2,222	Nil
Interim dividend payable	Key Management Personnel	Mr. A V Asvini Kumar	Nil	3,642,777
	Key Management Personnel	Ms. Vanaja Arvind	Nil	1,050,662
	Key Management Personnel	Mr. Mohan Parvatikar	Nil	138,853
	Relative of Key Management Personnel	Ms. A K Latha	Nil	243,722
	Relative of Key Management Personnel	Ms. Lalitha Devi	Nil	11,389
	Relative of Key Management Personnel	Mr. A K Krishna	Nil	227,778
	Relative of Key Management Personnel	Ms. Aarti Arvind	Nil	33,333
	Relative of Key Management Personnel	Mr. Chalapathi Rao Peddineni	Nil	11,111
	Relative of Key Management Personnel	Mr. C V Rajan	Nil	2,222

14.3.8 Disclosure pursuant to accounting standard – 15

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:

(INR in thousands)

	Current Year	Previous Year
Liability at the beginning of the year	7,523	7,523
Leave salary relating to opening year adjusted to general reserves directly	–	–
Leave salary cost accounted for the year	247	–
Total liability as at year end	7,770	7,523

ii. Defined Contribution Plan – Provident Fund & Other Statutory Contributions

(INR in thousands)

	Current Year	Previous Year
Employers contribution	25,430	23,798

iii. Defined benefit plan – gratuity

(INR in thousands)

	Current Year	Previous Year
I. Change in benefit obligation		
Liability at the beginning of the year	18,954	16,187
Interest cost	1,403	1,267
Current service cost	10,281	3,879
Past service cost (Vested benefit)	–	–
Past service cost (Non vested benefit)	–	–
Benefit paid	(2,822)	(701)
Actuarial (gain)/loss on obligations	(1,325)	(1,678)
Liability at the end of the year	26,491	18,954

(INR in thousands)

	Current Year	Previous Year
II. Fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,766	1,628
Expected return on plan assets	30	109
Contributions	–	–
Benefit paid	(2,822)	(701)
Actuarial gain/(loss) on plan assets	2,942	730
Fair value of plan assets at the end of the year	1,916	1,766

(INR in thousands)

	Current Year	Previous Year
III. Actual return on plan assets		
Expected return on plan assets	30	109
Actuarial gain/(loss) on plan assets	2,942	730
Actual return on plan assets	2,972	839

(INR in thousands)

IV. Amount recognised in the balance sheet		
Present value of the obligation	26,491	18,954
Fair value of plan assets	1,916	1,766
Difference (Funded status)	24,575	17,188
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	–	–
Amount recognised in the balance sheet	24,575	17,188

(INR in thousands)

	Current Year	Previous Year
V. Expenses recognised in the income statement		
Current service cost	10,281	3,879
Interest cost	1,403	1,267
Expected return on plan assets	(30)	(109)
Net actuarial (Gain)/loss to be recognised	(4,267)	(2,408)
Transitional liability recognized	–	–
Past service cost – non vested benefits	–	–
Past service cost – vested benefits	–	–
Expense recognised in P & L	7,387	2,629

(INR in thousands)

	Current Year	Previous Year
VI. Balance sheet reconciliation		
Opening net liability as per books	17,188	14,559
Transitional liability adjusted to opening reserves and deferred taxes	–	–
Expense as above	7,387	2,629
Expected return on plan assets and actuarial gains thereon not recognized pending confirmation from LIC	–	–
Contribution paid	–	–
Amount recognised in balance sheet	24,575	17,188

	Current Year	Previous Year
VII. Actuarial assumptions: For the period/year		
Discount rate current	8.00%	8.00%
Expected rate of return on plan assets	8.50%	8.50%
Salary escalation current	10.50%	11.00%
Attrition rate	25.00%	17.80%

	Current Year	Previous Year
VIII. Investment details – as at period/year end		
Funds managed by Company	100%	100%

Actuarial valuation:

a. Experience adjustments

(INR in thousands)

Particulars	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	26,491	18,954	16,187	11,187
Plan assets	1,916	1,766	1,628	1,635
Surplus/(Deficit)	(24,575)	(17,188)	(14,559)	(9,552)
Exp. adj. on plan liabilities	(1,325)	(1,678)	3,586	173
Exp. adj. on assets	2,942	730	823	65

Estimated contribution towards gratuity for next year – INR 100 lakhs

14.3.9 Disclosure made in terms of clause 32 of the listing agreement with stock exchange:

Particular	Name of the company	Amount outstanding as on March 31, 2011 INR	Maximum amount due at any one time during the year INR
A. Loans and advances			
I. Loans and advances in the nature of loans made to subsidiary company.			
II. Loans and advances in the nature of loans made to associate company			
III. Loans and advances in the nature of loans where there is.	Nil	Nil	Nil
1) No repayments schedule or repayment beyond seven year(or)			
2) No Interest or interest below section 372A of the Companies Act.			
IV. Loans and advances in the nature of loans made to firms/ companies in which Directors of the company are interested.			

