



surging ahead...

12th ANNUAL REPORT
2012-13

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ravi Kumar D	Chairman and Managing Director
Mr. Ramdas Janardhana Kamath*	Independent Director
Dr. Mathew James Manimala	Independent Director
Dr. Subramanya Reddy D K	Independent Director
Mr. Mohan Hosahalli Ramakrishna	Independent Director
Mr. Ashok Kumar Jultha**	Director
Dr. Madhu Sudhana Reddy M ***	Independent Director
(* Up to 20th September, 2013)	
(** Up to 13th August, 2012)	
(***With effect from 12th Nov 2013)	

COMPANY SECRETARY

Mr. Vijayendra R

AUDIT COMMITTEE

Mr. Ramdas Janardhana Kamath	Chairman
Dr. Subramanya Reddy D K	Member
Mr. Mohan Hosahalli Ramakrishna	Member

With effect from 12th November, 2013

Mr. Mohan Hosahalli Ramakrishna	Chairman
Mr. Ravi Kumar D	Member
Dr. Subramanya Reddy D K	Member

REMUNERATION COMMITTEE

Dr. Mathew James Manimala	Chairman
Mr. Ramdas Janardhana Kamath	Member
Mr. Mohan Hosahalli Ramakrishna	Member

With effect from 12th November, 2013

Dr. Mathew James Manimala	Chairman
Dr. Subramanya Reddy D K	Member
Mr. Mohan Hosahalli Ramakrishna	Member

SHAREHOLDERS GRIEVANCE COMMITTEE

Dr. Subramanya Reddy D K	Chairman
Mr. Mohan Hosahalli Ramakrishna	Member
Mr. Ravi Kumar D	Member

BANKERS

State Bank of Travancore
Axis Bank Limited
United Bank of India
South Indian Bank
Central Bank of India

STATUTORY AUDITORS

M/s. K Gopalakrishnan & Co.,
Chartered Accountants,
#120, Infantry Road,
Bangalore – 560 001.

REGISTERED OFFICE

#74/75, 3rd Cross,
1st Main, N.S. Palya,
Bannerghatta Road,
Bangalore – 560 076.

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NOTICE OF TWELFTH ANNUAL GENERAL MEETING

Acropetal Technologies Limited

Registered office: # 74/75, 3rd Cross, 1st Main,
N. S. Palya, Bannerghatta Road,
Bangalore- 560 076

Notice is hereby given that the Twelfth Annual General Meeting of Acropetal Technologies Limited will be held on Thursday 26th December, 2013 at 10.00 a.m. at Kutchi Bhavan, 44B, 1st Main Road, J.P. Nagar, 3rd Phase, Opp. Mini Forest, (Near Shoppers' Stop, Bannerghatta Road), Bangalore - 560 078 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss account for the year ended on that date together with the reports of Directors and the Auditors thereon.
2. To appoint Dr. Subramanya Reddy D K who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass, with or without modification(s), the following Resolution as Ordinary Resolutions:

"Resolved that pursuant to the provisions of Section 161 and other applicable provisions of the Companies Act, 2013, Dr. Madhu Sudhana Reddy M, who was appointed as an additional director by the board of Directors of the Company with effect from 12th November 2013, and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing along with requisite deposit from a member of the Company, signifying his intension to propose the appointment of Dr. Madhu Sudhana Reddy M, as a director of the Company, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the Company liable to retire by rotation."

5. To consider and if thought fit to pass, with or without modification, the following resolution as special resolutions:

"Resolved that pursuant to the Articles of

Association of the Company and Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, including any amendment(s) or modification(s), or re-enactment thereof approval be and is hereby given for the reappointment of Mr. Ravi Kumar D as Managing Director of the Company for a period of 3 years with effect from 15-12-2012 on the following remuneration:

The remuneration viz, Salary, allowances and perquisites shall not exceed ₹90.00 lacs (Rupees ninety lakhs only) per annum which shall be inclusive of:

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax, 1961;
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c) Encashment of leave at the end of the tenure.

subject to availability of adequate profits as prescribed under Section I of Part II of Schedule XIII of the Act or

In case of loss or inadequate profits to remunerate as above, the remuneration payable for the financial year shall be based on the effective capital as on the last date of each of the preceding financial year, as prescribed under Section II of Part II of Schedule XIII of the Act and the perquisites mentioned at (a), (b), and (c) above.

Resolved further that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit.

