



Inuva Info Management (Pvt) Ltd.

## INUVA INFO MANAGEMENT PRIVATE LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the Tenth Annual Report and the Audited Statement of Accounts of the Company for the year ended December 31, 2010.

#### *Financial Results*

The performance of the Company for the year ended December 31, 2010 is summarized below:

Particulars	December 31, 2010 (Rs. '000)	December 31, 2009 (Rs. '000)
Turnover	Nil	18,018
Other Income	319	395
Total Income	319	18,413
Total Expenditure (excluding depreciation)	4,937	16,796
Depreciation	439	1,740
Total Expenditure	5,377	18,536
<b>Profit/(Loss) Before Tax</b>	<b>(5057)</b>	<b>(123)</b>
Less: Current Tax	0	0
Less: Deferred taxes	0	(752)
<b>Profit/(Loss) for the year</b>	<b>(5057)</b>	<b>629</b>

#### *Business Operation:*

There was no business operation during the year.

#### *Directors:*

Mr. Ashok Radhakrishnan retires by rotation and being eligible offers himself for re-appointment.

### ***Dividend***

Directors are not proposing any dividend for this year.

### ***Share Capital***

There was no change in the share capital during the current year.

### ***Directors' Responsibility Statement***

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors, hereby confirm that:

1. in the preparation of the annual accounts, the accounting standards have been followed and that there are no material departures;
2. they have, in selection of accounting policies consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2010 and of the loss of the Company for the year ended on that date;
3. they have taken proper and sufficient care, to their best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. they have prepared the annual accounts of the Company on a going concern basis;

### ***Auditors***

M/s. Ray and Ray., Chartered Accountants, Statutory Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

### ***Information required to be furnished under Section 217 (1)(e) of the Companies Act***

#### ***A. Conservation of Energy***

Not applicable.

***B. Technology Absorption***

Not applicable.

***C. Foreign Exchange Earnings and Outgo***

	<i>in Rupees (000's)</i>	
	<b>31<sup>st</sup> December 2010</b>	<b>31<sup>st</sup> December, 2009</b>
(i) Total Foreign currency earned	Nil	18,018
(ii) Total Foreign Exchange used	NIL	NIL

***Particulars of employees***

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975: Not applicable.

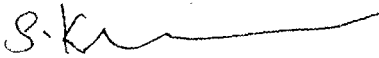
***Fixed Deposits***

Your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 and as such no amount of principal or interest was outstanding as of the balance sheet date.

***Acknowledgements***

Your Directors thank the Company's investors and Government Departments for their support during the year.

***For and on behalf of the Board of Directors,***

  
***Chairman***

Date: 05<sup>th</sup> April, 2011  
Place: Bensalem, USA



**INUVA INFO MANAGEMENT  
PRIVATE LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2010**

**AND**

**PROFIT AND LOSS ACCOUNT & CASH FLOW  
STATEMENT FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER, 2010**

**RAY & RAY**  
Chartered Accountants

Kolkata Mumbai Delhi Bangalore Chennai Tirunelveli

# RAY & RAY

CHARTERED ACCOUNTANTS

6 CHURCH LANE, KOLKATA 700 001, POST BOX NO. 706

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Telegrams : ASSURE, KOLKATA, E-mail : raynray@vsnl.com

## AUDITORS' REPORT

### TO THE MEMBERS OF INUVA INFO MANGEMENT PRIVATE LIMITED

1. We have audited the attached Balance Sheet of INUVA INFO MANAGEMENT PRIVATE LIMITED as at 31<sup>st</sup> December, 2010, the Profit & Loss Account and the Cash Flow Statement of the Company 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. We draw attention to Note No. 1 of Schedule 14(II) in respect of management's intention to discontinue operation of the company and adjustments to the recorded assets and classification of liabilities.
4. As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditor's Report Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act 1956, ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Further to our comments in the Annexure referred to in paragraphs 3 and 4 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 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 Act;
- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> December, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> December 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 14 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> December, 2010;
  - b) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date and
  - c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No.301072E