Particular	Name of the company	Amount INR	Maximum amount of investment INR
B. Investments by the company			
I) In Subsidiary Company	Thinksoft (India) Services Private Limited	–	100,000
II) In Subsidiary Company	Thinksoft Global Service Pte Ltd, Singapore	2,658,023	2,658,023
III) In Subsidiary Company	Thinksoft Global Services Inc, USA	4,625,400	4,625,400
IV) In Subsidiary Company	Thinksoft Global Services (Europe) GmbH, Germany	2,714,774	2,714,774
V) In Subsidiary Company	Thinksoft Global Services UK LTD	24,168,000	24,168,000
a. Investment by the loanee in the shares of the parent company and subsidiary company when the company has made a loan or advance in the nature of Loan		Nil	–

14.3.10 Deferred tax

The breakup of net deferred tax asset is as under:

Deferred tax assets arising on timing differences on account of :

(Amounts in INR)

	Current Year	Previous Year
Net deferred tax asset as at beginning of the year	10,339,412	6,227,107
Deferred tax (provision)/credit during the year	(1,021,811)	4,112,305
Net deferred tax asset as at year end made of up:	9,317,601	10,339,412
On account of timing difference in claiming depreciation allowance	855,783	2,025,364
On account of timing difference in claiming provision for gratuity and doubtful debts	8,461,818	8,314,048

14.3.11 Earnings per share:

	March 31, 2011	March 31, 2010
Net profit after tax (in INR)	18,721,238	82,334,145
Weighted average number of equity shares @ INR 10/- each outstanding	10,051,581	9,320,534
Basic earnings per share (in INR)	1.86	8.83
Potential equity shares		
Weighted average number of shares used as denominator for Diluted earnings per share	10,051,581	9,320,534
Diluted earnings per share (in INR)	1.86	8.83

14.3.12 Utilization of IPO proceeds:

(INR in lakhs)

Particulars	Approved Amount*	Actual Utilisation
Public issue expenses	155.99	155.99
Setting up a new testing centre MEPZ, Chennai	507.26	298.12
Delivery centre TIDEL, Chennai	171.97	171.97
Normal capital expenditure & working capital requirements	852.28	475.34
Net amount available in fixed deposit	–	586.08

*The revised plan for utilization of IPO proceeds has been approved by shareholders through postal ballot on May 14, 2010.

14.3.13 Prior period comparatives

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

As per our report of even date

PKF Sridhar & Santhanam
Chartered Accountants
Firm Registration No. 003990S

T V Balasubramanian
Partner
Membership No.: 27251

Place: Chennai
Date: April 29, 2011

For and on behalf of the Board of Directors

A V Asvini Kumar
Managing Director

Vanaja Arvind
Executive Director

V Rajkumar
Company Secretary

Place: Chennai
Date: April 29, 2011

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Thinksoft Global Services Limited
Regd. Off.: Type II, Unit 5, Dr. VSI Estate, Thiruvanmiyur, Chennai 600041, Tamil Nadu

ATTENDANCE SLIP

(To be presented at the entrance)

13TH ANNUAL GENERAL MEETING ON FRIDAY, JULY 29, 2011 AT 3.30 PM

At Esthell Continental Hotels and Resorts, No.1, Royal Enclave, Besant Avenue, Adyar, Chennai 600020

Folio No .... DP ID No .... Client ID ....