By Order of the Board
For Acropetal Technologies Limited

Vijayendra R
Company Secretary

Date: 12th November, 2013
Place: Bangalore

Registered Office:
#74/75, 3rd Cross 1st Main,
N S Palya, Bannerghatta Road,
Bangalore- 560 076.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company at least seven working days prior to the meeting, so that the required information can be made available at the meeting, if permitted by the Chairman.
3. Members are requested to bring their attendance slips duly filled in and their copy of the Annual Report to the Meeting since distribution of the Annual Report at the Annual General Meeting is dispensed with.
4. Members are requested to notify immediately any change in their address to the company or its Registrars and Share Transfer Agents and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants without any delay.
5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business are annexed hereto.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years from the date of transfer to unpaid dividend account are to be transferred to the "Investors Education and Protection Fund" established by the Central Government. Shareholders who have not encashed their dividend so far, for the financial year ended 31st March, 2011 are requested to make their claim to the Registrar and Share Transfer Agents of the Company or the Company at the Registered Office. According to the provisions of the said Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claim.
7. The Ministry of Corporate Affairs vide circular No.17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively has undertaken a Green initiative in corporate Governance and allowed companies to send documents to their shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail IDs as follows.

Register/update your e mail ID, for the purpose of releasing annual report and other communication with the Company or with our Registrar and Transfer Agent i.e., Sharex Dynamic (India) Pvt. Limited.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Income Tax Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participant with whom Demat accounts are maintained. Members holding shares in physical form can submit their PAN details either to the Company or to the Company's Registrar and Transfer Agent i.e. Sharex Dynamic (India) Pvt. Limited.
9. Corporate members are requested to send a duly certified copy of the Board resolution/power of attorney authorizing their representatives to attend and vote at the meeting.
10. The company has obtained approval from the Registrar of Companies, Karnataka, to conduct the 12th Annual General Meeting of the company by 27th December 2013, vide the approval dated 13th September 2013
11. The register of member and share transfer books of the company will be closed from 19th Dec 2013 to 26th Dec 2013 (both days inclusive)
12. Members / proxy holders are requested to produce at the entrance of the AGM venue admission slip duly completed and signed.
13. Information of Directors seeking appointment / re-appointment in the twelfth AGM, pursuant to the provisions of the listing agreement is enclosed and forms a part of this notice.

14. All the documents mentioned in this Notice are available for Inspection at the Registered Office of the Company on all working days during office hours.

By Order of the Board
For Acropetal Technologies Limited

Vijayendra R
Company Secretary

Date: 12th November, 2013
Place: Bangalore

Registered Office:
#74/75, 3rd Cross 1st Main,
N S Palya, Bannerghatta Road,
Bangalore- 560 076.

Information pursuant to Clause 49 of the Listing Agreement about the Directors being reappointed.

Dr. Subramanya Reddy D K born on 9th September, 1933 is Director of the Company since 11th December, 2009. He holds a Master Degree in Physics and is a Doctor in Nuclear Medicine. He has vast experience in the areas of Medical Sciences and Business Management.

He is member of Audit Committee, Remuneration Committee and the Chairman of Shareholders Grievances Committee of Acropetal Technologies Limited. He is not a director in any other company and is also not a chairman or member on the Board Committee of any other company.

He does not hold any shares of the Acropetal Technologies Limited

He is not related to any other directors of the company.

By Order of the Board
For Acropetal Technologies Limited

Vijayendra R
Company Secretary

Date: 12th November, 2013
Place: Bangalore

Registered Office:
#74/75, 3rd Cross 1st Main,
N S Palya, Bannerghatta Road,
Bangalore- 560 076.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 [173 (2) of the Companies Act, 1956] in respect of Special Business.

Item 4:

Dr. Madhu Sudhana Reddy M was appointed as an additional director of the Company with effect from 12th November, 2013 in accordance with the Section 161 of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) and will hold office till the date of 12th Annual General Meeting of the Company.

The Company has received a Notice along with requisite deposit amount signifying his intention to propose the appointment of Dr. Madhu Sudhana Reddy M, as a director of the company liable to retire by rotation, at the 12th Annual General Meeting of the Company, pursuant to Section 257 of the Companies Act, 1956.

Dr. Madhu Sudhana Reddy M, born on 1st February, 1953

He is a MBBS and also MD in Forensic Medicine. He has more than 25 years of experience in the field of Forensic Medicine. He was involved in the teaching and training both under graduates and post graduates in handling medico legal cases. He has guided Ph.d and MS students in their research.

He has also pioneered in academic and Medico legal activities, Rangaraya Medical college under his able guidance and expertise is able to conduct maximum medico legal work in and around Andhra Pradesh and has been appreciated in all walks of life.

The company is confident that his expertise and experience in Medical and Medico Legal areas will play a vital role in the development and growth of health care related business activities of the Company.

He is not a member in any board committees of Acropetal Technologies Limited and does not hold any shares of the company.

He is not a director in any other company nor a chairman / member of board committees of any other company. He is not related to any other directors of the company.