(B. K. GHOSH)  
Partner

Membership No. 051028

Place: Kolkata

Date: 5 APR 2011



**ANNEXURE TO THE AUDITORS' REPORT OF  
INUVA INFO MANAGEMENT PRIVATE LIMITED**

(Referred to in paragraph 3 of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management at the year-end, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies, on such verification are not material and has been adjusted in the books of account.
- (c) During the period the company has disposed of computers, furniture and fixtures and office equipment which formed substantial part of fixed assets as the company does not intend to carry on its operation with effect from 1<sup>st</sup> January, 2010. Thus, sale of these assets affected the going concern status of the company.
2. In view of the nature of activities carried on by the Company during the year under audit, the clauses (2) (a), (2) (b) and (2) (c) of paragraph 4 of the aforesaid Order are not applicable to the Company.
3. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of our comment in paragraph 3(a) above, clauses 3(b), 3(c) and 3(d) of paragraph 4 of the order are not applicable to the Company.
- (c) The Company has not received any unsecured loans from its holding company during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. Further during the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in internal control system.





5. On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has duly entered all the transactions mentioned under section 301 of the Act in the register.
6. The Company has not accepted any deposits from the public under section 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
7. **The Company does not have an internal audit system during the year under audit. However the company has adequate internal control systems commensurate with the nature and size of business.**
8. The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Act for the company.
9. (a) According to the information and explanations given to us and on the basis of records of the company examined by us, in our opinion, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' state insurance, Income tax, Sales tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess, which were outstanding as at 31<sup>st</sup> December, 2010 for a period of more than six months from the date they became payable, except for the amount of Rs. 351 payable to labour welfare fund.  
  
(b) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute other than disputed tax as indicated below:

SL No	Name of the Statute	Nature of dues	Forum where dispute is pending	Amount (Rs)
1.	West Bengal Sales Tax Act, 1961	Purchase Tax	Additional Commissioner of Commercial Taxes (Appeal)	4,000/-



2.	West Bengal Sales Tax Act, 1961	Sales Tax	Additional Commissioner of Commercial Taxes (Appeal)	30,000/-
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10. The Company does not have accumulated losses and has incurred cash losses in the current period but had not incurred any cash loss in the preceding year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to banks. The company has neither taken any loan from the financial institution nor has it issued any debentures.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities. Therefore, the provisions of clause (xii) of paragraph 4 of the aforesaid Order are not applicable to the company.
13. In our opinion, the company is not a chit fund or a Nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) paragraph 4 of the aforesaid Order not applicable to the company.
14. In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the company.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Therefore, the provisions of clause (xv) of paragraph 4 of the aforesaid order are not applicable to the company.
16. The provisions of clause (xvi) of paragraph 4 of the aforesaid Order are not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.



18. The company has not made preferential allotment of shares to a director covered in the Register maintained under section 301 of the Act.
19. The company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the company.
20. The company has not raised any money by public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the company.
21. During the course of our examinations of books of account carried out in accordance with generally accepted auditing practices, we have neither come across any instance of fraud on or by the company or have we been informed of such case by the management.

For RAY & RAY  
Chartered Accountants  
Firm's Registration No.301072E



(B. K. GHOSH)  
Partner

Membership No. 051028

Place: Kolkata

Date: 5 APR 2011



Inuva Info Management Private Limited  
CG-146, SECTOR -I, Salt Lake City  
Kolkata - 700091

Balance Sheet as at December 31, 2010

I. SOURCES OF FUNDS	Schedule	AS AT		AS AT	
		Rs.	31.12.2010 Rs.	Rs.	31.12.2009 Rs.
<b>A. Shareholders' Funds</b>					
Share Capital	1		238,000		238,000
Reserves & Surplus	2		4,222,118		9,280,048
<b>B. Loan Funds</b>					
Secured Loans	3		-		49,340
<b>C. Deferred Tax Liabilities</b>					
			<u>4,460,118</u>		<u>9,567,388</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>A. Fixed Assets</b>	4				
i) Gross Block		1,022,813		22,379,303	
ii) Less: Depreciation		<u>767,807</u>		<u>21,522,630</u>	
iii) Net Block		255,006		856,673	
iv) Capital work-in-progress		-		-	
			<u>255,006</u>		<u>856,673</u>
<b>B. Current Assets, Loans and Advances</b>					
i) Sundry Debtors	5	62,589		6,437,697	
ii) Cash and Bank Balances	6	3,789,654		1,959,400	
iii) Other Current Assets	7	85,765		82,736	
iv) Loans & Advances	8	<u>336,288</u>		<u>967,302</u>	
		4,274,296		9,447,135	
<b>Less: Current Liabilities &amp; Provisions</b>					
i) Current Liabilities	9	248,439		921,592	
ii) Provisions	10	<u>(179,255)</u>		<u>(185,172)</u>	
		69,184		736,420	
<b>Net Current Assets</b>			4,205,112		8,710,715
			<u>4,460,118</u>		<u>9,567,388</u>