I/We hereby record my/our presence at the 13th Annual General Meeting of the members of the Company held on Friday, July 29, 2011 at 3.30 pm at Esthell Continental Hotels and Resorts, No.1, Royal Enclave, Besant Avenue, Adyar, Chennai 600020

Name of the Member/Proxy holder:

Signature of Shareholder/proxy

Thinksoft Global Services Limited
Regd. Off.: Type II, Unit 5, Dr. VSI Estate, Thiruvanmiyur, Chennai 600041, Tamil Nadu

PROXY FORM

I/We .... of .... being a Member/Member(s) of Thinksoft Global Services Limited appoint .... or failing him/her .... of .... or failing him/her .... of .... as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the company to be held on Friday, July 29, 2011 at 3.30 pm at Esthell Continental Hotels and Resorts, No.1, Royal Enclave, Besant Avenue, Adyar, Chennai 600020 and at any adjournment thereof.

Folio No .... DP ID No .... Client ID ....

No. of Shares ....

Signed this .... day of ...., 2011

Please affix Re. 1/- revenue stamp and sign across

Note:
1. The Proxy form should be signed by the member across the stamp.
2. A member intending to appoint a Proxy should complete the Proxy form and deposit it at the Company's Registered office, at least 48 hours before the time for holding the aforesaid meeting.
3. Members, who hold shares in Demat form to quote their Demat Account no. and Depository Participant (D.P.) Id No.

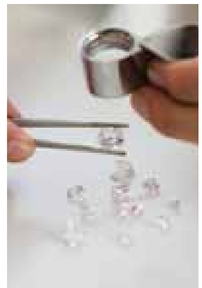
Thinksoft facility in MEPZ
Chennai, India.

Thinksoft opened its new delivery facility at the Madras Export Processing Zone (MEPZ) in Chennai, India. MEPZ is situated on NH 45 (National Highway 45) just 7 kms from Chennai's International Airport. The work has been completed and the facility is operational.

This center, like all our other ones, conforms to Global Standards and best practices relating to Information Security. The Delivery Centers are operated in a fully monitored and secure environment and all client-related data is treated with the utmost level of vigilance and security.

The salient features of this facility:

- ISO 9001 : 2008 and 27001 : 2008 compliant
- Physically and Logically separated business units for our customers
- Centralized vulnerability management system to take care of threats
- Business continuity of almost 100% through BGP implementation
- Secured connectivity and stringent access control with dual factor authentication: bio-metric and access card
- Two levels of access control: one at the entrance to the building and the second at the entrance to the delivery unit
- Environmental Controls including fire detection, alarm, and suppression system
- Full power back up
- Seating capacity of around 255 seats in seven physically separated units: each unit with an inbuilt individual meeting room for conference calls and status meetings
- One 30-seater trainer room and two 12-seater conference rooms



An expert Gemologist, conducts a preliminary examination of gemstones with a Loupe -10 X to determine its host rock, mineral association, colour, hardness and refractive properties. To grade and value the gem, further studies, are conducted, using instruments like a Polariscope, Refractometer, Dichroscope, Spectroscope, Chelsea colour filter and Optical fibre lamp, to determine their crystal structure, specific gravity, refractive index, Moh's hardness, pleochroism, atomic structure and the presence of any fluid inclusions or of partially melted exogenous crystals.

Thinksoft
EXPERTO CREDE

Delivery centres

VSI: Type II, Unit 5, Dr. VSI Estate, Thiruvanmiyur, Chennai 600041
TIDEL PARK: Module # 703 & 704, 7th Floor, 'C' Block, No 4, Rajiv Gandhi Road, Taramani, Chennai: 600113

MEPZ: Plot No. B 17, Phase 2, 2nd Main Road, MEPZ - SEZ, Tambaram, Chennai 600045
VTP: Block 1, Ground Floor – North Wing, 43, Electronics City, Phase II, Hosur Road, Bengaluru 560100
Mumbai: Citi Point, Unit Nos.: B 601, B 602 & B 603, 6th Floor, Andheri - Kurla Road, Andheri East, Mumbai 400059

Sales offices

INDIA:

• Chennai: Type II, UNIT-5, Dr. Vikram Sarabhai Instronics Estate, Thiruvanmiyur, Chennai: 600041

• Bengaluru : Block 1, Ground Floor - North Wing, 43, Electronics City, Phase - II, Hosur Road, Bengaluru 560100

• Mumbai: Citi Point, Unit Nos.: B 601, B 602 & B 603, 6th Floor, Andheri - Kurla Road, Andheri East, Mumbai 400059

INTERNATIONAL:

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: Stark Business Suites, Office No. 38, 3rd Floor, 500 Mamaroneck Ave, Suite 320, Harrison, NY: 10528

Branches and places of business:
Australia · Belgium · Cyprus · Hong Kong · London