No Director or other Key Managerial Personnel (KMP) and no relatives of director or KMP are concerned or

interested financially or otherwise in this resolution except Dr. Madhu Sudhana Reddy M.

The directors recommended the resolution for approval.

Item 5:

Mr. Ravi Kumar D, aged 44 years is the promoter and the Chairman and Managing Director of the Company. He has more than 20 years of experience in IT Industry. He holds Mechanical Engineer Degree from Bangalore University. He was associated with various reputed IT organizations, prior to promoting and establishing Acropetal Technologies Limited in the year 2001.

With his in-depth knowledge and experience with IT companies, he provided leadership, vision and strategic direction to the Company. He was awarded the "Indra Gandhi Sadbhavan Award" in 2007 and "Udyog Ratan Award" by the Institute of Economic Studies, New Delhi in 2009. Also he was awarded the "CEO of Emerging Organization" by the Asia Pacific HRM Congress in September 2010.

In view of the above and other considerations and also in the best interest of the Company, subject to the approval of the shareholders, the Board of Directors of the Company at their meeting held on 9th November, 2012 re-appointed Mr. Ravi Kumar D as the Managing Director of the Company for a period of three years with effect from 15th December, 2012.

The remuneration payable to him has been fixed by the Board as set out in the text of the resolution, which has also been approved by the Remuneration Committee. The proposed appointment, remuneration and perquisites conform to the requirement of Schedule XIII to the Companies Act, 1956. Part III of Schedule XIII to the Companies Act, 1956, requires the appointment and remuneration to be approved by a resolution of the shareholders in general meeting.

This may be treated as the abstract of the term of the contract between the Company and Mr. Ravi Kumar D pursuant to Section 302 of the companies Act, 1956.

No Director or other Key Managerial Personnel (KMP) and no relatives of director or KMP are concerned or interested financially or otherwise in this resolution except Mr. Ravi Kumar D.

Your Directors recommend the resolution for approval.

Statement of information pursuant to Section II of Part II of Schedule XIII to the Companies Act, 1956.

I) General Information

- Nature of Industry
information Technology
- Date or expected date of commencement of commercial production.
The Company was incorporated on 25th April, 2001 and the Certificate of Commencement of Business was obtained on 2nd May, 2001
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.
Not applicable (the Company was incorporate on 25th April, 2001)

4. Financial performance based on given indicators

in ₹ crore

Financial performance	Financial years		
	2010 - 11	2011 - 12	2012 - 13
Total income	141.78	203.68	155.68
Total expenses	118.68	176.04	145.02
Profit Before Tax	23.10	27.64	10.66
Profit After Tax	20.66	29.04	5.14
Earnings Per Share (₹)	9.68	7.47	1.32

5. Export performance and net foreign exchange collaborations

Export performance

Export sales	
<i>Financial years</i>	
2010-11	₹140.55 crores
2011-12	₹158.65 crores
2012-13	₹131.62 crores

Net foreign exchange:

<i>Financial years</i>	
2010-11	₹75.59 crores
2011-12	₹93.56 crores
2012-13	₹73.47 crores

6. Foreign investments or collaborators, if any

Equity shares of ₹10/- each held on 31st March 2013 by

- Foreign Institutional Investors 10,20,142
- N R I s 5,62,369

The Company has two foreign wholly owned subsidiaries Vision Info Inc. UAE, and Acropetal Inc. USA. The details of investments are provided under the heading "Details of subsidiaries"

II) Information about the appointee

1. Background details

Mr. Ravi Kumar D, aged about 44 years is the Promoter and the Chairman and Managing Director of the Company. He has more than 20 years of experience in IT Industry. He holds Mechanical Engineer Degree from Bangalore University. He was associated with various reputed IT organizations, prior to promoting and establishing Acropetal Technologies Limited in the year 2001.

2. Past Remuneration

The Remuneration paid to Mr. Ravi Kumar D for the last three previous financial years is ₹50.88 lacs p.a.

3. Recognitions and Awards

Mr. Ravi Kumar D was awarded the "Indra Gandhi sadbhavan Award" in 2007 and "Udyog Rattan Award" by the Institute of Economic Studies New Delhi 2009. Also he was awarded the "CEO of Emerging Organization" by Asia pacific HRM Congress in September, 2010.