Accounting Policies and Notes to the Accounts 14  
Schedules 1 to 10 and 14 referred to above form an integral part of the Balance Sheet

As per our report attached

For Ray & Ray  
Chartered Accountants

B K Ghosh  
(Partner)  
Membership No. 051028  
Date: 5 APR 2011



For Inuva Info Management Private Limited

*S. K.*  
Director:

For Inuva Info Management Private Limited

*[Signature]*  
Director:

Inuva Info Management Private Limited  
DC-27/26, Sector - I, Salt Lake City  
Kolkata - 70064

Profit & Loss Account for the year ended 31st December 2010

<u>I. INCOME</u>	Schedule	AS AT	AS AT
		31.12.2010	31.12.2009
		Rs.	Rs.
Income from IT Enabled Services		-	18,018,239
Other Income	11	319,445	395,252
<b>TOTAL INCOME</b>		<b>319,445</b>	<b>18,413,491</b>
<u>II. EXPENDITURE</u>			
A. Employees Cost	12	13,999	9,910,728
B. Operating, Administrative & Other Expenses	13	4,040,123	6,802,395
C. Interest Expenses		883,711	82,948
<b>TOTAL EXPENDITURE</b>		<b>4,937,833</b>	<b>16,796,071</b>
Profit Before Depreciation and Taxes (PBDT)		(4,618,388)	1,617,420
Depreciation / Amortisation		439,542	1,739,514
		(5,057,930)	(122,094)
<b>PROFIT/(LOSS) BEFORE TAXATION (PBT)</b>		<b>(5,057,930)</b>	<b>(122,094)</b>
Taxation			
Deferred Tax			(752,381)
<b>PROFIT AFTER TAXATION (PAT)</b>		<b>(5,057,930)</b>	<b>630,287</b>
Balance Carried to Balance Sheet		(5,057,930)	630,287
Basic earning per share (in rupees) Face Value Rs. 10 (Note 11)		(212.52)	26.48

Accounting Policies and Notes to Accounts 14  
Schedule 11 to 14 referred to above form an integral part of Profit & Loss Accounts

As per our report attached

For Ray & Ray  
Chartered Accountants

*B K Ghosh*

B K Ghosh  
(Partner)  
Membership No. 051028  
Date: 5 APR 2011



For Inuva Info Management Private Limited

*S.K.*

Director:

For Inuva Info Management Private Limited

*[Signature]*  
Director:

INUVA INFO MANAGEMENT PVT LTD  
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31,2010

	Year Ended December 31, 2010 (Rs.)	Year Ended December 31, 2009 (Rs.)
<b>A. Cash flow from operating activities :</b>		
Loss before tax	(5,057,930)	(122,094)
Adjustments for :		
Depreciation	439,542	1,739,514
(Profit)/Loss on sale of fixed assets	(276,872)	1,575,034
Liabilities no longer required written back	(19,587)	(358,810)
Interest expense	883,711	82,948
Interest income	(22,986)	(15,260)
Operating profit/(loss) before working capital changes	<u>(4,054,122)</u>	<u>2,901,332</u>
<b>Movement in working capital :</b>		
Decrease / (Increase) in trade and other receivables	7,041,746	(3,553,638)
(Decrease) In trade payables	(647,649)	(444,505)
Cash generated/(used) from operations	<u>2,339,975</u>	<u>(1,036,811)</u>
Direct taxes paid (net of refunds)	(38,657)	(460,441)
Net cash generated/(used) from operating activities	<u>2,301,318</u>	<u>(1,557,252)</u>
<b>B. Cash flow from investing activities</b>		
Capital Expenditure	-	-
Proceeds from sale of fixed assets	439,000	2,928,000
Interest received	22,986	15,260
Net cash flow from Investing activities	<u>461,986</u>	<u>2,943,260</u>
<b>C. Cash flow from financing activities</b>		
Repayment of long term borrowings	(49,340)	(3,032,589)
Interest paid	(883,711)	(82,948)
Net cash outflow from financing activities	<u>(933,051)</u>	<u>(3,115,537)</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	1,830,253	(1,729,529)
Cash and cash equivalents at the beginning of the period	1,959,400	3,688,929
Cash and cash equivalents at the end of the period	<u>3,789,653</u>	<u>1,959,400</u>
<b>Components of cash and cash equivalents as at</b>		
Cash and cheques on hand	-	-
Balances with schedule banks	<u>3,789,654</u>	<u>1,959,400</u>
	<u>3,789,654</u>	<u>1,959,400</u>

Note:

1. Figures in brackets indicate cash outflow.

This is the Cashflow statement referred to in our report of even date.

For Ray & Ray  
Chartered Accountants

B K Ghosh  
(Partner)

Membership No. 051028

Date: 5 APR 2011



For and on behalf of the Board of Directors

*S.K.*

Director

Director

**SCHEDULE TO THE ACCOUNTS**

Schedule - 1	Rs	AS AT	
		31.12.2010	31.12.2009
SHARE CAPITAL	Rs	Rs	Rs
Authorised Capital (50,000 Equity Shares of Rs 10 each)		500,000	500,000
Issued, Subscribed & Paid Up Capital (23,800 Equity Shares of Rs 10 each, fully paid up) Out of the above 16,900 shares are held by the holding Company ISG Novasoft Technologies Ltd		238,000	238,000
<b>Schedule - 2</b>			
<b>RESERVES &amp; SURPLUS</b>			
1. General Reserve (As per last account)		6,724,533	6,724,533
2. Capital Reserve (As per last account)		31,000	31,000
3. Profit & Loss Account			
Balance as per last Account	2,524,515		1,894,228
Less: Profit/(Loss) for the year	(5,057,930)	(2,533,415)	630,287
		4,222,118	9,280,048
<b>Schedule - 3</b>			
<b>SECURED LOANS</b>			
ICICI Bank Switch Loan (***)		-	49,340
(**)secured by Mortgage of Land & Building		-	49,340



**Inuva Info Management Private Limited**  
**DC-27/26, Sector - I, Salt Lake City**  
**Kolkata - 700064**

**SCHEDULE - 4 FIXED ASSETS**

Name of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	BALANCE AS AT 01.01.2010 RS	ADDITIONS DURING THE YEAR RS	DEDUCTIONS DURING THE YEAR RS	TOTAL COST AS AT 31.12.2010 RS	AS AT 01.01.2010 RS	CURRENT YEAR RS	DEDUCTIONS DURING THE YEAR RS	AS AT 31.12.2010 RS	AS AT 31.12.2009 RS
<b>TANGIBLE ASSETS:</b>									
COMPUTERS & PERIPHERALS	15,709,429	-	15,709,429	-	15,627,129	38,195	15,665,324	-	82,300
FURNITURE & FIXTURES	2,408,873	-	2,408,873	-	2,295,897	39,903	2,335,800	-	112,976
OFFICE EQUIPMENT	3,238,188	-	3,238,188	-	3,172,701	20,540	3,193,241	-	65,487
<b>INTANGIBLE ASSETS:</b>									
Window Software	1,011,581	-	-	1,011,581	423,068	337,160	-	760,228	588,513
Tally9 Software	11,232	-	-	11,232	3,835	3,744	-	7,579	7,397
	22,379,303	-	21,356,490	1,022,813	21,522,630	439,542	21,194,365	767,807	856,673
Previous Year	27,016,841		4,637,538	22,379,303	19,918,174	1,739,514	135,058	21,522,630	856,673





SCHEDULE TO THE ACCOUNTS (Contd)