4. Job Profile and his suitability

Mr. Ravi Kumar D is the Chairman and Managing Director of the Company and the only Executive Director on the Board. He is subject to the control and works under the supervision of the Board of Directors of the Company. He is leading the Company since its inception and has been able to tide over many challenging situations and achieve growth. Under his leadership, the Company was able to be awarded by Inc India 500 as one of the India's fastest growing mid-sized company during the year 2012

5. Remuneration Proposed

The remuneration proposed is set out in the special resolution proposed to be passed at the Annual General Meeting.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person

Compared to industry standards, size of the

Company profile of Mr. Ravi Kumar D and the position and in view of the responsibilities taken up by him the remuneration proposed is reasonable and is also within the limits set out in Schedule XIII of the Companies Act, 1956.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel if any

Mr. Ravi Kumar D has no pecuniary interest with the Company except for the remuneration paid to him as the Chairman and Managing Director, deposits made by him with the Company and for 1,36,55,300 equity shares of ₹10/- held by him.

He is one of the related parties as per accounting standard 18. The details of the related parties transactions are provided at page No.47 of this annual report.

He is not related to any other managerial personnel of the Company

III) Other information.

1) Reasons for the loss or inadequacy of profits and the steps to be taken for improvement

It was necessitated for the company to do some of its offshore projects at onsite. Due to the difficulties in getting visas in India, during the year the company has hired resources in USA to ensure timely delivery of the projects. This has resulted in increase in the direct cost and has obviously brought down the profitability of the company.

The company has started monetizing the investments made in products and solutions. The main reason for getting into the products and solutions space is to maximize the profit and this segment always yields more profit than the rudimentary software services. We expect to have more revenue from the products segment in the current and coming years. This will increase the profitability of the company in the coming years and moreover the usage of high cost resources used for onsite projects was only a temporary one and the company cannot afford to have the offshore services at onsite cost.

2) Expected increase in productivity and profits in measurable terms

The company's organic growth has always been around 10%-15%, due to the global economic slowdown, there is not much increase in the

revenue. We expect this to back to the earlier level i.e. 10%-15% growth over the previous year. With regard to the profitability, as explained the profitability registered in 2012-13 is exceptional and unprecedented. We expect to backtrack the profitability to the previous level of around 8% to 10%.

By Order of the Board
For Acropetal Technologies Limited

Vijayendra R
Company Secretary

Date: 12th November, 2013
Place: Bangalore

Registered Office:
#74/75, 3rd Cross 1st Main,
N S Palya, Bannerghatta Road,
Bangalore- 560 076.

From the CMD's Desk

Dear Shareholders,

It gives me great pleasure to discuss the performance of your Company. At the outset let me thank all of you for your continued support in the journey of your Company in its second decade.

During the year 2012, the global economy continued to be disturbed with deterioration of financial conditions and instability. Financial tightness and stagnation prevailed both in Euro-area and in the USA, which dampened the prospects of global recovery. As a result the global GDP growth was pulled down to 3.20% in 2012 from 4.00% in the year 2011. Even emerging markets and developing economies have registered slower growth.

In this global environment, India could hardly insulate itself from the slowdown. Inflationary pressure and the slowdown prevailed and the investment climate was subdued, leading to sharp decline in growth rate.

Your Company during the year was able to record an Income of ₹152.07 crores on standalone basis and ₹221.45 crores on consolidation basis. There has been a decline in the performance during the year 2012-13. Keeping in mind the long term interest of the Company and to maximize return on the investment of all the stakeholders the Company took a decision to transform itself into an intellectual property development enterprise. But at the same time, it had to continue with its core existing portfolio. Thus infusion of funds both for investments and for enhanced working capital requirement has become necessary. But the macro economic conditions that prevailed world over, could not support this. The receivables of the Company increased and the pressure on working capital mounted. The Company under these circumstances had to strike a fine balance between venturing into new business and of retaining the existing portfolio. The Company took a conscious decision to exit some of the relationships where the receivables were mounting and also where the margins were lower. Though from the revenue perspective this decision may look to have a negative impact but from the financial health perspective this had a very positive impact which is evident from the financials submitted for the subsequent quarters with the exchanges. This we feel is the right way to move forward. We will continue to put our focus and efforts towards this model and are confident that this will pay off in a big way when the market becomes more

conducive for growth.

We believe our ability to grow on a sustained basis and maintain the differentiation in the market place is to a large extent dependent on our strength to attract, train, motivate and retain our people. We intend to further develop our position as a preferred employer in our industry and place special emphasis on Human Capital Management.

I am happy to inform that the fundamentals of your Company is strong, which has been demonstrated under many challenging situations. Now the journey is by no means complete and we have many miles to go and I am confident that your Company will derive the benefits of what has been done so far and the efforts put in by all of us will make the Company strong and prosperous and will be a benchmark for the industry.

I would like to place on-record my heartfelt gratitude to our customers, shareholders, Financial institutions and more importantly our employees who have supported us at every stage of our journey and I do hope that their support and goodwill will continue as we grow together; from strength to strength.

Best regards,

Ravi Kumar D
Chairman and Managing Director