Schedule - 5	AS AT		Rs	Rs	AS AT
	31.12.2010				
	Rs				Rs
<b>SUNDRY DEBTORS</b>					
<b>(unsecured)</b>					
Debits outstanding for a period exceeding six months					
Considered good -	62,589			-	
Considered Doubtful	865,953			865,953	
	928,542			865,953	
Other Debits - considered good	-			6,437,697	
	928,542			7,303,650	
Less: Provision for Doubtful Debts	865,953	62,589		865,953	6,437,697
		62,589			
		<u>62,589</u>			<u>6,437,697</u>
<b>Schedule - 6</b>					
<b>CASH &amp; BANK BALANCES</b>					
1. Cash in hand					
2. Balances with Scheduled Banks in Current Accounts					
with Citibank	3,190,357			403,078	
with HDFC Bank	6,563			6,506	
with Axis Bank	301,966	3,498,886		1,259,047	1,668,632
3. Balances in Fixed Deposit Accounts					
with Citibank		290,768			290,766
		<u>3,789,654</u>			<u>1,959,400</u>
<b>Schedule - 7</b>					
<b>OTHER CURRENT ASSETS</b>					
Interest Receivable		85,765			62,211
Pre Paid Expenses		-			20,525
		<u>85,765</u>			<u>82,736</u>
<b>Schedule - 8</b>					
<b>LOANS &amp; ADVANCES</b>					
Advances recoverable in cash or in kind or for value to be received		11,500			11,500
Sundry Deposits					
Deposit - Rent	-			600,000	
Deposit - Lease Line	134,167			134,167	
Deposit - Electricity	137,200			206,871	
National Savings Certificate	5,000	276,367		5,000	946,038
Advance Income Tax					-
Advance Fringe Benefit Tax					-
Income Tax Receivable		150			150
Tax Deducted at Source		46,148			7,491
Self Assessment Tax AY 2009-10		2,123			2,123
		<u>336,288</u>			<u>967,302</u>
<b>Schedule - 9</b>					
<b>CURRENT LIABILITIES</b>					
Sundry Creditors					
(i) Total outstanding dues of micro, small & medium enterprises					6,951
(ii) Total dues of creditors other than SME undertakings					-
Other Liabilities *		248,439			914,366
Interest accrued but not due		-			275
		<u>248,439</u>			<u>921,592</u>

\* Other liabilities include Rs.98,602 (P.Y 327,121) due to ISG Novasoft Technologies Ltd, holding company.



Inuva Info Management Private Limited  
 DC-27/26, Sector - I, Salt Lake City  
 Kolkata - 700064

Schedules to Accounts ( Contd)

Schedule-10

PROVISIONS

PARTICULARS	BALANCE AS AT 1st JANUARY 2010	ADDITIONS DURING THE YEAR	TOTAL	PAYMENTS/ UTILISATION/ CHARGED OFF	BALANCE AS AT 31ST DECEMBER 2010
	RS				RS
Provision for Gratuity	(185,172)	-	(185,172)	(5,917)	(179,255)
<b>TOTAL</b>	<b>(185,172)</b>	<b>-</b>	<b>(185,172)</b>	<b>(5,917)</b>	<b>(179,255)</b>



**SCHEDULES TO THE ACCOUNTS (CONTD)**

Schedule - 11	AS AT 31.12.2010 Rs	AS AT 31.12.2009
<b>OTHER INCOME</b>		
Interest Income (TDS- Rs Nil P Y 2260)	22,986	15,260
Profit on sale of Fixed Assets	276,872	-
Miscellaneous Income	-	20,584
Liabilities No Longer Required Written Back	19,587	358,810
Foreign Exchange Fluctuation Gain	-	598
	<b>319,445</b>	<b>395,252</b>

**Schedule - 12**

**EMPLOYEES COST**

Salaries and Allowances	7,000	8,846,229
Contribution to Employees' Provident Fund	-	307,227
EPF/EDLI Administration Charges, etc	-	34,807
Contribution to ESI	265	92,054
Contribution to Gratuity Fund	5,917	5,917
Productivity Incentive	-	527,106
Staff Welfare Expenses	817	91,529
Leave Encashment	-	5,631
Contribution to Labour Welfare Fund	-	228
	<b>13,999</b>	<b>9,910,728</b>

**Schedule - 13**

**OPERATING, ADMINISTRATIVE & OTHER EXPENSES**

Electricity Charges	-	858,528
Lease Line Charges	-	488,974
Networking Expenses	-	2,016
Auditor's Remuneration	60,665	49,911
Bank Charges	9,757	25,354
Books & Periodicals	-	2,487
Office Maintenance Expenses	247,955	911,139
Office Rent	55,000	990,000
Repairs:		
Machinery	1,425	216,371
Others	-	21,913
Rates & Taxes	2,517,288	30
Telephone Charges	7,089	89,058
Tours & Travelling	107,579	339,315
Foreign Exchange Fluctuation Loss	174,491	604,668
Filing Fees	-	4,830
General Expenses	-	19,356
Insurance Charges	-	4,058
Loss on sale of Fixed Assets	-	1,575,034
Postage & Telegram	1,120	2,803
Printing & Stationery	1,574	85,137
Professional Service Charges	856,180	313,371
(Includes Rs Nil/- paid to Directors, PY - Nil)		
Service Charges	-	100,000
Assets written off	-	98,042
	<b>4,040,123</b>	<b>6,802,395</b>



SCHEDULE TO THE ACCOUNTS (CONTD.)

Schedule 14 - Accounting Policies and Notes to the Accounts

(I) SIGNIFICANT ACCOUNTING POLICIES

1 **Basis of Accounting**

The Financial Statements have been prepared under the historical cost convention following mercantile system of accounting in accordance with the generally-accepted accounting standards in India.

2 **Revenue Recognition**

Revenues are primarily derived from professional services under the time and material contracts, which are recognised in the period in which services are provided.

3 **Fixed Assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost of acquisition is inclusive of all costs of bringing the assets into working condition for its intended use.

4 **Depreciation**

Depreciation on Fixed Assets including additions/ deletions thereon is provided on Straight Line Method over the estimated useful lives at stated below:-

Computers & Peripherals	3 Years
Office Equipment	5 Years
Furniture & Fixtures	5 Years
Intangible Assets (Software Packages)	3 Years

5 **Foreign Currency Transactions**

Foreign Currency Transactions are accounted at the exchange rate ruling on the date of transaction. At the year end all monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rate. All exchange differences arising out of settlements and from year end restatement referred to above are reckoned in the Profit & Loss account.

6 **Employee Benefits**

Short term

Short term employee benefits are recognised as an expense as per the Company's based on expected obligations.

Post retirement

Post retirement benefits comprise of provident fund and gratuity which are accounted for as follows:

Provident fund:

This is a defined contribution plan and contributions made to the fund in accordance with the applicable rules / statutes are charged to revenue. There are no other obligations than the contributions made to the fund.

Gratuity:

This is a defined benefit plan. Provision for gratuity is made based on the actuarial valuation using projected unit credit method.

7 **Taxation**

Provision for Current Tax and Fringe Benefit Tax, where applicable, is made based on the liability computed in accordance with the relevant tax rates and the tax laws. Provision for Deferred Tax is made for all timing differences arising between the taxable income and accounting income at the tax rates enacted or substantively enacted, by the Balance Sheet date. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their carrying values at its Balance Sheet date.

8 **Provisions**

Provisions are recognised when there is present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.



SCHEDULE TO THE ACCOUNTS (CONTD.)

(B) NOTES ON ACCOUNTS

- 1
- (i) As a restructuring process, the management of ISG Novasoft Technologies limited, the holding company has closed the operations of the company effective 01st January 2010.
- (ii) 71% shares in the company were transferred by the promoter shareholders to ISG Novasoft Technologies Ltd on 20.11.2007. The balance 29% has not yet been transferred by the erstwhile promoters to ISG Novasoft Technologies Ltd.
- 2 Contingent liabilities not provided for in respect of demand of sales tax and purchase tax against which the company has preferred appeal Rs.34,000 (Previous Year- Rs 34,000)
- 3 Fixed deposit lodged with Citibank for obtaining Bank Guarantee - Rs 290,768/- (Previous Year Rs.290,768/-)

4 Employee Benefits

Disclosure as per AS 15 (Revised) - Defined Benefit Plans

Table showing changes in present value of obligations

Present value of obligation as at the beginning of the period

As of 31.12.2010

As of 31.12.2009

Interest cost

Current service cost

Benefits paid

Actuarial(gain) loss on obligation

Present value of obligation as at the end of the period

Table showing changes in fair value of plan assets

Fair value of plan assets at the beginning of the period

1,001,518

860,727

Returns for the prior years

77,192

Expected return on plan assets

63,599

Contributions

5,361

Benefit paid

(305,934)

Actuarial(gain) loss plan assets

Fair value of plan assets at the end of the period

700,945

1,001,518

Total Actuarial Gain/(Loss) recognized

Amounts recognized in the Balance Sheet

Present value of obligation at the end of the period

Fair value of plan assets

Funded status

Liability (assets)

Unrecognised Past Service Cost

Liability / (assets) recognised in Balance Sheet

Amounts recognized in the Profit and Loss

Current service cost

Interest cost

Expected return on plan assets

Net actuarial gain/(loss) recognised in the period

Past service cost

Expenses recognised in the statement of Profit and Loss

Principal Actuarial assumption as on 31.03.2009

Discount Rate (%)

Future Salary Increases (%)

Expected rate of return on plan asset (%)

Attrition rate

Movement in Net Liability recognised in the Balance Sheet

Opening Net Liability

(185,172)

(185,172)

Expenses

-

0

Contribution

-

0

Closing Net Liability

(185,172)

(185,172)

Note:

As the company don't have any employees as of 31st Dec 2010, no actuarial valuation has been made.



<b>5</b>	<b>Auditors Remuneration</b>	<b>Year ended 31.12.2010</b>	<b>Year ended 31.12.2009</b>
		Rs	Rs
	- For Statutory Audit	47,000	35,250
	- For Tax Audit	8,000	
	- For Certificate Work	-	11,030
	- For Service Tax	5,665	3,631
	<b>TOTAL</b>	<b>60,665</b>	<b>49,911</b>

<b>6</b>	<b>Earnings in Foreign Currency</b>	<b>Year ended 31.12.2010</b>	<b>Year ended 31.12.2009</b>
		Rs	Rs
	- Income from IT Enabled Services	-	18,018,239
	<b>TOTAL</b>	<b>-</b>	<b>18,018,239</b>

**7 Current Tax**  
Provision for taxation is made as per 115JB of the Income Tax Act, 1961 for the previous year and due to book loss for the current year MAT is not applicable.

**8 Deferred Tax**  
In accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has reversed cumulative deferred tax liability of Rs. 7,52,381/- recognised in the previous years to the profit and loss account as there is no deferred tax liability as of December 31,2010. In view of virtual uncertainty regarding availability of taxable income in future deferred tax asset under the head unabsorbed depreciation and business loss has not been recognised in accounts.

<b>9</b>	<b>Earnings per Equity share:</b>	<b>As at 31.12.2010</b>	<b>As at 31.12.2009</b>
	Profit Computation for Basic earnings per equity share of Rs 10 each		
	Net Profit/(loss) as per Profit & Loss Account	(5,057,930)	630,287
	Weighted Average no. of Equity Shares outstanding	23,800	23,800
	Basic earnings per Equity Share (in Rs) of face value of Rs 10	(212.52)	26.48

**10** As at December 31, 2010 there are no amounts including interest payable to Micro, Small and Medium enterprises as defined under Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

**11 Segment Information**

- Business segment has been considered as the primary segment.
- a Primary Segment Information ( by Business Segments)  
The Company is engaged in IT enabled business process outsourcing services. Accordingly there is no reportable primary segment
- b Secondary Segment Reporting ( by geographical segments)  
As the entire sales are export sales this disclosure is not applicable.



SCHEDULE TO THE ACCOUNTS (CONTD.)

12 (i) Related Party Disclosure:

	Fellow Subsidiary ISGN Solutions Inc	
	Year ended 31.12.2010	Year ended 31.12.2009
		Rs
Rendering of Services		18,018,239
Loan payment (Gross)		-
Interest paid on Loan (Gross)		-
Closing Balance (Asset)		6,437,697
		Year ended 31.12.2009
Sale of Asset to a relative of a director		2,928,000

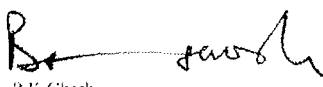
(ii) Reimbursible expenses incurred by ISGN on behalf of Inuva

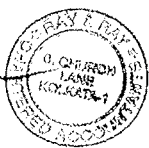
	Year ended 31.12.2010	Year ended 31.12.2009
Opening Balance	327,121	-
Expenses incurred by ISG Novasoft Technologies Limited	1,154,169	327,121
Sale of Fixed Assets to ISG Novasoft Technologies Limited	(289,000)	-
Expenses reimbursed by Inuva to ISG Novasoft Technologies Ltd.	(1,093,688)	-
Closing Balance (liability)	98,602	327,121

13 Previous year figures have been regrouped/ recast wherever necessary

As per our report attached

For Ray and Ray  
Chartered Accountants

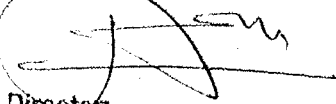
  
B K Ghosh  
(Partner)  
Membership No. 051028  
Date: 5 APR 2011



For Inuva Info Management Private Limited

  
Director:

For Inuva Info Management Private Limited

  
Director:

